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Chair

Mr. Larry Miller

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● (1530)

[*English*]

The Chair (Mr. Larry Miller (Bruce—Grey—Owen Sound, CPC)): I'd like to call our meeting to order. We do have enough members to hear witnesses. I was going to ask for unanimous consent due to the timeframe. The fact that the House is no longer sitting doesn't mean we can't sit here, but I'm sure everybody wants to get on the road, so without further ado, we'll get started.

I'd like to thank all of our witnesses for being here.

Mr. Delaney and Mr. Ling are joining us by teleconference.

Can you hear me, gentlemen?

Mr. Allan Ling (Chairman, Atlantic Grains Council): Yes, we can.

Can you hear us okay?

The Chair: Yes, I can hear you.

Just in case we have any technology problems, we're going to start with you, gentlemen.

You have 10 minutes, please.

Mr. Allan Ling: First of all, we apologize for not being there, but due to the timeframe it was just impossible, so we thought we would do the next best thing.

Thank you for the invitation to present on Growing Forward 2.

I'll start by saying that my name is Allan Ling. I'm a mixed farmer from Wheatley River, Prince Edward Island, and the president of the Atlantic Grains Council.

The Atlantic Grains Council represents over 1,600 cereal and oilseed producers farming close to 200,000 acres through the entire region. The Atlantic Grains Council is a member of the Grain Growers of Canada, which has already made a presentation to your group, we understand, on November 24.

With me today is Michael Delaney, who is the general manager of the Prince Edward Island Grain Elevators Corporation, a leader in the marketing of cereals and oilseeds in P.E.I. especially. We give you regrets from Robert Godbout, a farmer and vice-president and business owner from Grand Falls, New Brunswick. Unfortunately, a work commitment got in his road.

I'm going to turn it over to Michael. He can lead some of the discussion. I'll come back in a few minutes.

Mr. Michael Delaney (Member, Atlantic Grains Council): Thank you, Mr. Chairman.

I appreciate the opportunity. We have a message here that we'll make available to you after we're done, if that's of any value. I'll read it for you and try to lay out the background.

The Chair: Thank you.

Mr. Michael Delaney: The forum provided by our council actively encourages all provinces and all value-chain organizations similar to the grain elevators corporation to become involved. We have considerable research capacity and infrastructure available regionally in all three provinces. Our members include provincial government representatives, millers, feed companies, processors, researchers, and seed suppliers.

While cereal and oilseed production structurally are secondary to forage in Newfoundland, we are endeavouring to extend our membership to growers in that province. Discussions have been held with industry leaders there to examine ways to further build capacity through identification of the potential synergies that may exist. I guess what we're alluding to there is the fact that most of their grain comes from other parts of the country, and we'd like to engage in a discussion on how we could perhaps change some of that. They have a large handling facility there and handle a lot of corn—or did—and soybeans.

In terms of background, farming in the Atlantic region has been subject to tremendous challenge and change over the past several years. Our livestock industry has declined. Hog production has decreased by 50% or more in some provinces. Local federally inspected livestock facilities for swine processing have all but disappeared. Cow-calf numbers and slaughter capacity are diminished. The local beef slaughter plant in Borden, P.E.I., is incurring huge monthly operating deficits. Despite this regional deficit in livestock markets and the inherent freight premium, it is clear that the region's value-added processing capacity may not be competitive.

On the other hand, the fish-farming sector is increasing. Potato production is stable, with 100,000 acres cultivated regionally, and an abundance of local processing capacity available in P.E.I. and New Brunswick.

Supply management schemes are important to Atlantic growers. These farmers are often our customers. These operating arrangements offer a level of stability and are well respected by them. We support a continuation of these arrangements.

Grain production is in surplus on P.E.I. and in deficit in the remaining provinces. Milling wheat, barley, oats, feed wheat, and corn are all produced regionally. The recent price experience is positive, despite higher input costs. Cereal products are imported from other parts of the country to cover the various shortfalls in local supply. Demand for local cereal grain is stable, with active and recent reinvestment taking place in the feed milling sector. It augments the high regional level of grain grown on farm and fed to livestock. The local customer base includes farmers, feed companies, the fish and fur industries, and flour mills.

Recently there has been exponential growth in oilseed production, primarily soybeans, both identity-preserved and GMO, for P.E.I., and also canola, particularly in northern New Brunswick. In 2011, for example, close to 75,000 acres of beans were planted and 10,000 acres of canola, versus 10,000 acres combined for these crops as recently as five years ago. There is a growing market in the world for vegetable oil, and in countries like Japan, for IP soybeans served as tofu, as an example, for human consumption.

With the help of commercial drying facilities, the region is fortunate to be able to participate in growth in these markets. There are small oil and meal producers starting to crop up locally, with larger processors available in Quebec and offshore, with a reasonable local market for both soybean and canola meal for protein supplementation in livestock feed.

If a major DON toxin problem—that's a toxin in wheat, as you know—may be overcome, there's a ready market for up to 100,000 tonnes of milling wheat for flour produced at our local P&H Milling in Halifax. These market opportunities bode well for the region and help optimize freight, as marine capability is readily available to service them. Contrast that to P.E.I, which no longer has rail capacity and may be short of trucks during a busy fall harvest.

I have another little paragraph or two on critical issues, and then I'll turn this back to Allan.

In order to support the maintenance of growth in the entire Atlantic production system, including cereal and oilseed producers, in the context of Growing Forward 2, our council wishes to comment on two important aspects relating primarily to federal government investment: funding for safety nets and public funds for research or innovation.

● (1535)

It should be borne in mind that with the region’s small size, and with the possible exception of potatoes, our main focus is the domestic not international trade. We take the view that we don't contribute to large global food surpluses. It also means that it is difficult to attract large investments for genetic modification in crops, breeding, or other forms of innovation, for example.

Thank you.

Mr. Allan Ling: Thank you, Michael.

I guess you guys realize that the outcome of this work is very important to us. Accordingly, our council appreciates the opportunity to present to your group, to comment, and to provide an Atlantic Grains Council perspective.

Regarding safety nets, we understand that ministers will be discussing, for Growing Forward 2, a continuation of safety net programs in accordance with pre-existing frameworks, including AgriStability, AgriInvest, AgriRecovery, and crop insurance. Our council supports these programs and this effort.

The advance payments program and price pooling program have been utilized by the local industry. The APP has been well received. The PPP has had administrative problems. We would ask for your support in encouraging government to retain or even enhance this important funding envelope. This is only fair when competing with foreign government treasuries.

We would not support cuts in existing programs to find additional dollars for innovation. The current framework of programs, when operating together as they were designed to do, can provide adequate coverage whenever factors come together that impact the farm margin or crop losses. We would hope that farmers will still enjoy the current 15% margin-loss support in AgriStability, and we would recommend that the funding level for AgriInvest be increased to 3% of eligible sales—it's at 1.5% now—matched by government.

One only needs to see how the safety net program had a positive impact in assisting western grain producers facing losses due to drought or flooding. In livestock commodities, we know that poor prices generally follow periods of high prices. There are tools in this package to assist producers to be ready for these circumstances.

Funding for innovation is a public good, as it helps build wealth for our nation, particularly if there is a greater investment in value-added processing beyond the farm gate. Granted, if there are yields or crop improvements to be gained, there is a win there for primary agriculture in supplying the food needs to a growing world.

Perhaps production of Atlantic biomass for heating fuel is another form of regional innovation. It remains unclear if these investments will take place here in Atlantic Canada, since, with the possible exception of potatoes, most of our goods are consumed domestically.

● (1540)

The Chair: Could you wind down?

Mr. Allan Ling: Pardon me?

The Chair: Could you wind up, Mr. Ling, please?

Mr. Allan Ling: Yes, okay.

The other avenue that we will touch on very quickly is research. I'll not bother reading through it, but it is very critical that we keep the research programs and further enhance them. We've done a lot of work trying to get back to the 1994 level in real dollar terms. Maybe we can go into that in the question period.

Thank you very much.

The Chair: Certainly.

Thank you.

We'll now move to the Canadian Cattlemen's Association, Travis Toews and Ryder Lee.

Mr. Travis Toews (President, Canadian Cattlemen's Association): Thank you, Mr. Chairman.

Thank you to the committee for another opportunity to present to you.

For those who don't know me, my name is Travis Toews. My family and I ranch near Beaver Lodge, Alberta, and I'm currently the president of the Canadian Cattlemen's Association. With me today is Ryder Lee, our manager of federal-provincial relations for the CCA, who is stationed here in Ottawa.

The Canadian Cattlemen's Association policy book includes principles on government involvement in the cattle and beef industry. The preamble reads as follows:

> CCA believes that the shared vision of industry and government must be to create an open environment that allows businesses to reach their full potential in a free and competitive marketplace. We recognize that not all operations will be successful in a competitive market and the size of the industry will vary according to market conditions.

Specific to business risk management, the policy states:

> Government support for industry must come from national programs that minimize the risk of adverse impacts on international and inter-provincial trade, minimize distortion of market forces and minimize influence on business decisions. Programs must not disrupt the competitive balance between agriculture sectors or regions.

These portions of CCA policy inform what I'm going to discuss today. I've said these things at this table in the past.

There's also another principle that warrants consideration in risk management discussions. I firmly believe that government-managed risk management programs should not reward volatility or provide a disincentive to producers who are doing what they can to manage their own business risks.

In the cattle industry, producers manage risk by stockpiling forage, by diversifying their operations, by managing their herd size relative to the land base in a responsible manner, and by managing production to accommodate annual cashflow requirements. Whole-farm margin-based programs such AgriStability, when applied to stability tiers as opposed to disaster tiers, tend to reward volatility and, in some cases, become a disincentive for producer-initiated risk management practices. Day-to-day business risk, often defined as the top 30% of margin coverage, should be managed by producers. Producers should be encouraged to use all the tools available to them to manage their normal business risks, including insurance programs, diversification, sound production management, and revenue protection strategies.

As we consider the price management tools available to Canadian cattle producers, price insurance would be a very useful tool for producers to have at their disposal to manage price risk.

I am pleased to be sitting before this committee during a time of near record prices for all classes of cattle. Right across the country, there's an optimism in the cattle industry that I've not seen since prior to 2003. High input costs, however, have accompanied these high prices, and with that, increased risk of a downturn in the market.

AgriStability has provided some protection against this risk, but on a whole-farm basis, with its transparency, predictability, and timeliness challenges. We assert that the insurance program model would be timely and predictable.

Alberta has moved forward in the last couple of years with the development and implementation of price-insurance-based programming for cattle producers, from cow-calf through to finished cattle. Through this program, if producers identify that risk of market downturn is something they would like to protect themselves against, they would have a tool to conveniently lay that risk off.

As you know, there are methods available in the marketplace today to protect against some of the price risk. However, the complexity of these methods, along with, in some cases, the lack of complete correlation with the Canadian market, has resulted in very low participation by producers, and participation by smaller and mid-sized operations is extremely rare.

The cattle price insurance model is unique in that it is a single tool that manages the future, basis, and currency risk. For a premium, it effectively provides producers a floor price based on expected future prices. Because it is based solely on expected future prices, it is not market-distorting.

One certainty producers face in the current economic environment is volatility. A cattle price insurance program would be a very valuable tool as producers manage in this volatile environment.

Unfortunately, this type of protection against currency, basis, and price risk can only be subscribed to in Alberta. We are encouraged that the federal government is backing a recent request for proposals, put out by Manitoba Agriculture, examining the feasibility of this program across the four western provinces. It is CCA's position that this type of program should be available nationally, with cost-shared premiums. We would like to see it extended across Canada as part of Growing Forward 2.

● (1545)

Keeping to the theme of overarching policy and principles for a moment, I'd like to discuss crop insurance and the distorting effects it has on land use in Canada. We have crop insurance in all provinces, which is well subscribed for annual crops. This tool allows producers to manage and lay off some of their weather risk. The premiums for this program are cost shared between the federal and provincial governments and the producers who are taking the coverage.

It is not wholly the fault of governments that an effective alternative program for perennial crops does not exist, but it is true that in most of the country hay and pasture insurance is poorly subscribed to, if it is offered at all. The effect of this imbalance is that it provides an incentive to plant marginal lands with annual crops rather than perennials. The ability to lay off the risk of crop failure with a subsidized premium makes it economically sensible to plant annual crops in many cases.

The CCA is working with the federal and provincial Forage Task Team in an attempt to develop a workable product that will fix this inequity. Every effort must be made to develop and implement a forage insurance product that will remove the distortion that currently exists in the decision to grow annual crops or forage.

We have a number of specific recommendations on the books, aimed at improving AgriStability. Due to the difficult years in the cattle industry, largely owing to market access challenges following BSE, AgriStability in some cases did not provide an adequate safety net. Reference margins dropped, negative margins in some cases made producers ineligible for the program, and program caps limited the program response for our large operations. In most cases, these were viable operations simply caught up in a very difficult economic time.

Our specific recommendations related to AgriStability are to remove the viability test; increase negative margin coverage from 60% to 70%; provide producers with the option of the best of Olympic average, or average of the previous three years in reference margin calculations; and remove the caps from the program.

I want to briefly expand on one of these recommendations, and that is on the issue of program caps. I strongly believe that government programs should not discriminate against any particular business structure, and that includes the size of the operation. If we are to ensure our global competitiveness as an industry, we must let the marketplace provide direction with regard to optimal business structure, and government programs should not create an unlevel playing field.

With reference to caps, we have the same issue in AgriStability and AgriInvest, and indeed in any program. Caps in programs discriminate against large operations. These operations, in most cases, grew because of competitive operating practices. These large operations contribute significantly to community job opportunities and rural prosperity. It is CCA's understanding that the BRM programs of Growing Forward are designed with the goal of assisting farms in managing risk, regardless of size. With that in mind, caps should be removed so that all farms are treated equally.

The economic disaster in the cattle industry due to the discovery of BSE in Canada has reinforced for us the necessity of a predictable, transparent disaster program. The creation of the AgriRecovery program has been a good start, but we recommend that the program be better defined. Clear definition of a qualifying disaster, along with the resulting response, would make this program significantly more effective. Improved transparency and predictability will allow producers to make better and more timely decisions during times of economic crisis.

I'll close by noting a couple of indirect but incredibly important efforts in business risk management. As a country with a large land base and a small population, devoting resources proactively to improving and defending market access is critical in managing risk for the Canadian cattle industry and, I would argue, for Canadian agriculture in general. As a country we must ensure that our trade policy is consistent with that of a country that depends on exports to sustain itself and to maximize the opportunities for producers.

At my appearance before this group six weeks ago, I placed a high priority on innovation, and that is unchanged for today. Business risk management programs can be, and are, useful tools when producers experience unforeseen events. But these programs are built to respond to short-term events, and do little for the long-term competitiveness and sustainability of our industry.

● (1550)

I would stress again that the best way to build and enhance the cattle industry and all of agriculture is through ensuring that we operate in a very competitive business environment, domestically and globally, and that we increase investment in research, innovation, and technology transfer.

I firmly believe that the next 20 years in agriculture will look very different from the previous 20. Agriculture policy must be forward-looking if we are to maximize the opportunities ahead. Failure to provide this forward-looking policy will profoundly limit the opportunities of Canadian agriculture producers.

The Chair: Thanks, Mr. Toews.

Now I'll move to Mr. Banack, from the Canadian Federation of Agriculture.

You have 10 minutes.

Mr. Humphrey Banack (Second Vice-President, Canadian Federation of Agriculture): Good afternoon.

My name is Humphrey Banack. I'm a grains and oilseeds producer in central Alberta, with 4,500 acres of grains and oilseeds and a 50-head cow-calf operation. We're very proud of our century-old farm out there. It's a wonderful part of our lives. I'm also very proud to be vice-president of the Canadian Federation of Agriculture and president of Wild Rose Agricultural Producers, Alberta's general farm organization.

It is my pleasure today to have the opportunity to present on Growing Forward 2 and business risk management.

As many of you know, the Canadian Federation of Agriculture is Canada's largest general farm organization, representing 200,000 farm families in every commodity and region of this country. The mandate of the CFA is to promote the interests of Canadian agriculture and agrifood producers and to ensure the continued development of a viable and vibrant agriculture and agrifood industry in Canada. Understandably, managing risk is a key issue for our members and the CFA.

At CFA we firmly believe that agriculture policy must be a three-way partnership among the federal and provincial governments and the industry. As such, we firmly believe that we cannot simply offer criticism; rather, we promote concrete ideas and solutions on how to improve existing programs, as well as ideas on additional tools. As such, I would like to touch briefly today on some of the preliminary work and discussions we have been having around the CFA table in conjunction with other industry groups and government on additional business risk management tools that may assist producers in better hedging their risk.

Let's touch on the existing programs first. Despite significant increases in technology, farming remains an unpredictable and risky business. Producers face many uncontrollable production and economic risks every year. These risks can result in large fluctuations in producer incomes, which threaten the stability of our agricultural sector.

For many families, government business risk management programs and non-BRM programs help reduce the impact of these risks and provide some predictability to our farm incomes. To achieve sustainable growth, we need programs that are for the long term, and that are simple, equitable to all commodities, predictable, and are delivered consistently across Canada. As such, the Canadian Federation of Agriculture strongly recommends that BRM and non-BRM programs remain fully funded in the 2012 budget for the next generation of Growing Forward.

Payments from AgriStability and AgriInvest have fallen significantly over the past number of years. This can be explained by two significant events. First, returns from the grains and oilseeds sector, by far the largest group of participants in AgriStability, have increased dramatically. This has resulted in a much lower demand on the program. Second, the returns in the livestock sector remain historically low in comparison to their long-term average. Since reference margins for AgriStability are derived from historical farm revenue, this means that our livestock producers are no longer triggering payments from AgriStability.

Combined, these two factors have led to a drop in total federal and provincial AgriStability payments of 50%, a drop of $834 million from 2008 due to reduced program demand. As such, we believe that if AgriStability is to remain the base support program for all Canadian producers, it should include changes to the program that would permit it to effectively deal with these declining reference margins, diversified farms, and other chronic program issues. Removing the negative margin viability test could be beneficial to many farm operations.

Currently, a producer that has negative margins in two or more of the three years that end up in the reference margin calculation will not be eligible for coverage. We recognize that in many of these instances the farm had been viable in the past and, given the opportunity, will become viable once more when market conditions improve.

The CFA urges the government to allow farmers to choose either the top 15% of AgriStability's reference margin or to participate in AgriInvest; to use the larger of the Olympic average or the average of the previous three years when determining reference margins; and to increase the coverage of negative reference margins from 60% to 70%.

AgriInsurance is another important part of our coverage. The CFA maintains that crop pricing should consider moving toward a market price-discovery mechanism, instead of being derived from government projections. Decisions made by government need to ensure there is increased protection for our producers in times of need. As well, the CFA continues to call for the current slate of insurance programming to be expanded to include coverage options for the livestock sectors, such as cattle and hogs. Until this goal is reached, the provision of alternative methods of coverage should be considered.

● (1555)

Our next point is about exploring public-private risk management tools that could help farmers minimize farm income volatility and reduce the overall burden on BRM programs. Here the CFA has been exploring the potential for public-private, insurance-based products that farmers could voluntarily use to mitigate farm operation price and production risks.

A number of private companies and marketing boards provide farmers with various risk management tools that help minimize price risk and other financial uncertainties. These include fixed price forward contracts, purchasing agreements, and tools for various perils such as hail and weather. However, during time periods with extreme market volatility, or in areas where there are significant linked risks, the private sector is unable to continue offering such products, or can't offer them at a price that makes them attractive to farmers.

Products that used to be offered, such as fertilizer forward contracts, disappeared when markets became volatile, reducing the number of tools available to producers just when they needed them most. CFA envisions two separate government activities to help develop and administer public-private risk management tools.

First, the CFA suggests that government could create a risk management administrative support structure that would help co-operatives, marketing boards, and private businesses provide useful and reasonably-priced private risk-management tools. This support could include credit guarantees to ensure that liquidity is not pulled back when markets become volatile, favourable currency-swap agreements to help reduce basis risk, reinsurance capabilities, and technical support to help negotiate contracts with counterparties.

Second, CFA suggests that government could help identify and design tools that would be impossible for the private sector to create independently. These could include hedging against risks that have no tradable derivative market, such as fertilizer and many horticultural crops, or providing basis insurance tools that are currently not independently available.

One of the reasons these products are not often available is that because farmers do not have big enough operations to warrant the effort of designing a custom agreement with a willing third-party insurer, such as an investment bank. However, if a sizable group of farmers formed behind a single government banner, it could become worthwhile, and enough to entice a large financial institution to assume that risk in return for a reasonable premium.

By helping marketing boards provide new and useful tools, and helping industry design tools that are impossible to implement on their own, the industry could become more competitive and burdens on current BRM tools could possibly be reduced.

In conclusion, we believe that if the current BRM suite is maintained, there should be changes made to let it deal with declining reference margins, diversified farms, and other chronic program issues. We face production risk and economic risks, and it is crucial that programs, existing or new, be designed, developed, and reviewed in consultation with established farm organizations. These programs must be adequately funded by both levels of government, while keeping in mind the goal of fostering an agricultural policy that focuses on the profitability and stability of primary producers.

Thank you for your time.

● (1600)

The Chair: Thank you very much.

Now we'll move to Mr. Kevin Wipf from the National Farmers Union for 10 minutes.

Mr. Kevin Wipf (Executive Director, National Farmers Union): Hello.

My name is Kevin Wipf. I'm the executive director of the National Farmers Union, and we surely welcome this opportunity to come here today and present to you.

The NFU is a direct membership, nation-wide organization made up of farm families. It was founded in 1969, and chartered in 1970 under a special act of Parliament. The NFU and its predecessor organizations have always worked to implement policies that help to ensure that agriculture is socially, environmentally, and economically sustainable. While NFU members produce a wide range of commodities, we believe the problems facing farmers are common problems and that producers of various commodities must work together to advance effective solutions. The NFU believes that the pursuit of only individual self-interest leads inevitably to self-destruction.

For our membership, Growing Forward represents a concern. We basically see it as a continuation, apart from minor details, of an agriculture policy that's actually been carrying forward since the 1970s. A lot of it has to do with the idea of having fewer farmers in the countryside, and allowing input suppliers and big agribusiness companies to get bigger and bigger and actually to grow to dominate the industry.

We feel that if we're going to talk about BRM, one of the things that must be addressed is this problem of farmers not being able to draw much income, if any income at all, from the market, especially since the late 1980s. One of the things that we see is that while farmers have been extremely effective at increasing production and the value of their production, and while we have been extremely effective at increasing exports, it's an incredible paradox to us that farm income has essentially remained flat. It has even disappeared into negative territory in many of the recent years.

One of the questions that we have about business risk management is what is its purpose. In the mid-eighties we saw, what I'll call for now, farm assistance payments increase to over $3 billion. There was an effort by government at that time to really pursue trade agreements and start making the industry more competitive by increasing exports. There was an effort at the time to try to decrease farm assistance payments in what is now called BRM. So they dropped under $1 billion by the mid-nineties, but then something happened. Farm assistance program spending went up again in the late nineties, and it has increased. It actually surpassed $4 billion in the early 2000s. I think it was over $3 billion last year.

Our question is why do we have these programs that are actually about taxpayers transferring money to farmers who can't draw income from the market? Why isn't this business risk management, and why isn't the discussion today about why farmers aren't actually able to draw income from the market?

The other phenomenon that's been happening—and this doesn't fall into the category of business risk management—is that farmers have actually been engaging in their own business risk management, if you will. Off-farm income has actually become a major portion of farm income. It's being calculated in and counted as farm income at times, when in fact it's a form of self-subsidization of your farm operation. Even the largest farms are counting on as much as 40% of their income coming from off-farm income. The question is why are farms not able to draw income from the market. We believe we need to start focusing on programs and policies that will actually tackle this problem.

One of the things that we've seen—and it's common knowledge, as farmers from all farm groups will talk about it—is that farm returns from a box of corn flakes have essentially been flat, yet retail prices are increasing. Why is that? Why aren't farmers seeing an increase in pay like everybody else? A lot of the corporations that are controlling the input and retailing sectors are realizing record profits, but farmers are not.

● (1605)

One of the things we've seen in BRM, as we call it now, is an incredible investment of time and energy by governments and farm groups in trying to work out the details of these programs without actually addressing the bigger problem at hand, why farmers aren't able to draw adequate, fair incomes from the market. We believe that is what you would see in a healthy industry.

In fact, when we run into trade problems, like we saw with BSE, a lot of the questions become ones about the border. Well, what about the fact that perhaps there was a hypersensitivity in the industry because we were too dependent on one trade partner for us to actually deal with economic hardship when it came? Then, again, the question was thrown back of trying to figure out farm assistance programs that would solve that problem, without actually tackling the heart of the problem itself.

I'll leave my comments there.

The Chair: Thank you very much.

We'll now move into questions.

Mr. Allen, for five minutes.

Mr. Malcolm Allen (Welland, NDP): Thank you, Chair.

And thank you, folks, for being here, and to our friends in Charlottetown as well, who are obviously not here, but are certainly with us on the screen.

It seems that at either end of the table we're hearing something similar, albeit maybe put differently by Mr. Toews and Mr. Wipf, about business risk management tools and the point that we should be looking more at the market. Everybody wants that to happen, obviously. That is the logical thing to do. When one has a business enterprise, one expects it to stand on its own two feet and eventually to get to a point where it makes a profit and achieves returns for the hard work, etc.

As much as it's ideologically sound and very rational, is this doable in your mind? Here I'll go to Mr. Toews first and then move to Mr. Wipf. Is this doable based on the nature of variables we inherently can't control—neither you as farmers nor anyone else for that matter—when we have a product based on the weather? The last time I checked, Mother Nature always wins, no matter what we try.

This is a conundrum for me, to be honest, so I'd appreciate your thoughts.

Mr. Travis Toews: Good. Thanks for the questions.

I am not pessimistic about the future of the cattle industry. I believe we have a very bright future ahead of us, and we're already starting to see this as we've recovered our market access since 2003. Again, as global cattle supplies have tightened, and in spite of high commodity and feed prices, and in spite of a dollar at par, and in spite of recessionary levels of demand in important parts of the world, we're still seeing near record cattle prices in Canada. I believe the future is bright. There is some profitability in the industry now—in every sector of the industry, I might add—and there's an optimism across the country.

We need to get our competitiveness factors right, and that includes everything from market access to our domestic business environment here. I'm convinced that we can compete. We had a small pilot project with regards to trade in 2003. We found out that trade in fact adds a lot of value to the cattle industry, because saw prices go from close to $1.20 on fed cattle to about 50¢ a pound when we lost our access to foreign markets. And that wasn't just the U.S. market, but global access—though it was the U.S., our largest trading partner, that was the first major market to reopen to us. It wasn't the other, peripheral markets.

So we're dependent on trade. I'm optimistic about the future.

Mr. Malcolm Allen: Mr. Wipf.

Mr. Kevin Wipf: You were talking about whether there is any hope with weather-related issues and whatnot. What I would say is that we're seeing record returns in the marketplace. There's lots of value being produced in the marketplace. It's not about weather, but about being able to extract enough of an income from the marketplace that you can weather a bad year. If you have a drought one year but had been making a fair share from the marketplace, you would be able to weather the storm, if you will. The problem is that there's a hypersensitivity in the industry among farmers. They're excellent business people. One of the things that gets bandied about is that some farmers can't actually do it, but the amazing thing is that they've been able to do it on such thin margins.

In fact, the one caution I would have about prices is this. While I think it's fantastic when prices increase, it's really about the margins. One thing we've seen over and over again is that no matter where prices go, input prices follow. That is essentially what captures your ability as a farmer to extract a living from the marketplace. So when you have something like a trade dispute or a weather-related issue, you're not able to get through that crisis because your income is actually hypersensitive. That throws us back to talking about these programs to bail us out of these problems created by a power imbalance in the marketplace.

● (1610)

Mr. Malcolm Allen: I appreciate the comments. I threw the weather at you, because it's the least controllable thing any of us have at any point in time.

As we look at the suite of programs, I'm not really interested in asking or arguing about whether or not they work. There is this sense that when you look at them and say “Let's move away from them”, there is this push-pull between yourselves as primary producers and me as the primary consumer, because I'm an eater, not a farmer. I want to eat cheaply. If I want to eat cheaply, I have to pay you less—and pay the retailer less too, obviously. But that becomes a real variable, and I'm not sure how to bridge that.

Does anybody want to comment on this whole idea of the world getting cheap food, but at whose expense?

The Chair: Okay, we'll let them comment before we're out of time.

Mr. Allan Ling: Could I respond?

The Chair: Certainly.

Mr. Allan Ling: We look at the era of cheap food as being over. We, as farmers, cannot afford to produce cheap food any more. Yes, our prices have improved for grains, oilseeds, and livestock, but we must remind ourselves that we're still not back to the 2003 level of cattle prices in this country, and our input prices have gone up. With our grains and oilseeds, we've seen a little slackening recently.

Where we're coming from, in the Atlantic region, is that we can't stress enough the importance of our safety net programs. We must keep them. Our first line of defence, of course, is the crop insurance, which mostly looks after the weather-related problems because, you are right, Mother Nature does win. We saw it in the maritime region this fall, where we've had a tremendous amount of rain and a very poor growing season in July that affected a lot of our crops. We can't stress enough how important that is.

Thank you.

The Chair: We'll move to Mr. Zimmer, for five minutes.

Mr. Bob Zimmer (Prince George—Peace River, CPC): Thanks for coming today.

I just have a question for Mr. Wipf. You sounded very concerned, and you had a question about how we help farmers get off the BRM programs and make a living, especially the smaller operations.

I wanted you to answer your own question. How do we do that?

Mr. Kevin Wipf: It's our view that we're dealing with a marketplace that has very powerful interests operating on either side of any farmer. We don't see this idea of acting individually, or farmers trying to eliminate or compete with each other.

That's what this is about. It's about farmers actually not making an income, because there is a power imbalance between them and the forces on either side of them: the input suppliers and those controlling the transportation and—

● (1615)

Mr. Bob Zimmer: You say there is a power imbalance. I am asking how you propose to change that power imbalance.

Mr. Kevin Wipf: We have a policy issue right now that's under way. For us, it is a mistake to try to eliminate an institution where farmers act collectively to give them market power in an industry that is dominated by very few players. For us, the answer would be institutions that allow farmers collectively to have power in the marketplace, equivalent to or more than those companies they have to deal with.

Mr. Bob Zimmer: I know what you're referring to, but we've seen farmers do quite well in other crops. You're referring specifically to the Wheat Board.

Mr. Kevin Wipf: Yes.

Mr. Bob Zimmer: But how is it that farmers are being successful with canola and other pulse crops? How is it happening in that industry? You say the sky is falling for wheat. Why hasn't it fallen for the other crops?

Mr. Kevin Wipf: Why is farm income so low? Why are we spending $3.5 billion on BRM if everyone is doing so well?

Mr. Bob Zimmer: I'd like to go to Travis to ask a question. You seem much more optimistic about the future of agriculture.

I want you to explain a little bit of your optimism. With reference to the BRM programs in your answer, we know the pie is not going to get bigger; it's going to stay the same, if not get smaller. You have alluded to this, or you talked about it. What specifically would you say we need to keep to sustain the sector's viability, especially the good news for cattle producers?

Mr. Travis Toews: Thank you for that question.

We have policy on the books, and I firmly believe that the producers really need to look after, manage, and be responsible for their day-to-day, normal, regular business risk management.

We believe there is a place for shared responsibility in the disaster tiers, so we would place a priority on disaster programming. As such, we've made recommendations in the past around creating a disaster program. We were pleased when AgriRecovery was initiated. We have some recommendations to further enhance that program, but that is where our priority would lie, as opposed to the income stabilization aspect. We also believe there's an important role for insurance on a cost-shared basis, again with producers taking responsibility as well.

Mr. Bob Zimmer: Do I still have time, Larry?

The Chair: You have almost a minute and a half.

Mr. Bob Zimmer: We share the Peace River. You're on the east side of the Peace River, and we're on the west. In B.C., a lot of our farmers look at the Alberta model, especially price-insurance-wise. If you could you develop that—I guess you have it to an extent now in Alberta—what would you design that program to look like on a federal level for cattlemen?

Mr. Travis Toews: Well, I think Alberta has provided us a model to work from. I think one important piece is that the model, the whole insurance pricing scheme, is based on the market, on expected future prices, so it remains market driven. I believe that any type of insurance model or any program needs to remain market driven.

So I think Alberta has given us a good model. We do suggest that there is a role for governments to share the costs of the premiums, consistent with that applied to grain producers across the country, and, in a sense, to level that playing field.

The Chair: Thank you very much.

That's pretty well it for your time.

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

Mr. Frank Valeriote (Guelph, Lib.): Thank you.

Thank you, gentlemen, for being here, and thanks to those from Charlottetown.

A couple of years ago we did a study on competitiveness in the agricultural industry. It was really an enlightening project, and I think that we determined then still applies. The way to help us to be more competitive is to develop more harmony between the regulations in the States and ours here, and to perhaps make our anti-competitive legislation a little stronger, so that processors, retailers, and input suppliers who sometimes exhibit some anti-competitive behaviour might be brought into check in some ways. You know about the study and you know all the other issues associated with it.

In the last month, we've heard about tweaking our BRM programs, only with respect to the speed with which the payments are made and the Olympic model or other models that might be used. You know all of that as well. Only one person said “AgriInvest and forget the rest”. It was a comment made, I think, on Tuesday, by a farmer from Ontario. I don't know that anybody on this panel shares that view. I don't hear Travis saying that we should get rid of it. I think he's saying that we have to focus on innovation, too, if we're going to remain competitive and help those people who aren't deriving income as much off farm and more on farm, to help them lift themselves up.

I have two questions, though. One is about something I heard a couple of years ago. I wonder if it still applies. Is there a disparity between what the provincial ministers of agriculture offer farmers in the form of income stabilization and other programs, a disparity that maybe makes the experience of an Ontario farmer different from that of a farmer in Alberta or Quebec? I'd like to know more about that.

Travis, maybe you can answer that first question.

My second question is for Humphrey, Kevin, or Allan, and it is with respect to the definition of a natural disaster. You know what? We're into global warming and its effects already. I'm hoping that most of us at this table recognize that. As we're not really dealing with the adjustment to global warming, I'm wondering if we should be looking more closely at the definition of a natural disaster, given that the effects of climate change are upon us.

Travis, could you go with the first question? You're welcome to address the second as well if there's time. Then the others can address them as well.

● (1620)

Mr. Travis Toews: Thanks for that. I will touch on the first question.

Certainly there is not a level playing field amongst the provinces. That is a concern for us, because we don't believe government policy should dictate the competitive advantage or disadvantage of any region or any producer in that region. That certainly does exist.

There are a number of examples of it. I think crop insurance is rolled out a little differently from province to province. That's one example. We've seen provinces respond to disaster situations in different ways. Certainly during the BSE crisis, some provinces responded differently from others, and that again provided an unlevel playing field.

We have specific programs right now in Quebec, and one getting prepared in Ontario, that are different, very different, from those programs in the rest of Canada, which concerns us.

Mr. Frank Valeriote: Very quickly, do you think the federal Minister of Agriculture should try to address this and show leadership in the area, and talk to the ministers during discussions on Growing Forward 2?

Mr. Travis Toews: Again, we absolutely support an initiative to remove the provincial barriers, if you will, or disparities in the programming. We know that the minister has worked to address it. We encourage him to continue.

Mr. Humphrey Banack: Provincial disparities are part of the insurance programs we have now.

As I travel through the three western provinces, I am very closely in touch with Alberta, Saskatchewan, and Manitoba. The crop insurance program that I have on my grains and oilseeds farm in Alberta is a Cadillac. The producers in Saskatchewan look at it and see that they're not there, and the producers in Manitoba aren't there either.

From a crop insurance perspective, I believe that it's just different things. As Travis stated, the price insurance programs we have for the cattle, and now for the pork industry, are something that our Alberta producers have that are not there in other provinces. I believe it's important to have these programs on a nationwide basis. The program in Alberta, as I understand it, is totally self-funding. It could be made into a lot more attractive program with a little bit of help from government subsidies as far as premiums go.

I think that's an important part of where we have to go, because as we develop these programs, you want producers to make decisions on what risks they see and how to manage them. But we have to always remember that the bottom, AgriStability, has to be there, because there will cracks that they will fall through. There has to be something for them to land on.

We can't totally destroy the AgriStability program because, as we know, the additional programs are all funded by AgriStability in the end anyway. If I draw from any of the other programs, such as crop insurance, it comes off my AgriStability. It's all out of one fund. But this is encouraging producers to be involved in some of that risk management. Will the pool of money change? As I see it, probably not a whole bunch.

As far as natural disasters—

● (1625)

Mr. Frank Valeriote: Can—

Sorry, go ahead.

Mr. Humphrey Banack: As far as natural disasters are concerned, like I said, it's very hard to buy insurance on anything for natural disasters. That's where I guess we all have to manage our risk. It's very important for us to have.

Risk management is different for me as a 30-year producer of grains and oilseeds than it is for the guy who has been in it for five years. Risk management is an entirely different business for me. I have some capital to manage that risk, but for the guy who's been out there for five years and is carrying a huge amount of mortgages and stuff, he has to be able to manage that stuff. That's where those bottom-line programs come in for him. They're very important to him.

The Chair: Thank you very much.

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

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

I just want to follow up on some of this interesting discussion.

The first thing I'd like to do is to address Kevin's question of what the aim is of business risk management. Certainly, from a government perspective, I think it's to get farmers through a difficult time, but it's not meant to mask market signals.

So, what does that mean? That means that if prices of a particular commodity drop for a certain amount of time, usually for reasons beyond the control of the farmer, it's nice to have a safety net in place. However, if the market has fundamentally changed, you do not want a government program masking what the market is telling you, which is that the ground has shifted and therefore that sector must shift in order to be better acclimatized to the new reality.

That's always a juggling act, in a sense. It's always difficult to find that median. But I think we saw that a bit with the pork crisis, in that the pork sector knew that the sector was too big for reasons beyond its control. There were a number of factors, including H1N1, and the COOL legislation in the U.S. There was a program that we launched to help reduce the pork herd. The pork herd was reduced and prices are going up, so our program did not mask the market reality. I think that's always the risk.

I think the second thing, just to go back to what Travis was saying, is that everyone has a role to play in risk management. The farmer himself on the ground has a vital role to play, but so do governments. International trade plays a key role. When the marketplace is bigger for farmers, it is better for farmers. Certainly, opening external markets for farmers is a good thing, because it's just a bigger marketplace in which to sell your product.

Anyway, a few comments on that.

The other thing I wanted to comment on was this business that federal programming is meant to provide a level playing field. From the federal perspective, I think it would not be good policy for the federal government to dictate to the provinces, “You cannot have a regional program”. Certainly in my riding I hear two messages: we want a level playing field, and we want regional flexibility. It's very hard to have both. As soon as you have regional flexibility, you don't have a level playing field.

So the way it's normally handled—the way I see it, at least—is that federal programming applies equally to farmers across the country. That's where the level playing field comes in. However, the regional flexibility comes in with Alberta saying, “We're going to launch a program for this commodity because this is very important to us.” The federal government can't really shut that down. The province can spend money on what it likes. In Ontario, it's something else, and in Quebec it's something else. That's where the regional flexibility comes in.

Now I've chewed through a lot of my time, but I wanted to comment on that because I think this is an interesting discussion that helps clarify what business risk management is all about.

In past meetings—because we've had a number of meetings on business risk management—one of the things that I've been putting out there for discussion is that, just given the economic reality, there's a pie of funding that is now being made available to business risk management. It's shared by the federal government and the provinces. It is unlikely that this pie is going to grow, and so there are many suggestions to improve AgriInvest. Oh, let's improve AgriStability, while we're at it. AgriRecovery should be more responsive. But all of these things, if you were to do them all at once, grow the pie.

What I'm very interested in knowing is what your opinions are on which programs work best for farmers. If you had to move some resources from one program to another, which ones would you be looking at? I've heard positive things about AgriInvest, and more negative things about AgriStability. Not to shut down AgriStability, but are you comfortable saying that more of the resources that might be spent in AgriStability should actually move over to AgriInvest, maybe to increase the cap or to increase the amount of coverage a farmer can provide on his commodities through AgriInvest? So I'd like to know your feelings on what programs actually work, if you had to actually say, “Let's diminish one to enhance another”.

I guess I'll start with Travis.

The Chair: I think Mr. Ling looked like he wanted to jump in there.

Mr. Pierre Lemieux: By all means, yes.

The Chair: Any time, Mr. Ling, or Mr. Delaney, just jump in and we will recognize you. We certainly don't want to ignore you.

● (1630)

Mr. Allan Ling: Okay.

Thank you very much for that. It's a good question.

Of the programs that we have, I do believe you have to keep the AgriInsurance because that's your first line of defence. The AgriInvest is a sure thing. It's bankable, and it's predictable. I guess those two are the key ones. AgriStability is really good if you have a total wreck; but again, it's a slower moving line of defence. It takes a considerable amount of time before you know if you're going to get a payment or not, and it takes longer to get that. I guess you're only really finding out in a lot of cases now about 2010, so it's far behind. But it's still important to keep it there.

Do we want to give up something for something else? Probably not, but AgriRecovery is not well used, particularly in the livestock, and grain and oilseed sectors in the Atlantic region. It probably has been used in the potato sector more than anything, but not as much as in some of the rest of the country. So I think those other three are key—the insurance, the AgriStability, and the AgriInvest—and again, we would like to see the AgriInvest raised from 1.5% to 3%.

Thank you.

The Chair: Okay.

In just a couple of other comments, could you just mention the programs without the detail because we are out of time here.

Travis, you go ahead.

Mr. Travis Toews: I think we're ultimately less interested in income stability, so if there have to be trade-offs, I think moving AgriStability out of those stabilization tiers would make sense to me —again recognizing there are trade-offs.

Secondly, AgriInvest at this point in time discriminates against high volume, low margin businesses such as the cattle feeding business, and I expect the hog business too. If that program is going to be adjusted, it needs to be adjusted to provide a level playing field. Right now it discriminates between the cattle feeder who purchases feed grain as opposed to the cattle feeder who grows his feed grain. I'll throw that out as well.

The Chair: Mr. Banack, be quick.

Mr. Humphrey Banack: I guess when we discuss how much of the pie is there, we have to remember that as we add these private insurance products up top, they're all stackable against, or are going to come off, the payments from AgriStability. So remember that as we add these private things on top, they are going to reduce the AgriStability payments.

The Chair: Thank you.

Mr. Atamanenko for five minutes.

Mr. Alex Atamanenko (British Columbia Southern Interior, NDP): Thank all of you for being here.

Maybe I'll start with some comments that you made, Kevin. You mentioned something to the effect that we should have a discussion on income and on why we're not able to make money from the market, and on the programs and policies needed to tackle this problem, and how we can address the bigger problem. We were talking about Growing Forward 2, so I'm wondering if we should be cranking up this discussion to a higher level.

Here I'll address this to the National Farmers Union and the Canadian Federation of Agriculture primarily. Both of you have talked of a national food strategy or policy. The fact is that we are a trading nation and we need to get more markets, and we're doing that. But at the same time we may be losing control over our food supply and being able to feed ourselves.

How do we combine the two to continue trading and at the same time increase control of our food supply within a strategy? In parallel with opening up new markets, should we have local procurement policies by the federal government, for example, or provincial governments?

Could that be a way of tackling this problem, Kevin, given that you mentioned that we need to ensure more of a market for farmers than just relying strictly on trade? Maybe we'll zero in on that and maybe if you and Humphrey wouldn't mind starting off, then we'll pull in the other folks for a few comments.

Mr. Humphrey Banack: The Canadian Federation of Agriculture has developed a national food strategy, and part of that strategy looks at both the exported food we produce and the domestically used food. It's very hard for us to balance, even as an organization, those two sides of our food production in Canada. I believe our national food strategy looks at this. The national food strategy is meant to make policies, much as as this discussion that we're having today is about business management programs, market access, and all of these things. Let's move this beyond the five-year window we're looking at in Growing Forward 2. Let's move this to a ten-year window, let's move this further out so we have a better view of where we want to be further out. That's what the national food strategy is about. We as a country have to realize that we have both domestic and export markets to meet, and that strategy has to address both of them.

● (1635)

Mr. Kevin Wipf: We have members involved in the people's food policy project, and we very strongly believe that local control over food and a food policy that puts people first and really connects farmers with eaters is really important. I think that would solve a lot of the problem. One of the things that is coming—again, in trying to look at the big picture, because we really think that's where we should be looking—is rising fuel prices. We're moving food over great distances. We don't dispute that trade is very important, but how long are we going to be able to keep doing that and is it sustainable?

Those of us interested in food and agriculture are really going to have to think about these questions when considering how we're going to tackle this moving forward, because it's just not going to be able to keep going that way.

Mr. Alex Atamanenko: Mr. Ling, do you have any comments?

Mr. Allan Ling: No, not on this one.

I would just say that in the grain and oil seeds business, trade is very important to us.

Thank you.

Mr. Alex Atamanenko: Thanks.

Travis.

Mr. Michael Delaney: I could make a comment on that.

The Chair: Just a second, Travis, I'll come back to you.

Mr. Delaney, go ahead.

Mr. Michael Delaney: I was just going to make a couple of comments.

Certainly Atlantic Canada understands that there are national principles. A lot of people have talked about them: equity and fairness across provinces and in international trade.

Just remember where we're coming from. We understand that we're affected by global trade and that growth means good economic activity for all Canadian farmers. We understand that. We're in a domestic market here. We think we have good farmers. We have good land. From a competitiveness point of view, our biggest threat is Canadian producers, not international producers. It's pretty easy to move product down here, especially when you don't have processing. I'd make that comment.

The other comment I'd try to make is on the R and D side and innovation. It's difficult when you're small to capture revenues to do good innovation. If innovation means genetic modification and things like that, and all that development is taking place in other parts of the country, then we try to make the argument that we need support to take these genes that are introduced into these crops and fit them into our farming system, which essentially has had to change since we got out of livestock.

I'd just like to put that on the table, too. We want to see that pot maintained, because part of our success is going to be based on R and D and innovation, in addition to safety nets.

The Chair: Okay. Thank you.

Mr. Toews, briefly.

Mr. Travis Toews: Thanks for that question.

Certainly we recognize that there's a growing but still very small group of consumers willing to pay more for local food products. Our point would be this: "Excellent. Let the market decide who's going to buy those products and let the industry the flourish around those large centres where farmers can provide those products". Input costs and fuel costs will have something to say about that, but again, let the market decide that. Let's not try to outguess it ahead of time.

The one thing that we would be fundamentally opposed to is policies that would restrict trade domestically within our country and internationally. Trade ultimately optimizes the use of resources at their purest fundamental point. We need to ensure that those regions in Canada that can do something very well and efficiently are allowed to do it and to then compete across the country and across the world for that production.

The Chair: Thank you very much.

Mr. Payne, you have five minutes.

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

Thanks to the witnesses for appearing and also to Allan and Michael in Charlottetown for coming in today. It's important that we get your input on Growing Forward 2.

We've had some interesting comments on various aspects here. In particular, I've heard some differences of opinion in terms of caps.

First of all, I can't remember if it was Allan or Michael who talked about raising the cap to 3% on AgriInvest. And, Travis, you talked about having no caps. So I'd like to get to the differences. We've also heard from a number of other farm organizations and farmers that the cap should be increased from 1.5% to 2.5%, but I haven't heard of 3%, and I don't recall hearing zero.

Let's just start off with that. I'm not sure if it's Allan or Michael who wants to make some comments on the cap.

● (1640)

Mr. Allan Ling: I will. Thank you again.

What we're referring to there is just the AgriInvest program, okay? As it is today, it's 1.5% of your eligible net sales, matched by government. There's a feeling that we would love to see that raised from 1.5% to 3%, because it is a program where you can predict in advance what you're going to get out of it. It's set up so that you can take your money out of it or you can leave it in. Of course, you have to match it yourself: if it's $10,000, then you have to put up your $10,000 as well. But in that aspect, it's very easy for a bank to give you credit.

That's where we were coming from on the cap. A lot of the farms in Atlantic Canada are smaller than they are in western Canada, with smaller revenues, so that's quite important to us down here. Thank you for the question.

I will just thank all of you again, because I'm going to have to leave in a few minutes.

Mr. LaVar Payne: Thank you.

Travis, I wasn't sure if you're—

Mr. Travis Toews: Well, I should clarify my comments.

My comments around the caps were not specifically related to the funding calculation with AgriInvest. My reference was to the issue that there are caps on these programs to the point where large operators cannot participate in the same manner, using the same calculations.

We fundamentally disagree that operations should be disqualified from participating fully, simply because of the size of their operation.

Mr. LaVar Payne: I have a subsequent question to that, then.

How would that affect the larger ones—and when you say "large", I'm not sure what that means—versus the smaller individual farm organizations?

Mr. Travis Toews: An example—and Ryder, correct me if I'm wrong—is the cap on AgriInvest, which is $22,500 annually. For a large feeding company that turns over tens of millions or maybe even hundreds of millions of dollars a year, they're capped out immediately on that program to the point where it is really a meaningless program for them.

There is a combination of challenges with AgriInvest. First of all, companies are capped out. Secondly, the way the calculation works is that the cost of their feed grain comes off of the calculation and, consequently, they're left with virtually no support out of that program as well.

Again, our position would be that we should at least have a level playing field with regard to the program between sectors.

Mr. LaVar Payne: Mr. Banack, do you have a comment?

Mr. Humphrey Banack: When AgriInvest was brought out the first time, CFA felt very strongly about AgriInvest over the full-tier program. At that time, we moved to have it at 2.5% or 3% of eligible net sales. I believe we would still support raising the eligible net sales from the 1.5% we're at today.

Mr. LaVar Payne: Do I have a little bit of time left?

The Chair: Yes, you do.

Mr. LaVar Payne: Thank you, Chair.

We've heard some farmers recommend that AgriInsurance be reviewed every year, as done in Ontario at the provincial level.

This question is open to anybody. First of all, do you think this is a good idea? Would this enhance your ability to do business?

Mr. Humphrey Banack: Absolutely. I think that AgriInsurance, as much as we can look at it.... There are always issues as we move forward, whether it be in the crop insurance we use, or whether it's the price insurance programs that are available to us in the AgriInsurance suite of programs.

As you look across the country, a review of the provincial programs would help us see if there are ideas out there we can use from them and help us to understand exactly where we're at, and then we can change things as we move forward.

● (1645)

The Chair: Your time has expired, Mr. Payne, unless—

Mr. LaVar Payne: Just barely.

Mr. Delaney, do you have a comment?

Voices: Oh, oh!

The Chair: Mr. Delaney, Mr. Payne was asking if you had a comment on that.

Mr. Michael Delaney: No, thanks for the opportunity. I have no direct comment on that.

Mr. LaVar Payne: Okay, thank you.

The Chair: Thank you.

Travis, just before I go on, you made a comment earlier about an unlevel playing field and you referred directly to Quebec. I can tell you, as a beef farmer from Ontario, I know what you're talking about. But we also face the same thing from Alberta with the $100 a head.

I just want to understand if you are saying that the Quebec situation is different or worse, because in the last couple of years, it has led producers here—not just in the beef sector, but in some other agricultural commodities—to push for a risk management program. Of course, the provinces have the right to do that, and I give Ontario credit for doing that. But they tried to basically force the federal government to jump in on that, which of course is not our responsibility to do.

Maybe you could just comment briefly on that. I meant to ask you sooner.

Mr. Travis Toews: Good question.

Alberta is not squeaky clean on the whole issue of providing payments very distinctive from or in excess of other provinces. That has happened in the past.

We are supportive of a national approach. We don't believe there should be one-offs. Quebec, as we know, has a long-term program. I think Ontario is considering one, or is getting one up and running, which is not a one-time response to a disaster, but an ongoing program. We're concerned with different provinces doing their own thing, as it does result in an unlevel playing field, particularly when those programs run the risk of bringing on trade risk to an industry that is export-dependent.

The Chair: Would it be fair to say that if the federal government did what Alberta, Quebec, or Ontario are proposing, we'd certainly be putting our trade in jeopardy? Would that be a fair statement?

Mr. Travis Toews: From what we know—

The Chair: From a national standpoint?

Mr. Travis Toews: From what we know of the programs right now, it would certainly increase our trade risk.

The Chair: Okay.

Thank you very much.

Ms. Raynault for five minutes.

[*Translation*]

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

My question is for the Atlantic grain producers.

On your website, it says that your organization is currently working on various proposals for improving your industry and the situation of your regional members. Could you tell us more about that, please? How could these projects be of interest to other Canadian producers?

[*English*]

Mr. Michael Delaney: That's an interesting question.

The reference that you raise has to do with two particular programs that I'm aware of. One is in relation to DON, or deoxynivalenol, testing in milling wheat. For those of you who may not know, we grew our milling wheat industry up to 35,000 acres from about 4,000 acres, and in the span of about two harvests, we dropped back to around 4,000 or 5,000 acres of milling wheat. The primary reason for that had to do with a couple of bad years in growing milling wheat that was high in DON toxin.

How did we know that? Well, the whole country, I guess, is now involved in quantitative analysis in DON-toxin testing and ochratoxin testing. This was in relation to food-borne, food safety issues in relation to baby food a couple of years ago. So the Canadian grain industry is involved in dialogue, discussion, and conversations on essentially how to manage ochratoxin, which is a storage problem in grain, and DON, which is a production problem during growing. Our council is trying to lead a couple of projects, mostly to get at statistical analysis and sampling, so that this quantitative test can provide predictable results for buyers and sellers.

That's one example.

[*Translation*]

Ms. Francine Raynault: How could these projects be of interest to other Canadian producers? In what way does the situation you just described....

● (1650)

[*English*]

Mr. Michael Delaney: You would need to consider the different structural differences in our grain industry. In milling wheat, for example, in Atlantic Canada, we store most of the commercially marketed milling wheat in one central facility. So we're in a position where we can test every load coming in. In western Canada—and I guess there are others who can speak more about that system—product is called for sale, and their primary concern at the moment, from farms through to the elevator system, is ochratoxin.

All we're trying to do is to provide input to the Canadian Grain Commission and others involved in wheat testing for toxin to ensure that the national system for grain, whether it's domestic or international, is based on a sound and smart toxin analysis program.

[*Translation*]

Ms. Francine Raynault: Thank you.

Do I have any time left, Mr. Chair?

[*English*]

The Chair: You have a minute and a half left, if you want it, Ms. Raynault.

[*Translation*]

Ms. Francine Raynault: My next question is for everyone.

The Auditor General recommended that Agriculture and Agri-Food Canada work with the provinces and territories on providing producers and stakeholders with a better understanding of income support programs' objectives, given the complexity of all those programs.

In your opinion, what kind of responsibility do producers have when it comes to risk management, in terms of farm income?

The question is for all of you. You have whatever time is left to answer.

[*English*]

The Chair: Briefly, who wants to go first?

[*Translation*]

Ms. Francine Raynault: It doesn't matter who goes first.

[*English*]

Mr. Humphrey Banack: I'll start.

I believe the programs were designed with farmer input and stuff, so I think it's very important for us to have programs that we can go out and explain to producers. When I travel out there and I need to talk to producers, there's a misunderstanding as to how the programs all fit together. I think it's incumbent on everyone concerned—the farm organizations and the governments—to be involved in explaining to producers how these programs can best work to suit our individual industries, individual sectors, and the industry as a whole. We have to help them.

Through that consultation and in talking to producers about how to use the programs, we can also get useful feedback as to how to change the programs to better suit their needs, when we talk to the grassroots producers. I think that's an important part of making sure that people out there understand why the programs are there and how they work, and it's part of the role of both government and industry to get there.

The Chair: Are there any more comments?

Travis.

Mr. Travis Toews: I can make a comment.

Certainly, again, we would see the fundamental role of BRM to be a backstop in times of disaster. That's what we would see as the fundamental role of BRM. We have also identified the fact that there are tools that can be put in place that encourage producers to manage their own risk better in the income stability tiers. That's why we think there's a role for insurance as well.

The Chair: Thank you.

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

Mr. Brad Trost (Saskatoon—Humboldt, CPC): Thank you, Mr. Chair.

And thank you to the witnesses.

I'm a substitute for a substitute, but I do enjoy on occasion getting back to the agriculture committee and talking to people here.

One of the things that has always struck me about where agriculture is going is how it's aging. My dad and my uncles, almost all of them, are on my dad's side farm. Of my cousins, I only have one cousin left farming.

Looking at the business risk management programs here, have you or any of your organizations given any thought to how these affect younger farmers who have bigger difficulties getting in? When a program is successful or markets go up, the cost to get into the industry is higher—farmers tend to reinvest in the land, and the price of capital goes up.

Knowing that, have you given any specific thoughts to how these programs can be set up so that new, younger entrants into farming are able to enter? We are seeing an industry that's greying much faster than the greying of the average population.

I'll throw that one open.

The Chair: Does anyone want to tackle that one?

Mr. Wipf.

Mr. Kevin Wipf: I think that's an excellent question, and it is actually a fundamental question of agriculture right now. Certainly getting young farmers into the industry is going to be very important going forward. This is where we would again see the need for BRM to focus on other things, such as actually allowing farmers to have more power in the marketplace.

One of the studies we did in the last few years looked at farm debt, and one of the concerns we have is that as of 2009, we have $64 billion in total farm debt in Canada, and it's climbing. It has climbed quite significantly. In 1994—I'm just looking here—it was $25 billion. So the debt load that farmers are taking on....

Talk about risk management. Look at where interest rates are. What's going to happen when these go up? There are agricultural economists raising alarm bells about the fact that we could be seeing a debt crisis in agriculture.

● (1655)

Mr. Brad Trost: I'm hearing the problem; I've got it. Has anyone given any thought to any solutions for the issue?

Not to cut you off, Mr. Wipf, but I need to use my time wisely.

The Chair: Mr. Toews, you had your hand up.

Mr. Travis Toews: Sure. Again, in our industry, we've had these discussions. I'm convinced that when we get our competitiveness issues corrected—and we're going some distance to getting that done—we will see some profitability in the industry. That's ultimately what it's going to take for reinvestment and for young people to come back in.

Anecdotally, we're starting to see that, believe it or not, already in the cattle industry across this country—investment by younger folks again, who are really interested in coming into the industry when they get an opportunity.

In terms of BRM programming, I would default to the disaster tier. I think that's most important for young producers. I will say this: BRM programming is not going to create an environment, nor should it be solely there to create an environment, to attract young people into the industry. That should ultimately be the potential for a return on investment in the long term: it should either attract capital or not attract capital. Ultimately, I think solid disaster tier programming is of real assistance to younger producers who lay it on the line.

Mr. Brad Trost: I have a follow-up question to that, but does anyone else, very quickly...?

Mr. Humphrey Banack: Yes.

Young producers are innovative, they're new, and they will be the first ones using up the programs that are innovative. As a grain producer, I can only lock one side of my income equation. I cannot lock anything on the expense side. So programs that are innovative and new, that these young producers can take to their bank, that are bankable, to cover that capital—as we say, it's a very capital-intensive industry—I think would be something they would use.

Mr. Brad Trost: Okay.

Mr. Toews, you noted that disaster programming was one of the things you'd say would be best for young producers. But I think of one of our neighbours, a guy who's only about two months younger than me, and first year he farmed, when he rented out some crop land and was flat broke by the time he'd done seeding. Guess what? It hailed that year. Andy was 20 or 21 at the time.

How can young farmers who are really tight to the margin even get involved in some of these programs, where it does take a little bit to get in? He's a perfect situation. It completely flattened his crop out. He went to the “Bank of Dad” to bail him out for one year. Fortunately, he only had half a section that year when he was starting out. But what do you do in the not uncommon situation I just noted?

Mr. Travis Toews: That isn't that uncommon.

My response to that would be, “Well, we're not grain farmers.” Crop insurance and hail insurance are offered. And if you live in a region—

Mr. Brad Trost: He couldn't afford either one of those, as a young guy.

Mr. Travis Toews: Sure. But again, I'm a firm believer that producers need to bear their normal business risk. There's a pretty good tool out there in hail insurance. If they're in a region where hail is a reasonable probability, I would call that an input cost to consider.

The Chair: You're out of time, Mr. Trost, so—

Mr. Michael Delaney: Mr. Chairman?

The Chair: Yes, Mr. Delaney?

Mr. Michael Delaney: I'd like to just make a quick comment on that.

In Atlantic Canada, bad as it is, where father and son or father and daughter take a business plan approach and look at the thing on the whole farm, if the economic opportunity is there, the young people are coming in. Even with things as bad as they are, where the family sits down and looks at the opportunities and what kind of business they're in, people are entering the business. It's not altogether doom and gloom.

The Chair: You're echoing Mr. Toews' comments on that.

Mr. Rousseau, you have five minutes.

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

[*Translation*]

I would like to hear what each of you has to say about something specific. Are business risk management programs compatible with the current market openness, market globalization, in all agricultural sectors?

Is the industry not being exposed to greater pressure in terms of risk management programs and to the possibility of funds running out in the long term?

I would like to hear Mr. Delaney's comments first, please.

● (1700)

[*English*]

Mr. Michael Delaney: You have a lineup to see who wants to start with that one.

Mr. Jean Rousseau: I was asking you, Mr. Delaney.

Mr. Michael Delaney: The only way that could happen is if prices go into the tank and everything fails at once.

When you're talking about international trade, maybe in an ideal world, the only way we're ever going to get a level playing field is if everybody withdraws their support, like New Zealand and some of these other countries in the grain business have. But that's not liable to happen.

On the one hand, what it comes down to is the province with the poorest treasury is the first to go. On the other hand, the provinces and the federal government want to support their producers. I agree with some of the other comments that have been made, that the solution comes down to trade.

But we even have predatory trade in our own country. It's difficult to understand how a region can offer incentives to a jurisdiction, and then they can just arbitrarily have access to that province's market, or even to an adjacent province's market. It's complicated.

Mr. Jean Rousseau: Thank you.

Mr. Wipf.

Mr. Kevin Wipf: That's part of the point I've been making. I don't know how it's sustainable in the long run. There could be a point where taxpayers decide they just don't want to shovel out that kind of money.

I would also argue that it's a system that's propping up an unsustainable system. We just talked about young farmers getting involved, but what about depopulation? Where have the young farmers gone? Why are they gone? That's another question in the young farmer issue, and I think it's all related to this topic.

Mr. Jean Rousseau: Mr. Banack, please.

Mr. Humphrey Banack: Just as you said that there could be that cross-industry disaster, in this present time we're looking at cross-industry prosperity. In times like this, I urge the government not to look at the times when there are going to be lower payments and say that there will be less need out there. We must maintain the payment levels we're at, so that when this time comes, it will be met.

Mr. Jean Rousseau: Mr. Toews, please.

Mr. Travis Toews: If I've understood the question correctly, you are asking if the increased trade and dependency on other global markets also poses an increased risk to our BRM programming.

Mr. Jean Rousseau: Yes.

Mr. Travis Toews: I would suggest that as we receive more access to foreign markets and high-value markets around the world, our dependency on BRM programming is going to decrease. Certainly the cattle industry is an example of that, as we're now entering a phase of increased market access opportunity. In my view, we're entering a phase where our industry will be standing on its own two feet moving forward. I see them as compatible, and I see market access opportunity as critical.

I do need to add that this government, particularly Minister Ritz, has certainly championed market access on our behalf.

Mr. Jean Rousseau: Do I have some more time?

The Chair: You do. You have about a minute or so.

Mr. Jean Rousseau: Perfect.

[*Translation*]

My next question is for Mr. Banack.

Do you think that the way things are done in our agricultural industry must be modernized, especially when it comes to business management and accounting? I am mostly referring to family farms. Should we separate producers' management and accounting systems and use collective management in certain sectors?

[*English*]

Mr. Humphrey Banack: Collective accounting, as I best understand this.... It's very important for us to look at each individual farm as it stands on its own. Each farmer's decisions, as he goes forward through the years, are important to that operation.

If we come to a point in time where we make collective decisions across the board.... Everyone has to make their own decisions. Sometimes, it's whether to manage risk through private programs, whether it's to just rely on the base, on the bottom-end program.... If we go to a collective way of operating, we're going to have a hard time maintaining that individual spirit that's absolutely important to businesses in agriculture.

● (1705)

Mr. Jean Rousseau: Mr. Wipf, on the same subject.

Oh, am I finished?

The Chair: No, that's okay.

Very briefly.

Mr. Kevin Wipf: Sorry, can you repeat...?

Mr. Jean Rousseau: I was asking....

[*Translation*]

whether we need to come up with collective management systems, especially in rural areas and small communities, in order to separate the management and administration of small family farms and reduce the pressure on producers.

[*English*]

Mr. Kevin Wipf: The way I would answer that is, yes, farmers need to.... Working together is how they're strongest. They're dealing with very powerful entities. It's fundamentally a question of market imbalance. That's what I think is a problem. That relates to the young farmer problem. There's the BRM issue, the fact that we are spending a lot on BRM. It isn't going away. Actually, it's been pretty stable and pretty high.

Working together and thinking about how we want to sustain our rural communities forces us to confront some of the fundamental questions that I think we're avoiding.

Mr. Jean Rousseau: Thanks, Mr. Chair.

The Chair: Thank you very much.

Mr. Daniel, five minutes.

Mr. Joe Daniel (Don Valley East, CPC): Thank you, Mr. Chair. Thank you, gentlemen, for being here.

I have absolutely no background in agriculture, so this question may be completely off the wall. From what I've heard so far, all the talk has been about selling product, whether beef, cattle, grains, etc. Is there any thought being put into selling services? Clearly, to manage your businesses, etc., you have a huge amount of skill.

The question comes from an inquiry I had from India, where they're having trouble with milk. I thought it was the production of milk, but it's not the production of milk; it's the ability to be able to store it and deliver it in a correct way. The milk goes off before they get it to the people who need it. But these are the sorts of skills the industries must have here, because milk is plentiful here and there's never a problem.

The question is more a general one to all of you. Have you considered skills that can be sold abroad, anywhere else, and a mentorship-type program that will actually reduce the risk to other farmers?

Mr. Michael Delaney: Mr. Chairman, I can chime in on that one quickly.

There are a number of examples of schools of expertise that have been offered in the past. One that comes to mind in Atlantic Canada is an international potato school. You take expertise and equipment to Russia and help develop their potato industry. Technology transfer tours.... There are a number of these kinds of examples that have gone on in the past.

The Chair: Does anybody else want to touch on that one?

Mr. Banack.

Mr. Humphrey Banack: When we offer education programs here, we do not limit them to Canadian students. It's important for us to continue to develop education programs to train the people we will need in the future.

Our organization, through Wild Rose, has sent people over to Russia to help them manage certain things. I'm sure the cattle industry has and that everybody else has. We've been invited over. We're very sharing with the technology we have.

But one of the biggest things we can do is to ensure that we in Canada continue to have a huge educational...with agricultural people involved. We can train both our people and the people from around the world who want to learn. It's a valued education they can use anywhere.

Mr. Joe Daniel: Coming from an engineering background, I was thinking more in terms of getting revenue for consulting, whether you can actually sell that as a service to foreign countries across the globe, particularly during the harsh winters when they perhaps don't have as much to do, when you can actually make some money on this, reduce your risk, and improve your margins.

Mr. Kevin Wipf: Canadian farmers are phenomenal business people. They're also phenomenal stewards of the land, and they also know a lot about raising animals and crops and whatnot. Some of our members have found success in actually inviting urban people out to their farms to witness the farming practice and gain an appreciation for the land and the production process. They're also going into the cities. We're in a society where we don't have many people growing their own food, and having that appreciation for that process.... So we've had members of our organization actually participating in those kinds of programs and doing quite well for themselves, and promoting their farm in the process.

● (1710)

Mr. Joe Daniel: Did they make any money?

Mr. Kevin Wipf: Yes, absolutely.

Mr. Joe Daniel: All right.

Mr. Travis Toews: I guess my response to that would be that this in fact does happen, certainly in very specific situations, but we do have a lot of expertise in agriculture, and certainly in the cattle industry in Canada. There are some who consult internationally and do quite well at it. We also sell genetics globally. Canada has world-class cattle genetics, and we sell them around the world. Along with that is often some expertise to accompany the sale of those genetics. So that is taking place.

Mr. Joe Daniel: So you are making money on these services you're providing.

The Chair: Thank you, Mr. Daniel.

Mr. Lemieux.

Mr. Pierre Lemieux: Thanks, Chair.

I want to just go back to the insurance-based programs. I say that because we've had lots of good discussion here in committee about insurance-based programs. Also, Allan Ling made a comment that, from his point of view, that's the number one program, followed by others.

Travis, you were talking about an insurance-type program for the livestock sector. It can be a bit confusing because there are insurance-based programs and then there are cost-of-production-based programs, which are completely different. They're easily confused if they're not well explained.

I'm wondering if you could first explain to the committee this insurance-based program for livestock. How does it work exactly? What would a farmer do? What's he insuring himself against?

Mr. Travis Toews: That's a great question. There's some confusion out there among farmers as this program has been discussed, as well. The cattle price insurance, which is certainly the one I was referring to, is an insurance program where producers can basically, for a premium, lock in a price based on an index. The index is based on expected future prices that are found through the CME in Chicago and from historical basis levels for that time of year. It is completely market-driven, and it is not based on the cost of production at all. So market signals will not be muted at all with the implementation of this program. However, it will be a very effective risk management tool for producers to use.

Mr. Pierre Lemieux: So the farmer can insure himself to a certain percentage of what the futures are telling him?

Mr. Travis Toews: True.

Mr. Pierre Lemieux: Is that the way it would work?

Mr. Travis Toews: Yes.

Mr. Pierre Lemieux: Then the cost of his insurance goes up if he wants to insure to 80% or 90%—or less if it's 60%?

Mr. Travis Toews: Yes.

Mr. Pierre Lemieux: Do you know what the brackets are? Are you able to share proposed brackets?

Mr. Travis Toews: Ryder can maybe assist with that. I believe the top tier is up to 95%.

Mr. Ryder Lee (Manager, Federal Provincial Relations, Canadian Cattlemen's Association): Yes, and it comes out three times a week. So with what's available at what price, you've got to be very active in there, looking at it and saying, "Well, this week the market went this way." Next week, all of a sudden it might be much more attractive or much less attractive to buy coverage for your animals.

Mr. Pierre Lemieux: Right, and I guess a key point to underline here is that the farmer is insuring himself against what he can sell his product for. He is not insuring himself against profitability, which is where cost-of-production models come in. Cost-of-production models basically insure profitability, as opposed to sale price based on what the market is telling you. Would that be a fair...?

Mr. Travis Toews: That's true, and that's a fundamental distinction.

Mr. Pierre Lemieux: Right, and I think it's fundamental because from a trade action point of view, certainly if the federal government were to engage in a program that insured profitability, that would be trade actionable, because it certainly looks like a direct government subsidy going to farmers, whereas if the farmer is insuring himself against what he can sell his product for, regardless of what his input costs are, then that's an insurance-based program.

Mr. Travis Toews: I fully agree with that statement.

Mr. Pierre Lemieux: Just in the short time I have, do any other witnesses have comments on that, on the insurance-based program, etc.?

Mr. Humphrey Banack: Yes. All the cattle price insurance program does is it allows.... We could do exactly the same thing by going out and hedging the Canadian dollar and buying futures on a mercantile exchange and doing all these things ourselves. What it does is that it puts it in one spot. It's an easy decision to make as you move forward. It's not an insurance program on returns; it just helps farmers use the tools that are already out there. It just puts them in a lump and says, this is what your coverage will be and here is the premium to get there.

● (1715)

The Chair: Thank you.

Mr. Toews, a last comment.

Mr. Travis Toews: To follow up on that, Humphrey described it very well; but on top of laying off your futures risk and your currency risk, it also lays off your basis risk, which is one risk component, and it is very difficult to find a tool to do that. That's why there is so much interest in this program.

The only other way to lay that off would be a direct delivery contract with a feedlot or a packer.

The Chair: Mr. Delaney, do you want to comment on that?

Mr. Michael Delaney: I'd just like to say that all those relationships work if you're living in Alberta where the slaughter plants are. You're going to have a different basis in every part of this country. So maybe at the end of the day, you're forcing the beef industry to choose. If they're advocating a national program made up of all the provinces, there is no way in hell a program like that can work in Atlantic Canada, even though you might want it to work. The only one that will work there is the Chicago futures market, with the farmer figuring out his own basis.

The Chair: Okay, a quick response.

Mr. Travis Toews: Clearly there would be a need for regional indexes to be established where price correlations don't track. You're absolutely right. In Atlantic Canada they would likely need their own regional index, as Alberta has theirs today.

The Chair: Thank you very much.

We're going to end the questioning there. We have some brief business here.

I'd like to thank all of you for being here. And to you, Mr. Delaney, please pass on our thanks to Mr. Ling for joining us.

I'd like to wish all of you a prosperous 2012, and I hope you have a very merry Christmas. With that, we'll let you go. Thanks again.

Mr. Michael Delaney: Thank you.

The Chair: I want to talk to the committee about what I mentioned at the end of the last meeting—where we want to go in the new year.

We have two other themes that were suggested by the analysts, and those were marketing and trade, or meeting consumer demands. All I'd like is direction for the clerk and I as to where you want to go.

Any comments or discussion? Is there any preference?

An hon. member: It's on the list: A, B, C, D.

Mr. Pierre Lemieux: Sure, just the way you presented it.

The Chair: Okay. How many meetings? Any suggestions?

Mr. Pierre Lemieux: Can we get back to you on that? What we can do over the holidays is to come up with some witnesses and then plan for that.

The Chair: Okay. That's fair enough. Then we'll wait. Would you like to put a timeframe on it? If we don't put a date on it, it just passes, and then the clerk is sitting in limbo. For David to go ahead and do his work, it would be nice.... Would it be fair to ask that we have some kind of comment from each party, say, by Wednesday next week, on the recommended number of meetings to follow? Is that fair?

Mr. Frank Valeriote: Can you send us the list that you have there? I don't have it.

The Chair: Yes. I think you should have....

Mr. Frank Valeriote: Oh, we have that one. Okay. Yes, it's in there.

That's fine, by Wednesday.

The Chair: Any further questions on that?

Thanks very much. I don't know whether we should be proud or whatever, but I believe we're the only committee working this afternoon.

Some hon. members: Hear, hear!

The Chair: Merry Christmas and happy new year to everybody.

The meeting is adjourned.

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