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Chair

Mr. Larry Miller

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• (1250)

[English]

The Chair (Mr. Larry Miller (Bruce—Grey—Owen Sound, CPC)): I call this meeting to order.

It is ten to one, ten minutes earlier than our scheduled start, but we have five of our witnesses at the table, with a couple of empty spots, and we welcome others to join us as we go. One of the reasons I'm trying to start early, if possible, is because we always seem to run out of time, and the more we hear from witnesses, the better.

Before we start, I'd like to welcome all our witnesses here today, and thank you very much for taking the time out of your busy schedules to come and speak to us. We're looking forward to your opening remarks.

Try to keep your opening remarks to five to seven minutes. At the five-minute mark I'll give you a bit of notice. I won't be too tough on you, but try to be brief; it will leave more time for questioning, and through questions you can always enlarge on some of the parts that maybe you didn't get to address.

With that, I'm going to go from the list I have.

Mr. Stuart Person, you can open it up, please, for five to seven minutes. Thank you.

Mr. Stuart Person (Farmer, As an Individual): Thank you very much for the invite.

Good afternoon, ladies and gentlemen. My name is Stuart Person. I'm a grain farmer in the Prince Albert area and I'm also an agriculture business advisor. For today I'm here as a grain farmer and not representing my organization.

The topic I was told we were going to discuss today is challenges and issues facing young Canadian farmers, so I've come up with a few things I thought it would be interesting to note.

One thing with the industry is public awareness. How do we get the general public behind agriculture in Canada? I've spent some time in the United States in the past, and it seems they rally around their farmers a lot more, and there's a lot more hype about it, so I think in the United States it attracts more people to agriculture. I think that's one of our challenges, to make the industry more attractive to young people, maybe give it some more positive attention, and make sure the public understands the importance of this industry to our country.

The second thing is profitability. In order to attract young people, the industry has to be profitable. This new generation is very mobile.

They're no longer content just staying at home. They're becoming very educated. There's lots of competition out there for careers.

We have to ask ourselves how important food supply security is to Canada, and also to the world, as exporters. We need to consider things like markets for our products. International trade is a very political issue, and the cost of trade barriers is felt right down to the producer level here in Canada. Canada is a large exporter of ag commodities, so we have to keep those things in mind when we're talking about agriculture. In addition to the markets for products, we need to consider continuing to invest in more value-added here in the west. We need to be exporting finished products more than raw products.

Access to capital for new young farmers is a big issue. I'll just throw out some quick numbers here. When you're looking at a new farm, in the west anyway, you're looking at a machinery investment of \$250 to \$300 an acre. Land prices are on the rise, \$500 to \$1,000 an acre for farmland, and annual cashflow requirements could be anywhere from \$225 to \$300 an acre for a grain farmer. I should step back for a second here and say that I'm talking more from a grain farming perspective because that's what I do.

So when you look at those kinds of numbers, you know, the farms need to be larger to be sustainable, and you're talking three-quarters of a million for equipment, three-quarters of a million for cashflow for a 3,000-acre grain farm, which is just an average to below average size of farm now. So how does a young person really go into this industry and tackle it with that kind of cashflow requirement?

It's the same thing if you're a successor farmer as well, taking over from a parent. Your parents need to retire. They need their cash out of their business. Most of them have their entire retirement tied up in the farm, so how do we get these young people transitioned into the farms to take over and be successful?

I'll quickly touch on farm programs. Growing Forward is a very good program the government has come out with. It encourages education and innovation. It assists with succession, and it's assisting with the new start-ups by helping farmers be better businesspeople. It could use some more money. I'm not sure \$4,000 is enough per farmer right now. These guys could probably use a lot more to get themselves going. We should watch how much red tape it actually takes to put these programs through, because there is a lot of cost to administering them. Maybe we can take a look at trying to make that a little more efficient.

AgriStability is an excellent concept. It still needs some adjusting. It's working really well for grain farmers at the moment, but not so well for livestock producers. It kind of penalizes mixed farmers who are diversified on their own, but it does provide the stability for the young farmers who are coming into the marketplace by giving them a little additional insurance.

• (1255)

AgriInvest is a very good program as well, but it's not overly effective for large farms right now. With the cap in place at \$22,000, it's a little bit too low. We should consider maybe a cap based on the reference margin so we make sure these farms are able to cover that 15% of the margin they're supposed to be able to cover. Possibly a preferential interest rate if they're going to leave the money invested in their accounts would encourage more of them to leave it there. Right now, the accounts aren't paying very much interest at all, which encourages most of them to just take it out when they have the opportunity.

Saskatchewan crop insurance, I'll just touch briefly on. I know it's not a federal program, but it's a good program. For young farmers, it just needs to be tweaked a little bit, for new farmers to get proper averages.

The cash advance program is a very good program, but it might be a little bit outdated for western Canada. The limits are a little bit too small now. We're starting to see farms in that 5,000- to 10,000- to 15,000-acre range, and the cash advance limit of \$400,000 isn't enough for these guys, especially when they're dealing with restrictions on when they can market their product due to the Canadian Wheat Board. Possibly a per acre basis for the cash advance would be beneficial; let's say, \$150 an acre.

On the Canadian Wheat Board monopoly as well, I think we need to continue to look at this and make sure it's right for us. Personally I don't see it as an accountable enough organization to allow farmers to maximize their profits going forward.

Infrastructure is something we need to consider in this country. Especially in western Canada, we've had our rail lines taken away and it's having an effect on our profitability. It's also having an effect on our road infrastructure big time in this province. It's something we need to consider how to handle. We also need to look at maybe making it more competitive in Canada in terms of what other rail companies would be allowed to operate here and what other ports we can make use of in North America.

Lastly, research and development is a great place for funding to be directed. Everybody benefits from research and development, and I

would encourage investment to continue to go there in terms of new grains and new products for our farmers to grow and market.

My closing comment is in terms of who is subsidizing agriculture in Canada. All the young farmers I deal with—or a lot of them, I should say—have off-farm jobs. They go out and work their butts off all winter long to bring home the money to invest back in the farm. They wouldn't have to do that. A lot of them could live quite well off the money they earn all winter, but they bring their money back and they invest it. So when we talk about who is subsidizing who in agriculture, farmers are definitely putting a lot of external money into this industry. They obviously love it and want to do it, myself included. It's too bad it's that way, but maybe in the future we can get away from that.

The Chair: Thank you very much, Stuart.

To the gentleman at the back of the room with the camera, we're trying to conduct a meeting here, if you wouldn't mind....

A voice: [*Inaudible—Editor*]...it's a public meeting. Why isn't the media—

The Chair: The media is allowed in here, sir. It's something I didn't know until right before—

A voice: [*Inaudible—Editor*]

The Chair: Sir, don't shoot the messenger. I don't have an issue with it being taped, but under parliamentary rules, permission was supposed to be granted ahead of time. I wasn't aware of that. Anyway, we always learn something and that's one of the things we learned today.

You're welcome to stay. The media is never banned. We're here to hear about the future of farming and we want to continue on with that.

Ms. Regier for five to seven minutes, please.

• (1300)

Mrs. Kalissa Regier (As an Individual): Good afternoon—

The Chair: Excuse me.

Mr. Bellavance.

[*Translation*]

Mr. André Bellavance (Richmond—Arthabaska, BQ): I would like some clarification regarding the filming of this meeting. I'm not sure what the journalist is looking for. If he wants to film the proceedings in their entirety, it could take a while. However, if he just wants a few shots of the committee in action, without necessarily filming everything... There needs to be some footage for television, of course. After the committee meeting, I think that members and witnesses will be available for interviews. That could be an acceptable arrangement, but I do not know if it will be possible.

[*English*]

The Chair: As I said, André, I have absolutely no issue with him sitting here. I have no problem whatsoever with that. It's about the parliamentary rules. If there's an avenue for us to deal with it through unanimous consent, that would be great.

Wayne, go ahead.

Hon. Wayne Easter (Malpeque, Lib.): I think committees are masters of their own destiny, Mr. Chair.

There must be a procedure. Usually if you have the unanimous consent of the committee, with all parties and people present, you can do what the committee wants and decides to do.

So is there an option there, Isabelle, or not?

The Chair: What it says is we must have the approval of the House of Commons. That's the wording of it, but we are masters of our own destiny.

This is unfortunate. There is another group here that asked ahead of time.... They were told no, so we had to be consistent. I don't know whether you want to carry this any further or just leave it as is.

Mr. Alex Atamanenko (British Columbia Southern Interior, NDP): I think if any media are here and folks want to film us, I don't see a problem with that. After all, we're here to show what's going on with young farmers. So I would think that if we could encourage that and come to a consensus on it, that would be great. I'd be willing to run out and try to get that guy and bring him back, if you want.

I know we have some other folks who would like to film.

The Chair: We'll deal with this quickly. Do I have a consensus to follow the rules, or—

Hon. Wayne Easter: I move, Mr. Chair, that we allow the media in. If they want to film, it's fine. One of our problems in the agriculture sector is that we don't get enough coverage to outline the problems and the possibilities.

So I would so move.

The Chair: It is seconded by Mr. Hoback.

I'm not going to ask for any discussion of it.

(Motion agreed to)

The Chair: It is unanimous.

So the media can carry on, and if anybody can catch the two gentlemen who just left, that would be great.

Anyway, Ms. Regier, go ahead.

Mrs. Kalissa Regier: Thank you, Mr. Chair.

I'll try to keep it brief. You'll be timing me, will you?

The Chair: My apologies. We have very many witnesses, and if we all took 10 minutes we wouldn't have any time left for questions.

Mrs. Kalissa Regier: Okay.

I farm about 70 kilometres north of Saskatoon, close to the little town of Laird. I've been there for seven years now. I moved back home after having a life outside of farming for several years. I decided to come back to see what I could do to make a difference in my community, and what I could come up with on the farm. It has been nothing but learning and amazing experiences since the beginning.

I am here as an individual, as a young farmer. I have invested a great deal of the last four years of my life working with the National

Farmers Union, and I can't separate myself from those experiences. I've had opportunities to spend a fair amount of time abroad in other countries, talking with young farmers from developing countries and around Europe about a lot of the things we're discussing here today.

It's my impression that the Standing Committee on Agriculture and Agri-Food would not be conducting a nationwide study on young farmers and the future of agriculture if we weren't in an absolutely dire situation. Unfortunately, it is my opinion that this study is being conducted about two decades too late. We are in a crisis situation with our young farmers. We have all the statistics to prove it. We have lost 62% of farmers under the age of 35 in 15 years—between the 1991 and 2006 agriculture censuses.

There isn't an industry on earth that would tolerate that kind of drop. It doesn't matter what kind of model of agriculture you're following, that kind of drop is unsustainable. We are losing our farmers.

I would like to start by outlining what I see from my experiences as some of the major problems. Then I will talk about what I see as short-term solutions that can possibly make a difference.

It is no surprise that young farmers and new farmers start out small. It's exactly the same principle as in any other career. It would be akin to asking any member of Parliament where they started their political career. It likely wasn't in the House of Commons. So when we are talking about young farmers and new farmers, we are also considering small farmers. We're considering this group of people who have been highly underrepresented in government and industry. They're the ones we need to think about here.

The young farmers who are here today and the young farmers in Canada—approximately 29,000 of us are left under the age of 35—are people who have grown up watching the elimination of these small farms. This has been our life. This is the only example of agriculture we've seen in our lives. As a result, we are among the most resilient, creative, risk-taking people in Canada today.

Unfortunately, the mechanisms that support small farmers are being eliminated all over the world, and Canada is no exception. We're sitting at about \$62 billion in farm debt in Canada today. If that is going to be transferred to the next generation, we really have to consider some creative financial solutions.

●(1305)

For financing on a small scale, we need regionally administered programs that allow young people in rural communities to access the capital they need to start their small operations. If they choose to grow big, that's their choice, but they need that opportunity to be small.

In terms of crop insurance programs under provincial legislation, we need to get some programs in for young farmers that guarantee the cost of production for the first five years. If you can do five years, it should be done. We need a land transfer system that is finished making money for the banks. We are putting so much money in the form of interest into this system, and that's what is subsidizing agricultural production right now.

We also need to really look at lowering the AgriStability cap to \$500,000. There is no reason that we need a \$3 million cap on the AgriStability program. It's quite ludicrous, really, so I don't think I need to explain that any more.

In conclusion, Mr. Chair, the writing is on the wall, the evidence is clear, and the numbers are dropping. It's a few decades too late to be doing this, but I thank you for the opportunity to be here and to represent my peers across Canada. I really acknowledge the fact that the standing committee has made the effort to come out to do this tour. I think it's high time.

Thanks.

• (1310)

The Chair: Thank you, Ms. Regier. I appreciate that comment. It's great to be out here. We felt that it was better to go to young farmers than to expect them to come to Ottawa, so we appreciate that.

Ms. Stefanyshyn-Cote is next, for five to seven minutes.

Mrs. Barb Stefanyshyn-Cote (As an Individual): Good afternoon. I apologize for my husband, John Cote, not being here, but when the invitation came out to attend this, we both wanted to attend, and I'm really sorry to say that John's a very poor arm wrestler.

John and I both farm at Leask, which is about 70 miles north of Saskatoon. We have four children who are involved in the operation. It's called Lumec Farms, and it's a grain farm. Our farm turns 90 next year. Now, there are not many businesses that can boast that, and in Saskatchewan, if nothing else, we're one of the young guys.

It's no secret that farming has been good to us. Over the years our farm has changed from a mixed farm to a grain farm, to an extensive grain farm, to a diversified grain farm, which included an animal nutrition consulting business and partnerships in a fuel and fertilizer dealership. About the only thing constant in our farm is constant change.

Farming has been a fantastic business to three generations: grandparents, parents, and now my husband and I. But who knows if it's going to carry on to the next generation? And is that a bad thing? Maybe not. If my kids don't go back to farming, it doesn't mean that the land is going to sit idle. It doesn't mean that world production is going to drop. I have seen a lot of farmers leave the industry, but I haven't seen one farm sit idle yet. Ever since we've switched from hunter-gatherers to being involved in the agriculture community, to growing our own crops, people have been leaving that type of business and moving to the town. It's a pretty hard trend to buck. If we're going to look to increasing rural Saskatchewan or rural wherever—if that's what we want to do—maybe we have to look outside of agriculture.

Here are some thoughts. Farms are growing right now in size because that is what makes them profitable. We're not growing in size because we say, "My God, I want to be big." We're not a Conrad Black. It's not that we want to dominate the industry. We are just trying to put some money back in our pockets, and it's the economies of scale that earn us dollars. There's only so much land out there. If you're going to divide it up, if you're going to need to go to economies of scale, what you're going to have is bigger farms. But

maybe that's not the way we want it. Maybe we do want people to come back into agriculture, and if we do want them to come back into agriculture, there are a few things that we need to do.

But here's another thing about not coming back to the farm. If my kids don't come back to the farm, as I said, the land is still going to be farmed and the production is going to continue. The only problem that I really see is that the community is going to suffer because my kids aren't staying there. My kids are gone because there's no industrial base, there's nothing else to keep them there. So if they leave, the community gets smaller. Services dwindle. The farmers who do stay are penalized even more for being where they are, because now we have limited access to health services, we cannot get quality education, and we don't have a dentist within a hundred miles. Those are pretty high prices to pay for being on the land and producing food for everybody, and I don't think that's really fair.

It's the lack of emergency health care that we really are concerned about. I don't need a doctor in my hometown if I have the flu. I can drive for that. But if I chop my arm off in a baler, I want somebody there instantly, and I want good care. I've had four children. I've delivered in a hospital that is 70 miles away. There's nobody in any other town who would say that. If you go to Toronto, if you go to Saskatoon, for that matter, nobody travels an hour-plus to deliver a baby. Why should I have to pay that price just because I've chosen to farm?

If we do want to bring farmers back on the land, I have a few ideas. My husband and I sat down and put a few thoughts together. We do think agriculture is a great place to be.

The first thing we want to take a look at is subsidies. Right now, Canadian farmers are subsidized through various levels and various programs. So be it. Common-sense thinking leads us to believe that these subsidies are useful, but what ends up happening is they get recapitalized back into the farm. Therefore, the price of land goes up, the business goes up, and young entrants have a really tough time stepping into the business.

• (1315)

Someone who's been farming for 20 or 30 years, subsidized to that level, can afford to pay more for an asset than somebody who's a new entrant. There's just no question about it. Maybe a solution is that we start decreasing the subsidies. Have them in place, as Kalissa said, for the first five years for those who need them to get their feet on the ground. Drop it down as the farmers get older in years and more established. It might be an incentive for them to leave the farm to somebody else who's new and coming in.

Tie subsidies to education: if you don't go up for advanced training, you don't qualify for subsidies. If we don't improve our farming education and have a very strong, smart group of farmers, I don't think we'll see a future in farming.

Something else Stuart mentioned was promotion. We have a bad rap out there. But we're also drawing on agriculture replacements to come from the current agriculture pool. That's dwindling, so we have fewer and fewer people to pick from. We need to move it out. Increase the total amount of agriculture happening, whether it's on large farms, small farms, or whatever. Just keep it rolling. That way we have more activity, more economics, and more things happening.

Let's get solar farms and wind farms and the bio-economy going. It hasn't been economical, right? That's where you guys come in. Legislate it in if that's what it takes. The ethanol business didn't get going until it was mandated that ethanol be included at a certain level in fuel. If that's what it takes, maybe that's the taxpayers' way of paying for looking after the environment. That's the way of moving it back.

There are so many things to say and there is so little time. I would love it if you could come out to the farm any time. We'd love to talk about this.

One last point I want to make is that when you're making your assessments and you're making your decisions, please don't make programs for local agriculture at the expense of the environment. Agriculture should be agriculture without borders. We should be planting things, growing things, and producing things where they're best suited on the planet.

Agriculture is by far the most noble profession in the world. We have two challenges. First, we have to feed the planet. Second, we have to sustain the environment. There's nobody else who's going to do it. It's not up to the religious leaders. It's not up to the medical profession or the politicians. We are on the ground. We are the ones who can do this. I think we have the capability to do it. I listen to the passion in these young guys. They can take us forward. We just need a little bit of help to get things rolling.

Thank you.

The Chair: Thank you. That was a great presentation.

We'll move to Mr. Sagan and Mr. Hickie. I understand you're presenting together. You have five to seven minutes, please.

Mr. Ed Sagan (As an Individual): Good afternoon. I'm Ed Sagan.

I farm in the Melville area. That's about 400 kilometres from here. We're on a grain farm and also a crop farm.

This hearing gives me an opportunity to give input on the problems of agriculture for the young farmers of today.

The debt load of farming today is higher than total income. In today's society, a young person can get an education or trade of his choice for between \$50,000 to \$100,000, depending on the work.

Young farmers always seem to need financial help. To start farming today you need at least \$1 million, or some 15-year-old equipment and an outside job to subsidize your income. In 1974, wheat was selling for \$2.74 a bushel; diesel fuel was selling for about 8¢ a litre. Today, one bushel of wheat equals one gallon, or four and a half litres, of fuel.

Our forefathers came to Canada because of the feudal system in Europe. The barons controlled the system. In Canada, farmers are controlled by multinationals and the insane farm policies of our government. Deregulation in agricultural policy imposed that. It's getting harder and harder to farm.

The task force on agriculture, in 1980, indicated that two-thirds of farmers had to leave the industry to be more efficient. Well, that's what happened. Today we have superior landlords with offshore investments from the United States and China acquiring landholdings. We also have grain companies leasing lands that young farmers should be farming.

Our farm consists of two families of seven children. We have a total of 2,400 acres of grain farm that should be transferred to our children. None of our children are taking over this farm. Why?

Our farm has been in the Sagan family since 1905—a hundred and five years. I'm a third-generation farmer. I have discouraged our children from farming. I have demanded that our children get an excellent education or trades of their choice so they will not get financial abuse in farming, as has happened to me. There will not be a fourth-generation Sagan family farm carrying on the business.

StatsCanada, over 25 years, indicates that input supplies have captured 99.6% of the wealth generated on our farms. Farmers have produced and sold an average of \$388 per acre per year, but farmers have been forced to make do with \$1.45 an acre in the form of net income. The corporations that produce farm input and services—fertilizer, chemicals, banks—captured \$386, the share of the wealth flowing to the farmers' inputs, and the corporations picked up 266%. How did we get there?

Very importantly for the people who know anything about agriculture, we lost the Crow rate. It was a big fight in western Canada. We used to pay 20¢ a bushel to export our grain into the international market. Today we are paying \$1.50.

There has been the elimination of a two-price wheat system.

To put our crops in at spring, fertilizers and seeds have also placed a very big burden on our operations. Today a farmer and his wife have to work off the farm just to pay for the power, telephone, and gas bill. No other segment of society does that.

Many of our problems were created by Canadian agriculture food policies that can be traced to senior bureaucrats' understanding of the fundamental difference between competition and competitiveness.

Bigness and growth is enhanced by mergers of corporations, takeovers, and reduction in the number of players. For example, ten years ago there were more than 20 chemical companies. Today, we have six chemical companies and interlocking directorships.

Mergers and acquisitions have reduced competition in every agriculture business. Farmers have fewer companies.... IH has absorbed tractor companies like Ford, Case, IH, and Steiger. Few companies sell our grains. Viterra is an amalgamation of SaskPool, United Grain Growers, and Manitoba Pool. Monsanto, Syngenta Seeds, and Bayer have bought up dozens of seed companies, concentrating and creating controls. Agrium, CF Industries, and Terra Industries are also concentrated in fertilizer.

The farmers' right to save the seed and reuse seed are under sustained attack, ever since the 1978 convention to cut funding for research and variety development and turn the seed section over to private grain companies. Recent moves in Canadian food inspection have changed the way seed varieties are registered. All of this diminishes the farm's ability to save and reuse the seed—very important for you guys.

• (1320)

In conclusion, the Canadian Wheat Board, which sells our grain, is the only organization that returns profits to our farmers, yet the Tories, in their wisdom, the ones in government, want to destroy it, and why they want to be in the government, I don't know.

That's it.

• (1325)

The Chair: There are days I wonder too, sir.

Mr. Ed Sagan: I have more, but....

The Chair: Mr. Thompson, good to see you again. You have five to seven minutes.

Mr. Ryan Thompson (As an Individual): Thank you.

I'm very glad to be here today, and I would like to thank the committee for inviting me to take part in your discussions today.

A little background on myself: I've always been involved in agriculture. I grew up on a mixed farm in southeast Saskatchewan. I attended university at the University of Saskatchewan and got a bachelor's degree in agriculture, as well as a master's in ruminant nutrition. Today I currently operate a 250-head cow herd. As well, I manage a community-owned 12,000-head custom feedlot called Border Line Feeders at Ceylon, Saskatchewan.

Given the opportunity to talk about young farmers, I think this fits very well with me, as well as with a number of organizations I represent. I'm currently the vice-chair of the Saskatchewan Cattlemen's Association, which represents all the cattle producers in Saskatchewan; I sit on the Youth Economic Engagement Council of Enterprise, Saskatchewan; and as well, I represent the beef producers on a committee of the university tasked with relocating and renewing the beef research unit at the University of Saskatchewan. I believe all these groups have a vested interest in the discussions today.

We heard lots about the grain industry. I want to talk mostly about the beef industry today. That's my area of expertise. Obviously, we're very concerned about the average age of our producers and the lack of young people coming back into our industry. Our industry has been struggling for a number of years now. We all know that. Getting young people excited about coming into this industry is difficult. So there are a number of things I think we need to address. There are a

number of huge global economic factors that affect our industry that we're not going to fix here today, and I'm not going to talk about those, but there are a number of things where I think we need to focus our resources.

The first one is training. We've heard from a number of our people today that education is important. I think we need to train our leaders and foster young entrepreneurs. I think we need to go all the way back to high school. There need to be additions to the curriculum. Teach some of these young people financial literacy. Let them know that being an entrepreneur and starting your own business is a legitimate way to make a living; you don't have to go out and work for somebody. So I think we need to really focus our training on this. These young people understand what it takes to run a business and understand that it's okay to do that. I think we can bring some of these fresh, young, aggressive thinkers into our industry.

We need to focus on infrastructure required for training. I mentioned that I'm on a committee tasked with relocating the beef research unit at the university. That particular research unit is almost 50 years old. How are we going to attract young students at the university to come into the business of beef when a research facility doesn't even reflect current practices and current industry? These are places where we really need to focus. If we can get state-of-the-art facilities and attract these young people, train them, they'll be forever in our industry. So I think funding for initiatives such as that is huge. I know a number of you may be aware of it already, and there will be some applications coming through a number of different programs that I'm sure some of you will see, and certainly we would love to see support from a national level for those types of initiatives.

A number of the other people today talked about risk. Risk is a huge issue in the beef industry. You know, years ago there weren't the fluctuations, but there are huge market fluctuations now. The fluctuation in the currency market alone can put overwhelming strain on a young start-up farmer. They can't handle some of those fluctuations. We saw it just the other day when the Canadian dollar lost 1.5¢ versus the U.S. That's huge when we start talking about the value of our products. Huge.

The current business risk management programs don't work for beef producers. I'll talk about a couple of things. The AgriStability program—one of the other fellows talked about it—actually penalizes guys who want to diversify their operation, and it actually promotes people doing one thing, building up margins, taking a big hit to collect a payment. We don't need programs like that. That doesn't help our industry.

I believe we need to be having more focused programs. We heard about crop insurance, a program that's worked for a lot of years for the crop industry. We want a program similar to that for the beef industry. We've put together—and we worked with government extensively—an insurance program for beef that's a bankable program. Young farmers can use it to manage operating lines; it's responsive: you get payments in a week or two, rather than the two or three years that we see with the current programs. It's simple. No matter what size farmer you are, whether you're start-up or have been at it for a while, anybody can use it. It's cost-effective, and most of all, it's going to create some confidence that these people can manage their risk and run their operations the way they need to.

• (1330)

One other thing I'd like to mention is the current disaster program we have. No one's really sure what triggers it and where it comes out. We need to have set triggers so that people know when it's going to work and when it's going to come into effect. We've had some situations in Alberta and Saskatchewan over the last year, some severe droughts and feed shortages, and nobody seems to know if anybody qualifies for any assistance. That's unfortunate. We've got to address those issues.

I won't go into a lot of detail, but financing has come up a number of times. To get young farmers into the business, we need some help with financing. Lending institutions are scared of the beef industry and don't want to lend young people money. They won't even look at a business plan any more. They just look at your net worth, and we all know everybody's net worth coming out of university is negative. If we could get some of these lending institutions to look at business plans and the merit of businesses, if we need some small government grants or some loan guarantees to do that, I think that's where we really need to focus. If we're truly committed to attracting these young people to come back into our industry, we've got to make it a viable option for these people.

To wrap up, there are a pile of issues that need to be addressed in the beef industry, and we can't get into them all today. We need to ensure this remains a viable part of the Canadian economy. Ultimately, if we can build a profitable industry and address some of these concerns and attract these young people to our industry, we won't have to be here again. These young people will take these businesses and run with them, and they'll ensure the future of agriculture in Saskatchewan.

Thanks again for your time. I appreciate the opportunity.

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

Now we'll move to Mr. Voldeng for five to seven minutes.

Mr. Rodney Voldeng (As an Individual): Hi, my name is Rodney Voldeng. I farm with my brother in Naicam, Saskatchewan, about 100 kilometres northeast of here. I'm also the chair of the Saskatchewan Young Ag-Entrepreneurs, an organization in the province that basically considers anyone under 40 as a young person in agriculture these days.

It's funny, because we had a conference where 70 people showed up, and someone there commented to me, "Oh, you have everybody in Saskatchewan show up who's in agriculture." That is the general opinion, and it's been reiterated by others as well.

I would like to explain why I came back to agriculture when I finished university. The first reason was money, because I saw a lot of opportunity in agriculture. There were no other young people coming back in. They keep advertising that the average age is 60, 55, or 80 maybe. I was thinking, well, there's going to be great opportunity. I've been back farming now for 14 years, since I finished university, which you guys might be amazed by. These people are still farming and haven't left yet—but they will, sooner or later. I still see it as a great opportunity. I guess I'm an eternal optimist from that standpoint. I see opportunity for agriculture and young people as others exit the industry.

Right now it's very difficult for expand when you are loaded heavily with debt, competing against people who have considerably more equity than you do. I guess it comes back to what some of the others have said about accessing more financing. But even if we were to access more financing, we still have to repay the debt. It's a catch-22.

The second reason I came back to farming was partially the lifestyle. I enjoy being a self-directed individual. I looked at the other businesses I could start up, and farming was an opportunity I could get into at the time and continue to see expand.

I'll bring up a few things here that you guys may be able to offer young people to encourage more of them to enter the industry, through advertising and promoting the positiveness of agriculture. We have to stop talking about agriculture and subsidies. That's all we ever hear in the news, but that's not what agriculture is about. We are the environmentalists of the land; we are looking after the land, as others have said already. But we really need to promote a positive picture of agriculture.

I meet with my friends from university days, who are in Edmonton or Saskatoon, and they start asking about agriculture but know nothing about what we do on the farm. They have no idea. So we go out for supper and we try to educate them and we spend \$35 for a steak. We come from the cattle industry and spend \$35 on a steak.

My farm was a mixed farm of hogs and grain farming. My brother and I emptied our hog farm two years ago before everybody else did, because we did a business plan that said that if we lost money like that for two years, we would be out of business. So we emptied our hog farm before the government had any programs for that, and in retrospect, that was a good thing to do. We're now sitting with a 75,000-square-foot facility that we're trying to figure out what to do with. But that's our own boat.

Another thing we can do in agriculture has to do with the regulatory system. Coming from the hog industry, you guys have probably heard about Paylean, the product that was approved in the United States but took seven or eight years to be approved in Canada. That is just one thing. But the question I had was why were we still willing to import all of that product from the United States if we were not allowed to use it in Canada? We are still consuming that product as Canadians, but we're not allowing our own producers to use it. That includes the grain industry as well, whether it be new types of seeds or different chemicals being used on the farm. We are still importing those products into our own country and are consuming them, but we're not getting them approved through our own regulatory system. I know I've been told before that it is being looked at and worked on, but it still seems to be at a snail's pace.

That also goes to the import standpoint. When I look at this I wonder why we have high levels of traceability in Canada—which is a great thing, a great selling feature—yet we don't hold any other countries to the same standards we have. I guess some of that was coming from the hog industry, where we were doing the levels of quality assurance. Those were required just so we could sell into the packing plants, yet we import product from other countries that do not follow the same standards.

• (1335)

The next point is that I believe we need to encourage secondary production in Canada. We continually export our commodities and want to be able to make more money, but we're competing on a world market where people can produce products more cheaply than we can, because their labour and other stuff are cheaper, when we really need to be encouraging that secondary production. We have a few more canola crushers going up in Saskatchewan, but you still see the boatloads of canola, and the wheat and barley, being shipped out as raw product.

We're leaving a lot of money on the table, and I guess that's what I want to end with, that if we were able to access those extra dollars and produce more dollars for the pockets of farmers, that would encourage more young people to enter the industry and also reduce the dependence on subsidies there seems to be at the current stage.

The Chair: Okay. Thank you very much, Rodney.

We'll now move to Mr. Ranger for five to seven minutes.

Mr. Jason Ranger (As an Individual): My name is Jason Ranger. I have a farm in a town called Leask, which is about an hour north of Saskatoon.

I'd like to thank you guys for taking the time to come here and meet with us.

I feel that one of the most important factors to encourage young people to start farming is the profitability of the farm. Farmers have to be able to earn good wages in order to encourage young people to start farming again. You're taking a big risk to farm now. You need to have a reward that goes with the risk.

Another big concern is obtaining the capital that's required to get started in farming, but it again comes back to profitability. If the farm makes good money, you have no problem convincing a banker to give you a loan. Everything always comes back to making a good

margin. If you can do that and you have a good business plan, the banks will give you money.

Another factor for young people wanting to start farming is the lack of land in some areas. We have a lot of very old farmers who are still farming. I read a survey that was conducted in Iowa. It was the international farm transfer survey. It revealed that 30% of farmers plan to never retire. It means they plan to farm until they die.

If we could figure out some type of program to encourage the over-65 crowd to sell or rent land to young farmers, or if there was some type of benefit for them to sell to young people, maybe it would be one way to encourage more young people and new entrants into farming.

I also read that Iowa has designed a program that links a pool of young farmers to retiring farmers who don't have anybody to take over the land. Maybe we could think about a program that links the younger farmers to the retiring farmers.

One topic that I really want to touch on is the fact that the majority of young farmers are not supporters of the Canadian Wheat Board. As farmers, we need to be given the choice on whether or not to market through the CWB. We're capable of marketing our own canola, oats, etc. We're also capable of marketing our own wheat and barley. Young farmers today have good marketing abilities, and it's something we enjoy doing. If some farmers still want to sell through the Canadian Wheat Board, that's fine, but give others the choice.

We're not really on a level playing field across Canada. The west is under the reign of the Wheat Board, whereas the east is not. There are others programs, such as crop insurance programs, that are different all across Canada. Some provinces insure up to 90% of production and some provinces only insure up to 80%. Some provinces also have minimum price guarantees and other provinces do not.

Risk management is a big factor for young farmers because we don't have the equity behind us to sustain a hit. I think redesigning the crop insurance programs to benefit young farmers would be a good thing.

One of the major problems I had starting out was with the fact that there's an area average for yield coverage and it takes 10 years to fully transition to an individual yield. Most of the top producers are producing about 50% above the area average, and the young farmers tend to be the high-end producers. Why are we stuck with an area average that is 50% below our production? It doesn't really work.

Thankfully, over the last four years, I haven't had to use the crop insurance program. I'm slowly building up an average, but it would be a lot better if the average could be set faster than that.

One other consideration is this. The reason you get into farming is that you enjoy the lifestyle, but the lifestyle alone is not enough to convince young people to start farming.

• (1340)

Some other people have said that basically small towns are getting older and older. There are fewer and fewer young families, schools are shutting down, so it's getting harder and harder to encourage young people to move back to rural areas. It's kind of funny. It tends to be the same old guys who are still plugging away at farming who are complaining about the demise of their small towns and there's not enough kids in the schools any more to keep them open. Maybe if they retired and let somebody young take over, it would also help to revitalize the communities.

That's about all I've got for now. I'd like to thank you guys again for your time.

The Chair: Thank you, Jason.

I wanted to be clear before we start questions.... Mr. Hickie, I was under the impression that you were presenting with Mr. Sagan, and I'd certainly give you the opportunity to make any remarks, if you wish.

• (1345)

Mr. Ed Sagan: I took up too much time.

The Chair: Yes.

If you'd like to speak, Mr. Hickie, go ahead.

Mr. George E. Hickie (As an Individual): Okay. I do have a hearing problem, but I have a presentation here, if I may present it.

The Chair: Yes, you may.

Mr. George E. Hickie: I am presently involved in transferring our 2,500-acre cattle and grain farm to two sons, but my greatest fear is that in the present environment they have no chance of making it. The only chance I see is if I give that farm to them, not sell it to them or even a part of it.

I will continue with my brief.

Very few young men and women who grew up on the farm have chosen to remain on the farm as their career choice. Why? Growing up on the farm, they know that farming is a very difficult, low-paying, high-risk, high-investment career choice. Agricultural financial experts tell us that we need a 10,000-acre operation to be financially viable in the present environment. In other words, an investment of \$4 million to \$6 million, a huge amount of money, must be borrowed from the lending institutions, interest payable.

To operate a modern grain farm requires machinery, fertilizer, herbicides, seed, fuel, rail services, and borrowed capital. These services and goods that we must have and cannot farm without are all controlled by a few transnational corporations who seem to be more powerful than many governments. During the last few decades, these agricultural corporations have amalgamated, consolidated, and bought each other out, to the point at which they almost are able to perform as a monopoly, and often do. Competition between the few agriculture transnational corporations seems to be a thing of the past. For example, two years ago, when world grain supplies plunged to a worrisome low, grain prices to farmers increased substantially.

Almost immediately, the suppliers of farm inputs raised their prices, some as much as 400%. As quickly as we gained a much-needed raise for our grain, they took it away from us. They now have the power and ability to do just that.

Farmers are little more than economic slaves for the transnational corporations. Young men and women who grew up on the farm understand and know this. Therefore, they reject farming as a career choice.

Thank you very much.

The Chair: Thank you, Mr. Hickie, and thank you for being brief. I appreciate your comments.

We'll now move into questioning with five-minute rounds.

Mr. Valeriotte.

Mr. Francis Valeriotte (Guelph, Lib.): First of all, I want to thank each and every one of you for your presentations and for taking time out of your day—no doubt, you would be farming—to come here and give us your advice and your insight. We can't make decisions unless we're informed by those who are most affected by those decisions, and that's you.

Kalissa, you're absolutely right. We are in a crisis, and we wouldn't be here if that crisis didn't exist. We discovered that probably in the last year and a half, while we've been examining competitiveness in the industry. Over the last number of days, that crisis has become just that much more heightened, at least in our eyes around this table, having travelled from Kelowna, in B.C., to Alberta yesterday and here today.

We've heard any number of solutions, and the solutions are consistent with what you've said, anything from harmonizing regulations between this country and other countries so that we are not unfairly disadvantaged.... We've talked about the repair that needs to be done to AgriStability, about problems with succession planning, the cost of land, the lack of a real commitment to a national food strategy, and the preservation of our industry so that we can maintain our sovereignty—in other words, always be able to feed ourselves as a country.

I would encourage any one of you who feels compelled or competent to answer this...it's on AgriStability. It was suggested by several that we move away from the margin approach and move toward the actual cost of production approach. I'm seeing a no. I don't know if there are any yeses out there, but the viability test, apparently, for some is not working. If it were to be a margin-based program, it should be the best three of five years.

Mr. Thompson, you were saying no. If there is somebody else who has an opinion about that, I'd like to hear the other side of that argument from one of you, if I could.

•(1350)

Mr. Ryan Thompson: Thank you for the opportunity. The reason I'm saying no is I do agree there are a lot of problems with AgriStability, the viability test being one. We need to be very careful of cost of production types of models, because then that starts to interfere with normal market signals. If we're guaranteed a profit on any particular commodity, we lack the ability to start responding to different market signals, growing different crops, producing different types of animals.

I do believe we need to fix it, and we've listed a number of things, but I think there need to be focused programs on different sectors.

The Acting Chair (Hon. Wayne Easter): Mr. Person.

Mr. Stuart Person: Thank you, Chair.

I agree. The margin base, in theory, works. The problem is, if you are a cattle producer right now, you have no margins because you haven't made any money, and you have to be making money consistently, at least three out of five years, in order to have a decent margin so that you can obtain some coverage from AgriStability. We run into situations with the cattle industry where they're not making money. They have no coverage, whereas a grain farmer right now has extraordinarily good coverage. That wasn't the case three or four years ago, but over the last few years they've done well and they've built up those margins, if they've been fortunate enough to avoid all the hailstorms and everything else that can affect you.

The margin theory is good. Maybe you need to extend it now. We have five to six years of information in the program. Maybe we can extend it out, and once we get to 10 years we can take an average of 10 and drop out some low years to get a better feel for where farms should be. I understand what you're doing with this program. You're saying if you're a viable farm, on average, we can support you. If you're not making money, on average, we're not going to support that, but the trick there is why you are not making money, on average.

For cattle farmers right now, they're not making money because of a lot of political reasons, for one thing. You can't penalize those guys.

With mixed farms, you have cattle prices down and grain prices up. That's what I meant by their being penalized. Their margins are calculated together. You're not separating the industries so you have these guys taking risks on the cattle side. They may have earned money and built up a good margin grain-wise, but the cattle just drags them back down.

Mr. Francis Valeriotte: It's my impression that there are certain provinces that have subsidies for their farmers in certain farming industries, whereas other provinces don't. I've discovered that. I'm just wondering whether you feel the federal government has a role to play in equalizing or balancing the playing field across the country so that farmers in a particular province aren't advantaged where they have a more supportive provincial government.

Does anyone have a thought on that?

Mr. Ryan Thompson: Yes, I do, and I'd take it even a step further: it needs to be international as well. I talked a little bit about an insurance program for beef producers. It could be very similar for some other people as well, but we don't have a Chicago Board of

Trade in Canada. We have huge basis risk and currency risk, and that's why we're looking at a solution whereby we can tie in the futures price of animals to currency and tie all that basis risk into a simple program that allows our producers to compete with those in other provinces. Right now, Alberta has a program similar to this that nobody else has.

So yes, I agree, we do need to address that.

Mr. Francis Valeriotte: Here is a final question.

The Chair: Mr. Valeriotte, your time is up. We may get back to you.

Mr. Bellavance, you have five minutes.

•(1355)

[*Translation*]

Mr. André Bellavance: Thank you very much for being here, we really appreciate your testimony.

This is not the first time since the beginning of the tour—and even before—that we are hearing about income support and the problems related to it. We are currently on a tour to consider the future of farming.

My committee colleagues will say that I am repeating myself, but since you are the first ones to hear me speak in Saskatchewan, I would like to tell you something. At first, when the idea about going on a tour regarding the future of farming was conceived, I accepted because I believe that we can do two things at the same time.

However, we also need to talk about current problems. The farming sector is experiencing countless problems that we must try to resolve right away. This is not only the responsibility of the government, but also of the whole farming industry. Farmers should be the first ones consulted. This does not mean we can't discuss the future of farming. Nonetheless, priority should be given to current problems. That is why I am not surprised to hear your testimony on problems related to the AgriStability program.

Regarding income support, government members often say that farmers reject social assistance, as they do not want to get paid for doing nothing. Of course, it is natural to be proud of our land, of the work we do, of our animals, of our crops, of having taken over the family business and of continuing to undertake the crucial task of feeding Canadians. It is quite normal to say that we do not want social assistance. However, income support is not social assistance, as you have skilfully explained, Mr. Thompson. In fact, you said that farmers may have no need for that kind of support for years, but after several lean years... For instance, over a period of 10 years, the income of grain producers in Quebec was extremely low. At the time, they were not eligible for support under the Canadian Agricultural Income Stabilization Program, which is now the AgriStability program.

If my understanding is correct, we are now facing very similar problems. I do not think that farmers are asking for charity when they tell the government that the choice must be made by society, and that they need help getting through rough times in order to be able to continue contributing to the use of the land and to growing crops here on our home soil.

Let's look at what's going on internationally. The United States have adopted the Farm Bill and the European Union is giving out a lot of subsidies. Canada never took subsidization that far, it never would have been able to do so. I never considered subsidies to be a form of charity and I do not think that it compares to sending out social assistance cheques to people who do not work. You must forgive me for my comments, but your testimony has gotten to me. I have not yet asked any questions, but I am getting there.

Mr. Thompson, you surely know that Agriculture Canada recently made public some of its forecasts. We know that farm income—especially in the livestock sector—will be on the decline in the coming years. You came up with some interesting solutions, but I would like to get more details. You said that production costs may not be the solution we should focus on.

Do you think that we could come up with a program that would be an AgriStability hybrid of sorts? What specific improvements do you think should be made to the program for it to be effective?

[English]

Mr. Ryan Thompson: Thank you for the question. I'll make sure I understand it correctly. You're looking for what improvements we could make to AgriStability.

I agree if it's some sort of a hybrid, that's great, but we've been struggling with a number of asks for changes to the AgriStability program, specifically for the beef industry, for a number of years, and we haven't received those. We've asked for the viability test. It's killing a lot of people.

We had an interesting suggestion from one participant here that maybe we need to stretch this out, because the biggest problem with the beef industry is that we've been so bad, for up to about seven years now, that our margins have declined to zero or below, and it's just not working. That's why we feel that a targeted program, an insurance program, whereby we can insure, for a premium...similar to crop insurance, so that we know how much we'll be able to end up with for our product in the fall when we sell it, so that we can cashflow our business.

I think somebody mentioned caps earlier. I completely disagree with the idea. We can't have caps on these programs. They penalize too many of our producers. In our operation, while it's a large operation—it's a 12,000-head feedlot—caps impede our ability to use that. They say the big guy doesn't need money. Well, if you think of it, we're a community-owned group; I have 400 shareholders. That's 400 families who are affected if we have a cap that does not allow us to use that program properly.

As I said, there are a number of issues that have come up before. We feel that we need to target these programs more. Maybe that can be done under the current AgriStability program, but it's clear that the current program has a lot of problems and needs some major

reworking, and we feel we need to do the reworking now. We can't think about it for the next three years.

• (1400)

The Chair: Thank you very much.

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

Mr. Alex Atamanenko: Thank you very much once again for taking the time to be here.

The main theme coming out of the hearings so far is that farmers would like to be like most other people and make some money at what they do. They don't want subsidies; they don't want handouts. For some reason, it doesn't make any sense. If someone were to come from some other faraway planet and were to see all the abundance we have in energy and the education we have and were to see that people are losing money.... Something has gone wrong somewhere.

I just completed a couple of years of touring, visiting 28 communities, talking to folks about food sovereignty and such issues, getting feedback. Many people have flagged the whole issue of trade. Many feel that trade has really hurt us, and they give the example of supply management. We have a system in that sector whereby people make money; it's predictable. The fruit growers told us that two days ago, and they said they're even thinking of doing something like that. So we have a situation, for example, in which—and you mentioned education, Mr. Thompson—they have new varieties, they have the latest technology, they have the education, they're replanting, and yet because of NAFTA we're getting cheap produce and they're getting hammered and they can't make a living.

You also touched on the multinationals. My first question is to Jason, and maybe somebody else could comment on this also. It's my understanding that since Australia lost the single desk, the multinationals have rather taken over. There's competition, and prices have dropped for farmers. In fact, they've lost some markets, and our CWB has actually taken over some of those markets.

I wonder whether you can comment on that first, and then maybe somebody else has comments on it.

Mr. Jason Ranger: One of the big issues with the Wheat Board is that there's a huge lack of transparency. We can't see the price they're selling our wheat for. How many directors are there, nine? Those are the only guys who can see what price this grain is being sold at.

I've read some reports. I know guys have done some research trying to figure out where they've been.... Basically, there's evidence that they've been undercutting and selling wheat cheaper to other countries than they should be.

There was a tender, I think it was to Egypt, about six months ago. They researched this and found the price of the tenders from the U.S. and from Australia, and Canada's tender came in about \$25 a tonne below theirs. There's no reason to cut that far below, just to get the sale. I guess that's a big issue that proves that the Canadian Wheat Board is costing us money.

As for multinationals coming in and taking over, correct me if I'm wrong, but we sell all of our other grain to the multinational corporations and we're doing okay with that. Any grain that's sold is based on a futures price minus a basis. There's an argument that there should be more competition, but you shop around and get the best basis you can. If wheat were in that same situation, I think we could do better with it.

We have clear price signals further out. For example, yesterday I priced new crop canola for next March. I have a price that I know I'm going to get today, I know when I'm going to deliver it, and I know my cashflow requirements. You can't really do that with wheat. I guess that's one of the biggest issues, the transparency and being able to sell a long way out, if you want to, and knowing exactly what you're going to get for it.

• (1405)

Mr. Alex Atamanenko: Are there any other comments on that?

Mr. Stuart Person: I'll just make one comment on it. The price signals the Wheat Board sent out last year for the 2009 crop of durum caused an enormous overabundance of production of this product. They were way off the mark in what they were doing. Where's the accountability for that?

You have 20% to 40% of the 2008 crop held back, and 60% of the 2009 crop is going to be held back. You'll have guys carrying over almost a whole crop, if they grow a good crop this year. And that crop was grown based on PROs that they put out saying they were going to be able to pay such and such an amount of money, but as the year went on, boom, down the prices went—down, down, down.

That's not a good system to have in place. You're encouraging overproduction. They should have known that. They should have had a better understanding of that, if they properly understand the markets and know how to market our grain.

Those are the types of problems this organization is causing. There are acres and acres of durum down south that probably shouldn't have gone in last year. They sent the wrong signal to the market. You have oats and canola grown on an open market, with the multinationals, and the price signals are there, and generally they're a lot more accurate.

The Chair: Mr. Hoback.

Mr. Randy Hoback (Prince Albert, CPC): Thank you, Chair.

First of all, I want to recognize the fact that for all of you, except maybe Ryan, this is probably the first time you've been to a committee structure like this. I'm encouraged by your bravery. You all did very well in your presentations.

I'm going to key in around the crop insurance side of it, because when we look at young farmers, two things that come into my mind are profitability and how to manage risk. Then a third one would also come in: capital requirements.

If we can start to manage the risk properly, that affects a couple of things. If we know we have a proper crop insurance program, if I can go to the banker and say I'm guaranteed x number of dollars per acre, he's more comfortable giving me an operating line, and away we go.

It's the same with our cash advances. If we have an accurate dollar value, we can get a proper cash advance that reflects the size of our operations—providing you're not over \$400,000, as Stuart pointed out.

Kalissa, you touched on something—I'm sorry, I'm used to being informal, but I mean Ms. Regier—about “the first five years”. Have you thought through that program very much, about what you would do for young farmers in those first five years, what types of things you would try to...? Would it be an increase in production? Would you say, okay, you get 110%? Have you put any thought to this?

And Barb, do you have some thoughts on this, too?

Mrs. Kalissa Regier: No, I think it's very self-explanatory. I haven't actually gone through it in detail and come up with a plan myself. What we have right now is a crop insurance program in Saskatchewan that works fairly well for a lot of people. There are some pretty big gaps in it for young farmers, new farmers, and farmers who are producing niche crops or different kinds of crops. That all needs to be addressed in this. I think there needs to be a specific program for beginning farmers to give them some incentives. I don't think covering cost of production, including wages, is too much to ask that program to facilitate.

Mr. Randy Hoback: Again, you would understand, the problem with subsidies is they get capitalized. That's why it intrigued me when you said the first five years. Then I looked at something and said, okay, would the first five years for a young farmer of Jason's age get capitalized? Does it mean that when Jason goes off and buys land, the land goes up another \$100 per acre, or would it actually stay the same? That's why I was curious as to where you're going, because there's an idea there.

Barb, do you have any suggestions?

• (1410)

Mrs. Barb Stefanyshyn-Cote: The only thing I want to add is that possibly in the future we're going to see a lot of farm transfers. There just have to be, because we're getting older and things have to move. Is there some way that we can transfer with the farm our area averages, our experience discount, through a mentorship program of some kind? I'd take Jason on for three years and say, this is what we've accomplished and this is where we're at. We can pass that on to you and it's an advantage to you. Yes, it may get capitalized, because it's worth something to me if I'm trying to sell my farm to him that he can take these on. But it also covers his risk, and I think that might be another way of doing it.

The last thing is, it's not covering some of the other agriculture that we need to be looking at—vegetables, fruit, anything along that line. If we're going to use that method, we need to expand that program.

Mr. Randy Hoback: We talked about crop insurance. What about other programs—AgriStability?

Stuart, would you have any comments? Should we have a special margin for the first five years? Do you have any ideas there?

Mr. Stuart Person: I think you need to look at new producer margins closely. I'm not sure how you would come up with that. Maybe you could look at area averages as well, amongst producers in that area. An average is a bad one to use. Maybe you look at giving them the top 30% of producers' margins, or something like that. At least give them a chance to prove that they can do that type of a margin as well. Don't stick them with a poor margin just because certain other farmers maybe have a poor land base or they don't practise good farming and therefore their margin isn't very good. They need that good margin to start with, and they also need a good crop insurance history to start with, so they can go into this and not be busted in two years if they have a couple of crop failures. That's what they're faced with right now.

Mr. Randy Hoback: On the cattle side, Ryan, what would you see as transition programs? Is there anything we could be doing there?

Mr. Ryan Thompson: Transition from what?

Mr. Randy Hoback: Let's say from father to son, or let's say somebody decides they want to become a cattle farmer tomorrow. Is there anything special you need that we could do, again, without creating an issue of capitalization, without driving up the price of land or driving up the price of cattle, because that doesn't help anybody either if they're trying to get into the industry?

Mr. Ryan Thompson: No, I agree with that. I know we've talked to you a little bit about it. Definitely some sort of financial backing, whether that's guarantees or whatever, will help. But I think the risk is the big thing, and that's why one of these price insurance programs that is completely market driven.... It's all based on free and open markets, and it doesn't work if there aren't those free and open markets. That's the one thing about the cattle industry. We do have very good price discovery in the form of a lot of the auctions and trades that we have.

That's the nice thing about this program. It can be very cost-effective, so it doesn't break a guy to try to do it. Plus, as I said, it's very responsive and it's completely market driven. It won't get capitalized into the cost of the cattle because you'd still get paid to go out and market your products for the best amount you can. Trying to build it into the program, it won't get capitalized.

The Chair: Thank you, Ryan.

Mr. Easter.

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

Thanks to everyone for coming.

I would ask everyone to think about this for a minute: if you had one program targeted at young farmers, what would it be? I want you to think about that. But I have another couple of other questions to a couple of people first.

Quite a number of people mentioned profitability, which is more over the long haul. We certainly haven't seen that in the industry in the last 20 years. Your deputy minister from Saskatchewan and my deputy minister from P.E.I.—everybody's worried about where the farm industry's going—did a study. I left the study on the bus, but it

showed that from 1929 until 2007, net farm income went down on a 45-degree plane.

We have to give our heads a shake. This can't continue. There's no profitability there, and there are all kinds of different programs that really aren't working. I think it's getting worse. Alberta and Quebec have a lot of programs, but most of the other provinces don't.

Mr. Thompson, you mentioned a number of things. I'm trying to figure out what you're really saying. Are you requesting market price insurance for the cattle industry?

Mr. Ryan Thompson: Yes. We have a program, and we've gone through it with a number of the members sitting here today. It's basically a risk management program like the Chicago Board of Trade for U.S. producers.

• (1415)

Hon. Wayne Easter: I understand how that works. I asked you the question because we need it specifically stated on the record. You never called it market price insurance.

Mr. Ryan Thompson: It would be a cattle price insurance program.

Hon. Wayne Easter: Thank you.

On the cattle and hog industry, we know there are real problems with AgriStability. I believe people are saying there's a problem with the viability test, and there's a problem with changing reference margins. If those two areas had been fixed, there could have been a payout in the last two years.

The federal government paid out \$900 million less on safety nets last year. All they really had to do was change the viability test and the reference margins. That would have made it much different—all within the trade agreements—but it wasn't done.

The minister will say you need to have agreement among the provinces. If you talk to the provinces, they'll say it's the feds.

Does anybody have any comment they want to add on that? Should the viability test have been changed, and should reference margins have been changed to allow somewhere around \$900 million or more to get out there?

Mr. Ryan Thompson: Yes and yes. We get a lot of this argument between the provincial and federal levels of government—discussion, or whatever we want to call it. But we need leadership from the federal level to pull all the provinces together. Each province can do their own thing, but we truly need federal leadership to pull everybody together. Otherwise we'll never get anywhere.

Thank you for bringing that up, Mr. Easter.

Hon. Wayne Easter: Okay.

On my first question—whoever wants to answer—if you had one program targeted at young farmers, what would it be? We'll run out of time, but what would it be, as simple as you can make it?

Kalissa.

Mrs. Kalissa Regier: It would be how to farm without using government programs.

Hon. Wayne Easter: Kalissa, do you really think that's possible?

Mrs. Kalissa Regier: Yes, it is possible.

Hon. Wayne Easter: It may be. I listened to Jason. I'm not going to get into the Wheat Board argument, because there's so much misinformation out there on both sides, it's unbelievable.

But why does Canada have to be the boy scouts in the world? Every other country in the world is subsidizing their farm industry, especially the United States. Why do we want to be the boy scouts and go broke because we've been the boy scouts? Do farmers not deserve the dignity of a decent income for producing food to supply not only our own country but the world? Why do we want to be such damn boy scouts?

Does anybody else want to add a solution?

Mr. Ed Sagan: Somehow we have the idea that there's such a thing as free enterprise in the country. Technically, especially for the young guys...I was a young guy also.

I just said in my presentation that International Harvester and the chemical company Viterra are buying each other out. We're saying we're a free enterprise system. There is no such a thing as a free enterprise system. It's a concentration of power between the big boys. The sooner you get that in your mind, the sooner you'll get ahead in your farming. Otherwise you'll go broke.

The Chair: Thank you very much.

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

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

I was so impressed with all your presentations. I can clearly see that if you represent the future of our farmers, then we have a great future. I know we have to work on some things to help the industry survive, but clearly, if you're a representative of future farming, then we're going to be all right. I sure appreciate you all being here to share your expertise, experience, and your passion for your industry.

I heard a lot of really great ideas from this panel today. I won't touch on them all because we're very limited for time, obviously, and I want to allow you some time to answer my questions. Certainly I heard a couple of interesting ideas that I think I probably hadn't heard before.

Barb, you mentioned the idea of limiting programs or subsidies to beginning farmers and tying that to education. As you stated, subsidies do get recapitalized into the farm to help beginning farmers. I don't think anyone on this panel, as far as our young farmers are concerned, want to rely on government programs. I think you all want to rely on your land, your own hard work, your own ingenuity, and your own business sense. You want to see something that'll allow that to happen and be profitable. Certainly I can clearly see the idea of help to get a kick-start and being able to rely on your own business sense, which I know you all have.

Mr. Voldeng, your optimism struck me because you said you saw a great opportunity for you as a young farmer getting into the industry. When you see the average age of farmers increasing, the optimism you have in seeing this as an opportunity is the kind of

thing we need to see—the passion and the opportunity you see there. So I sure appreciate that.

As I said, there were so many good ideas I can't go over them all.

What I want to do is very similar to what I've done as we've gone across the country, and that is open it up to all our young farmers. Obviously each one of you will have to be brief because we are limited to a small amount of time here, but could each one of the young farmers briefly share with us on two questions that tie together?

Those of you who have taken over the farm from your parents, or are maybe a third- or fourth-generation farmer, what do you see being the biggest difference in the industry between your parents' or your grandparents' day and your day? What do you see as the one thing that could be done to help make farming profitable, outside of government programs? I'll throw that open.

Maybe I'll start with you, Stuart, and we'll work our way down.

• (1420)

Mr. Stuart Person: The biggest change that I see is the rising cost of production, which has become big business compared to when my dad started. On the flip side, a lot of things haven't changed. My dad worked off the farm for 26 years to pay for it. Now I've been working off the farm for the last 10 years to try to pay for it again. I think it shouldn't be that way. It should be a career where you can go in, work hard, know whatever scale you need to be at, and be comfortable that there's going to be a return at the end of the day.

Agriculture produces food. What is more important than food? We can live without other things, but we can't live without food. So we need to come back and put some value on this product. And it's not just Canada, it's worldwide.

Mr. Blake Richards: You covered it very well.

The idea was the difference between your parent's day, when they were beginning in farming, and what you see is the biggest difference now. Then, what you might see as the one thing that's most important to ensure the survival of the family farm in particular.

Mrs. Kalissa Regier: I would agree with Stuart. The increase in the cost of production over our lifetime has been outrageous.

Something that strikes me as a very significant difference is the globalized economy we're dealing with now that I think didn't exist in my parent's generation quite as it does today. It puts a lot of pressure on agriculture as an industry, rather than just the everyday ins and outs of a farm.

I also would suggest that farmers have been competing against each other much more than they ever were. In the 1970s, when I was a child and when I was growing up, there was a real sense of community. That still exists to an extent, but there is an overabundance of competition among farmers and a huge lack of competition in all other parts of the industry. That creates a really bad feeling about the future.

The Chair: Thank you very much.

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

• (1425)

Mr. Rodney Voldeng: Are you going down the list? I've got a couple of comments.

The Chair: If you'd keep them brief...

Mr. Rodney Voldeng: I'll start off and just say the biggest difference I've seen is in the economies of size, from where my father started out with a small hog operation that he could run himself to when my brother and I bought him out and we had people helping. We had four employees in the barn. It was 450 sows with 4,000 acres of land, and that was just to make a reasonable income in this day and age. In the sixties and seventies, he would have had the world's biggest farm.

That is making it extremely difficult for young farmers to get in.

I met with my accountant the other day and he said, you should be at 10,000 acres if you're only a grain farm. With economies of scale, you've got a 4,000-acre farm. You've got to start hustling; you've got to start growing if you want to make a good living.

The Chair: Jason, any comment?

Mr. Jason Ranger: I think you used to be able to just put your head down and work hard and be good at producing grain and you could get by. The management side of the business is the biggest part of it now. Usually you're hiring guys to go out and sit on the tractor seat and you're in the office. So that's a big change.

Another big change is that we now have incredible market information available to us that was not there 30 years ago. With the Internet and everything, we have a lot of information available to us.

As for one change that would be good to see, I think it would be speeding up the regulatory process. When we're registering new product, stuff like that, if we could speed that up, that would be huge.

The Chair: Thank you.

Barb, do you have any comments?

Mrs. Barb Stefanyshyn-Cote: Of course I have comments.

I'm not going to comment about the one thing that's changed from my past, only what I'd like to see coming. What I see coming is a much keener interest from the consumer in where food is grown, which is something they haven't been interested in for the last 30

years, since we started farming. That presents a huge opportunity for us to get back to the retailing side, which we have zero experience with, and get connected with the consumer again and see where that goes. That's a huge opportunity coming.

I wish I could come up with one thing that would change absolutely everything. That would be great, but I can't do it right now.

The Chair: Okay.

Any further comments?

Mr. Ed Sagan: I could visualize just one thing: interprovincial transfer of land from one generation to another. We did that about 15 years ago. The provincial government at that time bought land off farmers who were retiring. They were giving it to the people who needed it the most. Five years later, all the farmers rejected the whole concept. So we did have what you call a land bank, but it was rejected completely.

The only thing I could visualize is interprovincial land transfer to younger people. But how do we do that? That's another question.

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

Mr. Shipley.

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

I'm sort of one of the foreigners in the group here. I'm from Ontario. I've farmed all my life. I was in dairy and cash crops. I have three children who are not farming. They have chosen different careers, not that farming was bad.

I'm interested in the comments that have come about here. Will we have more farmers or fewer farmers? How do we get them in? Recognizing some of the things that have come out here, I'm so impressed as we look to the future of agriculture.

I'd like a comment. When I was growing up, and when many of us were in agriculture not that many years ago, we grew a crop for food. We raised an animal for food, whether it was pork or beef or whatever. Now when I'm talking to some of the young people in my area, I see their optimism. They talk about the diversification within agriculture such that we're now looking at growing canola not just for the oil or the feed. We were just down at a feedlot today that has that sort of vision for the future.

I'm wondering, in terms of the positive part of agriculture—because I think there is an incredible opportunity in agriculture—whether that is something that each of you would see as being important for the success and the sustainability of young farmers.

I also want to mention to Rodney, and to Jason particularly, that I just had a motion, M-460, that came forward to deal exactly with the regulatory issues around cropping inputs—management input products, as they're called—with regard to the licensing and the lack of ability.... We did not get quite the support of all of Parliament that I wanted, but we got enough to move that through. When we were talking about competitiveness in agriculture, it was a common thread, one of those issues that has come down through all the discussions, as it did today. If we can get the playing field to be a lot more level, then some of those issues about getting the cheque in the mailbox will not be nearly as important. I'm not sure how we can get agriculture firing on all eight cylinders at once. If you can tell me that, you will be a genius.

That is always one of the issues. It seems to me that over the years, for generations, there has always been a part of an agricultural sector, pretty much outside of supply management, that fires on different cylinders at different times. One should never ever think that supply management is a ticket to making money. It's like every other business: one-third does well, one-third does okay, and one-third doesn't. It's about management.

I'll move on to my first question. I am also wondering whether you see the regulatory system as being important. If you do, I encourage you right now, as I'm moving forward with the ministers and the bureaucracy in the staging and the prioritizing and in getting the support for users across Canada, to write to me. I'll give you my card afterwards.

Can I just get a comment, in terms of the view...?

• (1430)

The Chair: You have a minute and a half. We can have a couple of comments...unless you can do it briefly.

Mr. Thompson.

Mr. Ryan Thompson: Thank you.

Correct me if I'm wrong, but motion number M-460 applies to animal products as well. Is that correct?

Mr. Bev Shipley: Absolutely.

Mr. Ryan Thompson: Right. I was a little concerned for a second. I didn't get into a lot of regulatory issues, because we have a lot, and I didn't want to get into them, but I agree that regulation is important. One of our biggest struggles and costs to the beef industry right now is also our regulatory agency, the CFIA.

I don't want to get into all of the problems. If anybody would like me to do that, I can. There's just no time to get into all of those issues.

I appreciate your bringing it up. It's important.

Hon. Wayne Easter: I wonder, Ryan, if you could write the committee a letter on the CFIA. Would that be possible?

Mr. Ryan Thompson: I sure could. I know that you probably have—

Hon. Wayne Easter: There are problems everywhere with CFIA, and we need to have them on the record. That's what I'm saying.

The Chair: On that note, any written submission to the committee by anybody sitting at the table or by anybody in the crowd is always welcome.

Mr. Ryan Thompson: You do have lots from CCA, the Canadian Cattlemen's Association, I believe?

The Chair: I mean from any individual or any agricultural organization, of course, Ryan.

Does anybody else want to comment on Wayne's comments?

No? Okay.

Mr. Bev Shipley: I have a question on the future of agriculture and growing crops for more than just food, in terms of sustainability of an industry.

Mr. Stuart Person: If you're talking about growing crops and exchanging food for fuel, if that's what you're getting at, then yes, as long as there's enough food in the world, we can replace fuel sources with agricultural products. That's a touchy field. If we're burning up wheat in our cars while people are starving, that's a political issue for you guys, right?

I don't know. I'm all for it if it's going to make my farm profitable, but at the same time, is there an ethical issue there to be dealt with? Is that what you were asking me?

The Chair: Your time has expired.

Randy, you had a follow-up, just a comment. Can you be brief?

Mr. Randy Hoback: Thank you, Chair.

You all touched on promoting agriculture. I have some questions about that. What would be the promotion item you would use to get more people involved in agriculture? I don't know if we have time to answer that question, but if you could think about that and do a written submission, that would be helpful. I think you're right; we don't promote agriculture in the proper light.

Mr. Rodney Voldeng: Currently in Canada, everybody sees the farmer as a 65-year-old farmer. I think one of the ways you could promote agriculture would be to take some young farmers and use them in your campaign. All of a sudden, other young people would look at it as an industry that young people are involved in, instead of just older farmers.

The Chair: We have run out of time, but there are a couple of things I want to follow up on a little bit before we close.

Those were great presentations today by all of you. Again, thank you for that.

One thing you talked about, Barb, was agriculture in the curriculum in high schools. I believe it was you who mentioned that.

Oh, I'm sorry, it was Ryan.

I have one high school that did this seven or eight years ago. It's in a very rural area. It is similar to where we are today. There are other schools looking at expanding that. I've often wondered whether some kind of agriculture curriculum could also work in urban cities, in the large cities, not to convince that young generation but to educate them about the issues and problems in agriculture.

I see you shaking your head.

• (1435)

Mr. Ryan Thompson: I agree with you. In the rural areas, you're preaching to the choir. It's very important to get it into the urban setting, not only to get them into agriculture but to teach them a little bit about what we do. The challenge we run into a little bit here in Saskatchewan is that it's tough to change the curriculum. You start running into all the levels to try to change the curriculum. If anybody can help us out with that, I'm all ears. But it is difficult.

The Chair: Thank you.

Barb, I believe you mentioned scaled subsidies at different levels. Just to be clear about what you meant by that, I took it that you were thinking that there should be—how can I say it?—a bigger premium payout the younger you are or the closer you are to being a beginning farmer.

I'm 53, and if I were still at home farming—my youngest brother's farming my land—would I be scaled out of there? Is that the kind of formula you're looking at? I just wanted a little bit more on that.

Mrs. Barb Stefanyshyn-Cote: That's kind of the idea. By the time they're 65, let's retire these farmers. Let's not keep them there until they die. If that's what it takes to make space to bring new farmers in, then maybe that's one way of doing it. It's a disincentive to keep going. Maybe it's time to let that farm roll over, and that might be one way of doing it.

The Chair: Thank you. That was an interesting comment. Anyway, thank you for following up on it.

Mr. Hickie, the last comment is to you.

Mr. George E. Hickie: As farmers, we produce the most necessary item to sustain human life, and that ability to produce that food is being greatly hampered by a few transnational agriculture corporations. That is a problem we have to solve. We will not solve our economic problem until we're able to solve that one. I don't think it'll be easy or quick, but we must face it. That's the problem we must solve. They have too much control over farmers. We are basically captive customers to them.

The Chair: Okay. Thank you for that.

We have another session with another bunch of witnesses, similar to you.

Once again, thank you very much. Those were good presentations today. And being a farmer, I know how hard it is to take half a day away or whatever. We appreciate your doing that. So thank you very much.

We'll adjourn for 10 minutes. I'll ask the witnesses to leave the table so that the next ones can move in. And to the members, please be quick. In 10 minutes we're going to restart.

• (1435)

_____ (Pause) _____

• (1445)

The Chair: We'll now get into our second portion here.

Thank you to all of our witnesses for taking time out of your busy schedules to be here.

We have a number of presenters. If you could keep your presentations to five to seven minutes—I'll give you a two-minute warning. I'll still be a little flexible; it's just so we can get everybody in and leave some time for....

I will start with Mr. Schulhauser for five to seven minutes, please.

Mr. Colin Schulhauser (Farmer, As an Individual): I would like to take this opportunity to thank the committee for allowing me to appear today.

My name is Colin Schulhauser. I farm with my father in the Cupar district of Regina. I have been farming since I was 19, and the farm has been in the family for four generations.

The issue of how best to encourage young farmers to enter the agriculture industry is a very important one, because there are many changes and challenges facing agriculture today. Land prices are skyrocketing, out-of-province land ownership is increasing, and trade challenges such as closure of European borders to Canadian products are all making it difficult for young farmers to enter the agriculture industry. In addition, these same challenges also inhibit succession planning and transfer of farm ownership from one generation to the next.

There is no magic bullet, no single answer to the question of how best to encourage young farmers to enter the field. From a practical standpoint, I would suggest that a loan program for land and equipment be introduced that would incorporate low down payments and no interest payments for up to two years. This kind of financial program would allow young farmers an opportunity to get established and free up working capital.

As a way to protect the government's investment, the person would be required to have some education or a course in agronomy, accounting, or general agriculture. By this I mean to say that young farmers with this kind of education would demonstrate a long-term commitment to agriculture. Such a financial program would be designed to encourage a progressive, forward-thinking young farmer, not meant as a subsidy.

On the related matter of succession planning, with the transfer of a farm from one generation to the next, I feel the most important element here is family and the idea that the young farmer must learn from his father or grandfather. Young farmers today are facing challenges that were unknown to their fathers and grandfathers. There are food safety requirements, trade challenges, trade stability issues, and changes to food policy. In addition, there are many financial challenges, such as skyrocketing land prices, increases in land rent, and an ever higher number of out-of-province landowners.

I'm happy to see the Standing Committee on Agriculture is addressing issues related to young farmers and development of the agriculture industry in Canada at this critical moment in history. There are very important changes occurring in the industry these days, and these challenges need to be addressed.

I thank the committee for allowing me to appear before it today.

•(1450)

The Chair: Thank you.

Mrs. Green.

Mrs. Dixie Green (As an Individual): Thank you for the opportunity to talk to you about my outlook. I would have sent a young farmer. You defined it as under 35; in my area I don't know one. I know two or three farmers in their forties who are working so hard to survive that they couldn't come.

So I'm here in the category that I should be retired. I'll tell you why I'm not retired.

The number one reason is that I'm the eternal optimist. I believe that if I can hang on, maybe there will be something for my grandchildren. That would be one. The other is that if I sell out, where do I put my money that is safe? That makes me very nervous. At least there's no more land being produced. Maybe there's some stability in owning some land. Having worked for 35 years on a mixed farm, doing anything on and off the farm—I also earned a living off the farm—I need to wean myself off a life of hard work. I don't want to be in the category that stops everything and dies. So I will continue. My passion is to make it better for the next generation. I have worked very hard in my life. I've worked hard enough that when people talk about television programs, etc., I don't know what they're talking about because I never have time to watch television.

I see the potential farmers, people like my sons and daughters, not interested in farming because there are other, less risky, less demanding ways of making a living.

I want to highlight this. We talk about the corporations that are controlling our inputs and also about the sale of our product and that they're taking too much. I have no doubt they're taking too much, but my vision is that it's going to continue, and instead of being small farmers—that's almost non-existent, too—we're going to be workers for the big corporations. I'm not so sure that a further lack of control of what we do with our time and how we make our living is going to be good.

In terms of all of us around the table who are eaters, the consequence if the corporations are in charge is that I would see our food prices rising. Perhaps like the garment industry we'll be moving agriculture offshore. I see now we import from Mexico. Now we bring in food from Israel, from Greece, from wherever. Get the corporations owning the land. They're moving into that now. They control the price of the inputs. They're controlling prices that we get for our products. It goes on and on. They will be able to raise the price of food, but the quality probably will go too when we import most of it.

It surprises me, at my age, that I hear eastern Canada is more likely to buy their food product from the States than from western Canada, because of the free trade organization. I'm not convinced that we do better with free trade. I really don't want us to go into free trade with Europe and find that we're losing more of our abilities to look after our own interests. I'm thinking of things like being able to keep our own seed and reuse it, etc. It's one of the few things that still is not too expensive here. But Europe doesn't have that guarantee.

I have submitted my speech and I'm diverging from it. You can look at what I have prepared.

In eastern Canada I have talked to some small farmers who are involved with community-supported agriculture, and that is small landholdings, producing fruits and vegetables, etc., for populated areas. I think that is laudable. They are farmers and they're small scale.

•(1455)

In the west, that small scale doesn't happen and we don't have these CSAs, community supported agriculture, to any extent. We're into a bigger scale, and the bigness of the scale is exactly what is keeping young farmers out. There's just no question. When you've got to start and you budget \$15,000 for a tractor, but the smallest tractor you can look at is \$150,000, we're talking about a scale that's very hard for young people to get their heads around. How can they raise this kind of capital?

I think there are two potentials right now for people who are going to enter the farm industry. One is if you're a third- or fourth-generation farm and the older generation is backing away from having a fair return on their investments over the years—they're pretty well giving you the machinery and most of the land to operate on. The other potential source of farmers are people who have made it big in some industry, such as the oil industry, and who come back with a pocket full of money, or they're selling their smaller farms in Alberta, for instance—I've heard of that—and coming in to Saskatchewan where the prices are still lower.

Neither of these potentials yields enough to sustain the industry, so we're having to find farmers somewhere else. As Kalissa Regier stressed, we have to make it good for small farmers. I'm upset that the wheat and barley producers have had at least some guarantee that they'll get paid for their grain and that they'll reap the benefit of farmer-controlled monopoly on sales. Certainly the big corporations want the Wheat Board gone because they want the monopoly. They want the bigger profit. It's not hard for me to understand that there is a problem with farmers having the control. That's not how the industry likes to see things. It needs to be the corporation.

So, for goodness' sake, don't do away with the Wheat Board. Farmers have enough of a challenge to grow their product and to get it into the bin, let alone to sit at computers and figure out if they can market their own grain to Egypt or somewhere, and time the market. I don't want to be against my neighbours who got \$2 a bushel because he sold this week and I got less because I sold last week. I'll go with some kind of an average price. Let's at least not cut each other's throat in that direction.

I believe if you do away with the Canadian Grain Commission, the quality of Canadian grain will also be gone. They have been the stalwarts that have protected the quality of our wheat and barley. For those who do not like the Wheat Board and their many options for marketing—they've now got it so you can even price your grain in the future, etc.—then don't grow barley and wheat. That's all that's under the Wheat Board.

I see the other structures that have supported the smaller farmers being undermined, the support mechanisms like supply managed production. Lots of people don't want that to stay in the dairy and the egg industry. We absolutely have to have risk management through subsidized insurance programs. The collective marketing, the preservation of farmers' rights to save and reuse seed, concessions to the railways.... We gave them a big one when we gave up the Crow, but now at least we've got some cap on their revenues, and we had the concession that they provide producer car-loading sites—and we need them.

If I'm to wind down now—it looks like your finger might mean that—I'd just like to say that farmers are slowly disappearing. It has been a good lifestyle. If you ask people throughout the integrated industry if they're making profits, they all say no. I don't believe it. I don't believe the retailers aren't, the wholesalers aren't, the railways aren't, the big packers aren't.

Regarding beef, I have cows. There are two packers left in western Canada. Two packers. That is not competition for sales. We're given the sales.

Regarding the CCIA about tags in the ears—now it's buttons—I totally support that. But you know what? If it's good for Canadian beef to have that identification, which it is, then somebody needs to pay for it besides the people who are not making any money. We pay all of it, the expense of tagging, of buying the tags, etc. That's a place where some help could come through to the producers.

• (1500)

I have more.

The Chair: Well, I've let you go way over, but if you have a closing remark, I'll allow it, Ms. Green.

Mrs. Dixie Green: My final remark is that we need to have at least the cost of production. If young farmers are going to get into the industry, there has to be some way that they're not going to lose their shirts. We need to increase that pool, while making sure that the farmers who are still in business can stay in business and find a way to pass it on.

Thank you very much.

The Chair: Thank you very much.

We'll move on now. I understand we have a father-son combination here—I think they're the first so far. Carter and Layton Bezan, welcome here.

I guess, Carter, you're going to do the speaking.

Mr. Carter Bezan (Farmer, As an Individual): My name is Carter Bezan. I'm a rancher and a cattle farmer from north of Regina. I was really excited when I was asked to speak on this topic today, so thank you.

In the February issue of the *Western Producer*, there was an article about the feds offering a carrot to young farmers. In this article, junior ag minister, Jean-Pierre Blackburn, stated that it was not an issue of money keeping young people from entering the farming sector, that he was bothered by young farmers' negative attitudes toward agriculture and that these negative attitudes toward farming came from their parents.

I strongly disagree with that statement. There are so many more young farmers, as you've seen today in this industry, that are enthusiastic about farming, about ranching, who want to grow, expand, and even diversify their operations, and hold no negativity toward the industry.

Speaking for myself, it is a money issue. When it comes to my own operation, all profits that my cows make go toward feed bills accumulated through BSE due to poor cattle prices, loan payments, or into buying more cows or better bulls so I can continue to grow my operation. The biggest problem I find with the industry is the inability to keep growing as a young farmer and the inability to access capital. As young farmers, we are competing for land, cattle, and equipment against established farmers who are working on a cash basis, or have so much equity built up that prices or the ability to make a return on that investment are not an issue, as well as competing against fellow young farmers who have off-the-farm jobs to supplement their farm income or have returned from the oil patch with money in their pockets.

In my eyes, there's nothing but potential in this industry and in this country, and if it were easier to secure large amounts of capital, there would be no stopping me from continuing to grow and diversify my operation. To be classified as a beginning farmer by Farm Credit Canada or the Canadian Agricultural Loans Act, you must have less than six years of farming experience. So by the lending institutions and government standards, I would be classified as an old farmer at the age of 25. It would be better to change that to a pure dollar amount invested or have a set age bracket in order to be classified as beginning farmers. The way the industry is now, a 35-year-old farmer is still a young farmer, since he is expanding. The government and lending institutions need to change their criteria. Often when existing farmers are selling out, those farms are being purchased by retirement-aged farmers who are usually the only interested buyers. This is why I say farmers under 35 should be classified as young farmers. That is where the bar needs to be set.

Programs announced by Prime Minister Harper in May 2009, allowing farmers to access credit more easily, are great. But for young farmers, the amount we need for a down payment and the interest rates charged need to be reduced. The Agricultural Loans Act is a great idea and allows farmers to receive much-needed funding at low interest rates with minimal down payments. But, to me, even 10% can be too much to ask for when we're working on such small margins.

A program structured similar to Saskatchewan's livestock loan guarantee program, where the government guarantees 80% of the loan, might allow young farmers to purchase land or equipment at lower interest rates with a lower down payment. The Saskatchewan livestock loan guarantee program is the only reason I have been able to grow my cow herd to its current size. It has allowed me to continue growing my cow herd when the banks in this country would not even look at my applications. As with the livestock loan guarantee program, any lending programs for young farmers need to be government guaranteed and not show up on a credit report. Speaking for myself, my farm and my personal credit are two separate things. But that is all the bank will look at when considering my application, even with the Agricultural Loans Act in place, and because I currently own a house in a city, they will not even look at it as equity.

Programs like the Canadian Agricultural Loans Act should not look only at an applicant's credit score, or total debt service numbers, and judge exclusively on that either. They must allow for a young farmer to present a solid business plan of what he wishes to do with the money, what it will cost, and how he plans to pay it back. Getting started in this industry is the hardest part. Any kind of lending program needs to allow young farmers a one-year or two-year grace period to put money against initial inputs like seeding land to grass, building fences, or putting in water systems. In the cattle business, once the land is developed, it can begin to pay for itself, and that would give a young farmer a further boost in the right direction.

Another thing that needs to be addressed is that support programs like AgriStability do not respond quickly enough or at all. In most cases, the damage is done and the farmer has already made changes to his operation before the funds get paid out. In order to qualify for any kind of payment, you must not show a negative margin for more than two years. For a young farmer who is working with such small

margins, that can almost be impossible when you're continuing to grow and expand. Make the program more bankable and precise so that anyone can calculate it. As AgriStability stands right now, only the AgriStability office has any idea how the calculations are really made. Formulas are changing. And the livestock sector has experienced years of declining margins, making the chances of payout when it is most needed nearly impossible to trigger. The program does not work, and I am one of many producers who think it's an absolute joke.

• (1505)

A program this government needs to look at is a livestock insurance program for all levels of the cattle industry, as Ryan spoke about, a program for cow-calf producers similar to the insurance program available in Alberta that is directed primarily towards the feedlots. We need a program that allows young farmers and all farmers alike to ensure a certain level of revenue on their cattle ahead of time at all stages of the production chain. A program like this would allow young farmers to go to the bank with a minimum level of price insurance in their hands that their calves will bring x amount of dollars in the fall. It would allow them to cover their costs of production, make their payments, and make a basic living.

Over the last couple of years I have been looking into ranches and farms in South America, and for a young farmer in these countries it appears to be easier to make a living at what we love, not to mention the huge opportunities for farming in Russia, China, and the Ukraine. Their inputs are lower, their profits are higher, land is cheaper, and equipment is cheaper.

Everything we have developed relating to agricultural technology, equipment, and genetics in this country, we are giving away to our competition. They are taking over markets we once held, and as they learn from us, they will only take over more. I believe in free trade, but we have a superior product in this country and we need to keep ahead of the competition. If things don't change in this industry very soon, more and more young farmers, like me, may sell their existing farms to buy larger farms in other countries. I know it's something I have considered.

We are about to see a mass exodus from farming as the population gets older and more and more young farmers leave for the oil patch, mining, or jobs in the city. Why stay in farming to just get by when you could go to the oil patch, the mines, or get a government job and make money, have weekends off, get holiday pay, and have more time with friends and your family? If you want young farmers who love doing this to stay in this industry, then we need to make enough money that we are happy to stick around.

My older neighbours and grandfather keep telling me of a time when farmers and ranchers were some of the wealthier people in society, and they were looked up to as well. Why can't we get back to that? We supply this country and the world with safe, quality food and products, and we are not being paid for these products as we should.

The former Canadian Cattlemen's Association general manager, Charlie Gracey, completed a little study into producer shares of retail beef sales. His calculations, comparing the early seventies to 2008-09 numbers, showed up in a recent edition of *Canadian Cattlemen* magazine. In the early seventies the producer's share of retail value of a finished steer averaged 80%. In 2007 that number had been reduced to less than 45%, as our costs of production have increased at a higher rate than those of the retailers.

The retailer/fabricators on this continent are keeping 55% for themselves, and no one says anything. Retailers, such as Wal-Mart and Safeway, are dictating what the prices will be for slaughter plants that dictate the prices to us. The retailers are selling beef and other agricultural products at a premium and continue to raise their prices, but you do not see any of those premiums or price increases trickling down to the producers.

The government needs to enforce more strict rules on the retailers as to how much profit is lining their pockets and how much is getting sent back to us. Presently, industry watchdogs and government boards, such as the Competition Bureau, appear to focus their attention on the effects that mergers and acquisitions have on consumer prices. The focus of the Competition Bureau should be changed to include the effect on prices paid to producers and suppliers.

Every government, when they are running to be elected, talks about helping farmers, but we have yet to see any change. We are here today to talk about securing the future for young farmers, and if the current government doesn't do something soon, there will not be a future to secure. As our parents get older and wish to leave the farm, who do they leave it to? What young farmer will be around to step into that role? Who will feed the world's population as it continues to grow? As a member of Parliament involved in agriculture, did I do enough with my time in office to secure a future for young farmers in Canada? These are the questions that I think you need to ask yourselves, because your predecessors never cared to answer them.

The Chair: We'll now move to Mr. Brad Hanmer.

Mr. Brad Hanmer (As an Individual): Thank you, Mr. Chair. Thank you, committee members.

It's a tough act to follow, Carter. Great job. By Carter's standpoint, too, as of this year I'm no longer a young farmer. I turned 36 this year.

Before I get going, I also would like to, for the record, again thank the committee for allowing me the opportunity, but also for being here in what is basically a unique part of Saskatchewan. It's almost dead centre—north, south, east, west—in the grain-growing region, so it's kind of a unique part of the world.

I currently sit as a board of director with Farm Credit Canada, and I want to make sure that my statements and comments here are

strictly those of a farmer and a businessman and have nothing to do with Farm Credit—for the record.

Also, for my family, who may be watching this on the Internet, and staff, thanks for holding down the fort. We're hitting the field today with three drills, getting the crop in the ground, but I took the time out because it's very important for me to be here.

The one thing I would like to start off by saying is that there are a lot of different business models out there. I have to apologize. I came in kind of at the tail end of the last presenters. There has been some really good information given. But there are business models out there making money. There's also one thing that'll drive this whole thing, and that's profitability. I think we've heard this on some of the other things, and I think, Mr. Hoback, you had that comment.

It's a very capital-intensive business; we all know that. There are models that are allowing young farmers to get in. Now, first, how I got into the farm is my parents were on the line to get me in. And if you don't have a viable farm today to hand over to the next generation, in my perspective, it's very tough. You can't pick a kid off the street and say, "Here's \$1 million, go farm." It's not to say that I like that, but that is the reality of the business: if you don't have a viable farm today, it's very tough to get in.

I see Layton and Carter side by side, and I can rest assured that Layton, like my dad, Ron, got his sons into the business. And that's what I intend to do with my son as well.

How it can be transferred: there are models out there to suggest that. In our case, we have a larger farm. We have five staff, who we've brought into the business. They're all farm kids.

The other thing we have to worry about is that with a farm like mine, and in some of the rhetoric I see in some of the publications about corporate farming, there isn't anything more family about my operation. It's a fourth-generation farm. My great-grandfather broke the soil. I have three brothers, my parents, and I have four staff. They're all part of my farm. Their ability to get into the business is by partnering. There are models out there to say that this is how it can be done, if you don't have the equity to get in.

When I was 15 years old, I wanted to buy the Edmonton Oilers and bring back Wayne Gretzky. There are kids out there with a dream to farm, and sometimes—I'm not saying I agree with it—it's not possible. It's very tough.

The other thing is—and I don't say that I agree or disagree—farms are getting larger. This is the reality. This trend not only is going to continue, it's going to escalate, and I have some reasons for that. Some of the points that Carter brought up are very important. One is quality of life. If you have to work 24/7 to keep this thing going, you really are going to get worn out quickly.

When you get to a larger farm, you can specialize, and when you can specialize, then your workload can be shifted. That is one of the reasons why large farms don't think they're the enemy. It is a business model that can work. In my opinion, when you look at the way technology is going, this is not going to stop. We're going to see bigger farms.

The other thing I would like to see for young farmers who are coming in...I know there was a real scare with losing the right to patent a plant cell a few years back when I was at the canola association. If that would have changed... The profitability on my farm, and in this part of the world, is based on the canola crop. Without the canola crop and investment, I wouldn't have a business plan right now. That's the way the markets are. So the message I would like to make to you as legislators is please, please, keep a good environment for regulatory applications. I think that was also brought up by some of the past speakers. Innovation is our key for young farms. It's not low cost; it's being able to leverage our smarts in this country. Without that, we cannot compete, as Carter had said, with some of these offshore countries. Leveraging our smarts is what we have.

The other thing is managing risk. Risk is the biggest thing I manage every day, and it's a calculated risk. CAIS, for a lot, doesn't work; for some it does. In our case, CAIS was a lifesaver. In the frost of 2004, when it went to minus 7 on August 14, CAIS saved me.

● (1510)

For a lot of business models that didn't have a reference margin for whatever reason, it was too late, as Carter said.

I'm not here to pick holes, but AgriStability is a huge program, and please deliver as timely and efficiently as you can.

The other thing on delivering risk is commodities. We need stable markets. I know there are some releases as of late where we have some pretty big wins in some of the trade for the commodities I grow, and I encourage you as legislators to think of us all the time in this part of the world; it is so important for us to access markets.

As one final note that I would like to end on with commodities... there is a lot of debate on the Wheat Board. In my view, it's not much more than marketing. We are going to get slammed in the coarse grain industry very quickly. Corn yields will double within 10 years. In Canada, if we do not get the genetic potential to compete with wheat and barley on a per acre basis with other crops, we will be slammed. As it turns out now, on my farm, there are multinationals that are coming in and developing cold-tolerant corn varieties. If we continue this debate over the monopoly and all these things, I'll be growing corn more successfully within the next 10 years. I'll be forced to. It's coming.

The best thing the Wheat Board can do for those of us who don't like it is to continue on the pace they're on, because they're becoming redundant. One speaker said not to grow it. That is exactly what is happening. We cannot use that marketing agency. We want the same rights and freedoms as people in eastern Canada have, that I have with my canola, flax, oats, lentils, and peas. If we don't have that, it will be redundant and we will be growing corn.

With that, I'd like to turn it over, Mr. Chair, and thank you very much for the opportunity.

● (1515)

The Chair: Mr. Thakker.

Mr. Ajay Thakker (Communications Consultant, Agricultural Producers Association of Saskatchewan): Thank you, Mr. Chairman and members of the Standing Committee on Agriculture and Agri-Food, for the invitation and the opportunity to provide input into your proceedings today. And of course welcome to Saskatchewan.

On behalf of the thousands of agricultural producers who make up APAS, all farmers and ranchers in the province of Saskatchewan, I commend the standing committee for travelling to our province, which we see as the very heart and soul of agriculture, to hear from and about young farmers.

And I commend and thank today's speakers and presenters for taking time away from their farms, because I know what it's like out there.

APAS is Saskatchewan's general farm organization, formed to provide farmers and ranchers with a democratically elected, grassroots, non-partisan, producer-based organization based on rural municipalities. The mission of the Agricultural Producers Association is to improve the economic well-being of Saskatchewan's agricultural producers and to support viable rural communities and infrastructure through lobbying for progressive agricultural policies. Our vision is of a future where agriculture is profitable, rural communities are viable, and the role of agriculture in our society is recognized and appreciated.

I think it's appropriate to begin by pointing out that I am not a young farmer, as the standing committee has requested, which I believe you define, for your purposes, as a farmer under the age of 35 or 40. In truth, I don't farm. And I have been involved in farm policy for far too long to call myself young any more.

However, it is spring, it is Saskatchewan, and as long as there is no snow on the ground, almost every farmer I know, other than the ones who are here, is hauling grain, moving cattle, repairing equipment, or preparing to seed. So that means that every member of the board of directors of APAS is already either in a tractor cab or eagerly preparing for the 2010 crop season.

Our president, Greg Marshall, is in Ottawa attending the CFA board meeting and sends his regards.

However, I do have some ideas to share and would be prepared to share them with you now.

In December 2008, a resolution was adopted at the annual general meeting of APAS and ratified at the February 2009 annual general meeting of the Canadian Federation of Agriculture in support of improved intergenerational transfer programs to attract young people to agriculture.

In order for APAS's directors and representatives to fully understand the scope of programs tried or considered across Canada and around the world, APAS commissioned A.N. Sholz & Associates of Saskatoon, in the spring of 2009, to undertake a comprehensive study, with the stated objective of providing an overview of the intergenerational transfer, new entrant attraction, and immigration programs currently offered across Canada, with recommendations for the Province of Saskatchewan.

Sholz & Associates presented the study's findings, "Strategies and Recommendations for New Entrant and Intergenerational Transfer Program Needs", at the December 2009 APAS winter mid-term meeting. It became obvious early in the study that there are no quick answers or solutions evident in the existing new entrant programs across Canada or internationally. Improving the atmosphere and climate to attract new entrants to primary farm production is a complex and long-term process. There are different funding support models across Canada for new entrants to farming. Alberta, Manitoba, and Nova Scotia have crown financial credit agencies attached to the ministry of agriculture that lend to farmers at reduced rates. Ontario and Quebec provide reduced interest rates and funding through a subsidized lending function provided by industry-based farm organizations. The supply managed sectors are internally financing pilot projects, with financial assistance for new entrants to obtain a quota.

Programs in Australia and the U.S. are moving away from subsidized interest rates and loan guarantees towards investing in management training, business skills development, and succession planning.

The magnitude of need for new entrants to replace retiring farmers is elusive. Some farm leaders believe it's an urgent need and others feel that the situation will resolve itself on its own. Nonetheless, the truth is, the average age of farmers is increasing and the number of new entrants is declining.

The agriculture and agrifood sector is also changing quickly, driven by new global competitors, trade restrictions, climate change, and consumer demand for local foods that are safe, healthy, and nutritious. It will be important for new entrants to have the business skills and marketing abilities to adapt to continuous change in order to be successful both today and in the future.

In the past, it was the general belief that farming was the best option for those who couldn't finish high school or do anything else, whereas today the skill sets and competencies required of a successful farmer are astounding and surpass the capabilities of most professionals. The entry skill set that's required of a beginning farmer is much higher today. Government and industry support programs must help them attain the required business skill sets as their first priority.

Recommendations to governments for policy change and programs must be forward-looking and anticipate the needs of the industry five to ten years from now. If new intergenerational or new entrant attraction programs were planned and initiated today, it would take several years for tangible results to flow out of the pipeline. Therefore, the needs five to ten years forward must be anticipated, rather than developing programs on the needs of today that are based on the past five years of experience.

● (1520)

While attracting new entrants to farming has been identified as a near-crisis situation, there seems to be an unfortunate leadership gap in addressing this challenge. It's one we thank the standing committee for addressing through meetings and proceedings such as this.

So who takes the lead? Another way to ask the question is, who has the most to gain or lose in farm ownership?

The government should and must play a role in developing policy and appropriate legislation, but it's only one of several key stakeholders. The agricultural industry itself, in its myriad of purchases, must also take leadership responsibility to meet the challenges and seek solutions. While it will take a collaborative and committed approach by all stakeholders to fully address the challenges and develop a thoughtful and effective long-term solution, there are numerous things we believe we can do and can be started immediately by farm organizations, the government, and industry today to attract new people to become the farmers of the future.

There is no silver bullet to attract new entrants of any age to agriculture, but our recommendations, directed collaboratively to groups like APAS, both levels of government, and the agriculture and agrifood industry as a whole, do address the key elements of a multi-faceted approach to making a difference.

These recommendations were presented under a number of key headings, the first being succession planning. We believe we need to make succession planning a priority program. Our other key headings—and you can read about them on our website—business training, mentoring and apprenticeship, messaging and imaging, financial tools, first nations and immigration, and coordination.

Most importantly, we believe that the federal government and the provincial ministries of agriculture must work on a strategy to quickly improve the inter-agency communications and coordination amongst all stakeholders directly supporting programs in attracting new entrants to agriculture, facilitating intergenerational transfers, and imaging and messaging.

Subsequent to the study's official release and adoption at our 2009 meeting, APAS has printed and distributed copies of the report to the Canadian Young Farmers Forum and all members of the CFA. We are encouraging other interested parties to download and review a digital version of the study or the executive summary at our website. We are working independently and cooperatively with various industry partners to develop a number of new opportunities that can address the more timely recommendations.

I thank you once again for the opportunity, and I encourage you to get the executive summary and complete report under the heading of “intergenerational transfer” in the policy section of our website at www.apas.ca.

Thank you.

The Chair: If you have any cards with that on it, they might be good to pass around to members after the meeting.

Thank you.

Layton.

Mr. Layton Bezan (Farmer, As an Individual): I just want to make a few comments, but they're not based on our own operation, Carter's and mine.

In our business we deal with a number of producers from across western Canada and into eastern Canada and the U.S. Despite the colour of my hair, in a lot of places when I go in to look at their cattle, I'm the young guy. There's certainly a lack of entrants into the business, and as everybody here has spoken eloquently about, we've got to be profitable. When I got started, one of my good friends in Manitoba told me that he got into business for fun and profit, and it's a hell of a lot more fun when there's some profit. Unfortunately, in this business, it hasn't been a whole lot of fun since 2003.

Some of the things I think we have to look at include, obviously, financing capital. That's a big concern for young farmers. At one point in time, when I started farming, Farm Credit was a source for capital funding. I think we've got to seriously look at getting them involved in operating funding. Right now, they've got what they call industry alliances. I think that's a mistake, because what we're doing is we're going down the same path as the Wheat Board. You've got what we call in the livestock sector “dealer finance”. It limits where these young farmers can purchase their animals and where they can sell them. I think the same thing is somewhat evident on the crop production side, with crop production loans that are funded by Farm Credit but that can only be obtained by going to one of the big multinational companies to get funding.

One of the things we're seeing throughout all of agriculture is that consumers are imposing their values and therefore increased costs of production onto us as producers. Unfortunately, they're not prepared to pay for that additional cost. They still want to source their food products, whether they be at Safeway or at Wal-Mart, for significantly less than what is passed onto the producer, as Carter and everybody else said.

It's obvious from what everybody has talked about that we want to make our living from the marketplace. We don't want to live off government programs. It seems ironic that since the start of government programs such as GRIP in the late seventies, early eighties, we have unfortunately depended upon those subsidies more and more. In actual fact, in 2003, during the BSE crisis, when the government gave a subsidy of \$350 a head to the feedlot operators, all we did was launder the money for them, and I think that's happening with all of our programs. We are not subsidizing farmers. In effect, we're subsidizing consumers, and I don't think that's quite right.

I don't think we're going to be able to attract the next generation and generations further down the road into taking up this vocation.

One of the other things that I think has had an adverse effect on agriculture in terms of technology transfer viability is a diminished role of Agriculture and Agri-Food Canada in the past 20 years. When I moved to this province in 1984, we had all kinds of field people on the ground working with producers, working with industry, to try to make everybody more profitable. I think right now Agriculture and Agri-Food Canada has become more of a reporting agency, reporting what the condition is and not working with the industry hand in glove.

• (1525)

We've got to make agriculture not just sustainable economically; it's got to happen environmentally, but we've got to get the funds passed from the consumer through the retailer, a bigger portion of which has got to come to the producers, especially the younger ones.

One of the things I think we can do to get more young people involved is get them involved on our farm boards. They've got to become the leaders. Unfortunately, as we can see today, it's pretty easy to avoid coming to meetings such as this when you're trying to keep the wolf from the door and you've got more pressing things to do that put money in your pocket. If there's some way for the government to have a fund, whether it be an endowment or whatever it may be, so that these guys can hire somebody to be at the home farm when they are going to be involved, whether it be with the Wheat Growers Association, the Cattlemen's Association, or coming to speak to a committee such as this....

• (1530)

The Chair: Thank you very much, Layton.

We'll now move to questions.

Mr. Easter, five minutes.

Hon. Wayne Easter: Thanks, Mr. Chair.

Just on Layton's last point, “dealer finance”, I think you called it, Layton, I'll give you a potato example, because I think it's easier to understand than the cattle example. I'm aware of what you're talking about.

If you're going to get a loan from a bank in my neck of the woods, you have to have a contract with one of the potato processors, if you are a potato producer. When you have a contract with them, you are obligated to sell them the crop, but you are also obligated to buy their inputs. We had some people last year who could buy fertilizer inputs at about 65%. They were bringing it in from Russia, and that is the price they could purchase it from the company they were going to sell their potatoes to. As a result of bringing it in, their contracts were cut. Then they were in trouble with their lending institutions. Is that what you mean?

Mr. Layton Bezan: Yes. These aren't through the existing banks. It's not hinged on whether or not you have a contract. If you purchase your inputs and get a crop production loan from company A, you have to sell your product back to company A.

On the livestock side of things, let's face it, this industry is extremely volatile and extremely risky, and profits have been virtually zero since 2003. The bank isn't going to borrow feedlot money to go and buy cattle, or very seldom. Those producers who buy their feeder cattle go to a dealer-financed program where they have to buy the feeder cattle. Often they are marked up, and then they have to sell them back to that same producer, whether they have a contract or not.

Hon. Wayne Easter: Okay. I get you. Is Farm Credit involved in that as well?

Mr. Layton Bezan: Farm Credit is the alliance partner in those programs.

Hon. Wayne Easter: Just so I'm clear, Carter, in your presentation you talked about the Saskatchewan livestock loan guarantee program. Are you suggesting the federal government emulate a program like that?

Mr. Carter Bezan: Yes. For me, going to the bank when I was 18, they would have said no and kicked me out the door. The livestock loan guarantee program allowed me to buy some cows and get started in this industry; otherwise doing it with cash on hand would have taken me a long time to build up to where I'm at now without that program. So I think the bank would look favourably on a loan program through the federal government that is guaranteed 80% or 50% by the government.

Hon. Wayne Easter: It's interesting that when the federal system wants to work, it can. I think when we finally came to agreement on the Canadian Agricultural Loans Act it went through in one day. I think that was three readings in one day, and then we had a hearing, right? We had a hearing somewhere in the middle. It can happen.

AgriStability could be fixed in a very short period of time if we wanted to.

Carter, these safety net programs are interesting. You said you're not happy with AgriStability, but Brad said CAIS basically saved his bacon, and I agree, in single commodities. These programs will work in single commodities when you have the traditional boom and bust cycle. They just won't work in a long-term decline. In Ontario you'll find producers with as many as 17 or 18 commodities that don't work there.

How are you suggesting that program be fixed so it works for everybody?

Mr. Carter Bezan: I don't know how AgriStability could be fixed for me personally. I got into the cattle industry right before BSE, paying top dollar for cows, bulls, everything. Then everything hit the crapper, and for three or four years I'm paying them back money for feed bills and pasture bills, stuff like that. So my profit goes back to them to pay off loans through BSE and stuff.

I did receive a payment from AgriStability, and that was great, but when you're going on so many negative margins over so many years, eventually you are not accepted by the program any more. You're paying your money to them for nothing.

•(1535)

Hon. Wayne Easter: But if you changed the averaging so that you could drop your best year and worst year, if you went to your three best years, it would make a difference. Do we need to look at doing that kind of thing?

Mr. Carter Bezan: Yes.

The Chair: Mr. Bellavance.

[Translation]

Mr. André Bellavance: Good afternoon.

Mr. Thakker, I found your presentation interesting, especially when you talked about the report that your organization has drafted on the future of farming. Since the committee is looking into that issue, it would be very helpful if you would send your report to the clerk of the committee. We should take it into consideration when drafting our own report.

Carter, your testimony really spoke to me, especially since we have one thing in common. You said that you did not agree with Mr. Blackburn. That is something that happens to me quite often as well. When I ask questions in the House, as a Bloc Québécois member of Parliament, it is always Mr. Blackburn that answers me and never Mr. Ritz. So, the actual Minister of Agriculture never responds to the concerns of Quebec farmers. The responses always come from the Minister of State, Mr. Blackburn. I sometimes get the impression that this gentleman has his own agenda. Occasionally, when I talk to Mr. Ritz, he does not seem to know just what Mr. Blackburn is doing.

Something that we know for sure is that last December, Mr. Blackburn went on a tour regarding the future of farming. As I have already mentioned, we are duplicating his efforts by also embarking on a tour. I know that he will draft a report, but some of the details have escaped me. Did you say that you met with him? I know that he came to Saskatchewan, that he visited only five Canadian cities and that he will draft a report on the future of farming. I would like to know if you met with him during his tour. Were you aware of the fact that he was on a tour regarding the future of farming?

[English]

Mr. Carter Bezan: I read the article in *The Western Producer* and what his comments were towards the attitudes of young farmers. I don't know exactly where he thought they had negativity towards farming. I know I and the guys I've grown up with in this industry have no negativity towards this industry. We see nothing but potential in this country, nothing but potential in this industry to grow and expand. But no, I did not have the opportunity to talk with him.

[Translation]

Mr. André Bellavance: He said that he was going on a tour because he wanted to see how relevant and practical the programs were. I am not against doing that. In fact, I have been trying for a long time to get the committee to conduct a review of our farming programs. If you had the opportunity to meet with him when he was preparing his action plan on the future of farming, which shed light on several issues related to cattle production...

What would you like to see come out of the government's plan, especially in terms of the future of farming and that of young people in this sector?

[English]

Mr. Carter Bezan: The biggest thing for me to see in this action plan for young producers is the capital thing. I know for myself, if I could go to the bank with a strong business plan and I could prove to them that a ranch could make money in this industry without any kind of government subsidies, without any kind of AgriStability, that even in a bad year we could make it work, we could make money in the cattle business; we just need the opportunity to do so.

Diversification is a big thing for me. We've been looking into getting into bison, getting into meat goats, marketing our own meat in city butcher shops, and stuff like that. I know if the banks would back a young farmer or rancher, there would be nothing stopping us.

Mr. Layton Bezan: I hate to use the words "safety net", but if AgriStability was structured in terms of what it's done for Brad, it's what any young farmer in any sector of the industry would need, which is a stop gap. He needs something that's bankable. AgriStability is not bankable right now. Therefore, unless we can come up with an insurance program for livestock that's similar to an insurance program for crops or a whole-farm program, which AgriStability is supposed to be, that would guarantee that at least loan payments are made and the cost of production is paid, the banks are not going to be interested, even with an 80% loan guarantee such as the livestock cash advance that Carter talked about.

We've become low-cost producers. It's unfortunate that we've been forced to become low-cost producers, but we had to do that. The entire industry had to do it too.

It's the same thing with the economies of scale that Brad talked about. We all have to become bigger. It's not because we want to be bigger, but it's a fact of life if you want to be viable in this industry.

An old customer of mine in Wyoming once told me that if I wanted to live a little better than a gas pump attendant but not quite as well as a school teacher, I'd have to run a thousand mother cows. Unfortunately, that's where we are today.

• (1540)

The Chair: Okay. Your time has expired, André.

Mr. Atamanenko.

Mr. Alex Atamanenko: I'll try to be brief, but I'd like each one of you to comment.

I often feel that we're trying to put out various fires here and there. Some things work; some things don't work. There's a debate in regard to trade in this country. Some people feel we should take agriculture right out of trade; others feel we have to get more trade agreements.

There's a debate on food sovereignty. People have different opinions on it. The solution obviously lies somewhere in between. We're a trading nation. We have to trade. At the same time, we need to have some type of control over our food supply. People are demanding good quality food from more farmers. Farmers can deliver it.

I'm going to talk about something that came out of a committee travel meeting such as this one a little while ago. I'd like each one of you to comment on this.

We were on a similar tour a couple of years ago. We made recommendations. One recommendation was that the federal government should encourage a policy of local procurement for federal government institutions. If there was a federal hospital for prisoners, we would encourage the institution to buy locally from farmers. This was agreed to unanimously by members of all parties on the committee. The push-back we had from the department was on the need to be very careful in administering our trade obligations.

I read an article in the *Chicago Tribune* last summer. The State of Illinois had mandated that 20% of procurement for state institutions would come from local farmers by the year 2020. We're a trading nation. The U.S. is a trading nation. They're doing things there that we're told we can't do here.

Within that context, what do we do? Maybe we could have one or two comments. Mr. Schulhauser or anyone who's ready to start could comment.

Mr. Layton Bezan: It's obvious that trade built this country, and we have to continue to trade, but we have to have a fair basis for trade. We also know that our biggest customer—and we're also their biggest customer—is the U.S., and they're not fair traders. In my business, we make the most money when we can trade with the Americans, but for the good of Canadian agriculture, we need to protect our own food supply.

It's unfortunate. As was said earlier, we have regulations in place, we have traceability in place in Canada that is...I won't say second to none, but we are among the leaders in the world, and we don't demand the same traceability and food safety inspection standards of our largest customers. What is the point of our doing it? We're not protecting our own population, and we're sure as heck not protecting theirs, and we're putting our producers at an economic disadvantage.

Having said that, we have to continue looking at new markets and servicing the ones we have. Local supply to institutions such as those you are talking about would be difficult, if not impossible. We can put all kinds of regulations in place, but is there a way that we can supply a prison, for example, with all locally grown food 365 days of the year? I don't think so, but it's a move in the right direction to try to get at least some of it sourced there.

Right now, one of the big concerns we have in the cattle business is that we're pushing all the trade buttons and trying to do that, but by my math, we're importing the equivalent of 500,000 head of fat cattle a year, mostly into B.C. and Ontario, that aren't subject to the same rigorous standards that we have to undergo.

• (1545)

Mrs. Dixie Green: Mr. Atamanenko, I'd like to comment that perhaps we should frame your question in terms of global warming. Before too long, we're going to have to look at how many miles our food travels. I recently watched the production *Food, Inc.*. It is amazing how much we're moving our food around the globe. In terms of energy conservation and global warming, we're going to have to look at that.

As for prisons, at least having the prisoners grow much of their own food is a good move. I'm a strong supporter of people getting great benefit by putting their hands in the soil and handling animals, etc. They find lots to learn, and it has to be cheaper for those prisons to grow their own than to bring it up from California.

The Chair: Thank you, Ms. Green.

Your time has expired, Alex.

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

Mr. Randy Hoback: Thank you, Chair.

Thank you, everybody, for coming out this afternoon. It's an unusually early spring this year in Saskatchewan, and I think a lot of you would rather be out in the field today than sitting here listening to us at this meeting. But what you are doing here is very important, and I want you to recognize that it is appreciated that you are taking the time to come here.

I get confused. People say, we have to protect the Canadian Wheat Board, but we don't want to trade. Well, if we don't trade, the Canadian Wheat Board doesn't do anything. All it does is trade. If you talk to the Canadian Wheat Board, which I have done, the first thing they say is to get the Colombia free trade agreement done, get the Peru trade agreement done, get a trade agreement with Morocco done so that we can compete against the U.S. in those markets.

So I find this to be speaking out of both sides of your mouth here, when you look at how important trade is. If we didn't have trade now, we wouldn't be here. That's the point that a lot of people have to understand: we would not be in this hall, because there would be nobody farming in this area. If we went to domestic supply, we could get rid of probably about 70% of our farmers.

Brad, you worked with the canola industry. You could maybe give us some background on how important is trade for canola. If it weren't there, where would we be?

Mr. Brad Hanmer: Thanks, Randy, for the question.

Canola represents, on our own farm, about half our acres and about 85% of our net income. It is direly important. It is one of the crops that is a golden child, and it's a great story. As we know, it was made in Canada, right at the University of Saskatchewan, and it is an industry that has grown from free trade and from private industry, collaboratively with growers.

We see that this same model could be used, Randy, in wheat. Agronomically, wheat is just as suited to this part of the world as canola, and it's rather a travesty that wheat is such a dog. I don't blame the Canadian Wheat Board for low commodity prices, but there are so many things they need to react to very quickly. On our

farm, wheat uses less than 10% of our acres, because we can't grow it; it just doesn't make sense, competing with other crops.

Mr. Randy Hoback: I know you made the comment, Ms. Green, about not growing wheat and barley. Unfortunately, we can't grow lentils and peas. We can't go to other varieties to do a proper crop rotation, so we're forced to grow wheat and barley. Actually, when you talk to producers in southern Saskatchewan who are growing lentils, peas, and other crops, you find the only reason they're growing wheat is that it's a break crop from lentils; that's the only reason they're doing it. They don't even pencil it in as a return. They just know it's not going to be good, so they say forget about it, or whatever, and let's get on to lentils as soon as we can.

Colin, do you agree with my comment? How would you react?

• (1550)

Mr. Colin Schulhauser: I definitely would agree. If it weren't for peas, lentils, and all the cash crops, I wouldn't be here today. We make cashflow decisions whereby we can deliver in certain months. I can't do that with the Wheat Board grain. I can only deliver sometimes 25%, and then I don't get paid for a year and a half; I get just enough to cover the freight and maybe a little bit more. That does not help my operation. I cannot pay bills and I cannot establish any kind of cashflow or anything with that. That's why we grow all these crops: so that we can sell in certain months to keep our cashflow going. Whatever the Wheat Board gives us just fills in. It's just there, and it really doesn't amount to anything. It's basically just a break-even crop—if you're lucky.

Mr. Randy Hoback: Let's look at trade agreements. We export pulses; that's how we've grown our industry. We export canola; that's how that industry has grown. If we look at any of the crops that Saskatchewan grows.... We can even go to the livestock sector. You know what happened with BSE: all of a sudden our border shut down.

Isn't it fair to say that trade is probably the number one issue for a young farmer today—making sure you can get timely and fair market access? Is that fair to say?

Mr. Brad Hanmer: I would agree, Randy. On that issue, I have a dire concern with the innovation of attracting investment into the wheat and barley industry right now. My comment on corn is sincere. There are posted comments from the major corn breeders in the world that the corn yield will double. If we can't grow corn here, wheat will be even that much less profitable for us, and I can't imagine its being less, because profit is non-existent now. We need to spark innovation in wheat breeding, research, barley, or we're going to wipe it out completely and move to corn.

Mr. Randy Hoback: Is there anybody else?

Mr. Layton Bezan: Randy, obviously trade is extremely important in the cattle industry and in the hog industry as well, but I think we have to look at some internal things. We've talked about the CFIA before. CFIA is holding us back on markets that we could get to.

One of our big problems in the cattle industry is that we are so dependent on one market. We have an initiative undergoing right now in the industry in western Canada to get hormone-free product into Europe.

You guys are undoubtedly familiar with the Hilton quota. Right now, with our new North American agreement with Europe, we're allowed 20,000 metric tonnes of hormone-free products from throughout North America to go into the EU, and then we still have our 15,000-tonne Hilton quota. Well, at the rate CFIA is moving on approving plants and programs to get beef that's all ready to be killed in June into Europe, the 20,000-tonne quota will be filled. We'll be once again non-competitive with the U.S. in accessing a market in which we know they like our product, we know they have the money to pay, and they can take a lot of it.

This is a market we need to be paying particular interest to. It's good to have agreements with Jordan and a Colombian free trade agreement and stuff like that, but they're not really going to solve the problem in the beef industry. We need a European agreement, and we have one; we just need the internal mechanisms that are in place freed up so that we can get it there.

The Chair: Randy.

Mr. Randy Hoback: Would you agree that the agreement is something Canada should be putting forward as a priority?

Mr. Layton Bezan: Absolutely.

The Chair: Thank you.

Mr. Valeriote, you have five minutes.

Mr. Francis Valeriote: Thank you for attending today and taking time from your busy farm schedules and commitments to be here.

I'm perplexed. We keep hearing about this suite of solutions. We've heard it over the last year, and we continue to hear it. It's tweak AgriStability. It's harmonize regulations between countries so we're not disadvantaged by long waiting times for approval of inputs we can use in Canada so we can be competing effectively with the states with access to those inputs and freer trade or better markets. All of those things are understood.

My fear is—and it's based on a couple of comments that were made over the last couple of days and earlier, and I think maybe

Dixie may have said the same thing—that the small farm is going to disappear. The only way to make these farms work is to grow.

Somebody said the other day at one of the hearings that if we lose the family farm, “rural Canada”—and I'm quoting—“will become a ghost town”. We'll have a huge migration of people from rural areas into urban areas, and I don't think that's where we want to go. In response to that, somebody else said we have to make some enormous changes.

I'm more and more convinced that tweaking these things might help some of you, but it's not going to help the whole agricultural industry. I think we need to think beyond the box—way outside the box.

I'm wondering if maybe Brad and Ajay could help me on the issue of support for farm transition from one generation to the next. You may not be able to effectively do that with somebody in your own family; they may not be interested. Or there may be one who is interested and you do it at the expense of fairly dividing your estate with the other children.

I'm wondering, should succession planning and the incentives given to it through tax laws and other laws help in transitioning your farm to the next generation, even if they're not related to you, and should we not introduce those kinds of incentives as well?

• (1555)

Mr. Ajay Thakker: Thank you for the question.

APAS has looked at it, not only from an intergenerational transfer point of view but a new entrant transfer point of view and has tried to tie the two together. As has been mentioned, it may not be viable to pass it on to a member of your family.

I think it's important that farmland passes on and production continues. And hopefully it will continue in the same manner that it has been managed, in the sense of responsible attitudes towards the environment, sustainable farming, and not someone coming in to buy the farm for very short-term profits.

Mr. Francis Valeriote: Have you presented actual models to the government, or otherwise, through your studies and research that could be implemented to assist in that regard?

Mr. Ajay Thakker: Our study was a little more.... We said these programs do.

I've personally worked on a number of programs, and I have been studying a number of programs that have been put forward by the Canadian Association of Farm Advisers and some of their members. I think there are some very viable options, through creative tax structures, the use of financial instruments, that can create situations where you can pass on the family farm without leaving other members of the family high and dry.

The other thing is that for a long time, in Saskatchewan, at least, the value of the land didn't have a lot to do with it, so passing on the family land wasn't a viable way of doing things. Today land is at a premium, and there are methods and instruments in place that can make it viable for someone to take over control of the land.

Mr. Brad Hanmer: Thank you very much for the question.

The one thing that I think is dangerous, as legislators, is to get confused on what the definition of a family farm is. Family farms can also be large. The average farm size in my neck of the woods is probably around 3,000 to 4,000 acres. There isn't a farm in our area that is more family than mine, and we're a 24,000-acre farm. It doesn't mean we're not a family farm. We're an evil corporate farm, by some terminology.

When you are looking at saving the family farm, I think you save enterprises, and have as many of them as you can, but do not use size. Defining five goats and three chickens as a family farm, and if you have 4,500 acres you're a corporate farm, I think is a fatal flaw in people's thought processes.

Family farms will survive by being profitable, and if that means being large, that's the way the market is going to push it.

The Chair: Okay. Thank you—

Mr. Francis Valeriote: Can I ask one small one?

The Chair: In five words or less?

Mr. Francis Valeriote: My question is about research and new biotechnologies. I know at the University of Guelph they're using non-food agricultural products to make plastics and things like that—

The Chair: Have you ever seen a lawyer ask a question...?

Mr. Francis Valeriote: Are you guys looking at any of that? Is anybody looking at alternative products? Carter.

Mr. Carter Bezan: We've been seriously working with Ducks Unlimited and the Growing Forward program to go towards more environmental farming. We're trying to run our cows...where we don't have to start a tractor in the winter. This year, feeding 240 cows, they got 20 bales of hay and that's it. We're trying to get to the point where we're running our cows cost-effectively, not having to start a tractor in the winter, not having to crop any acres, stuff like that.

The Growing Forward program was a huge step in the right direction for guys to go more environmentally friendly.

• (1600)

The Chair: Thank you.

Mr. Richards for five minutes.

Mr. Blake Richards: Thank you, and I sure appreciate your taking time at this time of year to be here to talk with us and to throw around some ideas.

Certainly I heard some great ideas today, both in this panel and the previous one. I think the three things I'd take most out of this group here today, in terms of what I'm hearing about concerns you have, or ideas, are, first, regulations and how stifling they can be. That was one thing I took out of it. The other two really tie together. I'm certainly hearing about trade issues from all the young farmers here,

and in particular the options. We get into the idea, of course, for our grain farmers and the Wheat Board there. I certainly hope the opposition was listening when you guys talked, and when the earlier panel talked, about the idea that farmers want to have that choice to be able to market their own products.

We're in an age now where with the Internet and the business skills you all have—and you clearly do, I can sense that for sure—you're able to make those decisions for yourselves and you're able to find the best price for your product by the technology that's available, by the marketing you can do for your own products. If we were able to free up more to do that by ending the monopoly of the Wheat Board and by opening up trade markets along that axis for you, it certainly would be helpful.

I'd also like to hear from you...and I've asked this question of each panel we've had on this future of young farming. I found most of the answers have been on a pretty common theme, but it's always good to hear the ideas that I hear. I don't want to lead you at all on this, and that's why this question is so thought provoking, because it's the way I ask you the question. It's not leading in any way, and you can just share your open thoughts.

To the three youngest farmers, Colin, Carter, Brad...and I know you said you didn't meet Carter's definition, Brad, but I'm going to call you young, because you're the same age as I am and I don't want to call myself old. Those would be the three youngest farmers. I'd like to just ask you guys, and I'm certainly not going to exclude the others if you'd like to answer when the three of them are done.... If there's time, I would invite anyone to answer the question.

Basically, I'd like to hear your thoughts on how the industry has changed, say, for the three of you, from when your parents started farming. What do you think has been the biggest change in the industry from then until now? Whoever wants to start can go ahead.

Mr. Brad Hanmer: I'll go, Colin.

I would say the biggest thing now...I'll even take it one step further to my grandfather's time, when whoever worked the hardest got ahead in life. The next one was whoever could find efficiencies would get ahead. In my generation now it's who's willing to adapt to technology, who's willing to look beyond just the meat and potatoes of a grease gun and a wrench that is in your back pocket. Agronomy and growing crops, that's in your back pocket. You can't even play the game unless you have those two.

What is setting us apart in profitability is the marketing, the business arrangements, even if it is a multinational—partnerships. It is not being scared to take on the new challenges...things from satellite imagery variable rating, which we're doing on our farm, to RTK guidance. Those are the minor things we're adjusting and those are making the difference now. It's using the computer and using technology to get ahead.

The other things are important as heck to be there, but that's to even get in the game.

Mr. Carter Bezan: One story that always comes to my mind when I think about that is about one of the biggest cattle feeders in this country, who came to this country with a dollar in his pocket. He is now one of the most successful businessmen in Alberta. Dad is always talking about when he got started. He'd buy a quarter section of land, rent a couple of quarters from neighbours, and get started in this industry. Now, to buy that land and try to find land around that you can rent from somebody is very difficult, I find.

Going back to the transition loans that Francis was talking about, I had experience with that last May, after Prime Minister Harper announced the new program. I went to the FCC to have a transition loan with my neighbour. We went in there, both of us, and talked to them. I had a pretty thick business plan of how things were going to go, and it was a flat out, "No, you don't qualify under our standards, with under six years of farming."

A friend of mine left high school when he was 18. He had a few cows at home, but he went to the city to get a job. Four or five years later he came back home to start farming, and because he had those few cows on the farm, he was already classified as a farmer. When he went to the bank to get money to buy land, they said, "No, you're not a starting farmer any more." With five cows, I don't think you're an established farmer already.

•(1605)

Mr. Colin Schulhauser: In my dad's day, they didn't do much analysis on costs and stuff. They simply planted the crop and harvested it and were able to make a profit. Now, with the technology, and knowing your costs and your profit margins, because they're so fine, you have to know what you have to spend and what you have to make. That comes back to the economies of scale, as Barb was mentioning. You can't buy a \$300,000 or a \$400,000 tractor and farm 500 acres. Our economies are not there. That's why the family farms have become this large. That's the differences with the technologies and agronomy today; that's the stuff that helps you succeed.

The Chair: Thank you.

Mr. Shipley, briefly.

Mr. Bev Shipley: I really am impressed by you folks, in both panels, quite honestly, by your ability to speak and to be upfront.

Brad, you used the business model and you used partnering, and I think that's likely one of the key issues. How do we promote? One of the things we've heard a lot about, but don't talk about much, is all these 65-year-old farmers who are going to be farming. I guess that's the reason why we've got so many older ones and so few coming on. There are fewer because folks like you are now farming 24,000 acres instead of 240 acres, or whatever the amount is.

How do we impress upon the young people who are coming in the need for succession planning and for the advice of others out there? I think that has to be the key. All of you have struck on it.

Mr. Brad Hanmer: If I may, that's a great question. I would say from my experience, from my network of friends, it's actually a question you ask the generation ahead of me. If that generation isn't willing to allow it to happen, it isn't going to happen. That partnering becomes.... When I was 22 years old, I told him I wanted to farm, and it was his choice that allowed me to do it. He could have easily said he was going to take all his equity out of his farm and sell out to somebody else, and he could have told me to go to Alberta. That could have been his choice.

Mr. Bev Shipley: And the other part? Help me. How do we get that out?

Mr. Brad Hanmer: That's a very good question. I think it's a lot of personal choice. I don't know how to answer that. That's how family farms will survive. It's the parents and the generation ahead allowing that to happen.

Mr. Bev Shipley: Carter and Colin.

Mr. Carter Bezan: I think one of the biggest things is making a profit. If the older farmers were making a profit where they could retire and go down to Miami for the winter, go RVing, retire and go to Mexico, they would.

Mr. Bev Shipley: Is that what dad does?

Mr. Carter Bezan: No. They wish. My grandpa, he's still working to make a living. If he could have the money banked up from years of farming, I think he'd leave. He'd be happy to give the reins to my uncle right now and walk away. But there are so many older farmers out there who are still paying bills. That's the reason they're still farming.

The Chair: Colin, do you want to comment on that?

Mr. Colin Schulhauser: I agree with what Carter says. There are lots of these guys who still have to keep working. Their farms are their retirement, so they need to cash their farms in for a big amount of money because there hasn't been enough profitability to put enough away for retirement. It makes it tough to get the next generation to succeed them when they are not going to be able to retire on anything.

The Chair: I think we're getting near to the end.

I was interested in a couple of comments that were made around the table. I think it was you, Brad, who talked about the size of the family farm, and we also heard about that yesterday in Alberta. I can remember that my grandfather and grandmother raised 10 kids on a 100-acre farm—not a great farm, but on a farm, a 100-acre bush lot that my grandpa worked off. My dad raised seven of us, including me, on somewhere between 1,500 to 2,000 acres, and I raised my three boys on close to 3,000 acres.

I can remember back when I was a kid, when my dad was still farming 200 or 300 acres. That seemed like the good life. But the reality today is that sometimes when we think of saving the family farm, we think it has to be the small farm, the farm that we saw when we were five or six years old. The reality is that's not the case today. I was glad you brought that point up, because it still doesn't make you a corporate farm just because you have become bigger. It is a reality today, and I think there's always going to be a debate over whether that's good or bad, but it's a reality, and I don't see it changing.

Brad, you commented on AgriStability as well, and about having to be diverse and not growing some crops. I use the same example of Ontario. Everybody in the eighties in my part of the country.... We come from cow country and can grow a lot of grass, a lot of forage, and we can grow a bit of corn for silage, and those kinds of things. Like everybody else, I tried to grow corn as a cash crop, but I couldn't make money out of it. The only way I could make money out of it was to live off crop insurance or government programs. To me, that was not bankable, so I quit doing it. The reason I bring this up is that I think we have a responsibility as producers. We have in our mind that we've always done it and that we should keep doing it, but that doesn't make economic sense, does it?

I don't know whether you want to comment on that, but I thought it was an important point.

• (1610)

Mr. Brad Hanmer: Thank you very much, Mr. Chair, for that.

Yes, in fact, that is the case. Unfortunately, a lot of guys from my demographic get into one of those crops, a crop that a lot of people in eastern Canada think we grow, and that's wheat and barley. Unfortunately, it's exactly the opposite: we can't make a go of it, guys. It's done. It's redundant. Unless we have a drastic change, it's done for. And we're voting with our drills. It's not because of political belief; it's because of my spreadsheet. It doesn't make money.

The Chair: There's one other thing I wanted to follow up.

Layton, you were talking about programs that came out in the seventies. I think you called one of them GRIP, a program I remember. You implied, I thought, that as farmers we had developed a dependency on programs. Was that what you were saying? I just wanted to clarify that, because that's what it sounded like.

Mr. Layton Bezan: We don't have a dependency other than the fact that.... On the previous panel there were quite a few comments about how these programs have become capitalized into the farm—and they have. It's a reality, especially if you are a single commodity producer; you depended upon those programs to stay viable. It's unfortunate, at the same time, that those programs didn't become or remain a stop-gap, so to speak, but down the road, the retailer knew he could pay us because we were going to make a living between the

program and the meagre amount we might get for that particular commodity. The retailer knew we were still going to be able to pay our bills, but he has been able to pay us less.

Carter's illustration was that in the early seventies, 80% of the value of a fat steer found its way back to either the cow-calf producer or the feedlot operator, and now, to be honest, we are under 40% in 2008. The only reason that could happen is that the programs have kept us on the land and kept us producing, when we'd have quit long ago if we didn't have those programs. That's where it comes back to the point that, in reality, we're almost laundering money for the retailer.

The Chair: Thanks. I just wanted you to clarify that.

Hon. Wayne Easter: I just have one point.

I'm sorry, go ahead.

The Chair: Afterwards, Mr. Easter.

Go ahead, Ms. Green.

Mrs. Dixie Green: Yes. I just wanted to make one comment about the wheat and barley. Perhaps our problems are that the world is overproducing right now. We have exported the technologies, and many more countries are growing the wheat, so they don't need them any more.

I have trouble thinking that we're going to get better returns if we put all our products on the market. At least we have some of it off and waiting for better prices. But my most important point is that if interest rates rise, with the leverage that farmers have, that is going to be the next exodus.

• (1615)

The Chair: Right. Thank you for that.

Wayne.

Hon. Wayne Easter: Yes. It's not specifically related to young farmers. I think this is something that we may have to deal with as a committee rather urgently, Chair.

Layton, you brought up hormone-free beef and CFIA being a problem.

Hormone-free beef, that's what Layton said, I think. I'm not aware of what's happening there, and maybe I should be, but I took from what you said that we could lose the potential to export—I forget your numbers—if CFIA doesn't authorize the plants to get the stuff shipped. Can you expand on that?

What I'm going to suggest, if we need further information—

The Chair: You're kind of out of time, Wayne, but he could clarify that.

Hon. Wayne Easter: Yes, I know, Mr. Chair. What I'm thinking, Mr. Chair, just so you know, is that I know we can't pass motions on the road, but if CFIA is a problem and we have next Thursday when we're all in Ottawa, then we can call an emergency meeting with CFIA on Wednesday, or whatever day, and bring the right people in who know both sides of this issue and basically pass a motion to tell them to get this thing done.

The Chair: Could you get us some more information on what you're referring to?

Mr. Layton Bezan: I certainly can.

Right now there's a program in Canada, and there may be other ones going in eastern Canada or whatever, but in the west, there's a program called Canada Gold Beef. They started a program at the end of February of hormone-free beef for export to the EU. They have customers who want it.

Right now, CFIA, the last I heard, has not approved a plant to kill it and have it exported from. Unfortunately, CFIA is not moving at the speed of commerce. It has become the world's watchdog for the Canadian food supply. We appreciate everything that CFIA has done in the past in terms of us having a saleable, safe food supply to our own producers and those from throughout the world, but at the same time, we can move this along a little bit quicker.

You know, we also purchase cattle from the U.S. Right now those U.S. cattle are contracted hormone-free cattle to go to European

destinations. There are 15 plants approved, and to be perfectly honest, not one of them would pass the approval test in Canada.

I'm not saying we should lower our standards. Let's just get it done.

The Chair: Thanks for that, Layton.

Hon. Wayne Easter: Mr. Chair, we have to put some push on this. That's just what I'm saying. Time is short. Maybe we could talk about it after.

The Chair: I think we can talk about it on the bus.

Hon. Wayne Easter: I really do think we need either a letter from yourself on behalf of the committee to CFIA or to hold an emergency hearing with the president of the CFIA.

Based on what you said, Layton, we absolutely have to give some direction. As I understand it—I wasn't at the hearing yesterday—somebody else mentioned it yesterday.

The Chair: We can definitely follow up on this, and we can do it.

We never have enough time, it seems. We were supposed to be on a bus four minutes ago, but we had a lot of good discussion happening here and I thought it very important that we finish it.

Once again, to all of you, thank you very much for taking the time out to be here today. We all know as farmers how hard that is to do.

Thank you very much. The meeting is adjourned.

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