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**EVIDENCE**

**Thursday, November 17, 2011**

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**Chair**

**Mr. Larry Miller**



## Standing Committee on Agriculture and Agri-Food

Thursday, November 17, 2011

• (1530)

[English]

**The Chair (Mr. Larry Miller (Bruce—Grey—Owen Sound, CPC)):** I call our meeting to order. I'd like to thank all of our witnesses for being here. We do have one group that hasn't made it yet, but we'll start with the presentations and they can join us in the middle somewhere.

First of all, from the Canadian Farm Business Management Council, we have Heather Watson and Richard Robert, for 10 minutes or less, please.

[Translation]

**Mr. Richard Robert (Chair, Canadian Farm Business Management Council):** Good afternoon, everyone.

I am going to speak in French to provide the French part of the meeting.

First, I would like to thank you, Mr. Chair, for giving the Canadian Farm Business Management Council the opportunity to share its opinion and its vision for the future of agriculture in Canada, as well as the future of phase 2 of the Growing Forward program, which is of course ongoing.

Let me introduce myself. I am the chair of the Canadian Farm Business Management Council. I am first and foremost a farmer, a dairy farmer and grain producer in Quebec.

I would like to introduce Ms. Watson, who is the general manager. She will continue our presentation.

[English]

**Ms. Heather Watson (General Manager, Canadian Farm Business Management Council):** I'm going to do the English portion of the presentation.

Much of the solution to dealing with our intensifying realities lies in applying proven business practices and fostering innovative business thinking.

Merriam-Webster defines management as the “judicious use of means to accomplish an end”. Farm business management cannot be taken for granted. It is not defined by everyday operations, but rather a vital part thereof. Failing to plan is planning to fail. With increased farm business management skills comes the ability to seek out, assess, and take advantage of market opportunities for the ongoing sustainability, competitiveness, and profitability of the agricultural sector.

However, it is not enough to have the facts and figures; rather, appropriate delivery mechanisms for information resources become equally essential to rendering information meaningful, and more importantly, applicable. Effective communication of proven business practices and their tangible benefits will motivate the sector and empower managers to reach for new heights.

While only 20% of Canadian producers have a written business plan, of these farmers, 71% have used these plans to secure financing. Thus we can demonstrate a direct financial benefit to creating and following formal business plans. Perhaps the problem is not the information, but rather the delivery thereof. The question becomes not what information is needed, but rather, how do we communicate the information to maximize its reach and impact. It is essential to have information collection and dissemination mechanisms to facilitate effective response. This is knowledge management. It applies to all stakeholders at all levels.

The decline of formal extension services signalled a gap in training delivery that has been filled by private industry and not-for-profit organizations. Within the last two years, we have seen a return of government extension offices. It is our hope that the emerging governmental initiatives will take existing extension mechanisms into consideration in favour of collaboration and partnership, as opposed to isolated efforts.

It is often said that producers are “show me” types. When farmers see themselves as part of the equation, they will be more apt to play meaningful roles. Effective knowledge transfer addresses the unique learning needs, preferences, and practices of farmers and industry stakeholders. Information can be transferred in such a way that it can be applied. Knowledge transfer must be promoted at all levels and between all stakeholders to leverage the collective intelligence of the industry to move forward. All stakeholders must be invited to participate in the conversation. Knowledge transfer is not a one-way street.

Online technologies are a critical enabler for accelerating the pace of information transfer into agricultural practice and commercialization. However, we must not lose sight of traditional learning formats. Workshops, conferences, and other in-person training also have their place in the culture of agriculture, including kitchen table discussions, coffee shop talks, and opportunities to network and socialize.

We must help farmers to help themselves while at the same time promoting a business management mentality to source outside expertise where it is needed. We cannot be all things at all times.

Performance measurement is essential to determining beneficial—and unsustainable—business ventures. An open channel for lessons learned and for replicating success will reap exponential benefits as stakeholders leverage one another's successes to advance the industry as a whole. Coordinated efforts will promote efficiency and effectiveness, allowing stakeholders to measure their performance against themselves and each other.

In summary, the challenges to competitive enterprises are information overload, a disconnected industry, duplication of efforts, the isolation of farm business management, communication and messaging, the programs available and their eligibility criteria, and the risk-management mentality.

In developing Growing Forward 2, it is our hope that stakeholders, including industry and organizations, will be given an opportunity to be part of policy development, that they will be given access to the new framework in time to adapt practices and programs, and that they will have an opportunity to be integrated into programs and initiatives using the established organizations and bodies capable of doing the work.

• (1535)

[Translation]

**Mr. Richard Robert:** On the farmers' side of things, our specific recommendations with respect to producer needs for competitive businesses are the following.

First, concerning segmentation, we think that it is important to adopt a "place for everyone" approach in place of a "one size fits all" mentality. There is no room for the smaller or larger businesses. I think each business has its place in agriculture in Canada and each one must compete. The industry must have good data collection and must truly be aware of what is happening on the ground. We sometimes have the impression that this is not entirely the case.

It has to remain simple. As we know, farmers are people who do not like paperwork very much. We need programs that are easy to manage, both for the governments and the organizations. Basically, it needs to be kept simple and the paperwork kept to a minimum.

As for motivation, it is important to develop and promote measures that will lead to competitive management practices on the farms. As we know, building a management culture is important. It is what will enable businesses to pull through and become competitive globally.

As for personification, knowledge transfer, translation, and professional development, they are important for farmers, but not too available right now. It is difficult for farmers to leave the farm for training. More emphasis needs to be put on comparative analysis, professional development and knowledge transfer.

[English]

**Ms. Heather Watson:** The following are our specific recommendations with respect to the industry's needs to facilitate competitive enterprises.

On messaging and promotion, we need support for continuing education and lifelong learning and to help build a culture of business management. We also need to promote business management as an investment, not a cost; and as an essential element to

industry and individual success; and in relation to risk management, business development, and production management. Here, we need to redefine risk management to include personal, business, social, and environmental risk. We should also refine business risk management programming for disaster relief and investment. Moreover, we should promote whole farm and cost of production analysis, and communicate the infrastructure and associated parties required, that is, the team.

On the topic of consensus, we need collaborative consultation and assessment. This will help reap exponential benefit from collective intelligence. We should establish a consensus on performance measures and segmentation for national coordination.

On connectivity and collaboration, we need open communication channels between government, industry, and organizations. We should work with and promote existing programs, organizations, and industry groups, and should leverage the strengths, resources, successes, and lessons learned by each other. Furthermore, we need to establish and support a national round table for farm business management, giving stakeholders a voice and a stage, and re-examine procedures and processes to facilitate national coordination and mitigate abuse.

On sustainability, we should integrate programming into existing institutions and allow cross-funding of complementary initiatives with greater eligibility and flexibility. We should also Support long-term projects and programming, such as longitudinal studies to measure performance and replicate successes. We need to establish a planning cycle for scheduled stakeholder engagement and consultation, and also to enforce sustainability models and performance management for projects and program delivery.

On effective response, we should establish and promote mechanisms to access timely, relevant information, or a knowledge management mechanism for situation analysis as well as effective response.

**The Chair:** Okay.

Oh, sorry.

**Ms. Heather Watson:** Do I have time for more?

• (1540)

**The Chair:** Yes, you have a minute left.

**Ms. Heather Watson:** To be successful, on our part, we must adopt best management practices, including planning, feasibility, collaboration, management, benchmarking, innovation, adaptation, knowledge transfer, and performance measurement. We must identify the critical pieces of the puzzle to surround ourselves with those by whom we can leverage our strengths for greatest reach and impact. Efforts to improve business management practices are the smartest investment for the sector, for without superior management skills at the base, no amount of smart regulation, generous support programs, or international trade opportunities will ensure agriculture's vitality and success.

Thank you Mr. Chairman, members, and guests.

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

Now we have Ted Zettel from the Organic Meadow Co-operative. Welcome again, Ted. I think you've been here once or twice. You have 10 minutes or less, please.

**Mr. Ted Zettel (General Manager, Organic Meadow Co-operative):** Thank you, Mr. Chair, and thank you for the invitation to speak to the committee.

I am also representing the Organic Federation of Canada, as I have in the past.

First of all, by way of some background, the organic food sector in Canada is one of the fastest growing opportunities in agriculture at this time, as the committee is well aware. Organic Meadow Co-operative is a pioneer and leader in this sector, representing over 100 medium-size organic farms and selling products from coast to coast under our own brand and supplying ingredients for other brands, including a small export business.

In 2010, we invested in our own dairy processing facility in Guelph, Ontario, to better service the domestic market. With over 20 years' experience in cooperation with our farmer-owners; in brand development at the national level; in innovation toward meeting emerging consumer demand; and now in manufacturing, we are well positioned to comment on the Growing Forward 2 policy proposal, and welcome the opportunity.

Organic farmers approach the production challenge from a perspective radically different from their mainstream neighbours. I can speak to this from personal experience, since I began my farming career using the technologies that were available in 1977 and switched to organic production in 1983, when organic methodology was still in its infancy and the market for organic foods was confined to a very small health food niche.

We had very little organization at that time, no regulation or legal definition of "organic", and marketing channels such as Organic Meadow did not exist. The organic milk from my farm could not be designated and sold as organic until 1995, when we finally broke through the restrictions imposed by the Ontario Milk Marketing Board and received permission to segregate the milk from six organic farms, including my own. That was the beginning of the organic dairy industry in Canada, which is now estimated to have \$100 million in annual sales.

We now have well-established marketing organizations across this country in practically all commodities, resulting in total industry revenue of over \$2 billion in organic food. We have a national standard for organic production, bilateral trade agreements with the U.S. and the EU, and our own organic science cluster to research organic production methodology.

While the commercial opportunities for organic farmers have expanded tremendously in 30 years, the underlying approach to farming is constant. Organic farmers still rely mainly on resources from within their own farms, striving to establish a self-sufficient, sustainable ecosystem. The health of the soil is paramount, and it is maintained using complex, diverse crop rotations; composted animal manures; cover crops; and plow-downs to enrich soil biology. Organic farmers manage weeds and pests without agricultural chemicals. They avoid antibiotic and hormone therapies in livestock husbandry, and focus on prevention of disease by optimizing

housing and nutrition according to the natural preference of the animal.

Organic farms tend to be smaller, more management- and labour-intensive, and often more directly linked to the market through individual initiatives or collectives like Organic Meadow. They use far less energy per unit of production than conventional agriculture does, largely due to the absence of imported nitrogen fertilizers.

As a farmer who has lived within both paradigms, I can tell you that organic farming is much more complicated and more difficult to scale up. We need more farmers to produce organic food. We see that as a good thing, and wonder why government policies seem to be intent on making farms bigger and farmers fewer, to the detriment of rural communities.

The mission of Organic Meadow Co-operative is to provide a link to the market that will sustain those family farms that are swimming against the stream of larger scale, input-dependent industrial agribusiness. We hold a vision for the future of a diverse, resilient farming sector primarily responsive to the needs of our own people.

Having given this general introduction, I'll move on to the specific ways in which we believe government could assist.

Firstly, a Growing Forward 2 policy proposal has identified, as a key driver, institutional and physical infrastructure, stating that "Effective rules, regulations, standards, organizations, and physical infrastructure allow firms to operate and markets to function efficiently for a profitable sector and the well-being of Canadians."

• (1545)

While there has been significant cooperation between the organic sector and government in establishing a regulatory framework for organics, I would draw the committee's attention to the following urgent needs.

First, there is no funding mechanism for the maintenance of the Canadian organic standard, resulting in a situation where we are unable to fulfill the commitments under the Canadian General Standards Board's policies, and could see the standard lapse, threatening our trade agreements and rendering us helpless to act on necessary revisions. This matter has been raised with officials at both AAFC and CFIA over the past two years, but remains unresolved.

Second, the approval of GE alfalfa—which is awaiting commercialization—poses a serious threat to organic operators' ability to comply with the standard. We have argued very reasonably to this committee, during the special hearings on biotechnology, in favour of a suspension of this approval, but have received no assurances.

The organic sector has worked cooperatively with our mainstream neighbours to accomplish, at great expense to our farmers, the needed segregation to comply with the Canadian organic standard, and to prevent contamination with GE materials in organic corn and soybean production. It is widely accepted that the biology of alfalfa will make managing a GE variety in the same way impossible.

The commercialization of Roundup Ready alfalfa will eventually make it impossible to grow organic crops. We plead with the committee to assist us in this regulatory matter.

Third, the ability of organic producers to serve local and regional markets is dependent upon a small- to medium-scale processing infrastructure, which is sadly lacking in most parts of the country, especially in the area of livestock products. The large-scale processing facilities that dominate the industry are not generally adaptable to the innovation needed for diversification into specialties such as organic foods, functional foods, or ethnic cuisine. We believe that government dollars to assist in the flourishing of smaller-scale, local processing infrastructure pays off in stimulating a vibrant, sustainable regional economy.

Fourth, regulatory burdens imposed in a one-size-fits-all manner often discriminate against smaller processors. Regulations must be appropriate to the scale of the operation. An example of regulatory excess resulting in the disappearance of processing capacity is the local abattoir situation across Canada. An example of the successful encouragement of small-scale processing is the artisan cheese industry in Quebec. Government should learn from these examples.

Fifth, funding of agricultural organizations in Canada is accomplished mainly through commodity check-offs, with some voluntary GFO memberships often tied to tax incentives or other government programs. Organic farmers find themselves overtaxed and under-represented through the existing system.

The cooperation of FPT governments is required to extract a portion of the funding already collected from producers and to channel it back to meet the specific needs of our federal and provincial organic organizations, which are presently volunteer driven and not sustainable.

In general, we in the organic sector believe that meeting the food needs of our own population should have a higher priority in the policy.

Our experience in the market indicates that Canadians want to eat food that is grown here. They are ready to support Canadian agriculture, but find the supermarket shelves full of imported product. Government policy focused on the lowering of production costs to compete in the export market, without sufficient attention to the desires of our own consumers, is at least partly responsible for this outcome. We applaud the current investment undertaken by the government through the organic science cluster, and look forward to round two.

In completion, I would just like to say that as a successful co-operative, we would look forward to the government's continued support for the growth of agricultural co-operatives, which have played such a part in the history of farming here in Canada. I would refer the committee to the excellent paper submitted by the Canadian

Co-operative Association on agricultural co-operatives with regard to the Growing Forward 2 policy.

• (1550)

Thank you.

**The Chair:** Thanks very much, Mr. Zettel.

Now we'll move to Mr. Bob Seguin from the George Morris Centre.

Go ahead for 10 minutes or less, please.

**Mr. Bob Seguin (Executive Director, George Morris Centre):** Thank you, Mr. Chairman. Thank you for the invitation.

The George Morris Centre is a national, non-profit agriculture and food policy think tank. We're in our twenty-first year of operation. We're located in Guelph, and we have a national mandate, as I said. We provide economic and policy analysis, market analysis, and educational programs for more advanced farm management and food-sector-level management, and we have a value-chain management centre for both research and educational programming.

I provided the committee with a presentation in both French and English. I'm not going to go through it, Mr. Chairman. I'll just focus in on the last couple of pages.

As we and Macdonald-Laurier Institute see it—as expounded in a recent report by that institute—the challenge for Growing Forward 2 is that the situation of Canadian agriculture has eased considerably compared to the history of structural surpluses facing many parts of the Canadian agriculture and the Canadian food system. We have tighter supply-demand balances. Unless there's dramatic change in some of the emerging markets, we should stay that way. Policy based on trying to remove product from the marketplace may not be as advantageous to Canadian agriculture as that based on where we're going to be in a very volatile, very competitive agrifood system, with competitors here and outside Canada. It's very competitive.

There has been a long-term trend up in agriculture and the food trade, albeit with a small glitch during the recession. However, Canada's position has actually dropped slightly even though our agriculture and food trade have increased. The competition is there, and the competition is not weakening. We see demand growth in the emerging markets as their incomes go up. Their patterns are shifting more and more to the North American or western European style, though not dramatically or not overnight. They are looking for opportunities for North American, Australian, Brazilian, or other nations' agriculture, to feed that kind of opportunity. But we also have to be aware that we must have high standards and be sustainable. My colleagues raised the point that we have to be watchful of consumer patterns and trends. It's going to be a very volatile market, but also a very competitive one.

As for competition, my colleagues were referring to the organic food movement and the expansion there. There is competition—other nations are looking at their opportunities—but the competition is already here. One of the slides I have in the presentation will look at imports and exports. Imports have consistently gone up, which is not unknown in a highly developed market like Canada's. With high wages and relatively high incomes, you're going to be demanding great produce from across the world. I will tell the committee, the competitors from across the world are not sending us the worst product they have; they're sending us the best product, which means that we have to be extremely competitive, even in our home markets, across the wide range of those opportunities. On the other hand, the opportunities for organics, for different products to go with the shifting demographics or with the ethnic markets, open up new opportunities. But, again, you have to be competitive.

The response we see and encourage is that industry and governments must take a look at the programming activities. They have to look at investing more in skills, talent, and technology. They have to meet standards, understand consumers, and be innovative. They need improved management up and down the supply chain, so they can meet the demands of the market, both here and overseas.

Our view is that Canada needs to raise its game on competitiveness and innovation and be prepared to compete globally. A large part of Canadian agriculture has to compete at that level, unless we want to see dramatic restructuring. A number of processors have that capacity. We have a good opportunity here to compete locally. How do we do this? How do we raise our game to match the competition that's already inside Canada and will continue to be here?

We see a need for Growing Forward 2 to realign its policy functions, to shift its focus over time away from business risk management and towards improved competitiveness and improved innovation. Where the consumers demand it and the farm and food community can do it, they need to improve sustainability.

Our one key criticism—and it's not just of the current government but has been a long-standing issue with any support programs in Canada—is that we don't make very good decisions on, or analysis of, measures. What do we really want to achieve from these programs? How are they really affecting the farm or food community? What changes would we see result from a better understanding of the impacts? From our base case, where do we want to go?

• (1555)

We see this as a challenge and have taken a look and commented on the Saint Andrews statement on the discussions held by the federal-provincial-territorial ministers. There is a need to develop measures and to have greater transparency in our analysis and in how the programs are working, and a need to restructure and realign.

Our view is that it's not necessary to add money; it's time to reallocate money and possibly even reduce it over time. You need to look at investments in people and investments in technology and encourage those investments in technology by the private sector.

If we need to see a shift in the direction, the Saint Andrews statement had the right general goals. But there are major challenges in all decisions. What are the end results that we want from these

efforts? What are the trade-offs? I mentioned sustainability, as did the Saint Andrews statement.

We're going to be as sustainable as possible. What does that mean for competitiveness both locally and globally? If we are as hard-hitting as possible in reducing costs, how does that affect our sustainability? And how well can we be innovative and yet still meet the other goals? There are trade-offs here. With limited dollars and greater wants, how do you make these shifts?

We also have to involve a wider part of the food industry, the farm industry, and suppliers in this process. Governments have been doing more. They should be complimented on that and supported in it, but they need to do more.

As for Ted's comment on organic agriculture, how do we bring them and other parts of agriculture more into the discussion so that we have a better sense of all the trade-offs and all the options that are necessary and of what the programs are really doing now?

Finally, concerning our census, we need to invest both public and private dollars in people, in talent, through management programs and improved capacity to handle the technology and the marketplace. We need to invest in newer technology, wherever it's appropriate, and be ready to move.

We also need to have a capacity to invest in scale. This may offend a few members of this committee. While it's good and nice to have a lot of small operations, to feed the population we have here and to feed the population in the world that we may want to access, we have to have a sufficient scale to compete at that level, either provincially, nationally, or globally. That takes a number of policies, a number of efforts geared towards it, and Growing Forward can assist us in reaching that scale.

Thank you very much, Mr. Chairman.

**The Chair:** Thank you very much, Mr. Seguin.

Welcome to our witnesses from the Quebec federation of agriculture groups. We have Ms. Johanne Van Rossum and Mathieu Pelletier.

You are welcome to present for 10 minutes or less, please.

[*Translation*]

**Ms. Johanne Van Rossum (President, Fédération des groupes conseils agricoles du Québec):** I will give my presentation in French.

First, I would like to thank the committee for this opportunity to present our point of view on consultations on the Growing Forward 2 program. I am the president of the Fédération des groupes conseils agricoles du Québec, and I am an agricultural producer in large-scale farming in the Montérégie area in southern Quebec. I am joined by Mathieu Pelletier, a management agronomist and also an agricultural producer.

One of the objectives that we recommended for Growing Forward 2 was to strengthen the competencies to make businesses competitive. But we want to get there one business at a time, because our vision for managing consultant groups is that each business must be competitive.

What is farm management, which we've called "techno-economic management"? To properly manage their business, producers must make a wide range of decisions. Among other things, there are decisions concerning feeding the herd, purchasing equipment, carrying out projects requiring significant investments and transferring their business. To make these decisions, some producers will talk to their accountant, their financial advisor or their farm management consultant. So financial management is very different from techno-economic management, which uses a global approach, including both the financial aspect and the production cost.

With respect to our opinion on Growing Forward 2, we are more specific when it comes to management. So our comments relate mainly to the PADEA, the Programme d'appui au développement des entreprises agricoles.

What is the federation? It's a network and an NPO, a non-profit organization, that has been around for 30 years. It is run by a board of directors of eight producers. The federation includes 24 groups of producers from across the province and one group from Ontario. The groups are themselves non-profit organizations set up and run by producers. This movement was created about 40 years ago for producers who wanted to develop a position on management to define the strengths and weaknesses of their business. The groups take a collective approach, meaning that this is where ideas and knowledge are shared. So, once the study is done for each of the farms, a comparative techno-economic analysis is done among the farms, on a regional or provincial basis. This is called benchmarking.

I invite Mathieu to explain how these groups work.

• (1600)

**Mr. Mathieu Pelletier (Management Agronomist, Réseau d'expertise en gestion agricole, Fédération des groupes conseils agricoles du Québec):** Good afternoon, everyone.

The Fédération des groupes conseils agricoles network includes close to 70 management agronomists, who are assisted by 20 technicians. I am one of these management agronomists.

Still, our clientele is quite diverse. At 85%, dairy farmers make up the largest part of our clientele. All the same, we serve 2,000 producers in Quebec. Our network extends to all regions of Quebec, and to Ontario, Manitoba and New Brunswick.

What are agricultural management advisory services? First, an agricultural business can receive several types of agricultural management advisory services. These are mainly techno-economic

and financial analyses, budgets and follow-up, comparative analyses of groups, as well as advice on starting and transferring a business.

**Ms. Johanne Van Rossum:** As for the specific nature of the groups, these services are obviously also offered by certain private businesses. What distinguishes the services of our groups is the collective approach. For 30 years, we have made many visits to member and non-member businesses. We also have information and exchange activities. The educational component is very important to us.

Comparative analysis is one of our services. For example, once we have identified the production costs for each of the farms, it is useful to compare with other businesses in the same sector. These are what we call comparative analyses. We identify a top group, made up of the most effective businesses offering the best performance, and a bottom group to observe the differences between them.

These analyses provide an external point of view. Within the business, the producer doesn't always see the problems the same way that a consultant who adopts an external point of view does. That point of view helps the producer make better decisions about projects. It is also a preventative approach, rather than a corrective one, because we can identify the difficulties in advance and take steps to correct them.

In essence, it involves overall management of the business, an annual follow-up and ongoing improvement of the business' performance. The groups do not make just one visit to each farm. They can return to see the farm year after year and see the business evolve. This makes it possible for us to have more competitive businesses and producers who are in a better position to make good decisions. The decisions rest on the producers' data and not only on means.

**Mr. Mathieu Pelletier:** Among the management consultant support programs, there is the Programme d'appui au développement des entreprises agricoles, or the PADEA.

Since 2005, funding based on deliverables has been used as part of the Growing Forward 1 program. Recently, there was the Stratégie de soutien à l'adaptation des entreprises agricoles, another program based on deliverables aimed at helping businesses experiencing financial difficulties.

What's interesting in this new approach is the multidisciplinary aspect in the delivery of consultant services. The multidisciplinary approach means that it isn't just the management consultant working on the business; there are technical advisors as well who help identify improvements that can be made to a business.

But what facilitates the access to management consultant services is that less than 15% of agricultural businesses in Quebec use the specialized subsidized agricultural management advisory services. Too few agricultural businesses make use of these services. Keep in mind that techno-economic management contributes to the development and performance of agricultural businesses.

In our opinion, the program responds in part to the needs of producers. The program is good and we would like it to continue. But we are recommending slight modifications.

•(1605)

**Ms. Johanne Van Rossum:** Here are a few of our main recommendations. We think it is important to keep management at the heart of the Growing Forward 2 framework and to promote it. It is also important to support the organizations that are dedicated to promoting and delivering agricultural management consultant services. This is currently the case in project funding in stream 4 of Growing Forward 1.

It is also important to support the collective formula of delivering management consultant services, which has proven its worth in the past 30 years, to emphasize support for training agricultural producers and encourage exchanges and techno-economic analyses, as well as group analyses. Lastly, we recommend keeping the PADEA in place and making it more flexible, because some services are not provided for in the deliverables identified.

**Mr. Mathieu Pelletier:** For example, some investment projects are used to evaluate the financial techno-economic impact of businesses. This helps us properly target our investments to ensure that once the business is established, it will be competitive and successful. These evaluations are not included in the services that can be used. Therefore, the producers often tend to solicit their financial institutions directly and have their projects evaluated another way.

**Ms. Johanne Van Rossum:** We would also like to emphasize support for follow-up, meaning follow-up on recommendations. Once the solutions have been considered or the photo has been taken for the business, we need to continue follow-up on the recommendations and to provide support related to the follow-up, and to incorporate an aspect dealing with the multidisciplinary approach.

The multidisciplinary approach brings into play not only the management consultants, but also the technical consultants, to help us bridge the gaps that have been identified. This multidisciplinary approach is ideal at all stages, both at the business' diagnostic stage and the follow-up and intervention plan stages. The management consultant identifies all the problems but does not have all the answers.

In closing, I will say that we think the management service gives a global vision of the business that enables us to examine the issue and make these businesses more competitive. It isn't only a technical or economic vision; it's a techno-economic vision.

Thank you.

[English]

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

We will now move to questions.

Mr. Allen, for five minutes, please.

**Mr. Malcolm Allen (Welland, NDP):** Thank you, Mr. Chair. Thank you all for being here.

This question is actually addressed to Mr. Zettel and Mr. Seguin, because both of you are talking about certain types of scale—and perhaps you aren't talking about the same scale.

Mr. Zettel, you talked earlier about farms not being one-size-fits-all, in the sense that some would be smaller and some wouldn't be as small.

Mr. Seguin, you talked about this sense of scale. My impression—and of course I'm going to allow you to help me with it—was that you saw that scale being larger.

Perhaps I could ask both of you to address it in terms of what you see as the natural scale—if I can use the term “the natural scale”—versus what you, Mr. Seguin, see as the same process within the organic sector and the other sector that one might call “traditional”. I'm trying to use terms that we all accept, but they may not actually be wholly accurate, to be honest. Let's just use them to look at what we think those scales are.

Whoever wants to go first may; it's okay.

**Mr. Ted Zettel:** In addressing that, I would say, first of all, that everyone recognizes that we will have large-scale and small-scale producers; that's a necessity aimed at serving different markets. For the commodity market, which has tended to dominate agricultural policy historically, scaling up is the obvious solution for lowering cost and competing on the international market. We don't dispute that.

I don't think there's a great need for agricultural policy to be aimed at assisting that activity, because my experience in business indicates that will happen naturally. There's such an economic imperative to go to a larger scale that it happens by itself. What doesn't happen by itself is keeping the smaller player in place, the player that's very necessary to be able to innovate and adapt to changing domestic demands—and that's what we find all over the country. We just don't have those small-scale farmers, increasingly, or the processors we need to meet a very diverse consuming public's demands, whether the new ethnic populations or the emerging markets that are demanding knowledge of how and where the product is grown.

That's something that's relatively new. In 1950, it didn't matter. Milk was milk and wheat was wheat. In 2011, it matters. But in the intervening 60 years, we have allowed the infrastructure necessary for responding to these demands to slip away from us, through successive government policies that have concentrated almost exclusively on serving the export market.

•(1610)

**Mr. Bob Seguin:** It's interesting working, as the centre does, with some larger processors and large farm producers. As to the comments Ted made about the bias against small, they feel it's a bias against large. Their challenges are that they're trying to reach the marketplace by investing in technologies and investing in land. Rarely have they been given it, so it's a sense of how you adjust to the marketplace.

To your question, we at the centre would say that as you look to where the market opportunities are, you will have to scale up to match them and to be competitive; or you scale to the activity level that you're in, whether a niche market, an organic market, or something that's very regional. Why have thousands and thousands of acres, or thousands and thousands of capacity at the processing level?

On the other hand, you have to be efficient. You have to be competitive. The challenge that Ted's referring to with the small abattoirs is that a lot of these small guys over time have not been competitive. They have not met the standards. These are not federal standards that they have to meet. These are provincial standards, and there's a large argument about federal and provincial standards being equivalent. But, they have to do this. And are they doing it, and do people really want it?

On the other hand, as markets shift—and Ted's company is a great example—there are opportunities to both enter the market and scale up. Are we always assisting that? The challenge for the dairy sector is that because of the way the system is, it's not as agile as maybe some people would like it to be. As for the reference to artisan cheese, there are opportunities to create artisan cheese, and maybe scale up to a certain level. The question is, can you expand beyond that? That will be the challenge for the dairy sector, and it will be the challenge for other supply-managed sectors.

On the scale side, our concern is that if Canada wants to participate on a global basis and be competitive, it has to have sufficient scale with some of its processors and a number of its producers, and the entire supply chain has to work together at that scale level. If it's looking to a more domestic market or a very unusual market, it scales back again and they still have to be competitive.

**The Chair:** Thank you.

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

**Mr. Pierre Lemieux (Glengarry—Prescott—Russell, CPC):** Thanks very much, Chair.

These have been excellent presentations. I find this fascinating. There were a couple of really good comments made, one of them being that I think we all want to see farmers succeed with their farms founded on sound business principles. I think there's a real desire for that, but I also think we're in an environment where—and I think Mr. Seguin made the point—we're not able to add funding or to see any kind of significant funding to programs that already exist. It's going to be a reallocation of funding. There are trade-offs that have to be considered.

From the Saint Andrews meeting, certainly the opening move is a willingness to negotiate. I think that's what was basically expressed, with some goals about where negotiation should take place. Of course, the next steps will be the provinces and the federal government actually negotiating, working out, and examining these trade-offs.

When it comes to business development, one of the questions I have is—and perhaps I'll ask this question of Heather or Richard—in terms of the take-up on training. You're offering services and I'm wondering if you have any kind of measurement system that allows you to assess, first of all, what kind of take-up you get when farmers participate in a training program or initiative. More importantly, what percentage actually implement what they've learned or seen on the course? And finally, what is also very important is, what's the impact? Is there any way to say, "I went to that course, I heard 50 good ideas, I implemented 30, and I'm 15% stronger than I was

before I went on that course." Do you look at that at all? I think it's an important parameter.

The government likes to know when it's investing money that it's actually yielding certain outcomes. Do you look at that at all?

• (1615)

**Ms. Heather Watson:** We look at it to the extent we can, because a lot of the data coming back is anecdotal. We know that a farmer participating in a given course or a series of courses was inspired to go back to school, for instance. Figuring out what that means for them, and what that means for the community around them, is difficult to measure.

We actually have a project under way right now where we're looking at establishing a longitudinal study on the impact of farm business management on farmers and the economy, in terms of profitability, but also success as defined by happiness, work-life balance, human resource management, and things like that.

Right now we don't have a definite number saying that you're going to be 3% more profitable next year because you attended this course or because you read this book. There are claims for numbers like that. I know we heard David Cole speak last week and he said, "If you have a written business plan, you're 25% more profitable," end of story. But we don't have that information available in Canada.

I think that's why part of my presentation focused so much on having comparable performance measures across the country, because we're seeing a whole lot of consultations and a whole lot of assessments, but there's no comparability because all of the questions are different and being asked for different purposes. We'd really like to concentrate on getting some consistency and some consensus around what it is we want to find out, and what measures we can agree on for that. We'd love to see that move forward.

**Mr. Pierre Lemieux:** I think it's an easy question to ask, but it's very difficult to implement. I think there is value in implementing it, because I think farmers want to see it themselves.

[Translation]

I would like to ask the same question to the people with the federation.

You are working with the consultants who are working directly with the farmers on the farm. Do you have any more concrete results as a consequence of their work?

**Mr. Mathieu Pelletier:** We love agricultural management, among other things, because it allows us to follow businesses from year to year and then compare the current year with past years. We evaluate their projects. For example, we could evaluate the production costs of a business by finding that, this year, the percentage of its costs represented 83%, that it carried out its investment project, that it decreased its costs, which now represent 75% and that the project is doing well, that it has a revenue surplus at such and such an item, and a reduction in its costs at such and such other item. It's one of the things that we do and that we want to continue to do in the future by continuing to follow-up on the businesses.

**Mr. Pierre Lemieux:** Are there costs for the services of your consultants?

**Ms. Johanne Van Rossum:** Yes.

**Mr. Pierre Lemieux:** There are costs, even if you are a cooperative.

Do the farmers seek out your services, or do you solicit the farmers? Perhaps both are true, but what is more common?

**Ms. Johanne Van Rossum:** I would say that we solicit the producers. Actually, there are two things. For two years, the producers whose businesses are in difficulty seek us out more. It has become a requirement for businesses in difficulty to use management services.

**Mr. Pierre Lemieux:** It's a requirement of the government or—

**Ms. Johanne Van Rossum:** Exactly.

**Mr. Pierre Lemieux:** —of the system [*Inaudible—Editor*].

**Ms. Johanne Van Rossum:** Exactly. Those adaptation strategies suggested by the provincial government have only been in place since 2010 or 2011; so they are new. But we are also working with producers in the long term. It is important to meet with producers on a regular basis. By visiting farms regularly, we can foster a management culture. In the past, there were a number of programs that were offering one visit only, a one-shot deal. They would take a picture, make an assessment and then leave them to sort things out for themselves. Now we work differently. We don't just take a picture. We provide follow-up, assistance, and so on.

Your question about whether we have compared the financial results of producers dealing with the group to those of medium-sized farms is interesting. I don't know.

• (1620)

[*English*]

**The Chair:** Pierre, I know you're on a breakaway, but....

**Voices:** Oh, oh!

**The Chair:** Anyway, that was a very good answer.

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

Welcome back.

**Hon. Mark Eyking (Sydney—Victoria, Lib.):** Thank you, Chair. It's always a pleasure. I see you guys are progressing as usual.

I guess with the killing of the Wheat Board and supply management being on the table and getting axed, I started looking at the crystal ball of the future of agriculture. It's inevitable that these small farms are not going to have their marketing clout, and they're going to wither.

We saw it when we visited out west. We saw the orchard growers in the Okanagan. They're just going out of business. I think if these two marketing agencies are gone, you're going to see small farmers and probably dairy farmers in Quebec or grain farmers going out of business.

It's been mentioned that we can be more efficient and have larger-scale operations and that we'll be all right. That concerns me,

because who are we going to be competing with? There's nothing like competition if it's fair competition. Are you going to be competing with Brazil where they can have two crops of soybeans? Are you going to be competing with New Zealand for cheese when they don't have to house their animals or cut the forage? Then you also have the U.S. and the European treasury, when we know that there is a near-one-dollar subsidy for every bushel of grain in the U.S. along with all the subsidies in Europe.

We see this. We're going to be more efficient. We're going to be larger. But at the end of the day, are we going to produce more? Are farmers going to make a better living? Are more young people going to say they want to get into that industry since it's so much better now than it was when the other things were in place?

I guess my question is whether we are going to be able to compete. Is it going to be a better environment? Are we going to have young people beating down the doors to be farmers because there's going to be more money? Or are we going to have mega-farms that are going to be beholden to agribusiness and maybe retailers, and be making less money because they will be competing with these areas that have better production and better subsidies?

My question will be first for Bob from the George Morris Centre. Give us a little snapshot of what it will be like when this thing starts going the other way.

**Mr. Bob Seguin:** I'll start by saying that I don't agree with the supposition that the demise of the mandatory Wheat Board will be the end of grain production. It will mean changes, and not everybody will be happy, but what the western Canadian farmers have done with canola and pulses is an example of what the possibilities are. It isn't smooth, but it's there.

On the dairy and poultry and egg supply management, despite the media attention, there are strong expressions of support for the sector by all governments in Canada. Also, we would never interfere with the U.S. farm policy inside the United States and we would probably not anticipate that from any other country inside our country. The challenge is how we handle the trade aspects of it. That won't be very easy either.

But I'll take your point.

**Hon. Mark Eyking:** I want to lean the question a bit, because I have only one shot at this. What if we negotiate the dairy industry and the New Zealanders are really pushing us? What if this happens?

**Mr. Bob Seguin:** First, let's look at the small number of farmers in this country who are producing most of the food. It's a fragile number and they're not producing it on a whim and a whistle and a theme of just wanting to go out in the morning and do a few things. They have to produce it using resources, financial resources on a large scale. They have to manage large amounts of farm machinery, and now manage people who are going to run that farm, because they're too busy managing the farm. They require lots of skill sets, and to do that they need capital, opportunities, and financial resources. That is the situation today. It's not as if it's something brand new.

The other thing in the case of the United States, New Zealand, and others is whether they have the capacity to make the products come into Canada. We do not see the New Zealand dairy industry as being all hot and bothered about moving into Canada to take over our entire markets, since they have great opportunities elsewhere and have constraints on their capacity. Americans have constraints on their capacity, as we do. There is only so much room to move.

We don't see this as the end of the small farmers. We see this as a reshuffling. A number of farmers will, as they have done since the post-war era, go out of business. But some of the policies actually encourage the use of land and resources in some enterprises that are no longer as viable.

My colleague beside me is an excellent example of a smaller operation growing up to be a reasonable size, and of being cooperative and different. The Government of Canada and the provinces allow for this. So how do we best encourage this? I have colleagues on both ends of the table. It's their programming and their efforts, and they're working primarily with farmers. But how do others work best in this marketplace, given that there are a certain number of safety nets and other activities, to be competitive locally and globally?

• (1625)

**The Chair:** Thank you, Mr. Seguin.

Mr. Eyking, you're out of time.

Mr. Zimmer, go ahead for five minutes.

**Mr. Bob Zimmer (Prince George—Peace River, CPC):** Thank you.

I'd also like to correct what Mr. Eyking said. We're not actually eliminating the Wheat Board, as he mentioned. We're giving farmers freedom and the CWB freedom to operate in an open market. I say that just for clarity.

**Hon. Mark Eyking:** On a point of order, how are you going to have the Wheat Board if you take the money away—

**An hon. member:** That's not a point of order.

**Mr. Pierre Lemieux:** Play by the rules, Mr. Eyking. Come on.

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

Mr. Zimmer.

**Mr. Bob Zimmer:** I have a question for Heather, if you don't mind.

In your statement, you mentioned that farmers are “show me” types. I think that's good, because we are too. There's been \$4.5 million directed toward your organization. Can you highlight some of the important projects you've had and how that money's been adequately spent?

**Ms. Heather Watson:** That's a fairly large question.

We do a lot of things. I don't know where to start, quite frankly—

**Mr. Bob Zimmer:** Maybe you can tell us about just five things, or a few that you can think of.

**Ms. Heather Watson:** Okay.

We have a national website, and it's a national umbrella for farm business management information. We disseminate information via articles. There is a different article every day giving sound advice from third parties and partners, but our writers also seek out pertinent information.

We also do online seminars that deliver information to farmers in their home or in their office. We also are looking at lunch-and-learn sessions with other organizations to make information available without time constraints. You can always access the information, because some things change in farm business management, and some things don't, and sometimes we just have to change the way the message is reaching producers.

We also have a bimonthly newsletter that has specific success stories in agriculture pertaining to business management. These stories are about diversification or niche markets, or taking opportunities or turning challenges into opportunities. A lot of what we do is education and training in whatever format fits the producer. They tell us and other organizations what helps them in our delivery of information, and we provide content and information for them.

**Mr. Bob Zimmer:** I have a question for Mr. Zettel.

Certainly, I've said this in my constituency. I'm from Peace River in B.C., so we have cattle and grain as well. But there has definitely been a desire to buy local produce and products.

I know we've funded mobile abattoirs and we've attempted to address some of the concerns of people wanting to buy local produce. But again, I would ask a question similar to what Bob said about the market. We can help the industry, but there also needs to be a market and efficiency in addressing the market.

What do you see as some of the important things that can be done to address that concern?

**Mr. Ted Zettel:** Just to clarify, is the question whether or not there is a market there?

**Mr. Bob Zimmer:** I know there's a market, don't get me wrong. I know there's a market, but there are obviously some issues there. I don't think it's always government funding that can fix that. I want to know what you think we need to do to fix that.

**Mr. Ted Zettel:** There are many things that I personally don't think government should fund. I think I can speak on behalf of our sector that one of the things we feel government can fund is assistance to companies trying to get into that kind of business and serve what is demonstrably an existing market—the demand for local food.

If you need a processing facility, sometimes there are things the government can do. We received grants from the RED program. Sometimes there is credit that can be supplied through government guarantees. These aren't really handouts, but ways you can make the environment more compatible for smaller-scale companies to get into the business, where they're already in a market but need to develop the infrastructure further. That would be my one suggestion.

The other thing, though, is that we do need the producers. We need to sustain the producers, and we need to make it easy for them to do what they have to do. Many times the—

•(1630)

**Mr. Bob Zimmer:** I'd like to clarify that. You're saying "make it easy", but define that.

Obviously you're a producer, and you're in the marketplace right now. Again, I ask the question, other than funding, what is something you would recommend or a way to ease access from the producer to the marketplace?

**Mr. Ted Zettel:** We've identified two things. Number one is some sort of extension aimed at bringing producers into organic production, because we have a chronic shortage of products to serve the market. Typically that has been a role government has played very effectively. Most of the provincial governments have got out of it over the last several decades. I think there's a spot there for government to assist through Growing Forward.

The other thing would be to maybe subsidize the cost of the certification process for organic products. Some provincial governments have done that. In the U.S. they've done it fairly effectively through the U.S. Farm Bill. We would also advocate that as a good use of public money.

**The Vice-Chair (Mr. Malcolm Allen):** Your time is up.

Mr. Atamanenko.

**Mr. Alex Atamanenko (British Columbia Southern Interior, NDP):** Thank you very much, Chair.

Thanks to all of you for being here.

And Ted, it's good to see you again. I'm going to direct my first question to you.

You mentioned in your presentation the fact that GE alfalfa is awaiting commercialization. I've been trying to follow this file fairly closely, and I haven't found anyone who feels there is a real need to have herbicide-tolerant alfalfa in Canada, whether they're conventional farmers or organic farmers. In spite of many promises, we know there are basically two traits of GE crops: one is herbicide tolerance, and one is insect resistance. We've seen some problems like super weeds coming; and there are studies linking health questions to the use of glyphosate, etc.

We had quite a discussion on this in the last Parliament, even after my bill on alfalfa was defeated. I'm not sure if it was by Frank or Wayne, but we had a motion to have a moratorium on GE alfalfa and for reasons I'm not going to elaborate, that didn't go through. We tried to get it into Parliament.

But this is specific. It's not as encompassing as my Bill C-474 would have been. Should we all get together and support a moratorium on GE alfalfa until we really do a thorough analysis of the economic effects? Specifically, should we be recommending that our government do this? If that's the case, who should be involved in doing this analysis? Should there be cooperation between the farming sector and government, for example?

Also, the second part of the question, for the record, what exactly are the specific concerns you have as a farmer with regard to GE alfalfa? I'll stop there.

**Mr. Ted Zettel:** Just so everyone knows, the specific concern is that alfalfa pollinates through leafcutter bees, so it travels long

distances—15 kilometres or so would be the set-aside area you would need to segregate GE alfalfa from regular alfalfa. Fifteen kilometres encompasses a lot of different farm operations in almost every region, so the scientific data shows that once you release Roundup Ready alfalfa, the whole of the alfalfa supply will eventually have some Roundup Ready in it. It would be impossible to prevent that.

That would mean farmers who farm organically, who are not allowed to have GE traits in their crops, would not be able to comply with the Canadian organic standard. We would have to either change the standard to allow that—at great risk to our market, because it's one of the claims we make as part of our value proposition—or just go out of business.

Now, on the other side, who is looking for Roundup Ready alfalfa? There isn't a great demand from the agricultural community. In fact, there's a downside to the agricultural community, because many of my neighbours use Roundup to kill alfalfa. They don't really want all their alfalfa contaminated with Roundup Ready alfalfa; that management technique will be lost to them. We've asked this question, but we haven't come up with a good answer.

If there were a valid, open dialogue involving the stakeholders, we would come to the conclusion that this has a lot of risks and downsides and has very little benefit to anyone, save maybe for the company that wants to market the product. In all honesty, I really think there's probably more of a need for them to just prove a point: nothing can be stopped in the world of biotech. They would see that as a sort of principle they want to maintain. When it comes to this one thing, if the government stood up to them, I think they'd be happy to back down and save the bad publicity.

To answer your question, we could come to an agreement on this relatively easily if we could get the right people in the room. If we look in good faith at what's best for agriculture on the whole and for the Canadian people, we can make some progress here, and maybe stay out of the philosophical polarization that tends to be a part of every discussion on biotech.

•(1635)

**Mr. Alex Atamanenko:** In other words, look at it specifically and scientifically, instead of engaging in this whole debate of for or against...

**Mr. Ted Zettel:** Yes, and we need to look at it by itself, because alfalfa's very different from soybeans. Soybeans only move a few feet from where they're planted, and corn moves a few hundred metres, but alfalfa moves a few kilometres. It's a very different type of scenario and it has much different effects, so it really does need to be looked at. Basically, we're very vulnerable to this release.

**The Vice-Chair (Mr. Malcolm Allen):** Your time is over, Mr. Atamanenko.

**Mr. Alex Atamanenko:** I believe I tried to bribe you for a few extra minutes, but it didn't quite work.

**Some hon. members:** Oh, oh!

**The Vice-Chair (Mr. Malcolm Allen):** A Scotsman always needs more than what is on offer.

Mr. Lobb.

**Mr. Ben Lobb (Huron—Bruce, CPC):** Thanks, Mr. Chair.

It's too bad Mr. Eyking isn't here because, after hearing his speech, I wanted to congratulate him for graduating from the Wayne Easter School of Motivational Speaking.

**Some hon. members:** Oh, oh!

**Mr. Ben Lobb:** He can read the blues and take that for himself.

My question is for Mr. Zettel. In your second suggestion, you talked about some of the imported products we find on our grocery shelves. This is the big debate: How does this work? How does it evolve? Certainly, in our area, the organic shelf in the Goderich grocery store was about six feet long a decade ago, whereas today it's almost a whole section, driven by the consumer and by the fact that the Westons get it that there's a market for it. We could go on. The other one in recent history is the Ontario corn-fed beef program where, again, the Westons realize there is a demand.

Concerning your second point, would you rather see the dollars invested in trying to fight the imports or in helping folks such as you by promoting the value and the quality in the goods you sell?

**Mr. Ted Zettel:** I'd rather see the promotion, the pull-through, as opposed to protectionist policies. I think we're past the era when you can even talk about protectionism, even though it worked well for a long time in such things as in-season tariffs. They were a sensible way, in my estimation, for different regions of every country to make sure they had a sustainable, viable agriculture. But that went the way of the dodo bird in the 1980s.

Now we're looking at a situation where we just have to encourage what is already a latent enthusiasm within the population for buying local product. We know that's there.

I saw a presentation by an Agriculture and Agri-Food Canada official on branding Canadian just this week at the organic value chain round table meetings. It was very encouraging. The data show that the maple leaf sells product, and we can do that.

I think governments should jump on this. There's an outlook there within the population ready to support our local farmers.

• (1640)

**Mr. Ben Lobb:** That's a good point. The thing that always strikes me as ironic is that the company called Maple Leaf probably has the biggest problem using the maple leaf. It just strikes me as odd.

**A voice:** I hadn't thought of that.

**Mr. Ben Lobb:** With regard to check-offs, the Ontario Cattlemen's Association and most producer groups have a check-off in use for different marketing tools. Does your group have a check-off? Is that something you're looking at doing to build the brand, to build the awareness amongst...?

**Mr. Ted Zettel:** No, and that's one of my points here. Right now the organizations that represent the organic producer—there are 4,000 of us across Canada—really have no access to any of that money that comes through the formalized check-off system.

I think we probably need some help from the governments to be able to remedy that situation. We pay into the systems, but the systems represent the mainstream, obviously. We don't have any

mechanism to arrive at a check-off for our sector. It cuts across all the commodity groups, and that's the difficulty. Beef is beef, and dairy is dairy, but organic is beef, dairy, horticulture, grains—everything all rolled into one.

**Mr. Ben Lobb:** I have one last question.

In 1(d) of your submission, you talk about the regulatory burdens and so forth. I can think back to a couple of examples in our area. One is the Ontario Dairy Goat Cooperative, which has taken a very small industry in Ontario from maybe \$1 million in sales a decade ago to \$15 million in sales, and has just continued to find ways to do it. The other example, which you likely are aware of, is the Bruce-Huron food terminal that the Mennonite community has used kind of in parallel with the Elmira food terminal model. They've done it with their dollars and done it their way.

As your group looks to move forward, is there a way to do it all through cashflow, or, because it's so broad, as you say, trying to promote all the different products, is there a value there to help with the investment in terms of making facilities available?

**Mr. Ted Zettel:** Yes. As I said, there are two problems with the small-scale processing infrastructure, which we used to have; we should recognize that. In Ontario particularly, we had all that infrastructure. It gradually became centralized and dominated by very large-scale processors, so that now when we think of things like dairy goat, those are small volumes. You can't do them at a big processing facility.

One thing I would say regarding the regulatory burden, as suggested in paragraph 1(d) of my brief, is that not everything needing to be done at a huge Maple Leaf plant needs to be done at a small-scale abattoir. I take some exception to Bob's comments that the small abattoirs just didn't compete in terms of quality. I think many times they were faced with provincial regulations, and sometimes federal regulations, that were just not appropriate to the scale of operations. They didn't provide any greater food safety outcome but imposed an unmanageable level of regulation.

We need to be sensible about that. I think my colleagues here are aware of that, too, that there needs to be thoughtful regulation that's appropriate to the local, the small-scale, the medium-scale operation.

**The Vice-Chair (Mr. Malcolm Allen):** Thank you, Mr. Zettel.

Madame Raynault.

[Translation]

**Ms. Francine Raynault (Joliette, NDP):** Thank you, Mr. Chair.

Thank you for being here today.

My question is for Mr. Robert.

On your organization's website, it says that you seek to enhance efforts to encourage better business management practices for a sustainable and truly remarkable agriculture industry in Canada.

Are current practices flawed? If so, how can they be improved?

•(1645)

**Mr. Richard Robert:** We strongly believe in the Canadian Council. I was lucky to be able to travel a bit around the world. I have been to New Zealand; we talked about that earlier. We have been to the U.S. We have been around a little and we have met with people all over the place.

We are going to improve sustainable practices and healthy competition between businesses by investing in farmers, knowledge, expertise, training, and easy and quick access to data.

Through our website, we are trying to provide farmers with information quickly, at a glance or just two or three clicks away. As a result, they can make informed decisions and they can find budgets and resources that will help them on a daily basis.

If you teach people how to fish, you don't need to keep feeding them. If you ask me how we can make improvements, I will tell you that more work needs to be done on prevention rather than on corrective measures. But I don't suggest we get rid of safety nets and programs.

The more we help producers become aware of their decisions and make informed decisions, the less it is going to cost the government to overcome a crisis, because they are going to be better prepared for it, whether with a fiscal reserve or something else. They might see the blow coming more in advance.

That is what we think. We have to invest in long-term training.

**Ms. Francine Raynault:** Thank you.

I now have a question for Mr. Seguin.

In your brief, you have said that the Canadian agriculture and food policy does not cater to future needs and that it requires resources to be reallocated.

How and where should resources be reallocated?

[English]

**Mr. Bob Seguin:** It's a challenge for all of the ministers of agriculture. But given the fixed amount of money available that taxpayers and citizens are willing to provide, and realizing that it won't be an easy discussion but that it will take place over time, our proposal would be to reallocate from the business risk management programs and to increase the cost shared resources with producers, primarily on farm management, training, and improved skill sets, and to increase resources for innovation.

By that I don't mean simply giving money to universities to do R and D. Any other sector of the economy would be focusing on what actually gets into the marketplace. Look at what the Government of Canada, through Agriculture and Agri-Food Canada, stipulates as innovation. It's R and D. Most sectors don't see that as the only way to do innovation. How to get the right processes and the right product, how to look at the right market opportunities, how to have the right scale to go from a small local processor selling to next door neighbours and the local community, how to get into the restaurant business, and how to get into public sector business to sell your product, all that takes time, improved management, and improved reallocation of resources. To my colleague, Mr. Robert, it probably

would reduce the need over time for business risk management resources.

[Translation]

**Ms. Francine Raynault:** Do I still have time?

[English]

**The Vice-Chair (Mr. Malcolm Allen):** Yes.

[Translation]

**Ms. Francine Raynault:** My question is for Ms. Van Rossum.

In your presentation, you said that too few farmers are using your services.

What must be done to reverse course? Are we to expect an increase in the number of farmers who might declare bankruptcy if they don't do a good job as managers?

**Ms. Johanne Van Rossum:** I think so. In response to your second question, yes, we can expect to see an increase in the number of bankruptcies if farmers are not good managers.

What can we do? I think Richard talked about this but, in my view, it is important to encourage follow-up and education in order to be more competitive.

Would you like to add anything?

**Mr. Mathieu Pelletier:** You are asking whether businesses need management. I have a short passage before me from the brief prepared by the Centre d'expertise en gestion agricole on September 2, 2011, for the work of the Committee on Agriculture, Fisheries, Energy and Natural Resources. The topic is Quebec's future policy on bio-food.

The brief says that strengthening the competitive position of the agricultural and agri-food sectors relies on making each business more competitive on the domestic market.

But only 15% of businesses use the services of the management council. With that in mind, how can we improve or encourage businesses? There are a number of possibilities. One is government training for farmers. Producers would be encouraged to go to management councils. Training is key here.

•(1650)

[English]

**The Vice-Chair (Mr. Malcolm Allen):** Thank you very much.

Mr. Hoback.

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

And welcome to the position of chair. It's always good to see my colleagues getting promoted once in a while.

**An hon. member:** It's a coup.

**Mr. Randy Hoback:** It's a coup, yes.

**Some hon. members:** Oh, oh!

**Mr. Randy Hoback:** Again, I'd like to welcome all the witnesses here today, too.

One of the things I'm trying to do in this study is to really start to identify the issues we need to look at in the next suite of programs as we move forward, because the issues today are not the same ones we had when we were developing the last set of programs. I think the marketplace is totally different.

Mr. Seguin, you said that one of the issues before was having too much supply, too much product, in the marketplace so that the prices were depressed. Now we look at the situation, for example, in the grain sector, where we're being pushed all the time to produce more to feed the world. As the population continues to grow, those pressures are going to keep coming on and on.

When we start talking about different regions of the country, there are conflicting issues. Canada is a big country, and buying locally has a really good part to play in certain parts of the country, while in other parts it doesn't work due to lack of population. But in the same breath, it doesn't mean you don't have a policy for buying local. I think it's important that we do.

I look outside of Saskatoon, for example. There's a lady and her husband who were the outstanding young farmers a few years back, and they have a whole system of buying local. Whether it's beef, chickens, or poultry and that kind of thing, they're doing it through buy-local ends. They're not selling organic, but just selling the fact that you know where your food was grown.

I'm wondering what barriers there are right now that are not allowing farmers to do this buy-local system. Maybe you can give me some advice.

Mr. Zettel, I'll start with you. Maybe you can just quickly answer that. Then I'm going to go to my colleagues from Quebec and just talk a little bit about expansion issues and some of the things that could possibly be going on there.

**Mr. Ted Zettel:** We have noted that for some individuals, the buy-local system works very well on an individual level, straight from the farm to the consumer. The best example of that is what we call CSAs, community-supported agriculture.

**Mr. Randy Hoback:** What barriers to setting up a buy-local system would you face?

**Mr. Ted Zettel:** The barrier to many of those is that it takes a very highly skilled individual, with marketing and production expertise—a jack of all trades. Most farmers, in our experience, need to have someone act on their behalf to get into the market. That's where the Dairy Goat Co-operative, which Ben mentioned, is so important. We need to have an organizational level representing the farmer in the marketplace.

So a big barrier, first of all, is that if you can't do it on your own, and if you don't have an organization of fellow producers to assist you, then you just don't have the methodology, the skills, or anything to actually do the marketing directly to the local public.

**Mr. Randy Hoback:** I guess my question on that, then, is why you would go to a third party. If you're not going to do it yourself or do it with a small group, why wouldn't you just use the existing infrastructure that's there?

**Mr. Ted Zettel:** The existing infrastructure is usually focused on something else, not on serving the local market.

**Mr. Randy Hoback:** Ms. Van Rossum, one of the things I was curious about is that in certain areas of the country, the price of land is fairly inexpensive compared to the price of land, for example, in Quebec—and probably in Quebec it changes from region to region.

For the younger farmers who are growing and expanding, what barriers are they facing in Quebec in terms of access to capital that might be unique to an area of high population. Could you give me some insight on what's going on there?

**Ms. Johanne Van Rossum:** Do you mean on the *plan de relève*, that is, the younger ones taking over the farm?

**Mr. Randy Hoback:** Yes, the younger farmers taking over their family operation and then expanding that operation.

What are the challenges they are facing? Again, it's different in a high-population area from in Saskatchewan, which has lower population and where the price of land is less. We're not competing, necessarily, with the city to build a house on that piece of property, whereas in Quebec you might have more of those pressures.

• (1655)

[*Translation*]

**Ms. Johanne Van Rossum:** I am going to answer in French, since it is easier for me.

The main challenge is investment, having the capital needed to start a business—Mathieu can add to my answer. When the time comes to transfer the business to other family members, parents usually give up a considerable part of its value so that the next generation can continue running it. The amount required to invest is a big obstacle. Business owners are in competition. For example, it is a serious challenge when a company wants to make investments, or rather, has extra cash, and starts competing with a young person who wants to go into business.

Mathieu might want to add something.

**Mr. Mathieu Pelletier:** I would like to add that access to capital is tough and that the price of land is extremely high. In some cases, farmers' lands and businesses are their only pension. They sometimes get donations, but at other times, they have to sell the business. In the future, producers should put money aside for retirement and for an easier transfer. The price of land will not go down, and access to capital is not going to be easier in the future.

Does that answer your question?

[*English*]

**Mr. Randy Hoback:** Exactly.

Depending on where you are in Canada, that issue is more relevant than others. There are parts of southern Ontario that would have the same issue. It's more valuable to put a greenhouse up, a house up, or a windmill up than it is to actually grow soybeans or something else.

When you look at your next set of programs, I'm not sure if there's a role for the federal or provincial government to actually claim that or not.

**The Vice-Chair (Mr. Malcolm Allen):** I'm sure there might be, Mr. Hoback, but you're well over time.

Perhaps someone else will help with the question.

Mr. Rousseau.

**Mr. Jean Rousseau (Compton—Stanstead, NDP):** Thanks, Mr. Chair.

The first question is for Mr. Zettel.

[*Translation*]

You said that organic farming is much more complicated in Canada. Does this make your products less competitive compared to non-organic products? What can we do to reduce this gap on the market?

[*English*]

**Mr. Ted Zettel:** The fact that it's more management and labour intensive to produce organic crops adds to the cost, and results in a differential at the retail level. I don't think it's up to the government to try to change that.

What the government could do would be to assist new producers who want to learn those methodologies to make them efficient—that would go back to my earlier suggestion of extension—and to assist in encouraging the infrastructure necessary to get the product from the farm to the consumer.

[*Translation*]

**Mr. Jean Rousseau:** Do you think we can be more competitive internationally, on the international market, with measures like that?

[*English*]

**Mr. Ted Zettel:** Yes.

I believe we probably have great potential to be competitive in the organic food business internationally. As a matter of fact, there is a large trade in organic product going out of Canada already. Emerging markets in Asia, Europe, and the U.S. are very significant and present a very significant opportunity for the Canadian agricultural sector. The problem is that we don't really have enough producers now to meet that demand.

[*Translation*]

**Mr. Jean Rousseau:** Yes, there is more demand than supply.

[*English*]

**Mr. Ted Zettel:** Correct.

[*Translation*]

**Mr. Jean Rousseau:** I now have a question for the people from the Fédération des groupes conseils agricoles du Québec.

You said you have helped a number of producers to make their management practices healthier in order to be more competitive. Have you noticed any recurring problems that producers are dealing with? Are they lacking management skills? Is it an administrative burden? Is there a way to help producers in difficulty to have healthier management practices?

• (1700)

**Ms. Johanne Van Rossum:** I would say that all of that. As we mentioned, the adaptation strategy that is now in place, the multidisciplinary approach, would be a good solution. Our management consultants have told us that, once the assessment was done

and should the cost of feed be too high, they would not be able to provide producers with a concrete solution and tell them specifically which expenses to cut down on. If we know that the cost of feed is too high, the multidisciplinary approach seems to be the best option to lower it. But at the moment, this approach is strictly used for businesses in difficulty. In order to have access to those services, there are very strict criteria to be met. Those services are accessible only when things are going very badly. In the long run, we would like this approach to be available to as many producers as possible.

**Mr. Jean Rousseau:** Mr. Pelletier, can you add to that?

**Mr. Mathieu Pelletier:** Basically, you want us to list the recurring problems. We can easily name two: the price of feed and the price received for products.

A study was done on the price of feed. I don't have all the details, but I know that the price of feed is higher in Quebec. That's recurring. I am not just talking about dairy products. In all areas, we see that the price of feed, such as grains, is increasingly higher. That's a recurring problem for businesses. Given that feed is the biggest expense for businesses, this is one of the main concerns.

In terms of prices received, we are talking about marketing. Earlier we were talking about marketing on a smaller scale and the regulatory burden for abattoirs. That can be one of the solutions to help producers stand out on the market.

**Mr. Jean Rousseau:** Do I still have time?

[*English*]

**The Vice-Chair (Mr. Malcolm Allen):** You have half a minute.

**Mr. Jean Rousseau:** I have a quick question for Mr. Seguin.

[*Translation*]

You talked about a changing global market. You have a few graphs showing that the agricultural market is growing but that Canada's share of exports keeps going down. What are the main reasons for this trend?

[*English*]

**Mr. Bob Seguin:** Unfortunately, it's the competition—Brazil, the United States, and other countries—doing as well or better in the marketplace. It's also partially the value of the dollar, as well as the ability to have enough supply in the marketplace at a time when we want it. For some commodities we're doing exceptionally well, and for a couple of others we're not doing as well. For some of the processed foods, sadly, we're not as aggressive as we have been in the past.

There are probably some corporate decisions about how companies are allocating resources, but we should be looking at our competitors as the primary reason we've slipped just a few notches down.

**The Vice-Chair (Mr. Malcolm Allen):** Thank you very much, Mr. Rousseau. Your time is up.

Mr. Preston.

**Mr. Joe Preston (Elgin—Middlesex—London, CPC):** Thank you very much, Chair.

It's great to be here today. We've learned some good things here today.

One of the pieces I've just heard from the federation is, I think you said, that 15% of farms have a business plan, and in your document you said that 20% have one. Either way, as a businessman myself, I certainly know that if my sector were down at that level I could be a lot more successful. If my competitors were planning that little, I'd be a lot better off. How do we fix that?

Mr. Seguin, you mentioned measurement, and I'll get to you with a second question on that if I have time.

Obviously, if we're not working from a business plan or even trying to follow one and actually measuring our results or failures against it, how do we get people there? How do we make that better?

I ask this because we can get out of the way if someone else is measuring and being successful.

**Ms. Heather Watson:** I hope you don't mind if I answer.

I'm seeing a huge discrepancy in the definition of business management, and I think it is taken for granted. I think it's assumed that business management is the everyday practice, the common sense, and it's not taken as something that you need to work at and continue to work at. And whether it's 15% or 20%, the numbers are consistently low, for sure, and the Agricultural Management Institute just confirmed those numbers in Ontario as well.

I think it's in the messaging. I think we can simplify that messaging to make it more meaningful. If we're saying that you need this business plan, and it's going to take you five years to get to the end of it and then it's just a piece of paper, that's not the right message and it's not very sexy or appealing to the farmers. But if we say, "Do you have vision? Do you have goals? Do you want your family farm to be around for the next five or ten years?", I think those are the messages we need to be communicating.

It really is the messaging and the communication that we need to work at.

• (1705)

**Mr. Joe Preston:** But in the last bunch of years, certainly through any recessionary times, every business has had to look very hard at itself and inside itself. Am I spending this? Am I overspending on this product? Am I under-spending on this product? Is this supplier charging me too much?

How is it that farm businesses have not reached that, or certainly not to the same degree? You even said, "Well, 20% have a written business plan, and 71% have used that simply to secure financing", or that that the reason for their business plan is that they can actually take it to a bank, or take it to someone and do it. I mean, the real answer is measuring results.

I'm going to pop over to Mr. Seguin, because you mentioned the other side of this same scenario. Where the federal government is spending money, you're suggesting that we lack measurement of the results of the money we're spending. Is that true? If so, how do we improve?

**Mr. Bob Seguin:** This has been a problem for decades. Part of my life was doing federal-provincial programming in income support, and we never asked some of those questions. How did this really change that farm family or that farm sector? How did this really affect the food processing sector? Did we get a better product? Does

this really make the farm community more sustainable, financially or environmentally?

We never asked to see results, or what happened.

The challenge here for the federal and provincial governments of Canada is to ask some of these questions and to work with the farm community. Some of them may not want to have the questions asked, but work it through.

I think you'll find there are a sizeable number of farmers who do the right things—as my colleagues have asked about. But a larger number—for a number of good reasons, both personal and lifestyle—have other sources of income and don't place the same attention on it.

The Government of Canada and the provincial governments—with the limited resources they have from the taxpayers—need to find out how best to allocate them and where it will really work.

**Mr. Joe Preston:** The industry isn't measuring itself. If the individual business people involved in your industry aren't measuring themselves, how will we ever get those answers back regardless? That's maybe a rhetorical question.

But if we asked the questions you just asked, 80% of the people would not know the answer. They're not measuring it in their own businesses.

It really does come back, from a business management point of view, to suggest that the success is there, but the measurement needs to be done. There has to be a measurement, or we can't tell.

**Ms. Heather Watson:** That's just it, it's figuring out what that measurement is. For a lot of farmers, it's the bottom line. It's the profitability. I'm speaking very generally and I apologize, but it's what do you attribute your profitability to?

If that's your measure, if all you care about is profitability, what do you attribute it to, and if you don't know your cost of production then

—

**Mr. Joe Preston:** If that's your only measure, it's a really scary day at the bank—

**Ms. Heather Watson:** Exactly.

**Mr. Joe Preston:** —when all of a sudden you discover you missed that measurement.

**Ms. Heather Watson:** Yes.

**Mr. Joe Preston:** Because if all you're measuring is the profit... You must measure other things along the way. That's true with all that we're saying here.

But more than one group today and,

Mr. Zettel, you said that the increased costs of setting up and moving forward with organic farms required a little bit more business management perhaps than regular agriculture, and I'm certain that from the organic side you must have members in your groups too that just, if you will, fly by the seat of their pants rather than run through management.

**Mr. Ted Zettel:** I have maybe one comment on that. We have to recognize that farming is not just the same as any other business. It is also a lifestyle choice, and people enter into it for reasons other than just a return on the investment.

You're not going to change that overnight, as it's just part of the culture of farming. But in the organic sector, I think we're in exactly the same predicament as many, many operations that don't really have a handle on their business.

**The Vice-Chair (Mr. Malcolm Allen):** Thank you, Mr. Preston.

Mr. Payne.

**Mr. LaVar Payne (Medicine Hat, CPC):** Thank you, Chair.

My question is to the witnesses, through you, Chair. I'd also like to thank you all for coming here today. It has certainly been very informative.

I was amazed, as that was one of the areas I wanted to talk about

• (1710)

**Mr. Joe Preston:** I'm sorry.

**Mr. LaVar Payne:** No, no. It's great that you asked that question about the number of farmers lacking a business plan. Do you have any information as to why they're not using these plans, or is it—

[*Translation*]

**Ms. Johanne Van Rossum:** I would just like to point something out. I am a producer. The question producers ask themselves is whether they have the money to make their payments. As Heather said, the question is basically whether there is money left at the end of the year.

We are trying to create a management culture for our groups and our producers so that, in addition to production, they start thinking about management. This is possible because there have been deliverables and subsidies since 2005. That encourages producers to try it. Producers are going to see if they get something out of it.

Once they get a taste, we continue to follow up on them on a regular basis. It usually works very well, but it is one producer at a time. We are a group of 70 agricultural consultants who meet with producers.

[*English*]

There's only so much you can do.

[*Translation*]

We cannot meet with all of them. The Growing Forward program has been at least an incentive for them to try it. It is not very expensive. They tell themselves that they can see whether it works for their farms or not. If so, the producer may decide to continue.

We believe in the collective approach. If a producer tries it and it works, he will tell the others and that will give you five more. It is all about the long term. It is the incentive that counts.

[*English*]

**Mr. Bob Seguin:** We shouldn't assume that the farm community across Canada is way behind the Stone Age. Every sector has gone through the same challenges. An acceptable style of business management had to increase, improve, and become more sophisticated. There are a number of farmers across Canada who are highly sophisticated in managing large operations that even many people in the non-farm sector would find amazing. The challenge is how you raise over time the entire cadre. It just takes time and effort.

The challenges Ted and my colleagues from the farm management community raised concerned personal preferences and comfort with an acceptable style, which take time to move. The sector has had incredible expansion in capacity. What I have found though—and this is a challenge to governments—is that over time, governments have disinvested in this. The same extension networks don't exist. The same university support doesn't exist. It's not that you need to subsidize it to the hilt, but is that outreach what it used to be?

In the United States, one of the major programs for manufacturers is based on the land grant colleges, which is what all extension agriculture in Canada was based on. This is one of the big supports in the United States for its manufacturing sector. It is the same general concept that we would use in extension agriculture for how to bring that whole skill set to the small- and medium-size players.

**Mr. LaVar Payne:** Okay, thank you.

I also had some questions for either Ms. Watson or Mr. Robert.

In your opening remarks, you talked about minimizing red tape. We do have a red tape reduction process ongoing here in the House. Do you have any particular examples you could provide us with that you think would be beneficial?

Secondly, have you passed those suggestions on to the various organizations or to government?

[*Translation*]

**Mr. Richard Robert:** I am not sure I understood your question correctly.

You were talking about keeping programs simple and minimizing red tape or reducing paperwork, correct?

Programs have been set up. There are still some in Quebec, but there are a bunch of documents to fill out. In order to be able to get help to prepare a business plan or a farm transfer plan, there is a lot of paperwork to go through. Producers get sort of lost in all that. That is why we have said that it is important to keep everything simple and to tailor it to the size of the business. I understand that efforts have been made to standardize things from coast to coast, but...

Earlier there was a discussion about small and large farms. Essentially, you have to adapt to the size of the business and the needs of producers rather than make the producers follow a program. We recommend keeping things simple, but does that always work? I know it is complicated. The easier the process is, the more appealing it will be for producers and the more they are going to use it.

I am not sure if I have really answered your question.

• (1715)

**Mr. LaVar Payne:** Yes, thank you.

[*English*]

**The Vice-Chair (Mr. Malcolm Allen):** Thank you, Mr. Payne.

That completes everyone this round.

There are a few minutes left, so I'd be happy to take a short question from each side. I'll go to this side first and then come back to the government.

**Mr. Alex Atamanenko:** Thanks, Malcolm.

This is mainly for Mr. Seguin.

We know we have some of the best farmers in the world, who are doing the very best they can. They're innovative, yet a lot of them are finding it very difficult to make money, and we have tried to come up with all sorts of ways to help them.

I'll never forget one time in a committee when a farmer said to us, "Help us compete against foreign governments."

Is there a more specific role for our government in this regard? Keep in mind that the U.S. heavily subsidizes certain groups—for example, rice farmers who then flood the markets in Africa, or apple farmers who flood our markets and put our farmers out of business. Is there a way our government can play a more active role to help our farmers compete against foreign governments?

**Mr. Bob Seguin:** On the question of subsidies and the impact on domestic markets, the Government of Canada has the capacity to look at—and has done so at the request of the farm community—how product coming into Canada is dumping and countervailable, as well as to take action, to be supportive, and to help with the analysis so that the community can at least operate on a more level playing field.

The other challenge is whether the standards being demanded of imported products are equivalent or harmonizable with the ones being requested of the Canadian operations across Canada. If they're not, then why not? But if the product coming in is equal to or superior to ours, how do we then help our companies and our farm community raise their standards?

So there are a number of things here about information, market analysis, and taking advantage of the existing tools the Government of Canada has available. The other challenge to prove is whether damage is being done. Is it?

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

**The Vice-Chair (Mr. Malcolm Allen):** Does anyone on the government side care to ask a question?

Mr. Preston, no?

There are a few minutes. I'm happy to let folks speak, if they have an additional question, and if not I'll let it go to Mr. Eyking for a couple of minutes. If I see no more hands, I'll ask for an adjournment. It's up to you.

**Mr. Joe Preston:** I had a quick one for Mr. Zettel, if you and my colleagues don't mind.

You've stated there's been exceptional growth in your industry, and perhaps you're only being held back by the number of farmers who actually want to enter the organic piece.

Part of my question is how you can attract more people. Obviously you're profitable in doing it, so I guess we simply have to tell other people that you're profitable, and they may want to enter the organic side.

We also mentioned that the import of organic goods is increasing and taking some of your market from you, too. That's not a way to keep you level; it's not what needs to happen. Are we keeping pace with the countries that are exporting organic goods to us? What's the trade imbalance on organic goods coming into and leaving our country?

**Mr. Ted Zettel:** I'm not sure whether I have really good data on that. Our sense is that we're feeding our own people within the organic market, with about 75% coming from the U.S., mainly in the produce sector. Some of that is understandable because of our winter, but we know our export potential is not being realized to any extent at all. There is a great demand in the U.S. for our exports, but the barrier there is the lack of processing capacity on the scale it would need to be at to accommodate our lack of processing capacity.

I've worked on this in beef, in dairy, and in frozen vegetables, in trying to arrive at some sort of processing capacity that would match the acreages and numbers of heads we have available, and to be able to put it together. It's very difficult because you have to build it from the start.

• (1720)

**The Vice-Chair (Mr. Malcolm Allen):** Thank you, Mr. Preston.

Mr. Eyking.

**Hon. Mark Eyking:** With all the talk of the last few days, after the Pacific meetings and the threats to supply management, whether real or not, at the end of the day, there are 15,000 farmers and the value of quotas on the table is \$30 billion.

Now, we talk about business plans and what the farmers are doing, but what if the quota value became zero? How would that affect a lot of young farmers? How would it affect their bottom line? How would it affect where they go from here? Would it be a catastrophe? How would it evolve in all these business plans?

Or is the quota value even in your business plans?

**Mr. Pierre Lemieux:** Chair, can I just raise a point?

**The Vice-Chair (Mr. Malcolm Allen):** Absolutely.

**Mr. Pierre Lemieux:** I just want to comment that it's a hypothetical question, and the witnesses should not feel obligated to comment—

**Hon. Mark Eyking:** Oh my—

**Mr. Pierre Lemieux:** —on a highly hypothetical question like that.

The other point I'll bring up...

Oh, forget it, Chair.

**Hon. Mark Eyking:** You're wasting my time.

**Mr. Pierre Lemieux:** You know you don't have time, Mr. Eyking. You got it because we gave it to you.

**The Vice-Chair (Mr. Malcolm Allen):** Order, folks. Hang on.

I had asked folks for an understanding to ask a question.

I understand what the parliamentary secretary is saying. It is a hypothetical question.

If someone wants to answer a hypothetical question, feel free to do so. If you do not wish to answer a hypothetical question, then don't. It's kind of simple.

Mr. Lemieux.

**Mr. Pierre Lemieux:** Chair, I want to follow up on this point.

The only reason we're doing an extra round is that everyone has agreed to it, but I don't think it's the kind of round we should wage war in.

Instead, if we have a topic of interest and it's a question that's useful, by all means ask it, but if we're going to get insist on getting a last shot in, no, Mr. Eyking is not entitled to a last question—

**Hon. Mark Eyking:** Mr. Chair, he's wasting my time.

**Mr. Pierre Lemieux:** Okay. I'll move a motion to adjourn, Chair.

If that's the way you want to play it, Mark—

**Hon. Mark Eyking:** Are you scared of the truth? You're scared of the truth.

**Mr. Pierre Lemieux:** —I'll move a motion to adjourn.

**Hon. Mark Eyking:** These people are talking about business risk management. They're talking about business plans.

**The Vice-Chair (Mr. Malcolm Allen):** I'd like some order. Thank you.

A motion to adjourn has been put. It's non-debatable.

**Hon. Mark Eyking:** Chicken shit.

**The Vice-Chair (Mr. Malcolm Allen):** The question now becomes a vote.

Those in favour of adjournment, please signify.

**Some hon. members:** Agreed.

**Hon. Mark Eyking:** This is just terrible.

**The Vice-Chair (Mr. Malcolm Allen):** The adjournment motion has carried. Thank you.

The meeting is now adjourned.

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