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# Standing Committee on Agriculture and Agri- Food

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EVIDENCE

**Thursday, April 29, 2010**

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**Chair**

**Mr. Larry Miller**



## Standing Committee on Agriculture and Agri-Food

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• (0830)

[English]

**The Chair (Mr. Larry Miller (Bruce—Grey—Owen Sound, CPC)):** We're going to call the meeting to order.

A witness and a couple of members will be joining us shortly.

I'd like to welcome our witnesses here. Thank you very much for taking time out of your busy days to be here. I know what it's like; as farmers, it's never nice to take off, especially when it's a nice day out there, but this study we're doing on the future of agriculture is very important, and I'm glad you feel the same.

We're going to open with presentations and then go into questioning.

We're going to start with you, Ms. Storey, for five to seven minutes, if you could. Thank you.

**Ms. Katharine Storey (As an Individual):** My name is Kate Storey. I'm a co-manager of my family's beef and grain farm here in Manitoba.

I'm speaking on behalf of my son, who is a typical young farmer. He's 23 years old. He's built up some equity. He's engaged to be married, and he wants to farm. He'll be good at it, too, because he's conscientious. He's a problem solver, and he has the dedication to work those long farmer hours.

Unfortunately, my son, like so many other young and aspiring farmers, can't afford to invest his time into any business that does not return a fair wage.

I don't need to go into the details about the cost/price squeeze that faces farmers. I'm sure you understand that when the commodity price falls below the cost of production, the farmer does not get paid for his labour. We older folk can manage on poor wages for quite a while, but the young farmer needs the income to start his business and to raise his family.

You here are the policy-makers, and you have the opportunity to make agriculture work—for the young farmer or against the young farmer. Your decisions can provide the tools young farmers need or you can create barriers to discourage them.

Do you want young farmers? Do you want food to be produced by families or by employees? Is there value in family farms?

The family farm is not just a feel-good symbol of the past. The family farm is a structure that delivers key economic benefits. Simply put, family farms are adaptable, and that adaptability is important to Canada. We're talking about food production here.

Banks can fail, carmakers can go bankrupt, but food production must remain stable.

Canada has experimented with the agribusiness model long enough now to recognize its benefits and its shortcomings. Agribusiness has an administrative efficiency and a profit advantage over the family farm. It can seek shareholder investment and can source low-cost inputs. Agribusiness can out-compete the young farmer, but agribusiness is not innovative. The true value of a family farm lies in the brains behind the farm's success and in its ability to innovate. Family farms are more productive, more stable, and produce a higher quality product than any employee-managed agribusiness ever can.

We know that the world population is rising, trade patterns are shifting, and crop disease is on the rise. I believe Canadians want to keep the family on the farm because it makes sense for our economy, our health, and our country's stability. The family farm offers productive efficiency from the personal investment. Family farms are owner-operated, which means the owner is right there to solve the little problems before they become serious. Forty per cent of the world's food supply goes to waste. The farm owner has a vested interest in checking that grain bin to prevent overheating, or making that 2 a.m. trip out to check the calving cow.

Absentee shareholder agribusiness simply doesn't work that way. Agribusiness is notoriously wasteful, and the growing population of the world is better served by the commitment and the efficiency of the family farmer. The family farm offers integrity from the personal connection. The trend to cheap food is reversing into a public demand for quality and accountability. The family farm is ideally suited to deliver on quality. Governments can try to legislate quality and can pay for endless inspectors, but agribusiness is not built to deliver quality. Quality comes from integrity, and integrity comes from that personal connection. Integrity is built right into the structure of the family farm.

This distinction between owner-operated and employee-operated has nothing to do with size. Large farms, small farms; the key is that the operator must be invested in the farm's success. The family farm offers stability from diversity. The role of government should be to promote an economically stable food economy. Stability is derived from diversity. You here have the responsibility to maintain a diverse food economy, which can handle trade disruptions, drought, crop disease, interest rate increases, and energy price challenges.

• (0835)

That means we need our farm decision-makers to be on the ground ready to respond to changes with innovative solutions. It also means that we need variety in farm sizes, variety in crops, variety in production methods, and variety in markets, so that disruptions can't bring down the whole food economy.

Support for young farmers brings variety into agriculture. If you decide to help the young farmer, you must first recognize that they are competing for land and markets against the equity of established operations. Help for the young farmer means levelling the playing field to allow the young farmer to exist.

Parliament can help young farmers by lowering the payment cap on business risk management programs, or by putting a cap on the size of supply management quotas, opening the door to new farms rather than simply growing the old operations. Canadian taxpayers would rather see their subsidy money go to new farm families than to shareholder corporations.

You can strengthen and enforce Canada's competition laws to keep diversity in the fertilizer industry, in fuel, in transport, among grain buyers, and among the meat packers. The free market only works if it is diversified.

You can make international trade work for Canada's farm families by focusing on Canadian quality and by raising the value of the Canada brand.

You can make long-term, low-interest loans available to young farmers so that they can compete against investor dollars.

You can build farm succession programs so that the equity built by the family stays in the family.

Our young farmers are the key to the continuation of the family farm. Canadian agriculture is now at a turning point. Canadians want to know that their food comes from Canadian farm families.

Your policy decisions will determine who is going to be growing our food in the future. Will you invest in our young farmers?

Thank you.

**The Chair:** We'll now move to Mr. Drew Baker.

**Mr. Drew Baker (As an Individual):** Hi. I'd like to first of all thank you for the opportunity to talk to you today.

I just started farming in the last five years, owning my own land. I'm 23 years old, so I can identify with Kate's son.

The issue of young farmers leaving farming has a lot to do with what they see their parents going through now. A lot of young farmers see the quality of life that their parents have and the income they generate by working really just night and day, and that doesn't appeal to a lot of young men and women. For instance, some of the young men I know in my area have left farming for trades, because they can live in the city, where, obviously, the action is. That's where a lot of young people want to be. They make a lot more money and do a lot less work for it.

Another thing I see concerns, as Kate said, the loans for land. It's hard for a young farmer such as me to come by capital to buy land. When I bought my first piece of land, I required a 30% down payment on that land. There aren't many banks that want to take a risk on an 18-year-old for about \$25,000, an 18-year-old with no credit rating and no steady source of income. It's hard for us to raise capital to buy land. Right now, the way farming's going you have to get big or you die. It's not easy for us to start out, when you need that kind of money to make down payments on land.

Another thing I see that worries me especially is the tax burden that's placed on young farmers when they're taking over the family farm. To ask a farm family to pay these kinds of taxes on succession every 20 to 30 years is, I think, pretty unfair, especially when the family is already taking out a large loan just to pay for that land and that farm. Then you have to take out another loan, in some cases, just to pay the taxes on that farm. It seems a little bit unreasonable to me.

That being said, I understand the need for taxes on succession, but to ask a farm family to do that multiple times over the generations is, I think, quite unfair.

Another issue I see is just the costs that are facing us, all farmers. The cost of inputs is rising, and the cost of our crops, and of livestock. It's not going anywhere, and our margins are shrinking. In a lot of cases, we're losing money year after year. We're having to look at getting out of farming. If we don't have some young farmers soon, we're going to be in big trouble, because we're losing farmers quickly. It's not just the number of farmers, but the size of the farms. We're losing small farms. There are a lot of guys in our area who either don't have kids or their kids just don't want to farm, because they see what goes on, and their parents warn them against farming because they don't want that kind of lifestyle for their kids. My dad's the same way. He has warned me about it repeatedly, but I guess I'm a little more stubborn than he thought I'd be.

Having said all of that, there's a side note I'd like to mention. With regard to the current government spending our tax dollars fighting a battle against farm groups on the Canadian Wheat Board, it's frustrating to see them spend our money in both the media and the courts when we already have a mechanism in place; if the majority of farmers wanted to, we could get rid of the Wheat Board. We elect the board of directors to do what we want. We elected eight of the ten that we are given to elect as pro-Wheat Board. We already have a way of taking care of this, so maybe those dollars would be better spent somewhere else. It's not for me to say where, but I think this money could be better spent, since we already have that mechanism available to us.

Having said all of that, I would like to thank you for this opportunity.

Have a good day.

• (0840)

**The Chair:** Thanks very much, Drew.

We'll now move to Kyle Foster.

**Mr. Kyle Foster (As an Individual):** Thank you for the opportunity to speak to you today.

I'm Kyle Foster. I'm 34. I'm a young farmer from Arborg. I also sit on the KAP executive—that is the Keystone Agricultural Producers. I farm along with my dad, who is 65 this year, and my brother, who is 39. Our farm is a family farm that was established 107 years ago. We crop about 5,000 acres of canola, wheat, oats, and some forages. We also have a small elk herd and we are former hog producers.

We went through an ownership change in 1999, when we bought out my uncle's share of the farm. His kids weren't interested in farming. I think the biggest reason his kids weren't interested in farming was because he kept telling them, "You don't want to farm. There's no future in farming."

In preparing to come here today, I asked my dad last night how many farms our operation has taken over since he started. He came up with the number of 15 farms, and those farms have taken other farms over. We're not in a big area and we're not a big farm. It's scary and alarming to see how many farms just one operation can take over.

We're definitely losing ground on our neighbours. There would be nothing better than to have a good, healthy community, but the bottom line is that guys aren't making money at 600 acres anymore.

They all of a sudden think that they need to have 2,500 acres plus to make a living.

Here are a couple of the issues I see explaining why we aren't getting a lot of the young farmers.

One is stability. Right now we're coming off the wettest two years we've ever had. Last year, in 2009, probably fewer than half of the acres were seeded in our area. In 2008, half the crop got burnt. If you can go without an income for two years at a time, it's not bad, but it's pretty tough when you're mortgaged to the hilt as a young farmer.

There are programs out here such as AgriStability and AgriRecovery. Well, it's May 2010, and I haven't gotten an AgriStability cheque yet for the crop we lost in the 2008 crop year. The reason for that is that my year-end is February 28, so I couldn't apply for my AgriStability payment until the 2009 application came out, which was a year later. The corporation accounting said we should have our year-end separate from the fiscal year end, so now we're getting punished for that.

Now we're two years down the road and we still haven't gotten any cheque for 2008. Of course, I can't apply for 2009's until next year, so there's definitely a big draw here that we're missing. Coming into seeding time, we could really use any kind of support we can get.

AgriRecovery seems to be a program that works under certain conditions. Right now we have a provincial government that is mostly urban MLAs, an NDP government with no money. They have to get along and agree with a federal Conservative government, and so far we have had not much luck.

These programs have to be predictable and bankable. I have a neighbour, for example, one of the guys whose land we had to rent about three years ago. He invested in the hog industry. He had to rent his land out and sell a bunch of land off, and he got his AgriStability cheque about 11 months later. Had he gotten his AgriStability cheque on time, he would probably still be farming.

Another issue I have, and I guess maybe this is the wrong crowd to talk to, is that we're getting constant regulations put on us. When we bought our farm—we have a small hog operation—it was a family operation. We have concrete pits and we had to put down winter spread; that was the only way we could do it.

Right now, they're putting a ban on winter spreading. For us to go out and spend half a million dollars to have slurry stores and keep that manure over the winter, we'd have to expand our hog operation probably three times. But we're also in a hog moratorium area where we're not allowed to add on to our hog barn or build any other hog barns. So officially, they have just shut down our hog operation.

We have other issues. They have come in and regulated fuel tank storage. They're in the process of regulating on-site wastewater management. There are buffer zones around secondary drains. Minimum wages are going up. We always had private insurance for our employees, and now we're forced to go with workers' compensation, which is more money for less coverage. This is another problem.

These are all expenses that have been thrown on us in the last few years. As young farmers, we just can't handle these extra costs.

• (0845)

The biggest reason I can see for young farmers not getting into the industry is the fact that there's no money. That's what my uncle told his kids, and I hear this constantly. They're just not making enough money, and it's not worth the time and the effort to farm.

We are getting such a small share of the food dollar. Through Keystone Agricultural Producers, we did a project called Farmers' Share on what percentage of the food dollar goes back to the farm gate for one week for a farm family. From 2008 to 2009, the cost of groceries went up by 3.2%. Farmers received 1.7% less than they did in the previous year. The customer paid \$6.01 more per week. Farmers got 86¢ less per week. And the middleman got \$6.87 more. For our grain products, we got about 5% on bread, and on oatmeal the farmers' share was 2%.

We take the biggest risks. We have to bank on the weather. We input a lot. And unless something changes where we can see more dollars coming back to the farmers, I think you're going to see more and more of a decline.

I've often thought the only way we can make this work is with a food tax. That's the only way we can get some control over what comes back to the farmers. I think about Kellogg and what Kellogg's boardroom table must look like when they're deciding what they're going to charge for a box of Frosted Flakes. They don't sit back and say they're going to pay the farmers this much and they've got to get this much for the box so they'll take a 15% markup and they'll send it out the door. They sit back and think about the most the consumer is going to pay for this product—how much they can get for it.

So why can't we try to get into their profits a bit? They're still going to charge the most they can charge, but maybe we could get a couple of percent back. A lot of people think it's going to cost the consumer more, but the fact is they're already charging the most they can possibly charge. So maybe it's time we got some of that share back.

I have a couple of other things. There's definitely a need for some succession planning, some financial planning, some training, interest-free loans, and low-interest loans. But still, the bottom line is this: do you want to take all this risk and borrow all this money when you're not going to get the payment back? It's tough.

I have a couple of other things I would like to talk about. We have an elk herd. And when we started with elk, this was something we started before we separated with my uncle, because we thought it would be a good opportunity for a young farmer to start with something small. You could run an elk ranch off of a quarter of land, which wasn't a huge investment. Unfortunately, with the chronic wasting disease and not a lot of producers, we've lost most of the elk farms. The ones that are still around have no money, and they haven't made any money. It's something we really have to work on through government, to open up some of these borders again, to get some of this trade going in the elk industry. To me, it is one industry that would work really well to get young farmers back on the farm with minimal expense.

Some revamping definitely needs to be done in terms of the Canadian Wheat Board, but the fact is that everybody in this industry, in agriculture, is trying to get a monopoly. Whether it's Viterra, whether it's the canola crushers, the fertilizer plants—everybody is after a monopoly. We have a monopoly on our wheat and we're trying to get rid of it? This doesn't make sense. This is a company we need. We need the pool.

About 1995 we had single-desk selling for hogs in this province. Things were going consistently well. We had five or six packing plants. Since we lost our single-desk selling, we basically have one guy dictating the price they're going to pay us. So we have to keep the Wheat Board intact. They're looking out for our best interests. It's a farmer-elected board. I would hate to see it disappear.

Lastly, in terms of the mergers we see in the agricultural industry, like Viterra, right now if we want to get anhydrous for our farms, the only place we can buy it is Viterra. The competition branch has done nothing to stop them. They keep on buying up more and more. Just this week they bought up a couple more independents. And if we want anhydrous, we have to go an hour away to get it from the next competitor. That's a big issue for us. I hope somewhere along the line the competition branch will slow this down a little bit.

Other than that, thank you.

• (0850)

**The Chair:** Thank you, Kyle.

Now we'll move to Mr. Ian Robson.

**Mr. Ian Robson (As an Individual):** Thank you very much for this chance to attend these federal committee hearings.

My name is Ian Robson. I farm at Deleau, Manitoba. I got into farming with my dad and my grandfather and my brother. We have done a bit of organic farming. We raise breeding livestock, and do grain and mixed farming. We're what you would call a smaller-scale farm these days compared with what would be around the neighbourhood. We have only 60 cows and a section and a half of land.

I'm 55, and I heard the other day that the average farmer is 52, so that makes me one of the guys who makes the lower half of the farming age possible. We definitely need to get more younger people involved and interested in farming. We pray that you, who hold the ultimate power, will listen to us today and decide for and help Canadians in useful ways in farm policy.

Why should we show up and speak with you about the need to get youth interested in farming, especially today when we could be seeding? It's simply because the number of youth willing to become farmers is very low. The opportunity for youth to become farmers, like our parents and grandparents, is much reduced. The need for Canadian society to have our youth involved in the future of our food supply is surely very important. So you have a job to do that requires some homework to get it right.

What vision does Canadian society hold for our farmers? What vision does Canada have for our environment? Farming activity—and supply of the farming needs—is changing our environment, and even our climate. Climate change is really caused by the burning of fossil fuels as humans conduct their activities. Weather volatility is making farming more challenging. Mother Nature always bats last, but there are two-legged corporate and government policies that also bat on farmers.

I am elected as a Manitoba director of the National Farmers Union. For 40 years, the NFU has given many recommendations on farming to society, through our requests for government to take its responsibility seriously. The NFU has always held that farmers need more market strength to bargain for better prices. We exist because there have been and continue to be very tough times in the farm economy, caused by cost/price squeezes. We could say that we have already explained that such would happen if society followed a certain policy. Our track record has been good, but the uptake of our recommendations has been mixed.

I invite you to please obtain a copy of the National Farmers Union's policy statement, where you will find our objectives for a society that can continue to improve itself and our environment. I have a copy of the policy statement here.

We are pleased to say that the farmers economy gained from things like the restrictions that the NFU helped to place on the rBGH milk growth hormone. But the farm economy is overpaying for patented seeds for very little benefit to us. The yield increases to date in many crops come from natural selection and inputs, not from genetically modified organisms or patents. With these yield increases, the record shows that farm gate prices have dropped, on the excuse of oversupply.

This country was developed by people who were willing to organize and work together. During much harder economic times, great things were accomplished. The co-ops, the Canadian Grain Commission, the Canadian Wheat Board, food inspection, grading, orderly marketing, and Canada's Seeds Act were all achieved through struggles, and continue to be of great benefit to farmers.

● (0855)

Ironically, many of these achievements are being slagged by the federal government in its zeal to chase export markets at all costs and by investment rackets that seek only profit through mergers and integration. We must understand where we have been to get to where we wish to arrive. It's important; the low returns that have been mentioned don't seem to have been an accident. There have been many technological advances in farming; farming has become easier over the years. The buyers then decide you're advanced, so they won't pay as much for your product.

This is where bargaining comes into the picture. As mentioned, the share of the food dollar has been declining for farmers. It's no accident. We're basic producers, and the corporate buyers on the other side of the table have more power than we do when it comes to setting prices. This is a responsibility of the government, to look at this issue and make use of the Competition Act that was put in place many years ago. It's been diminished time and time again through various changes. Foreign investment review and foreign ownership have been part of that relaxation in regulation.

As was mentioned by the first speaker, when you have local ownership, you have local control. You have a local economy that works. When you have an investment from outside the country, you don't have local concern in play. You have only a profit motive in play. You have less concern for the environment and for the health and the local culture of the community.

It's important that the government take full responsibility in regulating corporate economies. That extends into the realm of input suppliers. We've made gains in things like this as was mentioned with the Wheat Board and in bargaining for prices on our products. Those are things we need to keep. We lost single-desk selling in pigs, with the resultant loss of farmers involved in pigs. We have tons of pigs, but we have no profitability in pigs. It wasn't hard to figure out that if you overproduce pigs, they'll soon cut the price.

That problem is happening in cattle. I think that as a cattle producer you understand very well the squeeze we're in in the cattle business. That's because we have fewer buyers in the processing and the distribution of our products. We've allowed the concentration in only a few hands, and they're able to set prices that suit them but don't suit us as raw producers.

I invite you to think more clearly on a few policies in this regard. I have noticed the tax policy, and this comes from having talked to some neighbours and preparing for today. They want to incorporate the farm. Once you do that you get a tax benefit. I'm an unincorporated farm, so my tax benefit is at a disadvantage compared to that of an incorporated farm.

The problem with tradespeople is that they'll give a volume discount if you're a larger-scale farm. I'm a smaller-scale farm, so I'm at a disadvantage on the buying of my inputs. Again, the Competition Act comes into play. A land-banking system would be good. Long-term loans would be good. Education and off-farm jobs have been a problem.

Anyway, thank you.

● (0900)

**The Chair:** Thank you.

We're now going to Mr. Joe Bouchard.

**Mr. Joe Bouchard (As an Individual):** Good morning, ladies and gentlemen.

First of all, I'd like to thank you for the opportunity to speak with you today on the current state of young farmers. It's nice to see again a few of you I've met over the last few years.

My name is Joe Bouchard, and I am a 30-year-old, third-generation farmer from the Fisher Branch area. Along with my wife, who is a teacher in town, my father and I operate a mixed beef cattle and grain farm. It consists of about 1,100 acres of hay land production, and 900 acres of cultivated land, which are sown to oats, wheat, and canola. Those are the crops we choose because they're really the only crops that can grow up there—some other producers are in forage seed production—because of our climate and our land. We also have about 2,000 acres of pasture land. We calve out about 300 cows. We background the calves to the 750- to 900-pound range before marketing.

So we keep ourselves fairly busy. My belief has always been that everyone else has to work 40 hours at least per week to put food on the table to provide for themselves and their family, and I don't think agriculture should be any different. But when we're working 80 to 100 hours a week and fighting tooth and nail to make a living to provide for our families, and we're doing everything right, producing a top-quality product and yet having trouble, there's something wrong.

Today I'm going to talk about the current state, opportunities, challenges, and possible solutions for young farmers today.

Also, part of this is that Kyle and I, who came up here together, are in James Bezan's riding, and as quite a few of you know, we have been absolutely swimming these last two years. It has been a real struggle for anyone to survive up there these last few years. Our area

is probably hurt harder than the average area in the country right now.

The current state for young farmers is not very good. It's a very tough business to survive in, not to mention to succeed in. Very few are coming back, because there are easier ways to make a living with fewer hours and less risk.

For example, I have a brother-in-law who works as a heavy-equipment operator, which I did at one time. He works on the pipeline, maybe works seven to eight months a year, puts in long hours, and makes triple digits.

I'm the oldest in the family. My next-youngest brother has been working with the fuel industry in Calgary, doing tech support with computers. He just took a new job; he's making triple figures. He has holiday time and he has flex days. In case any of you don't know what "flex days" are, they're days off on top of your holidays, which you get paid for.

When you're out fighting to make a living and you hear this, it gets your blood to boil a little bit.

We have an aging demographic in our area. In our RM, the RM of Fisher, there are four of us young guys who came back roughly around the same time. One had older parents, and he never left, but there are about four of us; we're all roughly the same age.

One of them is done already. He pulled the pin because he just couldn't do it. He quit, sold off what he could to try get out of debt, and he has a job at Manitoba Hydro. So there are three of us left in the whole RM, and just recently another young fellow graduated from university, and he has come back. But four young people in a whole RM is not very good.

We're an agriculture-based community. The RM that I'm in and Kyle is in is what runs the area. Agriculture is the economy; it fuels everything. Our communities are under pressure: the farmers don't have money; the businesses don't have money. If you walk into some of the businesses, especially the ag businesses, it's just like bees to honey. They haven't seen anyone in days, it seems. They're just happy to see someone in the doors.

● (0905)

Let me turn to the programs, including AgriStability for young farmers. Quite a few of us have been calling it "AgriUncertainty", because no one can seem to figure out if it's bankable, if it's going to work. There's a lot of frustration.

When you go to your accountant—they seem to be the only ones making money on this program, for what they're charging to fill it out—it's very frustrating. They can figure out your income tax and know almost to the penny what you have to pay or what you're getting back. With this AgriStability, they hopefully have a rough idea and they send it off to the office, but sometimes they're way out. That's tough when you're banking on that program in a tough year.

With AgriStability, you need a margin for it work. For the young guys who are expanding, the formula keeps pushing the reference margin up. Even though they're not having good years, but they're expanding, it keeps pushing the reference margin up. I guess it's good to have a margin, but when it keeps pushing you out even when you need help, there's a flaw in the program.

As I said, it's not bankable. There have been many guys, as Kyle said, who got a cheque when it was already too late.

My biggest beef with AgriStability is that mixed farms are discriminated against. The people who are going full out in one sector—grains, or livestock—have a program like this to help level things out. The mixed farms are doing it on their own operation. It doesn't encourage people to have mixed farms to mitigate their own risk, and that's not fair.

On our mixed farm, we go year-round. We work long hours year-round, and it's pretty hard to even get a day off.

I understand the design around the program, why the coverage is such that you guys can only go up to 85%. But our margins as young farmers are so tight that we need that 15%. I know this is where AgriInvest comes in, but when you're fighting to put groceries on the table and you don't have money to put into AgriInvest, that program's not of much value to you either. For young farmers, this is a huge concern.

With AgriInsurance...and I know that in some of this I may be barking up the wrong tree, because I understand that there are federal and provincial responsibilities, but AgriInsurance up in our area was just an absolute train wreck these last few years. It's amazing that more guys didn't go under, the way the insurance was handled.

We're not getting enough coverage for our premiums charged, and there's no insurance in a lot of the livestock sectors. The other thing is that it seems they're calculating 80% of the value of your crop, but also you can only get 80% coverage. I'm not that bright, but I know that 80% times 80% is 64% coverage, not 80% coverage. So you need a real crop failure to even get a payout, but you are still going to be losing more than you're putting into the land. And if you're not putting proper inputs into the land, there's not a hope in the world of your making a dollar.

AgriInvest, as I said, only works if you have money to invest in it. If you do have money, it is a good program, but for young farmers.... As I said, when you're fighting just to survive, you don't have the money even to put in there.

As for AgriRecovery, up in the Interlake we have cattle, and that was a good program. It saved a lot of guys' bacon up there. If it were not for that, I don't think there would be many guys left, to be quite honest. It could have come a little quicker—that's my only complaint—and it has to be bankable. It took quite a bit before it was

announced, and there's quite a bit of hurt. Had that money come earlier, it would have helped quite a few more people.

I think the most important one, which we need, is AgriRecovery. When we have an absolute disaster, that's when you need a program that comes out and comes out quickly. Some of our AgriInsurance people were saying last year "Well, you guys have unseeded acres." Well, unseeded acres or excess moisture works when you have 5% or 10% that you can't seed. When you have 90% to 95% that you can't seed, that doesn't cut it. You're just covering your fixed costs, your land rent. There's nothing left at the end. You don't even have money to make your machinery payments.

● (0910)

On opportunities for young farmers, despite what I've said, there is huge opportunity, because there are not many people coming back. There is a growing population and an increasing demand for food. I still believe a rural community is a great place to raise a family and to live.

On the challenges, I for one am a little sick of hearing about these niche markets in which people are willing to pay more. I want to know where they are. People want the best quality for the cheapest price. We have what I feel is a cheap food policy, a free food policy. We have six companies controlling 85% of the North American food retail business. There are huge margins on the retail side. There was a study done on beef that showed retailers were making 54% of the price. That is huge. Walmart wouldn't exist if the mentality wasn't to have the best quality for the cheapest price. I've never heard of anyone advertising how expensive their food is.

Cashflow is the biggest problem for young farmers. We need it to operate, and sometimes you're making poor marketing decisions because you don't have the cashflow. If there is one thing you guys can do for young farmers, it's to keep that cash advance going. That is absolutely huge.

Rents are huge. Weather and marketing are always huge factors. If interest rates increase, that's going to be a huge challenge for young farmers as well.

If farms aren't pretty much given to young people by their parents, there is no hope that they'll make it. They can't afford to operate and pay for the farm at the same time. Previous generations are subsidizing food production in this country, and the regulations and extra costs have to be watched, because the other people are margin operators and we're price-takers. They take it off what they're paying.

Lack of markets, whether it be domestically or internationally, is a challenge, and companies with complete vertical integration are starting to be pretty scary.

On the lack of infrastructure, it's the same thing. It's probably more provincial, but our roads and drainage systems are a mess, and it's an extra cost. Our communities are dying, partly because there are fewer services.

On solutions, we need a better environment—meaning tax breaks for more production of our products—and creation of more markets. For young farmers, maybe we could have higher rates on the interest-free part of the cash advance.

On interest rates and breaks on loans and mortgages, we need them to be more than five years and with higher caps so that our parents can perhaps be paid for their farms. That would be huge. MASC is doing that, but it's only for a couple of years on a small interest rate. If we could do that for 10 years for young guys whose payments are almost all interest, that would be huge.

On trade and markets, more trade and more markets are important. If our people won't pay for our product, let's get it to someone who will.

There has been talk of the cost of production, and they talk about supply management. I'm not here to pick on that, but in Manitoba our dairy herd has shrunk in 10 years from 800 producers to under 400. They're consolidating just as quickly as the others, so that's not a perfect system either.

I do like Kyle's idea. Maybe we need a food tax, and that money could be used to help young farmers out.

Thank you.

• (0915)

**The Chair:** Thanks very much, Joe.

I was up into your area two years ago this coming July, and I saw the water. I've never seen anything like it in my life. I can't imagine having to work through that.

We'll now move to questioning.

Go ahead, Mr. Valeriote, for five minutes.

**Mr. Francis Valeriote (Guelph, Lib.):** First of all, I would like to thank each of you for taking time out of your day to be here. I know you probably have more important chores to be attending to. The quality of your presentations is terrific, it really is. Each of you has given a lot of thought to this, and it's extremely important for us to hear what you have to say.

Yesterday in Saskatchewan somebody said that we wouldn't be here if we didn't have a crisis on our hands, and the impression I am being left with listening to the witnesses over the last four days is that we are at a crisis stage. We have heard a large slate of options and changes and tweakings that could be made to farm loans and AgriStability, but my impression is that it's at the stage where we have to think beyond tweaking some of these current programs; tweaking some of the current programs may not be enough. On the other hand, I may be wrong. Maybe the solutions that you're proposing are enough.

If we could think out of the box for a moment, what might you propose—any one of you—as a program that would help bring in and hold a young farmer in the industry?

**Mr. Ian Robson:** Land banking is a possibility. There is a huge capital requirement to get into the land system or to get available land for a young farmer, and he has to make that outlay.

Loan programs have been used, but they still require repayment. The older generation, as was mentioned, has been financing a lot of the transfers. The older generation wanted to get some value because they looked at their land as a pension system, but for some reason land values continue to increase. It has just been reported that even though there has been decreased farm income, somehow the land values are increasing. It doesn't make much sense.

There has to be innovative programming in land transfer from one generation to the other. Land banking is one possibility; in the United States some communities have looked at land trusts in order to set up a system to transfer land, so there's one idea.

**Mr. Joe Bouchard:** I think you've got to have something that gives the young farmers an advantage over everyone else, whether that's help on their mortgages if they're under 40 or a higher rate on these cash advances that the established guys can't get. I think that's the only way the young guys are going to be able to get that bit of advantage they need so that they can compete against that equity that they just don't have.

**Mr. Francis Valeriote:** Drew, you mentioned the Wheat Board and the farmers being able to decide for themselves. Those of us on this side of the table hear you and are extremely supportive of the Wheat Board, as you know, but I do hear from some that there are some problems that need to be fixed, and I think you mentioned it.

You might have heard this week that maybe it's an issue of transparency or something. Can you identify some of the problems you see that could be fixed in the Wheat Board?

• (0920)

**Mr. Drew Baker:** Some of the PPOs that they offer now are fixing a lot of the problems that farmers traditionally had with the Wheat Board. That said, are you ever going to have a system that everyone is completely happy with? No. Personally I'm pretty biased, so I don't want to say that everything is working well, but I would say they're doing the best they can. They are trying to be flexible and meet farmers' needs.

I think cashflow was mentioned. Waiting for a cheque from the Wheat Board is hard on a young farmer who needs that cash to pay the bills, but all in all I think they're really working as hard as they can to meet the needs of the farmers. In my personal opinion, they're doing a very good job.

**Mr. Francis Valeriote:** Joe, you talked about vertical integration and a problem existing there. The Competition Act is designed just to prohibit people from collaborating and setting prices; it's not like the United States, where they come in and break up companies if they think they're going to have a monopoly.

Could any of you recommend changes to the Competition Act so that we can keep power from being so concentrated at the top?

**Mr. Joe Bouchard:** My thinking is that we need the right environment so more businesses will want to set up and there'd be more competition. That was my train of thought on it.

**Mr. Ian Robson:** That's what's needed. We do look at that U.S. model that allowed them to break up control by packer concentration. That was years ago. Since then they've been weakening their competition acts too, but there is a definite need for the government to exercise its powers in the economy. It's not unreasonable to do this.

If you look at why corporations exist in the first place—this is a history lecture—it's a group of people who come together to accomplish a purpose; mainly that has been a profit, but it can be more than that, and it is the government that grants a corporate charter. You have to apply to government to get it. The government can set reasonable rules on that, and it should do so.

**The Chair:** Thank you.

Mr. Bellavance is next. Everyone should get their headsets on for translation.

[Translation]

**Mr. André Bellavance (Richmond—Arthabaska, BQ):** Thank you very much.

Mr. Foster, before I forget, you gave us some statistics on the cost of groceries and farmers' incomes. Would it be possible for you to provide that information to the committee clerk, please? It does not have to be today, but it is important for us to be able to include those statistics when we prepare our report.

You talked about the percentage of the profit that retailers were making at the same time as farm income kept dropping. Do you understand what I mean? Could you provide the clerk with that information?

[English]

**Mr. Kyle Foster:** Absolutely. Keystone Agricultural Producers, I think along with APAS and Wild Rose, put this study together. It's on their website, but I think I have a copy of it here too that I can leave with you.

[Translation]

**Mr. André Bellavance:** Mr. Bouchard and Mr. Foster, I was pleased to be listening to you this morning although what you were telling us about the problems you face is not happy news. Since we got back from the 2008 election, I have been trying to make my committee colleagues aware of the importance of overhauling these programs. I even managed to get a motion passed to that effect. I am not the only member of this committee and I respect the fact that other members have other priorities. This tour we are on today is very important. For me, it confirms that all programs specifically designed for agricultural producers must be overhauled regularly.

You had a suggestion, Mr. Bouchard. You were talking about the AgriStability program, which you called the “Agri-uncertainty” program. That is not unlike a lot of other testimony that we have heard since we began this tour and as long as the program has been in existence. You also talked about the AgriRecovery program. There are a lot of programs. They are not all bad, nor were they all established in bad faith. I am sure that the government and its officials do not put programs in place knowing that they are not going to work. I am sure that the basic idea is to try to provide assistance, whatever the government is. I am a member of the opposition, but I can acknowledge that.

On the other hand, the government must acknowledge that, when a program is established, it is possible for it not to work as intended. It is possible for it not to meet producers' real needs. That is what you demonstrated this morning in just a few minutes. I would like to come back to that.

Your area was flooded. Have disaster relief programs been of any use to you? Do you feel that you may be able to recover because of those programs? If so, is there anything you would improve? If not, what should be done to help you in situations like that?

● (0925)

[English]

**Mr. Joe Bouchard:** Well, as I said, it could have come more quickly. We knew in September that we were facing a train wreck up there. We knew in August that we were in big trouble. There was assurance that something was coming, and for all sectors. A lot of the grain producers got some excess moisture insurance, but that didn't cut the mustard for the mess they made on their fields trying to take the crop off—the ruts, and then all the money to level them out. They were left out. I didn't feel that was very fair

But for the cattle industry up there, it was huge. It really saved the cattle industry up there. My only complaint—as I said, we knew we were in trouble earlier, and we were pounding on doors all summer—is that it could have come a little quicker. But also, AgriRecovery is a provincial-federal program, so we also had to get the province on side. It's not fair to point fingers just at one side.

That was my only complaint. There is a need for a disaster program, and when disaster happens the program has to be quick, because these other programs, which come up later, work in normal years, but not in disasters.

**The Chair:** You are almost out of time. If you have a closing comment, I'll allow it.

[Translation]

**Mr. André Bellavance:** I hope that your comments will be of use to all members of this committee, whatever their party. These programs really have to be overhauled. You mentioned one program that worked quite well, but you also talked about programs that were less successful because of some of their particular features. We cannot completely meet everyone's needs, but there are certainly ways to improve these programs, AgriStability especially. That is the message I have been getting since we began this tour.

Thank you.

[English]

**The Chair:** Thank you, André.

Mr. Atamanenko, you have five minutes.

**Mr. Alex Atamanenko (British Columbia Southern Interior, NDP):** Thank you to all of you for being here. It's refreshing just to hear what you're saying, but it's also very depressing, so obviously we have to do something. It seems to me that everybody has good intentions. Everybody around this table and all governments want to help, yet at the same time we're seeing that something's not working.

Ian, I think you mentioned export at all costs. We're a trading nation. We're trying to open up markets, to the credit of the minister. On the other hand, in the beef industry exports have tripled over the last 20 years, yet the beef producers are making less than half of what they made 20 years ago.

We've signed on to trade agreements with NAFTA. We were just in British Columbia, where we talked to representatives from the fruit industry. Before NAFTA there were in-season tariffs that protected the vegetable and fruit producers in our country, and they could make a living off the land, but most of them are in dire straits now because of the dumping of American produce.

We see that the Canada-European Union trade agreement that is being discussed now is going to hammer our communities and open up contracts so that in municipal governments such as Portage, local workers will have to compete with European workers. We know that supply management and the Wheat Board are on the table. It just seems that rural Canada is constantly being hammered by these trade agreements, but on the other hand, we're a trading nation.

My question to you is this: how do we arrive at a compromise to help strengthen rural Canada so each one of you can make some money, not have to work 90 hours a week, and take some extra time and do what most people take for granted? How can we both maintain our trade and ensure that you get a fair price for what you're doing? It's a philosophical question, but that's the crux of the matter.

We're talking about band-aid solutions. We're going to help with AgriStability and AgriFlexibility. Some programs are working and some are not, but the crux of the matter is that we just keep sliding. We're losing rural Canada and we're losing farms, which are, as one of you mentioned, the basis of this.

What's the answer? Maybe we'll start at Kate and work down.

• (0930)

**Ms. Katharine Storey:** I think we're all addressing the cost of farming, because that's what we see most, and, of course, you're not asking about that; you're asking about trade.

I think that Canada's value is in quality. We're not a low-cost supplier in any market, and now our dollar value has risen. We heard driving in that the European Union is starting to have problems, and they're one of our big markets. We can't compete on cost. We can compete on quality, and I think the programs, whatever the Canadian programs are, should be directed at maintaining quality in Canadian commodities.

That means addressing the GM issue. Look what it did to our markets when the GM flax decimated the markets. As well, use the Canadian Wheat Board to market wheat quality. Do whatever it takes, but we aren't a low-cost producer, and we have to come to grips with that.

**Mr. Alex Atamanenko:** Thank you.

Drew.

**Mr. Drew Baker:** Obviously we need to keep young farmers around. If there are no young farmers, then there's no farming in the future.

Allowing the young farmers to borrow at rates that are lower than those for other farmers is a start. Through MASC, the young farmer rebate, I believe, is half a percent right now, so it's not a really big difference. Allowing us to borrow at the prime interest rate through FCC would be a huge help, because then we're not subsidizing the use of these programs for other farmers. I don't understand why we're being punished for trying to enter this industry. People say they want us in it, but we're paying the same rates as everyone else. Why would we want to? Everyone else is getting punished, and we're getting it because we're young. I see that as a big barrier.

The other thing is to allow farmers to choose what they're going to do with their product, whether it's through the Wheat Board or whether they want an open market. We need that choice. We don't need someone else making the decision for us. Stability is an issue; not a lot of people want to get into it when you don't know where your next pay cheque is coming from, or when.

I think that's probably the main way to keep this industry afloat.

**The Chair:** Thank you, Alex. Your time has expired.

Go ahead, Mr. Tweed. You have five minutes.

**Mr. Merv Tweed (Brandon—Souris, CPC):** Thank you, Mr. Chairman.

Thank you, everyone, for being here.

Having heard what you said, I think being discouraged by family to enter the business is not an uncommon refrain in every professional field right now. If you look at the health care field, I would say that for the last 15 years nursing has been a profession that hasn't been recommended by nurses, simply because of the duress, the strain, and the new challenges. I would suggest it might be the same in education. I think that's part of the challenge we have: trying to find optimism when there isn't a lot in sight currently.

Pretty much to the person, you talked about the family farm. I have a couple more questions to follow, but very briefly, could you give me your definition of what a family farm is today?

• (0935)

**Ms. Katharine Storey:** My definition is that it's owner-operated. The owner is in the barn or on the tractor at some point. There may be hired help and it may be a very large operation, but the owner is right there on the ground.

**Mr. Drew Baker:** I would have to agree with Kate.

**Mr. Kyle Foster:** I would agree. You'll see now that in Manitoba the hog operations are not family-owned anymore. It's all owned by feed mills and packing plants, and that's not a family farm operation as far as I'm concerned.

**Mr. Joe Bouchard:** I'd have to agree. The owner is the one doing the work. I don't think it should be based on size. Guys are going to the size they are so that they can make a living farming without working off-farm. That's why they're doing that.

**Mr. Ian Robson:** A family farm is run by an owner-operator who does the work and makes the decisions, but if you want to have a discussion, we have the technology that would allow 25 guys to farm all of western Canada. It's happening in other parts of the world. They would do so on a hired-labour model, and still might call themselves a family farm.

We have to start limiting the size and the scale of farming if we want to have a vibrant rural economy. Otherwise, as has been pointed out, the lateness in these AgriStability payments is causing farmers to leave the land. The system is almost designed to expand the size of a farm, so you cannot ignore a discussion about the size limitation on what a farmer can operate. Some guys will operate a big spread, but other guys will be satisfied to try to stay at a smaller scale.

My objective is to try to stay at a smaller scale, and it's been getting more and more difficult.

**Mr. Merv Tweed:** Thank you.

Obviously that is the challenge in every industry right now. I've been a small business operator, and even at that time the challenge was to maintain. You had to either grow or back out of the market. I know it's a challenge, for sure.

In your comment, Drew, you talked about a farmer's choice, and I agree with you there. I respect your position on it and on the Wheat Board, and I think you have that right, but if you're a young farmer who wants to get in and you want to market your own product, as you talked about, and choose how you market your own product, how do we balance that? You're new in the industry, you've got some new ideas, you've maybe found some new opportunities, but you're restricted simply because a certain marketing board, in this particular case the Wheat Board, gives you limited choices.

**Mr. Drew Baker:** I think maybe I was misunderstood when I said choice. I meant the choice to either vote for or against it, not the choice to use either the board or the open market. I don't believe in a dual market.

I would say that Canada is a democracy. It's always been the case that the majority rules, and I don't think the farming industry should be any different on this issue. I don't think we deserve special rules.

Having come from a farm where I don't have any real problems with the Wheat Board, I don't know what I would say.

**Mr. Merv Tweed:** No, and I fully understand that. I think it's just important that.... You know, we're looking at the future of agriculture and what we as policy-makers can change to encourage more investment in the industry and more young people to get in. You only have to look east of Manitoba to find out that there isn't a

Canadian Wheat Board, and people seem to be facing the same challenges, so obviously there isn't a definite fix one way or the other.

I often think that when you're trying to get into something, sometimes the rules that are set around that entrance may discourage you from even considering it at that point too. I think those are some of the challenges we have to address, and I think that's why we're here today to listen.

Joe, you talked about insurance programs or programs that pick up during disasters and things, and I think that has been a challenge for all governments. We tried to move it out of agriculture relief into a disaster assistance program, simply because it's very easy to see.

In 1997 we had a tremendously wet spring; in fact, a lot of the crops didn't get in until really late June. As a provincial government, we were being pushed hard at that time to come forward with a program. The challenge we found was that if you come too soon with the program, guys back away from trying to do what they're supposed to do; if you come too late, often you go in and they've ruined their fields, so it's a delicate balance.

We could see the disaster. We saw the disaster in your area, and it's hard to get the mechanisms in place to deal with it until it almost hits the wall. Do you have any thoughts on how we can maybe pre-empt that in some way? Is there a formula or is there a process we should be doing better to make sure we're ready to respond more quickly?

• (0940)

**Mr. Joe Bouchard:** I fully understand your position as government. You want to have programs to help people, but you don't want programs abused, and I fully understand that.

That help came out in March. I think in November or December, once the ground was frozen and it was pretty much game over, if we could have had confirmation that there was something coming, it would have been huge. Nothing was known until, I think, March 3 that year.

No, I understand the concepts and the timelines.

**The Chair:** Thank you. Your time has expired, Mr. Tweed.

Mr. Easter is next, for five minutes.

**Hon. Wayne Easter (Malpeque, Lib.):** Thanks, Mr. Chair.

Just on Merv's point on the Canadian Wheat Board, there's no question the government has done everything to the point of illegality to try to get rid of it, but I'd just ask people where getting rid of all the provincial marketing boards on hogs has gotten us in this country. I'd say we'd better think before we leap, because we've lost our hog industry in Atlantic Canada. It's gone. It's gone. We've lost hundreds of producers, so we need to think clearly about that.

There are two issues, I think, with young farmers. One is the current situation of a lack of profitability in the industry. That's a problem, number one, and I think you all mentioned it. The second problem is intergenerational transfers and how you bring people into the industry so that they can compete with established farmers.

First and foremost, we've got to get to a point where the industry is profitable.

What do we do with current programming? You people mentioned AgriStability and AgriInvest. One individual said here the other day that they just don't work, that "if you have two or three bad years in a row, that's it, you're done".

In Ottawa and in the provincial capitals—and guys, this is not political—this drives me nuts. The ministers of agriculture held meetings last June and in February. You had NDP ministers, you had Liberal ministers, you had Conservative ministers, and coming out of that meeting, you'd think everything was wonderful. You'd think there wasn't a problem in agriculture in this country when those ministers came out of those meetings in February and June.

So what's wrong? It's not us at the political level. I mean, I'll argue with those guys over there, who are the government, but there's a huge problem in terms of policy, regardless of the political stripe in this country, as it relates to the farm.

My first question is how do you see us fixing AgriStability? We'll get the old argument back that, oh, it's the province or, oh, it's the feds, but the programs aren't working. They didn't work under us with CAIS—I was parliamentary secretary—and they're not working under those guys with AgriStability. All we did was change the name.

What do you do to make that safety net system work?

• (0945)

**Mr. Ian Robson:** In my opinion, fixing AgriStability, if it's not functioning, means changing the structure. The reason for it to be there is to provide some kind of support, but obviously it doesn't provide any support, and I think that might be the real reason for it to be there: it's designed not to put any support into farmers' hands.

The reason for that is that maybe they want to encourage farm size to increase and make use of whatever farm income happens to come along as a result of trade. It's trade, as I mentioned, at all costs, but that trade has to come at a profitable level for farming. As was mentioned, costs are high in Canada compared to a lot of other places in the world, and consumers seem to want a cheap product, so there's a conflict between producers, whose interest is in making a fair living, and consumers, who want to buy as cheaply as they darn well please. If so, what do you need us for? You might as well buy your food from some other place.

It comes down to the whole idea of what we want as a national economy, and that has to be fundamental in the minds of our legislators. They cannot be listening to corporate processors, who want to buy cheap milk somewhere else and not support our local producers, which is what we need.

**Hon. Wayne Easter:** Ian, in terms of AgriRecovery, should there be a disaster program?

Am I out of time already, Mr. Chair?

**The Chair:** You have just a few seconds, Wayne.

**Hon. Wayne Easter:** Joe, you mentioned AgriRecovery and you said it saved your bacon, but I submit to you that it wasn't the AgriRecovery program itself but the changes that were made for your situation. AgriRecovery should be a disaster program. It didn't work in Atlantic Canada in the potato industry; it worked in your area in beef, but I think that was because the minister made additional changes to AgriRecovery to make it pay out.

Do we need a disaster program that actually kicks in and supports the industry when there is a disaster? AgriRecovery doesn't even cover costs.

**Mr. Joe Bouchard:** Well, as I said, it's a double-edged sword. It needs monitoring; otherwise, these programs can be abused.

In all fairness, we had to do a lot of hard work with our own provincial government to get that moved forward to the feds. It's a new program, with some of these others. There's no perfect program, and it takes a while to get all the bugs out of it too. Since it's a new program, I'd be a little easy on it.

**The Chair:** You mentioned the provinces. We had a tornado go through our area less than a year ago, and of course it kicks in through the province. There was a lot of frustration over how slowly bureaucracy works. It's very slow, not just at the federal level but at the provincial level as well. There are always some glitches in there.

Go ahead, Mr. Richards, for five minutes.

**Mr. Blake Richards (Wild Rose, CPC):** Thank you all for being here today. We're really glad we were able to be here in Manitoba today to hear your thoughts and your ideas and your suggestions about the future of farming, as people who are the future of farming; it's very important.

Of course, as you're well aware, we've been touring across the country to have the opportunity to hear from people in various parts of the country who are actively on the ground, who really are the face and the future of farming, to hear your thoughts on how that best might happen.

This really is where the heart of the matter lies—trying to ensure there's some way for people like you to continue with farming. As you all know, the average age of the farmer is increasing. More and more young people are choosing to leave the farm. I'm an example. I have to admit that I myself chose to leave the farm. I come from Alberta, and I have a brother who tried to make a go of it on the farm and took a job off the farm in the oil patch to try to pay for his farming habit, I guess. He discovered that he was making so much money in the oil patch that it just didn't make any sense for him to continue on with farming.

It's regrettable that we see more and more of that. We have to find a way to make it attractive to remain on the farm, to make it profitable to remain on the farm, so that young people will stay and will choose to get into the industry.

With that in mind, I would like to throw out a couple of very broad questions at you that I think are thought-provoking. I've been asking a similar question all across the country and I've been getting some pretty common threads in the answer. But it's a question that I think is really helpful for me to really figure out where the future needs to be.

As young farmers, what's the biggest difference that you see in the industry now as compared to when your parents were getting started in farming? What do you think has been the biggest change? I know there are some pretty young faces out there. I don't imagine there's a lot of you who are at the point where you have kids who are at that point of thinking about taking over the farm or not. Looking forward into the future, where do you see agriculture at that point in time? Would you be suggesting to your children that they remain on the farm and try to make a go of it as well?

I know it requires a bit of a look back and a bit of a look into the future, but I'd like to ask each of you to share your thoughts on that with me.

● (0950)

**Mr. Joe Bouchard:** I've done a fair bit of looking back when it comes to that question. My grandfather had 30 cows. I have 300. It's all relative. We have the equipment now to do the work. He worked probably harder than I do right now. It's the same amount of hours, the same stress, the same cashflow issues as it was 40 years ago, but it's just all relative.

It's bigger, but it hasn't changed much. It's just on a different scale now.

That's my view.

**Mr. Kyle Foster:** Looking forward, I'd like to say that I want my kids to farm, but what we have to do is figure out a way to make profitable the smaller farms of before. If we could have a 600-acre farm and make good money—we have those people on the land—that's what we need. Right now we cannot make a 600-acre farm profitable unless we do something about the structure of how we get paid.

**Ms. Katharine Storey:** I think the issues are the same now as they were generations ago. It's competition and market access. The competition pressure is much higher to bear now and there are way fewer farmers to band together. Obviously, the cost of production is huge, but if you can't market what you produce and you have no power in that marketplace, then it doesn't matter what the cost of production is.

**Mr. Drew Baker:** I think the main change has been consolidation. Everywhere in the industry the farms are consolidating, the suppliers and buyers are consolidating. We've lost all of the co-ops. It's getting to the point where if you don't get big, you die, and you can't afford to do it, so a lot of farmers are leaving. In the future I'd like to say that this will stop, but I don't see it stopping. Land prices are going up. We're probably going to lose a lot more farmers.

I don't think I would be telling my kids to farm, and I've only been doing it for five years.

**Mr. Ian Robson:** When we lost the Crow rate, our farms directly lost upwards of \$30 a tonne. That's a big reason why it's sort of challenging for farmers these days. It points to the fact that you, as a person in the legislature, have a direct effect on farm income. You effectively took \$30 a tonne out of my grain income, and nowhere can I account for getting \$30 a tonne back for that action having taken place.

So when you look at requests to increase the caps on, say, cash advance, or the increase in caps on payments through government programs, if you increase that cap, what you're saying is that “We don't really want any more farmers involved in the industry. We're happy with the farmers who are there now and want to continue to expand the size of their operations.” So you have to think very hard about what kinds of caps you want to put into place, and it does come down to a judgment call.

Cash advance was another program that was hard-fought to get. We very nearly lost the cash advance program about 15 years ago. Luckily we were able to keep it. There could be some reason to increase the cap a little bit because of inflation.

Anyway, there's food for thought.

● (0955)

**The Chair:** Thank you.

Just in wrapping up, there seems to have been a fair discussion here—maybe even more today than we've heard in some places—about the size of family farms. I think your positions on family farms are pretty well the same, with maybe the exception of Ian.

My grandfather raised 10 kids on a hundred-acre farm and had a hundred-acre bushlot that he sold a bit of firewood from. He worked a bit off the farm, but basically fed his family from it. My dad raised seven of us and had between 1,500 and 2,000 acres. I raised my three sons on close to 3,000 acres. I don't think there's any correlation between the size of farms and the smaller size of families, but there is that trend there.

But I don't know how you regulate the size of farms. With my operation, over the last five years our sons grew up and started working the farm. My wife and I calved out our 300 cows and kept our 500 backgrounders. We did that ourselves and had a little bit of part-time help with seeding and haying. That's the way it is. I can look back to the days when my dad was just starting out, or when I was a kid, and he had 200 or 300 acres. I can say those were the good old days, but I'm a realist, too, even if I am a sentimentalist. So we have to look at that side of it.

I have a private member's bill that would basically restrict publicly traded companies from having access to the same government programs that you as producers would. I'd like some feedback on that, both negative and positive. It wouldn't exclude a corporate family farm or restrict the size of the family farm—just publicly traded corporations. So I'd like to hear some comments on that.

Kate, you mentioned caps on quotas in the supply management sector. I don't know if you can add to that. I understand that's a concern for the dairy industry. I hear more and more from dairy producers in my riding about how the young guys and women can get into it.

I'd like to hear your comments on that.

**Ms. Katharine Storey:** It's just to address the consolidation concern that a young farmer can't compete. There's a price on quota. When you're buying quota, if a big farmer can take that quota, then the young farmer can't get into the market.

**The Chair:** But is it not up to that industry to regulate it?

**Ms. Katharine Storey:** I'm sure it is, but it's an idea that I think needs to get out there.

It's the same with AgriStability—a cap on the payment. I like your suggestion to not have public money go toward subsidies for public shareholder investment corporations. I think that's a splendid idea.

**The Chair:** Thank you.

Kyle.

**Mr. Kyle Foster:** I agree. I think agriculture corporations have been taking too much money out of that system. It's an investment for them. They're not family farms; they're not working on the land. Anybody can own shares in these mega hog operations, like the doctor in town or the pharmacist.

I'd also like to see something done about farmland, because some of these investors are buying up the farmland and renting it back. They realize that by renting they can make maybe half a percent more than having a term deposit at a credit union, so they're buying up farmland. Farmers—especially young farmers—have made their equity through the increasing value of the land, and now we're losing out on that.

I also don't think we have to limit the size of farms; I just think it would be nice if we could make them profitable.

•(1000)

**The Chair:** Be very brief, and then we're going to shut it down here.

**Mr. Ian Robson:** I appreciate your attempt to.... Once you sit around—as you are here—and observe what's going on, and start to think about it, you'll start coming to some conclusions that are needed. We need to have a discussion on the size of farms.

Nobody intentionally goes out there wanting to farm the whole province. But if nothing happens, that's maybe where we're going. Investment companies are doing that in Ukraine and Brazil. They have been in Australia for years, and they have huge farms in Montana.

So you have a chance: at critical times, the government has a chance to make a difference in life.

**The Chair:** Thanks, Ian.

We have to wrap it up. We have another group of witnesses coming.

There's one last thing I'd like everyone to think about and forward to the committee. There were quite a few questions about the

Competition Bureau—I think Frank had some. The Competition Bureau has been asked a number of times to look into a number of things in agriculture—gas pricing and everything. Do they have the tools and are not enforcing them, or do they need tougher or better tools to look at the competition? We don't have time now, but if you have any comments on that I'd be happy to hear from you.

Thank you very much, all of you, for taking time out of your busy days to be here. It's very important, and I think we had a very good discussion here.

We're going to break for a few minutes while we change witnesses.

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\_\_\_\_\_ (Pause) \_\_\_\_\_

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•(1010)

**The Chair:** We're going to call this second portion of our meeting here today to order. We are studying the future of farming and particularly how we attract and keep young people in it.

I'd just like to thank all of you for being here today.

Coming from an agricultural background, I know how hard it is in good weather, especially in the spring of the year, to take time off. Thanks very much for that.

I'm going to move into presentations, and because we have quite a number, if you could, try to limit your comments to five or seven minutes. I'll be a little flexible, but if you can do that, it'll leave a little more time for questioning.

With that, we're going to start with Luke Lelond.

Thanks, Luke.

**Mr. Luke Lelond (As an Individual):** Good morning, and thank you for the opportunity to speak to you today about the barriers that keep young farmers from starting farming.

My name is Luke Lelond, and I'm a mixed farmer from western Manitoba. We raise cattle and grain. I'm from a very unusual area in this day and age. There are 20 farmers under the age of 35 in our municipality. The thing we all have in common is that we would not be farming today if it were not for our parents.

Unless your parents are willing to mortgage their retirement, it is very hard to find someone willing to lend you, without much collateral, enough money to buy land and equipment and run a farm. The most obvious barrier to anyone wanting to farm is capital. Very few people have the cash to buy a farm, and most can't borrow enough either.

Now, let's say you got the money. You bought some land and started farming. What happens if you had a disaster, as I did? You'd go broke if no one was there to bail you out.

I started farming in 2003. BSE hit. Then the long-term family PMU business I was about to buy into downsized, and I lost my opportunity to get established in a profitable farming venture.

Then, in 2004, with the beautiful wheat crop coming, I, along with all of western Manitoba, was hit with an early August frost. All of my crops were reduced to feed. I sold the wheat and collected crop insurance. It did not pay for the spray and fertilizer bill. Our margin-based safety nets did not work.

While the wealthiest farmers get paid the most, the ones with the least money and collateral get nothing. Why is that? The wealthier the farmer, the better the margin. The newest farmers don't have margins.

With the farming disasters of 2003 and 2004—at least in our area—the farming industry lost a lot of good young farmers. If this panel is looking for real solutions to this problem and not just paying lip service to it, this is an area that needs change. If you truly want young farmers to be in the industry and are going to have safety nets, the programs must be of some value to young farmers.

The programs also need to be administered in a timely fashion. I had an established neighbour who, after losing his farm due to BSE and moving to town for employment, received an AgriStability payment five years too late. Not everyone's banker will wait for five years. This does not help keep farmers in the industry.

Access to markets is very important to our bottom line, as we found out during BSE and now with the Triffid issue. I was reading last night that the field trials could start this year for another GM flax at the University of Alberta. Why must we ram things down the consumer's throat instead of asking them what they want? It is the farmer who pays the price.

Oh yes, and to add insult to injury, neither of the two officials contacted in the university's faculty of agriculture had heard of CDC Triffid or the problems it had caused. These are the people we trust to keep our market safe.

During the last few years of turmoil in the markets, I was very fortunate to have grain locked in at a profitable price with the Canadian Wheat Board. I was guaranteed my money, something that farmers who sold directly to independent buyers were not. If that doesn't seem important, ask the American farmers who had \$7 corn locked in with ethanol plants that went bankrupt.

We hear a lot about the last Wheat Board plebiscite. I did not get a vote in the last one even though I qualified. I was not on the voting list. Although I attempted to get on the list, my ballot came too late to be cast.

Incidentally, I know an older couple who never farmed a day in their life, and they each received a ballot on time. It makes you question the results.

I have stated the problems as I see them. Now I will offer you some solutions as I see them from a young farmer's point of view. I will state them briefly, and I would welcome questions.

First and foremost, a proper safety net program has to be established by an act of Parliament. Without an act of Parliament, the rules change day by day, something we've witnessed for years now.

Second, leave the Wheat Board in the farmers' hands.

Third, when a company releases a product that causes undue hardship to farmers, the company should be held responsible, and the farmer should be compensated.

Fourth, PFRA community pastures are very important to young farmers trying to get into the cattle business. Please continue to support them.

And if you're feeling really generous, maybe you'll reinstate the Crow rate.

• (1015)

Thank you.

**The Chair:** Thanks very much, Luc.

We'll now move to Mr. Fred Tait, for five to seven minutes, please.

**Mr. Fred Tait (As an Individual):** Thank you, Mr. Chairman.

I think the problem we're looking at today is not one of production. It's not one of climate, although there is, from time to time, some variability. The problem is often one of denial. We've invested at least 40 years in going in a direction where the marketplace alone should determine the structure of the agriculture production system and the rural communities of Canada, and that model has failed. Yet it's hard to accept that; there's a denial in place.

In reality, young farmers would be small farmers. My colleague just pointed out the problem of financing. If one were to accumulate 2,000 acres today to make a viable farm, one would be looking at a \$4-million or \$5-million debt load.

We also understand that technology has made the larger production unit possible. While it has done so, the marketplace has adjusted itself in structure to capture all the so-called efficiencies from the application of those technologies. The smaller margins per unit of production means the smaller farms are no longer viable within this structure.

I think we also have to take a critical look at public policy itself. If one were to look at past public accounts of Canada and see how the distribution of public assistance to agriculture was delivered, one would see even in this community where, with generosity, we delivered over \$1,400 a day of federal assistance, on a 365-day basis, to one unit. One would wonder that this did not have the effect of consolidating that unit into a larger and more "viable" operation.

We also might want to look at what the Farm Credit Corporation has done in encouraging this type of concentration, particularly the part it played in the concentration of the structure of the Canadian hog industry, which drove most of the farmers out of that.

We have created a situation today that I call "technology dependency". I marvel at the sophistication and education of the current large farmers, but I have also become very nervous about their reliance on that technology.

Whether we have reached peak oil now, or we reach it in the future, when we reach that point, technology based on fossil fuels will not be readily available. We'll rely on another system of agriculture that we have systematically removed and destroyed. The current model, then, is really not a sustainable model for much longer into the future.

I also think the committee members have to look at the declining share of the consumer dollar that comes to the farmer producer. In 1970, the beef producer would earn about 65% of the consumer's dollar. In 2008, according to information released by Charles Gracey, we'd be getting 40% or less. He also pointed out that the retailers today are capturing 50% of the value of beef.

We have to wonder why that would be so. Is it because the retail industry in its concentrated form has become large, bureaucratic, inefficient, and requires a larger share, or they're exercising market power through monopolist structures?

We have to ask ourselves what can be done. We certainly have to look at the issue of food sovereignty from the point of a country—public policy in agriculture versus market forces policy in the marketplace. We have to look at establishing, as much as possible, local food systems, and we also have to look at retaining producer ownership in the marketplace as long as possible within that marketplace.

We have to look at changing the model in which our agricultural faculties at universities now function. We need to do a parallel in education, in what I would call low-input agriculture. We need to educate people that there is an option rather than an expensive, low-margin system of agriculture; also, to create the tools we will need as a society if my theory of peak oil and our current system of production not being sustainable comes to pass.

● (1020)

We have to deal at length with the weakness of our competition and anti-competition laws. They have proven to be totally inadequate in that they have allowed the concentration that has taken place. If one believes in a marketplace, a marketplace can only function if there are a number of competitors in that. As the number of competitors in the marketplace, in agriculture, both on the supply side and the market side, has decreased, the producer's share of the consumer's dollar has also appropriately declined.

We have to deal at some length, I believe, with this whole issue of land transfer, intergenerational transfers of land. Farm debt today sits at \$61 billion. Farm debt today, based on market returns, is not sustainable. We have created a situation in land pricing and land ownership very similar to the U.S. housing market.

Land is being purchased on the theory that inflation will continue and I will gain 50% equity in my purchase through inflation over a decade. That theory can only go so far, because if one looks at the real return from the marketplace, in earnings, one would find that this earning has been less than \$2 per acre per year for the last 20 years. That type of a return does not support \$2,000-per-acre land.

We must also look at this generational transfer of land, at who it benefits and who it harms. It is not in my interest to indebt the population that occupies the land behind me. What I would like to see is a system basically similar to a reverse mortgage, where upon retirement, I need an income, but I don't need a tax problem. The incoming farmer need not pay interest to a bank. I need a monthly payment that supplies me with an income in my retirement, and upon my demise, my estate could then continue receiving those payments and avoid altogether the possibilities of adding to the \$61-billion debt.

I would also think that this committee should look at—this is my final point, Mr. Chairman—this whole theory that our success in agriculture is dependent on our capacity to increase exports. If one is going to be the successful exporter, then one has to be the lowest-cost supplier into that export market.

From this geographic location, from this climate, I can never be that. Those are the natural rules.

Thank you for your time.

**The Chair:** Thanks, Fred.

Could you just clarify something for me before we move on? You made a comment there about \$2 per acre for the last 20 years.

**Mr. Fred Tait:** Mr. Chairman, if you take away public support to agriculture and use the market returns that were earned from the marketplace itself, you'll come up with an actual figure that will be, actually, about \$1.45 per acre. I was generous.

**The Chair:** Okay. I just wanted to clarify that.

Next we have Beverly Stow, for five to seven minutes, please.

● (1025)

**Mrs. Beverly Stow (As an Individual):** My name is Beverly Stow. My husband, Reg, and I farm at Graysville, on the western edge of Manitoba's Red River Valley. We also still have my home farm at Snowflake, which is in its 131st year of being part of our family.

I wish to thank the committee for hearing our thoughts on the challenges and issues. I will carry on with what I think mostly are challenges.

Oddly enough, it appears that the previous policies of the body now seeking these solutions are, in many ways, responsible for the problem we are attempting to address. Diligent implementation of the royal commission report from the late sixties, which concluded that Canada had too many farmers, coupled with an extremely aggressive—mostly foreign—corporate lobby bound and bent on owning the business of food have gone a long way in producing the current situation.

While there has been decline in all age groups among farmers, the sharpest and most critical decline has been in the group we're talking about today. In Manitoba alone, it has fallen from 7,190 in 1991 to 2,815 in 2006. Looking at other numbers for the same period, an NFU research study reveals that over the past 20 years, adjusted for inflation, farmers have generated \$389 per year per acre and have been allowed to keep \$1.45 in the same period. Again, over roughly the same timeframe, farmers have tripled their exports but have seen their incomes halved and farm debt skyrocket to the \$60 billion range. Disturbingly, these numbers coincide roughly with the period that the FTA and NAFTA have been in force.

Much of the physical, economic, and regulatory infrastructure that sustained Canadian farmers in the period from the twenties to the early nineties is rapidly being eroded, or has already gone. What has replaced it has been an unrelenting downloading of costs onto the producer, with little or no corresponding increase in farm prices.

In the past 12 years, over 3,000 miles of rail have been pulled up in the west, with Canada possibly being the only country in the world moving in this direction. The Crow rate has been lost, and there has been no implementation of joint running rights to ensure a measure of competition. Moreover, there have been persistent attacks on the Canadian Wheat Board, and there is now reason for grave concern about supply management.

Implementation of plant breeders' rights increasingly places at risk farmers' thousands of years' old right to save seed and maintain some measure of control over costs, which is further exacerbated by cutbacks in public plant breeding and the voracious foreign corporate appetite for patents and patent enforcement.

Enormous caps on business risk management programs encourage large farms to grow larger and vastly reduce the opportunity for a young farmer to acquire land. Large caps cause one to wonder, if these large units are working so well, why do they require such infusions from the public purse?

In the marketplace, large farms are given discounts on inputs and premiums on deliveries for which small farmers do not qualify, creating the ludicrous situation of the small farmer paying for the benefits of the large operations.

Together Reg and I have been farming for 47 years. For Reg it will be well over 50 years. Never have we seen the market concentration now faced by farmers. Single companies now own entire supply chains, from the farm gate to the grocery store; and while they are at it, they will sell you your farm inputs, too, in a 21st century version of owing your soul to the company store.

Successive rationalizations have seen exponential increases in the distances farmers must travel to market their product. The two large beef packers remaining in western Canada now pretty much control price through captive supply and unpriced contracts, and they also determine the location of auction marts through distribution of their buyers. For us it's an hour and a half one way to get our cattle to market.

• (1030)

In a region where rail is far and away the most efficient, economical, and environmentally responsible mode for moving large volumes of heavy goods over long distances, farmers are now forced to wheelbarrow their grain to and fro, over roads designed for light vehicles, to whichever company is offering a penny or two more at the time. This, even, is an increasingly rare event, since the few remaining companies—through their periodic rationalizations—have carved out territories among themselves to eliminate any meaningful competition.

This concentration has been achieved through intense corporate lobbying of politicians, the public bureaucracy, and the regulatory system, the most notable of which, the Competition Bureau, seems to have become a rubber stamp for the corporate wish list. Unfortunately, a weak and divided farm lobby is ineffective in the

face of a well-paid corporate lobbyist determined to have his way and officials who are equally determined to give it to him.

The entire issue of policy changes appears to have another twist, in that issues that will affect a farmer's livelihood are always addressed when the farm population is seeding, or harvesting, or something else.

Young people, even those who have dreamed all their lives of farming, are finding it increasingly difficult to justify a move to an industry that offers so little prospect of a secure living.

The Easter report, undertaken by the Martin government in 2004-05, addressed many of these issues and suggested plausible solutions. In the intervening years, the situation has become considerably more critical. Dusting that report off, updating it, and implementing its proposals would go a long way to solving the problems before us.

I would close by stressing that the issue at hand is not merely one of disappearing farmers, but goes to national food safety and security, and the dangers of trusting control of Canada's food supply largely to the eager hands of the foreign transnationals. I strongly doubt that when the British government repealed the Corn Laws in 1846, thereby decimating their farmers in favour of manufacturers and commodity traders, they had any idea that early in the following century, their island's supply routes would be blockaded and their citizens threatened with starvation.

Carelessness with farmers and the food supply inevitably ends badly.

**The Chair:** Thank you, Beverly.

Larry Black, for five to seven minutes, please.

**Mr. Larry Black (As an Individual):** Thank you, Mr. Chairman.

I'm Larry Black from Deloraine, Manitoba. This spring my wife and I will sow our 33rd crop. I'm very passionate about this particular subject. I've seen a lot of my neighbours leave the industry, and I've seen the negative effects on our rural communities.

I'd like to start by saying that asking what we can do to entice more young people to consider farming is much too narrow a focus. The real problem is declining net farm income. The farm crisis is 25 years old, and the disinterest of our young people is just a symptom of the much bigger problem. I'm afraid that if we focus on the symptom, then the solution will be a temporary band-aid at best. If we fix the problem and put profitability back into farming, the symptoms, such as young people not being interested, mounting farm debt, rural community decline, and stress on farm families, will look after themselves. When there's no longer a need for a farm and rural stress line, then we can finally put this issue to bed.

Lots of young people still want to farm. We need to have an economically viable climate to make that possible. Capital investment is astronomical. Potential returns seldom meet expectations. The stress level plus debt level plus workload equal no quality of life. In this current economic climate, I would not recommend a young person enter this industry.

Let's examine what's happening in agriculture today. Pork producers are losing money, and there are programs in place to help them exit the industry. Beef producers have been losing money ever since BSE in 2003. The business risk management programs are wholly inadequate to support these industries. Grain producers are always at a break-even price or worse. Programs for this industry are also inadequate. Lyle Vanclief stated that the next business risk management programs were going to take agriculture beyond crisis management. In my opinion, they are even more inadequate than before.

Supply-managed commodities are faring much better than any of their counterparts are. So what went wrong, and how do we fix it? I would describe the problem as a failure of farm policy to maintain a favourable economic climate to support primary producers. The companies that farmers do business with, on both the purchasing side and the marketing side, which are very often the same companies, have amalgamated to the point where there's no real competition left in the marketplace. The Competition Bureau hasn't been doing their job. There has been lots of mention of the Competition Bureau today, and I guess I'll carry on with that.

A business graduate may have started a career with the bureau, completed a 30-year career, turned in his rubber stamp, and not had to say no to a merger the whole time he worked there. How important is market power when we're looking at solutions here? I mentioned supply management earlier. I consider this to be the premier marketing structure. We control imports through tariffs, although in the dairy industry we still do allow 5%, and I know the feather industry's import allowances are considerably higher than that.

We control production with quotas. We set our price using an agreed-upon formula, including the cost of production component. This system doesn't rely on government subsidies. The revenue comes from the marketplace, where it should come from. All sectors of the value chain are getting a fair return, and the consumer gets a quality product at an affordable price.

Supply management has allowed me to put the next generation on our farm. This system balances the market power. Another example of a marketing agency is the Wheat Board, and the benefit of this

institution is the single-desk selling which reduces competition on the selling side. The price pooling gets you the same price regardless of the time of year you market. This is really important, because in the fall when so many bills are due, the grain price is typically at its lowest.

The Wheat Board is a strong advocate for farmers, taking on issues such as poor transportation service from the railways and battling against the introduction of Roundup Ready wheat when so many of our customers are saying no to this product. The Wheat Board can provide customers with a consistent quality to suit their individual needs, and a majority of farmers support this agency, as evidenced by the number of directors who are Wheat Board supporters.

One of the next points I have here has to do with the World Trade Organization and those negotiations. This is not really about fair trade. It's about further advantaging our multinationals and writing in stone their ability to make even more profit at the expense of everyone else, especially farmers. We have made-in-Canada expenses, and we need made-in-Canada policies to help us realize an adequate return from the marketplace.

● (1035)

If you go to Geneva and you sign away your ability to do this, how will you manage the problems we experience here? Farmers are expected to pay 2010 bills with 1972 income.

I have a copy of a report here called *Empowering Canadian Farmers in the Marketplace*, and I see the author is with us today, which I'm happy to see. Six years ago Wayne Easter interviewed 450 producers and farm leaders, in a process not unlike the one we have here today. I suspect the dust on that copy in Ottawa is even more than what I just blew off of mine. I have to say it makes me wonder where the report on today's proceedings is going to end up.

I think this report captures the very essence of where the real problems in this industry are. Some of the issues that this document identifies are the following. There's a need to balance the market power between farmers and agri-business, and that's all throughout this document, it's front and centre. It mentions the farm debt situation, and the statistics in there say that in 1994 we had \$23.5 billion, and in 2004 we had \$48.9 billion, which is more than doubling in 10 years. In 2010, we're now exceeding \$60 billion. This is a time bomb, probably of equal proportions to the young farmer issue.

This report acknowledges the small share of the retail price that the farmer receives and stresses the need to publicize this point whenever possible. That's something that our Keystone Agricultural Producers have taken upon themselves to do, and I think it needs to be done at a far greater level. It also supports and acknowledges the benefits that the Wheat Board brings to farmers. For some reason, our government of the day is intent upon dismantling this institution, when this government document—and I mean this document—cites independent research and praises the advantages of the institution. At a time when farmers need to pull together for strength, Minister Ritz is dividing them. There are plenty of options to assist farmers, that all farmers could agree upon, and regardless of what side of the Wheat Board debate you're on, as a farmer, the main concern to me is how the government can stomp on our democratic rights and take away our own choice.

**I would like to quote a recommendation out of this report—to talk about the Competition Bureau again—that says:**

Restructure the Competition Bureau, instructing it to review the impact of current and proposed consolidations from the perspective of how they will affect the primary producer.

Now, why would this need to be reconstructed? Isn't that exactly what they were supposed to do in the first place? I would like to request that the committee share with us later—I know that has been done at a small scale here this morning—what exactly the Competition Bureau's mandate is currently. And I'd like to add to that: what did it used to be? Was there a change in that process? I'm really curious about that.

It's important that you understand I'm not just slamming the Conservatives here for some of their actions. The Liberals have spent more time at the helm in the last 25 years than the Conservatives, and I don't think their farm policies were all that much more friendly to us either.

I'm going to switch pages now to talk about solutions.

● (1040)

**The Chair:** Very quickly, Larry.

**Mr. Larry Black:** Okay, thank you; sorry.

I think we first need to consult the farm organizations and then develop a vision for agriculture and make sure that vision is public and transparent. Measure all future policies against that vision. Does this new policy take us closer or further away? Then I would enact policy that puts farmer interest ahead of the corporate interest.

There are a lot of other recommendations in the Wayne Easter report, which I think are very viable. It's going to take courage and resolve to see this through. The longer you wait before you take a bull by the horns, the more expensive the solutions become. The last thing we need is a half-hearted, symptom-based solution like loan guarantees and any number of underfunded programs that we've become used to. Tackle the real problem of low net returns to farmers and the symptoms like declining young farmer numbers will look after themselves.

Thank you.

**The Chair:** Thank you.

I hear you're from Deloraine. I'll get you to say hi to my good friend Vern Gilson down there.

**Mr. Larry Black:** I know Vern.

**The Chair:** I haven't seen Vern in years.

Ian Wishart from Keystone Agricultural Producers, you have five to seven minutes, please.

**Mr. Ian Wishart (President, Keystone Agricultural Producers):** Thank you very much, Mr. Chairman.

It's obvious I'm not a young farmer. We had every intention of having a young farmer here today to do this presentation, but he wouldn't leave his air seeder, which is probably the right thing for him to do.

You've already heard from at least one of our young farmers earlier today. Kyle Foster is involved in our organization as well. We do have a very strong and active young farmers group within our organization, and we strive to include them in all our policy development. In fact our current executive of 12 includes four young farmers. So we're certainly very engaged with them.

Our biggest concern, I guess, is the decline in the farming population in general, but particularly the sharp decline in young farmers. We need to get more young people involved within the sector in whatever way. Sometimes it's going to be with existing farm operations and traditional farm styles or new ones entirely.

One of the barriers that the sector faces to new entrants—and not just young farmers from existing farms, but bringing people in from the outside—is the very negative image and very negative message that we continue to get of agriculture. We as farm organizations have been attempting to be more proactive in recognizing our success stories and getting those back in view of the public.

There are clearly some problems of limitation and equity issues. The cost of getting into agriculture is quite large. Even the programs we do have—and we do have several here in Manitoba through Manitoba Ag Services—have very severe limitations on the equity situation, which makes them difficult to use.

In the area of business risk management, there are certainly problems. Some of them have been mentioned, such as the lack of initial margin in AgriStability. The same thing applies for crop insurance coverage for young farmers and new entrants. It also applies to AgriInvest. You simply do not have the numbers to start. These are the most vulnerable entrants to the sector and we give them the least amount of protection. Clearly we have our policies mixed up on that one.

We need some programs to be in place, and we are going to suggest some here. We've been working with our young farmers group and we have roughed out a program. Basically they fall into three areas: addressing leadership and skills development, providing some mentorship opportunities that draw on the experience that is in the industry, and of course allowing some access to capital.

One of the big changes, though, and it's been referenced all the way through, is the profitability in the sector. We have seen a significant shift in the value chains and that has led to a serious lack of profitability. Even your own farm income numbers, which just came out this week, are actually going to back up that statement in a sizeable way.

So there's a significant drop in farm income, which is going to be a crisis in the next year that's just emerging. It is even more evident in the value-added sectors where the income has dropped even more sharply. So clearly we have shifted this.

The farmer's share has been referenced by Mr. Black. A document that we have been tracking for some time has shown a continued decline in the farmer's share of the consumer dollar. That is really the basis of the problem: no matter how efficient we've become as farmers, someone else in the sector has been taking that. We have actually been subsidizing inefficiency in the value-chain sector. It's something we clearly can't afford to do in the future.

Now, getting back to our concept paper, which we don't have completed.... We're in the development stage, so I'll give you some of the points. We named it "AgriStart", to fit it in the current models that are used, the lexicon of the day.

In the area of leadership and skills development, we think we should start with a grant program with a limit of about \$10,000 per person during the first three years. It will help people get properly trained to provide the necessary skills these days to run a large farm. It will be aimed at increasing access to planning tools and resources whether they include financial planning, business planning, marketing, or whatever.

It will offer participation in leadership training because I think we're going to need leaders in the future in the farm community and these are where they'll have to come from. It will also offer participation in an applied mentorship program. We'll talk a little bit about that shortly. And there will be increased participation in farm organizations because we have to have a strong voice in the future.

In the area of internship or mentorship programs, we will have on-farm training for interested individuals and hands-on training in production and management. The employer would get a tax incentive based on the number of hours mentoring, and the employee would be paid a percentage by the producer that would be supplemented by a leadership development program.

• (1045)

So it would be the same as in other sectors. We'd divide the cost of having a new person in the workplace, they would get some education, and the owner of the operation would get some benefits as well.

For non-agricultural recipients—those without current agricultural background, or the non-farm people—the applied program would be required for any further loans or whatever under other programs. Mentorship farms would have to be approved for each commodity, and that would be done by commodity organizations at the provincial level. An example would be dairy farmers.

We're also putting forward a concept we call the "AgriFoundation". AgriStart funding would be available at low interest rates,

maybe even down to zero. The source of that funding could be from companies like Farm Credit, or we could set up a mutual pool of retiring farmers who want to invest in that—maybe not so direct. There might be a need for some guarantees in that area.

Non-agricultural recipients would be required to go through an applied internship/mentorship program so we would know they got the experience. We would also have funding incentives for alternate energy and green technology users. Frankly, we're finding it very difficult to get new farmers, young farmers, or even existing farmers to apply some of those new greener technologies, particularly in alternate energy. Maybe we'll have to import them from elsewhere to get at least the initial one started.

That's our concept paper, and I'd be happy to answer any questions.

**The Chair:** Thank you very much, Ian.

Now we have Mr. Ted Eastley and Ms. Gwen Donohoe from the Manitoba Rural Adaptation Council.

I understand, Ms. Donohoe, you're going to speak, so you have five to seven minutes, please.

Thank you.

**Miss Gwen Donohoe (Youth Director, Manitoba Rural Adaptation Council):** Thank you.

Good morning, committee members, committee staff, and members of the audience.

I am Gwen Donohoe. I am the youth director of the Manitoba Rural Adaptation Council. To my right is Ted Eastley, who is our executive director.

As well as being the youth director of the Manitoba Rural Adaptation Council, also known as MRAC, I am a young producer and I am in the process of completing a master of science degree at the University of Manitoba. I own and manage a herd of commercial beef cows and participate in the management and daily operation of my family's mixed farm, which is a 300-head commercial cow-calf operation as well as grain and oilseed crops. We are located near Le Pas, Manitoba, which is 600 kilometres northwest of Winnipeg. This is where I am also the vice-chair of my local conservation district.

It is very encouraging for young producers like me to know that you are interested in hearing what I have to say about the future of young farmers and the agriculture industry in Canada. Today I am here to tell you how you can help me provide a future for the Canadian agri-food industry, because I believe the solution lies here, with the young producers in this room. We are the solutions you seek. We just need the support and opportunity to provide them.

The MRAC human resource and infrastructure committee, chaired by a young producer named Colin Hudon, has recognized the need to find these solutions, to find a way to attract and retain young farmers. This has resulted in the development of the vibrant rural communities project, a young producer-led initiative with the goal of identifying problems and solutions for rural agricultural production and community succession planning, as young producers see it.

The discussion paper delivered in our brief was also developed by the committee as a means of encouraging discussion with the objective of offering you some solutions. And this is what I am going to be discussing today.

Meetings like this one will be one of the first steps to help us provide these solutions for agriculture, which is to share information. But we need to ensure that this process does not stop here. As young producers, we need to have more opportunities to share our ideas and solutions with you because we do have different ideas, not only different from yours, but different from the senior members in our own industry. And we have our own vision for what the future of agriculture will look like.

We also need, as an industry, to share more information with our consumers and with Canadian society, something that we may have been lacking. We need to provide information so they can make decisions to purchase healthy, safe, and environmentally sustainable food, with what we like to refer to as consumer confidence.

These actions are necessary to promote the farming industry and profession as positive, important, and successful. I am tired of being told that I am too smart or too educated to return to my family farm and that I am stupid to return to the farm. Considering the important public goods and services that I provide to all of you every day, you should be encouraging me to return.

Sharing information can also be used to start removing the current intergovernmental and interprovincial barriers to change that exist right now. There needs to be a breaking down of silos when it comes to agriculture issues. Agriculture is not just about farming, it is about rural communities, transportation, food safety, healthy living, economic development, and the environment. These are top issues for all Canadians, and agriculture and young producers can provide solutions for all of them.

Government departments and provinces need to recognize this interconnectedness and we need to work together in order to allow us to develop a financially stable industry and maintain vibrant rural communities.

Young producers need to have the skills and support to provide these solutions through programs to develop leadership skills, to build confidence in ourselves and our industry, and to provide mentorship, which is all accessible at the farm gate. We may have the solutions, but we do need government support to help us develop into leaders and solution-providers.

These actions have been identified in the rural communities discussion document. Other actions that we have identified include programs to encourage diversification and value-added activities in rural communities and to help us identify areas of rural opportunities that are non-agriculture related, such as tourism or telecommunications, environmental industries, and value-added processing.

We do need financial support, but we need a different form of support, a support system that will provide us with access to capital and short-term credit, and a system that will recognize the importance of agriculture to maintaining a healthy environment, one that supports the agriculture activities that are already in process that are providing everybody with clean water, clean air, and maintaining ecosystem function. This financial support needs to encourage risky ventures with risk mitigation instead of the status quo, risk-aversion approach.

● (1050)

These solutions need to be delivered in a timely, transparent, efficient, and effective manner, free of bureaucracy and political agendas, to ensure our long-term stability. These delivery agencies already exist in the form of non-profit, arm's-length agencies, such as MRAC and Manitoba's conservation districts program. We need to take advantage of them. These programs can turn national funding into a regional reality.

This is my favourite quote from the discussion document:

The entrepreneurial rural person does not want to be looking for regular support for a maintained level of existence. They wish to be provided the tools and overall support and faith that they can have ownership in creating their own destiny rather than having someone hovering over them (the "helicopter generation") to protect them from making mistakes.

In other words, give us responsibility and teach us to lead, and we will deliver.

We believe these tools are some of the actions the human resource and infrastructure task force committee has identified. We believe they are necessary so that young producers can provide the solutions to improve the profitability of farming and so that young producers can stay on the farm.

I hope we can continue this process of sharing information, and I hope we can establish some action items that are reasonable, timely, measurable, and accountable to ensure the future survival and growth of primary agriculture and rural communities.

Thank you.

● (1055)

**The Chair:** Gwen, you made the comment that you were sick and tired of being told not to return to the farm. By whom?

**Miss Gwen Donohoe:** I was told by members of my family, the community, and the education community.

They encourage us to move on to regular paying jobs.

**The Chair:** Thank you. I just wanted to clarify that.

We'll now move into questions.

Mr. Valeriotte, you have five minutes.

**Mr. Francis Valeriote:** First of all, I want to thank you all for taking time out of your schedules to inform us. What's important is that what we learn from you is turned into policy and law and that this is not just an exercise in public relations on the part of politicians to give the impression that they're listening, when they're not going to do something about it.

Gwen, we've heard the same from many people: young farmers are discouraged by their parents from getting into farming. I have heard some compelling statements over the last week.

I come from a corporate background, but I am now convinced that we're living in denial if we don't think these programs are designed to ultimately force some form of consolidation into bigger and bigger monopolies. We're heading in that direction to the point where rural Canada, as was said the other day, is going to becoming a ghost town. We have to change it, as Fred has said, from the ground up and not just deal with the symptoms.

The Competition Act is designed to prohibit companies from collaborating and setting prices. It's not designed to keep monopolization in the sector. It's not like in the United States.

I'm wondering if you would say, those of you who are willing to speak, that the big corporations, the processors, and the grocers are controlling the amount of revenue getting down to the actual producers. Are you of the opinion that it's at the point where the Competition Act needs to be amended to break up these monopolies and break up these two or three larger corporations that are controlling this?

Would anyone like to comment on that?

I see Ian and Fred...all of you.

Okay, go ahead.

**Mr. Ian Wishart:** Thank you very much.

We actually had some direct experience with the Competition Bureau. Three years ago, we had Pricewaterhouse do a study on competition in fertilizer pricing, back and forth, between Manitoba prices and North Dakota prices. We found a 60% difference, which was in the wrong direction, obviously.

It was a very credible study. We farmed it out to a large consulting firm to make sure that there were no questions about it. We tried to get the Competition Bureau interested in this. They basically told us that the only way they would get involved would be if we could find someone on the inside who was prepared to testify that there was collusion. We provided them with lots of external information. We continued to monitor those prices, and they have come together better, simply because of the publicity that these types of programs develop. But they were not prepared to take action unless we basically did it all for them, handed it to them, and said, "Okay, here you go."

**Mr. Francis Valeriote:** Right.

Can we move over to Fred?

**Mr. Fred Tait:** I too have had some experience dealing with the Competition Bureau. One experience was in regard to the consolidation in the hog slaughter industry. At the time, the Competition Bureau in its wisdom found that of course there was

competition in Manitoba because we could deliver our hogs to Sioux Falls, South Dakota, which is only 800 or so miles away. That was their version of competition in that case. I've also had some exposure to consolidations in the grain industry, and I've watched the rulings there.

When one looks at the Competition Bureau, one shouldn't look at it in isolation. When one hears rhetoric coming out from time to time that they're going to remove the restrictions on foreign investment, that means concentration; they're removing the barriers on concentration of ownership.

We also have to be very sensitive to the capacity of people in the farm community to criticize what's taken place, because in so doing, you're criticizing the entity that may be supplying you with your trade credit and your imports, and the entity that you may be, in the end, delivering your product to.

This situation should not exist. This is a very unhealthy situation.

As it's functioning today, it's there for name only.

● (1100)

**Mr. Larry Black:** Thank you, Mr. Chairman.

The example I think of when I think about the competition is the post-BSE, roughly \$2-a-hundredweight, feeder cattle program announced some time ago; I think it was probably three or four years after BSE. Within a day or two after that program was announced, the price at the auction mart was down by the equivalent amount.

Now, if that's not a staggering statistic, I don't know what is. That's an example of competition at its finest.

**The Chair:** Does somebody else want to comment?

Luke.

**Mr. Luke Lelond:** I find it really hard to fathom how I can take a steer to a local abattoir who charges me \$440 to process it. I take it out and I sell it to people at a 30% or 40% discount and end up with more money in my pocket. It's just....

That should be the most inefficient way of doing it. They kill them for \$150 out west. Like, where does all this money go? And then they sell it at the actual retail price, not at a 40% discount.

**Mrs. Beverly Stow:** If you look at a map of the composition of one of the two major packing companies left in western Canada, you find there's ownership of just about every conceivable sort of company by the same family, right down to the auction marts. I don't know how far they go toward the grocery stores on the other side, but there are a number of auction marts on this company's list of ownership.

The other thing I was going to mention was that someone stated that the Competition Bureau's purpose was to see that there was no price collusion. Well, wasn't there an episode a year or two ago about them investigating the amount of seaweed in Lululemon T-shirts? How does that fit?

**The Chair:** Thank you.

Mr. Bellavance, for five minutes.

[Translation]

**Mr. André Bellavance:** Ms. Donohoe, for me, what you said is deeply troubling and shocking. It is normal for your family and those close to you to say that it is difficult to farm these days and that, given your education, you could go into something else. You often hear that kind of discussion in families. But I am astounded when you say that educators and others in the community are urging you do something other than farming. It is one of the noblest of occupations. Farmers feed the world. There is nothing complicated about it: food, clothing and shelter are basic human needs.

As a country, a society or a community, we can decide that our food will come from elsewhere. That is a choice the society makes. But those who make that choice may well find themselves in a situation where some food items are in short supply or where prices are fluctuating wildly. Supply management will no longer exist. People will no longer be able to buy milk from New Zealand or the United States for their children because the Chicago Exchange has caused the price to fluctuate. Then they will come running to you, telling you what they need and saying that farming may have been a good choice after all.

Personally, I think it takes courage, after receiving an education, to decide to go into farming in the current context and with all its pitfalls. I am grateful that you have made that decision. All the young people we have heard from have told us that it is not easy. Some have decided to get out. Others have told us that they will leave if things do not get better in two, three, four or five years. This is a message that, as parliamentarians, we have to hear. We also have to make the government open its eyes, wake up. In a way, that is what we are doing in these sessions. Bureaucracy does not move quickly, it is true, but we are trying to push it along. Progress is never as quick as we would like, but we have managed to do some things, I must say. Programs have been established, thanks to you who come to testify. It is important for you to keep up the struggle. I just wanted to tell you that.

In one part of the very interesting document that you have provided to us, the part called “Call to Action”, your organization—which I am not familiar with, because, as you have no doubt gathered, I am from Quebec—suggests the following:

6. Financial support to encourage, explore and nurture risky ventures with a risk mitigation approach versus a risk reduction or aversion approach.

Could you give us some details on what you mean by that and explain to us the distinction between a risk mitigation approach and a risk reduction or aversion approach?

● (1105)

[English]

**Miss Gwen Donohoe:** If it's okay, I think I'll ask my colleague Ted to take this question.

**Mr. Ted Eastley (Executive Director, Manitoba Rural Adaptation Council Inc. (MRAC)):** Okay, put me on the spot, Gwen.

**Voices:** Oh, oh!

**Mr. Ted Eastley:** Our organization receives funding from the federal government. We sponsor a lot of development of new and innovative ideas that do push the envelope and encourage risk but in a manageable way. I think our organization and our directors and our

vibrant rural communities speak from the need to have risk mitigation in place without it acting as a barrier. Let these young people be risk-takers and provide some options and discussions as to how they can maybe avoid some catastrophes, but at the same time, so many of the programs we see implemented are very much averse to taking risks. We need to encourage the fact that new and innovative ideas are going to come from our youth, and from some of our experienced people, too. I don't want to discredit my generation in that ability, but I think we really need to encourage more opportunities for risk-taking and provide a parachute when they're less than successful. We're not always looking for complete success; we are just providing that opportunity.

That's where we're coming from.

**The Chair:** Okay, thank you.

Mr. Atamanenko, for five minutes.

**Mr. Alex Atamanenko:** I'll just echo my colleagues and say thank you very much for taking the time to be here.

I have a very quick question for you, Fred, before I move on. You mentioned low input, that we should be going toward low input. I know that when my cousin and her husband, for example, who are large-scale farmers farming north of Saskatoon, went organic, they saved \$120,000 in the first year in chemicals. But not everybody is organic. Not everybody wants to go that way. I'm wondering what you mean and how you can see moving into getting even less input in conventional farming.

I'll pose my second question to Luke, and maybe others would like to comment. You mentioned the catastrophe in the flax industry because of GM Triffid flax. You are probably aware of Bill C-474, my private member's bill, which looks at assessing the economic risk to farmers before introducing alfalfa and GM wheat. There has been some pushback and criticism that the bill might stifle innovation and that it's not science-based, so I would appreciate hearing your comments and concerns, and maybe suggestions from all of you on that, because we want to make it work.

Maybe, Fred, just give a quick answer and then we will move on to the other topic.

● (1110)

**Mr. Fred Tait:** When I spoke about low-input agriculture, I was thinking of some of the very interesting work done by Martin Entz at the University of Manitoba, who has been looking at doing this through capturing nitrogen from the atmosphere, and so on. The results have shown a return as good as, if not better than, conventional farming. This type of farming also releases the farmer from being dependent on the input supplier.

Unfortunately, given the skill level required, there is a steep learning curve involved. This is usually done through peer mentoring.

I think as a society we should be investing more money in doing this through the official education process, including for the added value of protecting society before the point where we pass peak oil.

**Mr. Alex Atamanenko:** Thank you.

Luke.

**Mr. Luke Lelond:** First of all, I would like to say that math is a science, and when you are looking at all of the science of this, you should look at the math too. Research doesn't help us if it destroys our markets; we're better off without research if we can't sell our product. We have not been very successful in forcing these markets to take our product. In any dispute we've had, I haven't ever seen that being really successful.

**Mr. Alex Atamanenko:** Thank you.

Are there any other comments?

**Mr. Larry Black:** I would like to comment on that as well.

I failed to mention in my earlier presentation that I am an organic producer and that the introduction of some GMO canola products eliminated my ability to grow organic canola because of the gene transfers through the air or whatever methods are used. The certification agency can no longer guarantee that I won't have contamination of my fields, so they won't allow me to grow it.

I was told by a foreign specialist that if GM alfalfa were introduced, the wind would take that pollen 10 miles. How can anybody reasonably expect to be able to contain that sort of new technology within 10 miles? It will destroy the organic industry, because all aspects of the organic industry use alfalfa, either as a product to sell or as a soil builder. For me, my dairy is also organic, so I won't be able to feed that to my cows. It will just destroy the whole organic industry, and for what? It will be something else for Monsanto to put in their pocket.

So I think it's critical that we consider farmers first, including in other policies going forward. That's going to be the way we turn this ship around, by revamping our priorities. Instead of looking after what big business wants first and then if anything is left over, farmers can have it, I think we need to turn that around and put farmers' priorities first.

Thank you.

**The Chair:** There are 30 seconds left.

Go ahead.

**Mrs. Beverly Stow:** I was just going to congratulate Mr. Atamanenko on his bill. I was very glad to see it drafted, very glad to see it presented, and extremely relieved to see it pass second reading. I hope it survives committee.

I think it will be a great step forward for producers if we can get that inserted into the seed regulatory system.

**The Chair:** Thank you very much.

We'll now move on to Mr. Richards for five minutes.

**Mr. Blake Richards:** Thank you.

I want to really quickly start out by touching on something. I think there seems to be a bit of a misconception that I'm hearing today on our government's position on the Canadian Wheat Board.

I want to make it very clear that our position is to allow western Canadian farmers—wheat and barley farmers—marketing choice: nothing more, nothing less. That means that if a farmer chooses to sell their products to the Canadian Wheat Board, we support that. If that means that a farmer chooses to sell their products another way, on their own, marketing their own product, we support that. So it's the choice for farmers that's important.

It fits into an overall theme that I think is very important in terms of the future of farming and is very important in terms of attracting young farmers to the industry. I think the farming of today is very different for folks like Gwen, and for folks like Luke, who are getting started in farming. It's very different today, modern farming, than it was in their parents' generation or in their grandparents' generation.

We've heard it a lot as we've travelled across the country. It seems to be that farming—rightfully so—is moving more to where it's not as simple as just working hard, putting in that crop, and you'll make a profit. To make sure there's profitability in farming now, it needs to be run like a business.

I think most young farmers are recognizing that and that's how they want to approach their farming. They want to run it like a business. They're educated people. They're smart people. They are some of our brightest young people and they want to run their farms like a business.

So they want to be able to have that choice to market their products. They have those options with the Internet, with all the connections that can be made nowadays—not only all over Canada and all over North America but all over the world. Farmers want to have those markets open up to them. That's whether it be the work that our government has done to open up market access all across the world for various agricultural products, whether it be through free trade agreements that we're working on, whether it be the opportunity to have a choice in how they market their products through things like marketing choice for wheat and barley farmers.

So that's what I'm hearing from our young farmers. They want to be able to approach their farms like a business. They want to be able to make their own choices. I think that's an important point to make. I think what it ties into....

I'd like to ask Gwen and Luke, our two youngest farmers in the room today, to make some comments on this. It kind of goes back to what you were saying, Gwen, about the way people kind of looked down on the decision that you made to continue with farming and to be on the farm. It's a "Why the heck would you want to do that?" kind of a comment. It's from a real misconception out there of farming, I think, in the public. You hear it all the time. We need to somehow find a way to counteract that. We need to figure out how to show people that, you know what? A farm is a business, and it's something that can be profitable and something that an educated person who has a lot of business sense wants to be involved in. So how do we change that perception?

It's not only that, but there's another misconception out there that's very common among the public. Just to give an example, I represent a riding in Alberta that's very largely a rural riding. All the towns in my riding rely very heavily on agriculture; it was built by agriculture. Yet I border the city of Calgary on the north and west edges of that city. So you don't have to go very far. As a matter of fact, you can drive about 15 or 20 minutes from the farm on the edge of my riding into downtown Calgary. You can go into downtown Calgary, and even though they're 15 to 20 minutes' drive away from farms that are all around them, most people, when you ask them where their food comes from, say it's from the grocery store. Clearly there's something that needs to happen for us to change that perception out there.

First of all there's the idea that farming is not a career that a young person—someone who is educated, someone who is smart and has a business sense—should want to get into. Also, there's a lack of understanding of where their food actually comes from and the fact that there are a lot of farmers out there working really hard to make sure they've got a product that they can buy in the grocery store. Yet it doesn't seem as though those farmers who are working hard to produce that product are benefiting from the hard work that they have done in terms of their share of the price of that product.

• (1115)

I'd like to just ask the two young farmers in the room here what they think we need to do to change those perceptions among the public.

• (1120)

**The Chair:** You're just about out of time, but I'm going to allow the two respondents.

Ms. Donohoe.

**Miss Gwen Donohoe:** Thank you.

I think one of the biggest things we can do to start changing the attitudes of society on their perception of agriculture is that, as producers, we need to start getting together more and being more proactive. We need to start letting people know what we do, what our production practices are, what public goods and services we provide, how we're benefiting the environment, and what it would be like if we weren't around. There would be a very small handful of people managing a very large portion of the land in Canada.

We need to do that. That should be part of our job. We need to do that better. Maybe we need some support to help us start doing that.

**Mr. Luke Lelond:** I guess they should probably start teaching in schools that beef comes from cows. That wasn't needed 50 years ago, but now it is.

She said we need to band together more, and I guess we do. We have some institutions that are together, and we should use them instead of taking them apart, I would say.

**The Chair:** Thank you very much.

Mr. Easter, five minutes.

**Hon. Wayne Easter:** Thanks, Mr. Chair.

I thank all the presenters for their presentations. I think there's something we can take away from each and every one.

Bev, I just want to make a point of this. You mentioned that you now ship cattle one and a half hours. When we look at the country as a whole, in my neck of the woods, other than 350 cattle that are killed at a small local plant, federally inspected, we had to ship our cattle either to the United States or to Ontario—18 hours. We don't have a hog plant left in Atlantic Canada. It's gone. We had to ship to Quebec.

That's what's happening. We're seriously losing that strong mixed economy. It's going to happen here, too, if we stay on this same trend.

Larry, you mentioned the report *Empowering Canadian Farmers in the Marketplace*. That was drafted as a sitting member of government. It was a considerable challenge to our own government, as it is to these guys. But the bottom line is that what is in that report is what farmers recommended. And I agree with you; it needs to be dusted off. We need to bring it up to date and we need to move forward with some of those recommendations.

This leads me to the point that I think most people made, and that's the Competition Bureau. We've done a study on competition. We can't talk about it yet, but I think there are some decent recommendations in that report and we certainly need to deal with the Competition Bureau. The problem is that it doesn't end there. We're not the only country in the world losing farmers. Every country is. The European Union is now really starting to massively lose farmers.

Is the solution even bigger than us? I can tell you that we announced, as a party, a national food policy last Monday. There's a lot of work to be done on it yet, but you're always up against people who say, "No, we can't do that. No, we can't do this." I'm in favour of fair trade, but we in the farm sector always seem to be up against something because it's breaking a trade rule or because we can't do this in Canada or whatever.

I will ask each of you this: what one thing do you see as a priority in terms of being able to build the agriculture industry from a standpoint of profitability and/or allowing young farmers a stake in the industry and giving them a leg up to get in the industry and maintain it and stay there?

In addition, Gwen made a good point earlier in terms of the silos. I don't know if she said "silos" or not, but I know from being on the government side—and those guys would agree if they'd admit it—that Agriculture Canada....

Finance runs Ottawa. We're implemented by about 11 different departments in Agriculture. Agriculture has no say. The deputy minister—he's just there passing through until the next fellow comes along. We haven't had a deputy minister who made any sense and worked for farmers since Sid Williams in the 1970s.

Anyway, to my question. Sorry.

• (1125)

**Mr. Larry Black:** I'll talk on that one first.

In your document, you talked about some of the answers being international, and I agree wholeheartedly with that. Already a lot of rights by our government to control policy within this country have been signed away. The debate is how many more are we going to do?

I think we might have to go back to create some alliances with other like-minded countries that are experiencing these same problems. If the EU is losing that many farmers, they might be able to see the wisdom of revamping and backtracking on some of the agreements that have been signed. Some drastic action has to take place or this big ship is not going to get turned around. You have to decide how important food security is here in Canada.

I think you'd be very surprised by how many other countries you could get to sign on with you and say forget about going forward. We need to take about four steps back and rethink some of the rights we've already signed away. Let's find a way to make farmers a higher priority. Let's find a way to make policy within our own country by our government. If there is enough sincerity within the government to actually do it, I think we will all have the legal right to go forward.

That's my thought.

**The Chair:** Thank you.

Very briefly, please.

**Mr. Ian Wishart:** I'll give you a very brief philosophical statement. What farmers need is a tool to get more value back from the value chain, and that varies from value chain to value chain.

That's a pretty general statement, but there is enough money in the marketplace. We're simply not getting what we traditionally got and it's declining even faster. It's a long slope. We need some tools to do that and they vary. There are some out there and we need to develop them further.

**The Chair:** Thanks Ian. That's a good comment.

Fred, would you be very brief.

**Mr. Fred Tait:** What we have to do is recapture the sovereignty that was lost over a period of decades in negotiating trade agreements and the like, because when we regain sovereignty, then those people we elect to the House of Commons in Ottawa will be able to focus on developing an agricultural policy that serves the needs of the constituency that elected them. The way it is now, you're serving the needs of a trade agreement. You're serving the wrong cause.

**The Chair:** Mr. Tweed, for five minutes.

**Mr. Merv Tweed:** Thank you, Mr. Chair.

Thank you again to our guests here today.

Just to touch on your comment about education, Luke, there is a farm program available to schools but they have a choice of whether to present it or not. I'm not sure further strengthening that to implement it would help in our case as far as helping people to understand.

I can remember starting in our family business with my father. At that time, a lot of young guys my age were getting into that business. We probably couldn't have done it without the help of our families

and the strength of the company at the time.; it's so important. One thing I do remember about it is that we were facing 14%, 15%, 18% interest rates. Things were a real challenge. It would have been very easy—very easy—for me and my brothers to have just thrown up our hands and walked away. In fact, there were probably several times where we sat down and decided that was what we should do, then slept on it and said we would keep plowing ahead.

So I am very conscious of the challenges that young people have getting into business, be it agriculture or be it in any other type. We were in agricultural machinery, so we were very reliant on the farm gate.

The thing I am hearing...and I'm not trying to ignore the other guests, but Luke and Gwen, you are the future, and I believe that. Whatever is in front of you, you have to deal with that and move forward. I would have to disagree with other statements that....

You know, we can look back forever, but if we don't look ahead and start planning and addressing those issues as they come to us, we are going to be forever looking backwards. I think that's what has happened in a lot of industries in the last several years.

If the government came to you today—obviously you're young, you've started, and you understand some of the challenges, probably a lot of them—and there was one change we could make in policy, just one change that would benefit you personally, and probably everybody in your generation, what would that be?

Gwen.

• (1130)

**Miss Gwen Donohoe:** In my opinion, one of the biggest policy changes we could do is implement a system where farmers are paid not only for the physical product they produce but for all the other goods and services we provide. That would benefit not only us but all other Canadians at the same time.

We're a country with high costs of production, and that's probably not going to change. We need to find a way to be able to keep people on the landscape and give value to their production practices, whether that be just providing beautiful landscape for scenery when you drive by or providing clean water or native habitat. We need some kind of ecological goods and services program, and that program needs to be designed to help us become more profitable and not just designed to help or improve the environment.

I think that would be my suggestion.

**Mr. Luke Lelond:** I don't know if this would immediately solve everything—there are so many things—but I do know that....

You've all heard of One Earth? They're going to be a million acres, publicly traded. There are individuals who could afford all the dirt in western Canada, so we need to be protected from these guys, or else let them have it, because there are actually people who could afford to farm Canada. So how do you compete with that?

**Mr. Merv Tweed:** That's a good point. The challenge of every government is to try to find that balance of what benefits the communities. I'm a rural guy. I fight for rural issues, as pretty much everybody around this table does, and it is so hard to get that message through to people.

You know, we were a benefactor of a good farm economy. If the farm economy went well, we benefited. We created jobs. We filled small communities. So I want to encourage you not to give up, to keep plowing ahead, but also to feel free to throw your ideas to people in policy-making positions.

I'm going to put a plug in for Ian's group. I do believe, although we don't always agree on things, that the group is a voice that comes forward and lobbies us on your behalf—not always on your specific issues—and they carry weight in Ottawa. I think they carry weight in Manitoba. I think people respect what they do.

So I would just say, if you are looking for an organization, they've gone through many years of hard work to build their reputation. That's the kind of strength that I think producers need to have to be able to move their agenda forward as much as they possibly can. If another association is good for you, fine, but I think those are the things you can access that benefit you in a big-picture way.

**The Chair:** Thank you.

We are just at the end, and I have one closing comment.

We heard a comment from a witness yesterday in Saskatchewan. Ultimately he was talking about not wanting to have to live out of the mailbox. He wanted to make it out in the marketplace, which we all want to do as farmers.

He also said that farm programs aren't subsidizing farmers. They should be viewed not as subsidizing farmers but as subsidizing consumers.

I thought about that quite a bit yesterday. The big thing that seems to be out there is this talk about having a “cheap food” policy. The government of the day does not have a cheap food policy. The previous government, which Wayne was a part of, did not have a cheap food policy.

The public seems to have this cheap food idea in its mind. Lots of people tell me that they want to support agriculture, and they ask me what they can do. I say, “You go to a store, you ask if it's Canadian, and you demand that it be Canadian. Then, at the end of the day, put your money where your mouth is and make sure you buy only that.”

A lot of people talk it, but they don't actually walk the talk when it comes down to it. They go in there and they still look for the bargains.

The reason I bring this up is that as long as the public has that mindset about cheap food, can we ever really address the problems in the marketplace?

Are there any comments on this? I'm kind of thinking out loud.

Fred.

• (1135)

**Mr. Fred Tait:** I would disagree with the assumption that food is cheap. If one looks at the distribution of the income from food, one can see that in a lot of sectors, the consumer is paying more and the producer is earning less. So I disagree with that assumption.

The other thing I tend to disagree with is the possibility that you could develop a safety net program that would protect the producer from a dysfunctional marketplace. That can't happen. It's the

marketplace structure that is at fault here. Don't try to tinker with a safety net and AgriInvest and everything else. That won't do it. All that will do is extend the system. We have to go back and look at what was already done, in the Easter report particularly and in other reports.

**The Chair:** I wasn't implying taking anything apart, Fred. I don't know where you got that.

I won't dispute you that there may be some problems with where the profitability is distributed in the sector, but I sure will disagree with you on the price of food.

In this country, we spend less than 10% of our disposable income on food, down from about 16% 20 years ago. For somebody in a country like Kenya or Ethiopia, it's somewhere between 75% and 95%, if they can actually afford to buy it.

So I disagree with you. I think the consumer in this country is getting a real bargain on food, despite the fact that there are some other issues.

Larry.

**Mr. Larry Black:** Thanks, Larry.

I guess I can't fault consumers for going to the grocery store and looking for bargains, because they have their own issues to deal with. When you're trying to make a living and getting \$15 an hour, paying your taxes, rent, fuel, and all the expenses, and you have to budget for food, well, you do the best you can. So we can't put the onus on the consumer to save the farmer's bacon. It's the government's responsibility if they see a problem—and I think you all see a problem—to fix it.

I think Fred is right. Say you took \$10,000 per farm and said, “Here you go.” It wouldn't be long before agribusiness had all \$10,000. They know what our costs are. They can reach into our pockets and take out to the penny exactly what they want. That's what the lack of competition and that market power allows them to do. So the answer is not in subsidy money. That won't get us where we need to go. We need policies that favour us and give us the market power back. We can compete with them on a one-on-one basis. That's what will save the family farm.

I mentioned the symptom-based approach, and I'm afraid we're going that way. We're asking how we're going to help young farmers. Young farmers don't stay young very long; pretty soon they're medium-aged farmers. Then those programs get sucked away from them and they're on their own in this unfair marketplace again.

So let's not just deal with, “Okay, we'll give you young guys a break.” That's going to get them another five years, maybe, and then they're in the marketplace like everybody else. Let's stick with what the real problem is and not the young farmer issue.

**The Chair:** Thank you very much.

On that note, we have to close down.

I want to thank all of you for taking the time to be here today. It was very informative, and I certainly wish you all the best.

I understand you're getting some well-needed rain out there. I wish I had some of that in Ontario right now.

It's been great to be here in Portage La Prairie today.

The meeting is adjourned.

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