

# PRINCE EDWARD ISLAND LEGISLATIVE ASSEMBLY



Speaker: Hon. Kathleen M. Casey

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## Standing Committee on Agriculture, Forestry and Environment

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SUBJECT: BRIEFINGS ON AGRICULTURAL ISSUES

**COMMITTEE:**

Alan McIsaac, MLA Vernon River-Stratford (Chair)  
Jim Bagnall, MLA Montague-Kilmuir  
Michael Currie, MLA Georgetown-St. Peters, replaces Olive Crane, MLA Morell-Mermaid, Leader of the Opposition  
Valerie Docherty, Minister of Tourism  
Bush Dumville, MLA West Royalty-Springvale, replaces Carolyn Bertram, Minister of Communities, Cultural Affairs and Labour  
Cynthia Dunsford, MLA Stratford-Kinlock  
Robert Henderson, MLA O'Leary-Inverness  
Charles McGeoghegan, MLA Belfast-Murray River  
Robert Vessey, MLA York-Oyster Bed  
Buck Watts, MLA Tracadie-Hillsborough Park

**COMMITTEE MEMBERS ABSENT:**

Carolyn Bertram, Minister of Communities, Cultural Affairs and Labour  
Olive Crane, MLA Morell-Mermaid, Leader of the Opposition

**GUESTS:**

Maritime Bioenergy Working Group (Richard MacEwen, Bryan MacKay, Bruce McCallum, Joe O'Connor); Larry McGuire; Island Grain and Protein Council (Allan Ling, David Mol, Gerard Mol); West Prince Young Farmers Group (Cameron MacDonald, Bill MacKendrick, Dwayne Phillips, Daryl Wilkie); Young Farmers Association (Curtis Chaisson, Patrick Dunphy, Jeremy Stead, Mariah Smith, Ryan Weeks); PEI Potato Board (Kevin MacIsaac, Ivan Noonan, Brenda Simmons)

**STAFF:**

Marian Johnston, Clerk Assistant and Clerk of Committees  
Ryan Conway, Research Officer

The Committee met at 1:30 p.m.

**Chair (McIsaac):** We might as well get started. We're waiting for one but he can come in when he gets here.

I'd like to welcome everyone on the committee back from the break we took at Christmastime. I know you weren't away from work, but you were away from committee work anyway.

This afternoon we have six presentations. They range from half an hour to three-quarters of an hour long. Our first group is the Bioenergy Working Group. I'd ask Bruce McCallum if he would introduce the people that are with you for the sake of Hansard and for our committee, and then I'll turn it over to you. You make your presentation and we'll have time, hopefully at the end, for some questions. Okay?

**Bruce McCallum:** Thank you.

**Chair:** I'll give you about a five-minute heads-up before your half hour runs out, okay?

**Bruce McCallum:** Thank you very much.

My name is Bruce McCallum. I'm a private consultant working in the bioenergy field in PEI. I'm the chair of the Maritime Bioenergy Working Group which is kind of a loose-knit group of people, mostly industry people in the Maritime region, including PEI, that has been meeting for the last couple of years to address or discuss important bioenergy issues to the industry in this region. I'm also the past president of CANBIO, the Canadian Bioenergy Industry Association, and I was president for a five-year period which ended in June. I'm still on the board as past-president.

Bioenergy, obviously, is a topic that is garnering more and more interest as time

goes on, in part because energy costs, obviously, are rising. We went through that important psychological barrier of \$100 a barrel of oil very recently and my expectation is we'll see much higher than that in due course. Also because some of our very basic industries to this region - forestry, farming, etc. - are facing very difficult times. A lot of people think that bioenergy is an answer, or at least a partial answer, to those problems, and I think it can certainly contribute to creating employment where we're losing many jobs.

Today I have with me several people that work in some aspect of the bioenergy industry on PEI. We have Joe O'Connor who is a forestry contractor and a major supplier of wood chips to the district heating plant, and also has aspirations to produce pellets.

We have Richard MacEwen from Conestoga-Rovers & Associates, an engineering firm on PEI who is actively interested in the bioenergy field.

And we have Bryan MacKay from Pellagri Systems. They're producing small commercial pellet burners and also marketing pelletizing systems. They can speak to them, for their own interest, in due course.

The Maritime Bioenergy Working Group has been making submissions to various provincial governments. We started with New Brunswick last year around February or March and more recently we've submitted recommendations to the Prince Edward Island government and to the Nova Scotia government just in the past month. I'm going to be speaking to the PEI submission today, and then some of the other people in this group will speak to specific points, if you don't mind. I'll try to move along quickly.

Essentially, we are an industry association

and different people in different provinces are coming forward with different interests. As you might expect, in New Brunswick there's more interest on the forestry side; in PEI it's both forestry and agriculture, which reflects our resource base.

The Maritime Bioenergy Working Group asks the Province of Prince Edward Island to take the following steps.

One is to establish clear targets for bioenergy production and use. We believe that without establishing clear targets, we're not likely to make rapid progress to where we want to go.

In comparison to, for example, the Nordic countries, we are probably generating perhaps 10 to 12% of our total primary energy. That's energy from all sources from farm enforced biomass on PEI. In the Nordic countries, Sweden and Finland specifically, they're generating around 25% from forestry alone. We believe that with combined farm and forest resources we could probably easily equal that, and perhaps go as high as 30 to 40% in due course, assuming we have positive policies to support such development.

The number two recommendation is to actively promote the use of solid biofuels, forest chips and farm enforced pellets to heat the public buildings of the province. We desperately need to create markets for bioenergy, and buildings such as this one actually probably are heated largely by bioenergy. I assume that this building is connected to the district heating system. That system is a model in Canada. It's one of the largest district heating systems in the country. It's a modern system using European design technology.

**Richard MacEwen:** Just a second. Does everyone understand when we say bioenergy what we're talking about, like, burning wood products, the PEI District Energy

System? Joe provides them with wood chips and that. We burn that. Combustion gives us heat. The hot water is then shipped or transported throughout the city and that is a carrier for heat to the different buildings.

So is there an understanding what we mean by biomass and bioenergy or using straw to produce pellets? So that right now, I feel, there is an increase in the number of wood pellet stoves that are being put in in Prince Edward Island. Two weeks ago my father put one in. This weekend someone I work with put one in. So that's what we mean by biomass and bioenergy. Starting to burn the forest products, the agricultural products, that can be burned and combusted. It's carbon neutral, so another great option for PEI. It's really a resource that we have on PEI, an energy resource that we don't have to import into PEI to provide the heating that is required here on PEI.

So, sorry to interrupt, Bruce -

**Bruce McCallum:** No, that's great.

**Richard MacEwen:** - but I just wanted to make sure that everyone understood what we meant by biomass energy and what we're talking about today.

**Bruce McCallum:** That's fine. Clearly we need markets, and the district heating system in Charlottetown is an example of a good starting point. Personally, I believe that we should be expanding that system, and that actually reflects another recommendation further on, to hook up not only the large public buildings, but also private homes that are at least within reasonable proximity of the system. This is rather costly and will require public investment, in my view, but it represents a very good return over time if you take a long-term perspective on return on investment.

Recommendation number three is to commission a study of the feasibility of

building one or more large pellet plants on Prince Edward Island. I had occasion recently, as a consultant, to work for a company in England that was looking for investment opportunities for a pellet production in this region, as well as British Columbia, I might say. What became quite clear as a result of the work we were doing and discussions we were having, mostly with New Brunswick and Nova Scotia companies, was that there are opportunities to produce pellets for domestic use and for export to the European market on Prince Edward Island.

I believe we could have probably some small pellet plants, but also one or two very large pellet plants, perhaps one east and one west, producing as much as, say, 100,000 tons of pellets per year which would represent over 200,000 tons of, for example, wood chips or perhaps straw going into the feedstock.

There's a very big market in Europe for pellets for heating purposes, district heating, private home heating, and also for power generation. Particularly, Holland and Belgium are using pellets in conjunction with coal to generate power and the markets are - I believe that the market in Europe currently is around 10 million tons, and Canada's production at this point is around one million tons, and it's going probably to three or four million tons within a few years. PEI could perhaps contribute 100,000 or 200,000 tons to that production if we take steps to make it happen.

Recommendation number four was to support the creation of a suitable biomass fuel supply infrastructure on PEI to facilitate the consistent and efficient supply of the various biomass fuels. We've just had lunch prior to this and were having a vigorous discussion on that subject. Bill, maybe you can speak to that later. Number four is to support the creation of a biomass fuel supply infrastructure, and by that I'm referring to

combine, perhaps, wood, egg, biomass yard, one or more, depending on where the markets develop on in the province.

**Joe O'Connor:** Yeah, it'd be good to have a yard where you could bring in straw or waste wood from, say, C&D construction and low quality wood from different contractors and put it in one yard and chip it right into a pellet plant or a district heating system. It would be all in the one spot.

**Mr. Henderson:** What's the process, then, from making it from a wood chip to a pellet? How complicated is that? What's required there?

**Joe O'Connor:** You have to dry it and grind it and then put it through a hammermill and then through your pellet mill.

**Bruce McCallum:** Yeah, it's actually, you put it into a dry powder form and then you put it through an extruder which puts it under tremendous pressure, and that pressure creates heat. It causes the lignets in the wood, in this case, to run. They act then as a binder. So the pellets get extruded from very small holes in the extruders, and then they break off as they fall out and you have these little pellets. These pellets then have a market in domestic use for home heating, for larger commercial systems, and ultimately even for power generation and district heating, for example, in places like Helsingborg, Sweden.

Nova Scotia is shipping pellets to Holland where they're used in power generation and to district heating plants in Sweden. There are currently three or four plants on the mainland that are being geared up now for additional production. So our production is probably going to rise from roughly 150,000, 160,000 tons in the past few years, probably into the neighbourhood of 600,000 to 800,000 and I would suggest it will exceed a million tons within a couple of

years. PEI could be a player in that market, if we want to.

**Mr. Henderson:** So is there an ability to combine materials? In other words, wood and straw in a pellet form? Or do you mix pellets, like straw pellets and wood pellets and mix them together?

**Bruce McCallum:** Possibly. Brian, perhaps, could speak to that.

**Bryan MacKay:** Yeah, it's very possible to mix any raw product to make your pellet. Wood and straws probably only vary 10% in BTU value per pound. You could use other products, i.e., scrap paper, anything. You can make your recipe - just a big blender - a TMR mixer is what we're using - and you can add whatever products are available. We're using mainly straw. We also will be using in the very near future some scrap paper that's become available and it makes a very good product for biofuels.

**Bruce McCallum:** I might say that the production is kind of going through an evolution in Canada. It started off being primarily sawdust and shavings from sawmill facilities and it now has evolved - we also have one plant, the one in Mactara in Nova Scotia, that makes pellets from bark. These are what we call an industrial pellet which are intended for larger industrial uses such as power plants. The bark produces a higher percentage of ash, but it also has a very good energy content and it garners a slightly reduced price in the marketplace compared to the white wood pellets.

We're also now seeing a move, to some degree, away from the white wood sawmill residue into forest chips which can be white wood if you debark the material before you chip it. I think we're going to see pellets with a small percentage of bark as well. It might have 2%, 3% bark that you'll get.

Sorry, a question?

**Chair:** Cynthia.

**Ms. Dunsford:** How does that effect the output when you talked about more bark equals more ash? Environmentally, what does that mean to the province?

**Bruce McCallum:** It doesn't really mean anything environmentally. These pellets are dried down to 5% moisture so they burn very efficiently and very cleanly. That's one of the great advantages of pellets is that even in a small appliance, you can get very high efficiency, for example, in your home as well as in a very big system.

It does mean that you would have more ash coming out of the system so that favours the bigger appliances, and you'll tend to get a bit more wear in terms of things like augers and so on because the pellets probably have a bit of grit in them. Some of that ash is actually dirt, sand and things like that, that works right through the system. But in terms of performance, it doesn't make any difference. In fact, the bark pellets have a higher energy content per ton slightly than the white wood.

If I could carry on then, recommendation number five was to implement a program to plant stream buffer zones with willows or other fast-growing tree species that can be harvested for bioenergy. This is something that's going on quite extensively in Europe and especially in countries such as Sweden and the UK.

Richard, perhaps do you want to speak to that?

**Richard MacEwen:** Sure. So as this is a standing committee on agriculture, one of the ideas with planting stream buffer zones - and on my father's potato land last spring I planted 300 hybrid poplars to see how they would grow here on Prince Edward Island.

In doing that I learned that in the 1980s, we've already done trials growing hybrid poplars. So these are trees that grow very quickly, and you want them to grow quickly. One of the hopes is that their roots will help to take up some of the nitrates. It's food for the trees. There are trials being conducted on PEI by the federal government.

We presented this issue to the previous government and they weren't that keen on it. It's kind of surprising, especially since nitrates have now even becoming more of an issue in the public eye. It offers us an opportunity to look at a way of protecting our streams, removing some of the nitrates from the groundwater, and producing a bioenergy source. We have trees that we can now use as biomass energy. So it was something that I thought would be a great idea and we presented it to the previous government. They said that they were looking into it. In reality, when I spoke to the federal government and the programs they were implementing, they had approached the previous provincial government and they didn't really act on it.

So it's an option. Great environmental protection for us and producing biomass energy. What really triggered my thought on it was there were discussions about buying down potato acreage. If we were to look at something in buying back land, we'd want to do it strategically. So you'd want to look at if you're buying land and it's still going to be able to produce an economic return, that's less money that you should have to pay for that land, if you're still getting an economic return by harvesting the biomass. Strategically you choose the zones where you can have the most environmental impact, and that's protecting our water courses and the streams. So if a farmer was to be given a subsidy to buy back some of his land, you'd want to do it strategically.

Actually two weeks ago in the *Globe and Mail*, there was an article talking about the

programs that are taking place in the European community, and I'll leave this with you to read. It's a full-page article on how a lot of the farmland now is being reverted back to forestry. It's not necessarily the option we want to look at, but if we are faced with that situation where we are producing more food - which is the case in Europe - than they are able to consume, which is driving the prices down and making things difficult for our farmers, if we want to look at changing land use practices, you should do it strategically.

One of the things here on PEI, we want to be able to produce our own energy. Right now 80% of our energy needs are being met by petroleum products. That's not something that we're producing here on PEI. Let's look at meeting our energy needs with a resource that we can produce here on PEI.

**Bruce McCallum:** All right, thank you.

Recommendation number six is to implement long-term programs to encourage the installation of biomass heating systems (Indistinct) in homes and businesses and institutions in Prince Edward Island.

The federal government has supported bioheat technology research and development and implementation through various programs for over 20 years. In fact, one of my previous jobs was working for energy, mines and resources in the office here in Charlottetown in the 1980s. Unfortunately, this support came to an end in March of 2007 with the end of the NRCan REDI program, the Renewable Energy Deployment Initiative, which was not renewed for bioenergy. This was a great loss to the industry and we ask that PEI actively lobby Ottawa for a new bioenergy support program.

In fact, that program existed for about 10 years, the REDI program. Most of that time, oil prices were relatively low and the

response to the program was not that great. There was some response but not a whole lot. Now as oil prices are rising, there would be tremendous response to the program if we had it, and we would like PEI to help us to lobby the federal government to implement a new program, an even better program, I would suggest.

Recommendation number seven is to establish a program to support investments in urban district heating on PEI. We already referenced that earlier. We're going to face tremendous problems in heating our homes, businesses and institutions in the future with the kinds of oil prices we're seeing today. If they go higher, as I firmly believe they will, then a lot of homeowners, especially people with larger homes, are going to be facing oil bills that are just exorbitant.

District heating is a very good solution in the urban areas to stabilizing energy costs and allowing us to substitute PEI-based energy resources and create employment in this province. District heating is expensive, but it provides very good long-term returns. If you take the Nordic countries, in particular many of the European countries, they install district heating as a matter of course in any kind of urban development. So while you're putting down sewer and water and power and natural gas, for example, infrastructure, you're also putting down district heating infrastructure, and that's the kind of approach that we should be looking to take in PEI. That will require government support, we believe, but we think that the returns over the long term are very good.

I understand that some of the other provinces, such as Nova Scotia, are looking to utilize some of their eco energy trust money, I believe it is, or money coming from the federal government for these types of investments, and I would suggest PEI should consider that as well.

Recommendation number eight, establish a

renewable portfolio standard for biomass-fired combined heat and power.

Bioenergy needs a targeted renewable portfolio standard to encourage the development of new heat and power systems, for example, for power generation and for district heating. You get much higher efficiencies if you can produce both electricity and heat at the same time because, essentially, the heat is the waste energy cycle. You first generate electricity, then you utilize the heat to convert the steam back to water which then takes it back to the boiler which will be, again, converted back into power. You can achieve efficiencies in the high 80s to 90% and that's the ideal way to be generating combined heat and power. That requires that we take steps to make the production of power by independent power producers attractive to those people, to those companies wishing to invest in it, and that requires access to the grid.

Now we've had a renewable portfolio standard established for wind energy. PEI is a leader in that field. We in the bioenergy field are suggesting that we establish a similar portfolio standard directed specifically at biomass energy.

Recommendation number nine, to encourage the combined use of agricultural biomass - for example, straw and forest chips - in large heating and power generating plants wherever practical.

Obviously, we have both farm and forest resources on PEI. It makes sense to make them complementary, to work together, and you can easily do that. For example, you can have a district heating plant that has a wood-fired combustion line. You can also have a parallel straw-fired system. Then if you want to look at a model, the Danes are doing very good work in this area and have done that for a long time. Denmark is a country that is very similar to PEI in that it has a strong agricultural base and some

forestry as well and they're using those resources in a combined way.

Bryan, perhaps you want to speak to this as well?

**Bryan MacKay:** Yeah. Thank you to the standing committee on agriculture. Knowing agriculture needs all the help it can get.

I started looking at burning straw back in 2000, working with Trigent, we did a little research project. At that time oil prices were quite cheap and we couldn't make it work, but things have changed considerably.

We are presently pelletizing straw. We have a pelletizer here and I'll go into a couple of numbers so it will give you a little benchmark. Our straw pellets are valued at 165 a ton at the plant gate. Two tons of straw pellets equals 1,000 litres of oil. Two tons of straw pellets would cost you \$330. That represents 33 cents a litre oil. If you look at the Eastern School District, they burnt \$1.8 million worth of oil last year. Conceivably, there could be easily a 50% saving or greater, and that's a pretty small piece.

Our plant will do about 5,000 tons per year which would displace 2.5 million litres of oil, and that \$2.1 million - based on a 85 or 90 cent litre oil - stays right in the community. So there's big advantages for the tax dollars in PEI to help support these programs.

I think we need to really kick start this. Another number you can correct me on, I think it's approximately 13% of our energy's electricity, 45 to 47 is space heating, and the balance is liquid fuel and transportation. So there's a big piece of the pie. If biomass could get the same attention - and I compliment the wind energy sector for their achievements, they're certainly well respected - but if we could have some of that consideration in this sector, it would be very

helpful.

On agriculture more specifically, as I said, our farming community needs a lot of help right now. What triggered me on it was an article called Green Gold. You can grow switch grasses, rye grass, you can actually grow crops for fuel, and as fuel prices rise - if we have the structure in place and that includes, we need appliances to burn what we'll call a commercial agriculture in, commercial pellet, as well as - to encourage the production of fuel crops and do the research needed to establish it. There's a lot of potential to keep money right here in PEI and to save money for consumers using these products.

The heating systems, I'll just quickly speak to that. We've developed a high ash burner that we've adapted to a Newmac BC-160 boiler. We're extremely pleased with its efficiency and performance. We're working through ULC right now to try and get certification and that is a painful structure. Also, the bigger steam systems, there needs to be maybe some consideration there. The old legislation on steam production is, I don't know, 20, 30, 40 years old and the systems are much more advanced today with alarm systems and that and I think that has to be revisited. Just to end, I think we need to really get focused on green credits, who owns them and where they go to.

**Bruce McCallum:** Thank you, Bryan. I'll try to move quickly. Our time is running out here.

Recommendation number 10 is to commission a study of feedstock and siting opportunities for anaerobic digestion systems for the production of biogas, which is methane.

This is a method whereby you put organic materials - it can be manure, crop material, food processing waste, and so on - into a sealed container where you have anaerobic



or biological activity in the absence of oxygen, and it generates the production of methane gas, which is a major component in natural gas. This is something that's being done on a widespread basis in Europe at the farm level and also at the community level where you collect organic materials from a wide radius.

For example, in some places in Sweden and Germany, instead of having a community composting system, you would have a community biogas system, collect similar materials, and you would actually produce energy either for the generation of electricity or you can use the gas. One community I visited in southern Sweden called Christianstad, they were using the gas to run the buses in the community. So this is a net production of energy. Biogas is starting to garner interest in Canada, but it's also one of those technologies that is somewhat overlooked.

Recommendation number 11, take steps to modernize our labour and pressure vessel regulations for biomass heating plants.

This is what Bryan was referring to earlier. They're antiquated. They require that we have man staff, person staff at relatively small heating plants. For example, the hospital in Montague is a case in point. The school in Summerside, Three Oaks, had to have staff around the clock just to sit there and read a book in case the system might explode. This is legislation that was developed perhaps in the 1920s and 1930s when we used to have coal-fired steam engines and things like that. It's really antiquated.

When I first went to Sweden in 1986 I went to a district heating plant, at least as big as the one in Charlottetown, and there was nobody there. They had people there during the daytime doing maintenance and so on, but at night they had one operator who had an alarm system. He would come if there

was a problem but he wasn't there the rest of the time. PEI needs to modernize its legislation, and in fact, all provinces need to do that.

Recommendation number 12 is to commit PEI to achieving the Kyoto targets: a 20% reduction in greenhouse gases from 1990 levels.

We're having a lot of trouble achieving that in Canada for various reasons which we don't need to go into, but it's our belief that PEI can achieve such targets and should do so. We should be a model for other provinces, and indeed, for people around the world.

An additional one which is not on here, the need for a carbon-trading system. Bryan made reference to that. PEI can help, working with other provincial governments and the federal government, to implement a Canadian carbon-trading system that would help provide a driver for renewable energy investments in general, and biomass energy in particular.

That concludes our recommendations. I hope we can have a few questions.

**Chair:** Yeah, super, thanks a lot.

Cynthia has the first question.

**Ms. Dunsford:** I have a question concerning the land mass, I guess, more than - a few questions with that one in particular.

When we convert acreage into energy - for instance, we know that in order to generate 1,000 kilowatts of electricity, we need 200 square miles of wind turbine. We need a third of a square mile of a nuclear power plant in order to generate 1,000 kilowatts. Has there been any kind of consideration to how much it would take, acreage-wise, to produce, say, 1,000 kilowatts, or any numbers in that, any studies done in that

area?

**Bruce McCallum:** I don't know if I can answer that. Certainly, we're talking about a renewable resource here on the forestry side, and we're talking about harvesting based on sustainable forest practices, so that you harvest on a continual basis. You don't necessarily have to clear cut. In some cases, it makes sense to do so. But we would assume that the land will either regenerate naturally or perhaps be planted back to forest again. Or if you harvest selectively, it will regenerate by natural means.

We're talking about a sustainable base. We're not talking about changing the percentage of land that's in forestry versus agricultural or other uses. PEI, almost half of our land, 42, 44%, is forest land, so we have a tremendous base and we wouldn't see that changing.

The only thing that's actually changing it is conversion to other uses. For example, there's some conversion to potato land, to blueberry land. But at the same time we also have some land that is reverting back to forest land. I've been doing a lot of riding on the Rail to Trail this summer by bicycle and I was really surprised to see how much land is now reverting back. There's a lot, and I suspect if you drive a lot of rural roads, you're going to see a lot more of that.

So I think, in fact, the balance is probably shifting back towards more forest land than agriculture. If that answers your question.

**Chair:** Okay, we have three quick ones, Valerie, Mike, and then Bush.

**Ms. Docherty:** Bryan, and again anyone else who wants to answer, I'm just going to you - because you have the stats on pellets versus oil.

Recommendation number six, of course, is to increase the use of this heating system in

homes. So for the average homeowner now who, for instance, has an oil and a wood furnace, if they require an average X number of cords of wood - I don't know what it would be but, say, six cords of wood to heat their house for the winter - what would the comparison be to change over to this system and cost-wise for the pellets versus the wood?

**Bryan MacKay:** From a wood to a pellet conversion, you'd be looking at about 12 (Indistinct) of wood to - you'd be looking probably at about five to six tons of pellets (Indistinct) for the amount that you're burning, roughly.

**Ms. Docherty:** Okay.

**Bryan MacKay:** So you're looking at about an \$800, \$900 cost.

**Ms. Docherty:** Is that comparable with what wood costs?

**Bryan MacKay:** Well, your six cord of wood, yeah, it would be about the same. But the difference in the pellets - a lot of people don't burn wood because of the inconvenience. Some of the wood appliances - and I'm not going to name any of them - but some of them are not very friendly because they smoke and generate - and there's new legislation actually coming down on a lot of wood appliances as to - some communities won't allow wood appliances because of the smoke. Where pellets burn so much cleaner that you don't get -

**Bruce McCallum:** Maybe I can pick up - pellet systems, especially in Europe, have been highly developed. Here we have concentrated more on the residential stoves that go in your livingroom. In Europe, they've concentrated more on central heating appliances which are now - well, people like Bryan are developing their own and European ones are starting to come into

Canada. The efficiencies are very high and the convenience is very high as well.

So that pellets are being delivered in bulk, for example, with something like a feed truck delivered into a bin either in your basement or buried under your lawn or something like that, perhaps once or twice a year. They have automated de-ashing systems that, at least, go a month - in some cases go a whole heating season - so the convenience level is getting to be very close to what you would have with oil. That's true for residential systems and even more so for the bigger commercial systems.

**Chair:** Okay, Mike and then Bush.

**Mr. M. Currie:** It's my understanding that there already was a study done on the waste streams for biogas already done by agriculture. I'm just wondering why you'd want to do a study like - the most of that -

**Bruce McCallum:** Perhaps there has been a study that we're not aware of. I haven't seen it.

**Mr. M. Currie:** I think it was done a couple of years ago, but that biogas equipment, that's in a crate. You can buy that now out of Europe, most of it.

**Bruce McCallum:** Say that again.

**Mr. M. Currie:** Most of the equipment for biogas, you can buy that in a crate now.

**Bruce McCallum:** Certainly, it's commonplace in Europe. There aren't many systems in Canada. There is a big one going into Cavendish Farms right now. That's an industrial -

**Mr. M. Currie:** Yes, that's what I - and it's cogeneration.

The second one on the regulation. Most of the facilities, are they low pressure?

**Bruce McCallum:** That varies depending on the application. They can be low pressure or high pressure. If you wanted to generate electricity, of course, you have to be into high pressure. Most of them are low pressure, and I would assume that a facility such as the Kings County Memorial Hospital would be low pressure. Nonetheless, you still have to -

**Mr. M. Currie:** That's an open system is what they got.

**Bruce McCallum:** Pardon?

**Mr. M. Currie:** It's an open system.

**Bruce McCallum:** No, it's not an open system.

**Mr. M. Currie:** Just low pressure.

**Bruce McCallum:** Most of these are closed systems, but they're still low pressure. If you want, I think you're talking 30 pounds per square inch, something like that.

**Mr. M. Currie:** You do not need people attending them if there is low pressure. It's high pressure where you need to have the bodies, right?

**Bruce McCallum:** I'm not certain on that. Certainly, that legislation needs to be looked at. The Kings County Memorial Hospital is not generating power. I don't know why they would have high pressure. They have a manned plant there. They used to at Three Oaks School. I'm not sure what the situation is today.

**Chair:** A quick question, Bush.

**Mr. Dumville:** Richard, I'm kind of intrigued with your poplars. My understanding of poplars, it's a weed tree, and if you turned your back on it for five minutes it grew six feet, and that you had to be careful of the roots and all this sort of

stuff.

What kind of acreage have you planted? Have you done any tests in regards to how much nitrates, say, that your poplars would soak up in an acre and -

**Chair:** This is a quick one?

**Mr. Dumville:** I'm just fascinated with the fact that this is a scrub tree that grows awful fast that could provide a wood source, and it might help the nitrate problem at the same time. So are you measuring this?

**Bruce McCallum:** No, the studies are ongoing and it is - Agriculture and Agri-Food Canada is now doing a trial on a farm, two locations here on PEI. On my father's farm there's a study being completed by a Ph.D. student out of the University of New Brunswick. He's measuring the nitrate levels that are getting into the estuary. He's able to trace where those nitrates are coming from, whether it's from organic fertilizer, from the septic system, or atmospheric deposition.

**Mr. Dumville:** When you harvest the poplars, how quick can you put another group of wood stock in the same acre?

**Bruce McCallum:** Actually, they grow up from what you cut.

**Mr. Dumville:** They do?

**Bruce McCallum:** The poplars, the way I planted them, was actually just a piece of branch. Just stick it in the ground and it develops its own roots and begins to grow.

**Mr. Dumville:** So you just kind of -

**Bruce McCallum:** With the willows or poplars, when you do it on a three-year rotation, you cut them in three years, they're about that thick and they grow up even more prevalent. You have a bigger root mass so

there are actually more sticks that are coming up in the subsequent year after you do the first harvest.

**Chair:** I want to thank you all for coming in. I had to cut other questions off too, so it's a pretty interesting topic. We really appreciate you coming forward and making a presentation.

**Bruce McCallum:** Thank you very much. I'd just like to say that we hope that the province will give consideration to these recommendations and we'd be happy to meet with any members that would like to meet in the future on any of these questions.

**Chair:** Super, thanks a lot.

Our next presenter is Larry McGuire. Larry, do you want to come forward? I'd like to welcome Larry McGuire. We have half an hour set aside. Get you to do your presentation. Hopefully we'll have some time left for questions at the end, Larry. I'll give you about a five-minute heads-up when we're coming to conclusion, okay?

**Larry McGuire:** Okay.

**Chair:** Super.

**Larry McGuire:** Call it 10 past, Alan?

**Chair:** I had 2:06 when I introduced you first.

**Larry McGuire:** Good afternoon, and thanks very much for your time.

As Islanders and as Island consumers, I believe that we have a duty to inform ourselves about Island agriculture so we can better understand the crisis in farming. Farmers are acutely aware of the farm crisis. They know that it is not new and that the crisis is global. As Island hog and beef operations are being forced into bankruptcy, farmers know that the crisis is of an

immediate and an enormous magnitude.

The consumer should be aware of this fact: the farm crisis does not have its causes on the farm. Farmers are not producing the wrong product nor are they producing them in the wrong way. As farmers produce more, export more, and produce more efficiently, they are rewarded less, abused more, and forced more into bankruptcy. If you examine farm reports and available data, you will see that every farm economic indicator is up except net farm income.

Farmers know this fact: non-farmers have learned how to make lots of money from farming. For consumers, this farm history can be so translated. A customer puts a \$1.35 on a grocery store shelf for a loaf of bread. Powerful food retailers, processors and grain companies take a \$1.30, leaving the farmer just a nickel. Powerful energy, fertilizer, chemical, and machine companies take six cents out of the farmer's pocket. Taxpayers come good for the penny.

Another graph that I studied put the farm crisis this way. In the 1950s and 1960s the average farmer could keep about \$1 for every \$2 or \$3 of revenue. In the 1970s, it was \$1 for every \$4; the 1980s, the farmer held on to \$1 out of \$15; the 1990s, \$1 every \$25. Today, the farmer cannot hang onto a single penny. Every dollar that the farmer earns in revenues, plus more, goes to expenses, leaving only losses. Put a different way, in the 1950s, the transnational corporations captured 50% of the value of Canadian agricultural production. Today these corporations take 104%.

So now the consumer can begin to see the real causes of the farm crisis. Consumers know that the prices farmers receive goes down and the prices we pay go up. But why are farmers so abused by the markets that buy their products and sell them their inputs?

The family farm is the primary food-producing unit in Canada. It is at the centre of an agri-food chain that reaches from energy, fertilizer, seed, and chemical companies on one end, to packers, processors, retailers, and restaurants at the other. Every link, with the exception of the farm link, is dominated by a tiny number of transnational corporations. Oil, gasoline, diesel, fertilizer, chemicals, seed, farm machinery - everywhere farmers look, they are faced with concentration and corporate monopolies. Cargill and Tyson control over 80% of Canada's beef packing capacity.

Governments and the media talk about free trade and free markets, but Ranald MacFarlane of the NFU was right when he said that free trade was killing Canadian agriculture. What farmers see in the real marketplace is monopoly after monopoly. Lack of producer market power and producers' inability to demand fair prices or to drive down costs is the real cause of the farm crisis.

Farmers' market power determines their net income. Farmers have not been able to get their fair share of profits out of the hands of huge corporations. In Canada, the agri-food chain has billions of dollars in profits. But those profits are at every other link in the food chain, except at the family farm link. There is no one else in the agri-food chain in crisis except the farmer. Farmers are suffering and other players are taking larger and larger profits.

Corporate non-farmers have learned how to extract the wealth that farmers create. Corporations that sell to the farmer price according to what the market will bear. When hog, beef, or potato prices went up, these corporate interests would raise their prices and take these extra dollars right out of the farmer's pocket. In markets where any real level of competition exists, it would be impossible, illegal, to have this kind of predatory pricing.

Island consumers really need to grasp the extent and the causes of the family farm crisis. Only if we better understand the desperate plight of Island farmers can we be a significant contributor in helping to solve the farm crisis.

Again, the farm crisis does not have its causes on the farm. The crisis is caused by an imbalance in market power between farmers who operate in a very competitive sector on the one hand, and the agri-food transnationals that number three to five on average at every other link on the food chain. These are huge corporations that have little or no price and profit competition. They're allowed to grab away profits that otherwise end up on our family farms. There's a huge misallocation of profit dollars caused by an enormous imbalance in market power.

Melvin Jay from Pisquid was right when he said recently in the *Guardian*: Between the farm gate and the consumer's belly, someone is getting very rich. How about Monsanto, Cargill, Tyson, Weston, ADM, Agrium, McCains, Cavendish, Maple Leaf Foods?

Hog farmers by the dozen are being forced into bankruptcy. Beef farmers are being forced off their family farms. Potato growers are barely hanging on. Transnational corporations are denying Island farmers the ability to farm. These corporations are robbing our Island of part of our heritage, our culture, our identity. Family farms that have been in the family for generations are no more. And our politicians are paying lip service to our farmers. The province's recent contribution to the Albany beef plant was a small step in the right direction, but it did not put a single penny in the family farmer's pocket.

That's A part, Alan; B part, I hope to offer some solutions. You have a copy. I'm going to skip the opening paragraph here. It's only

a paragraph of transition, going from that little essay to this one.

Recently the *Guardian*, the *Eastern Graphic*, CBC, taxpaying consumers, farm organizations, and farm commodity groups have all spoken out most eloquently on just how precarious the family farm operation really is. There's no need here to restate the problem. But there is a critical need for innovative solutions and a gaping need for someone to display leadership.

As an overview opening statement in this part B, I strongly believe that all the players must see the need for a new path for Island agriculture. We have to create a situation where taxpaying farmers, taxpaying consumers, and both the provincial and federal governments, can become partners and eventually, all see themselves as being winners in this common cause: the salvation and the prosperity of Island family farming.

Step one, farmers need an immediate cash infusion of \$10 million. This is not a handout. It's a \$10 million investment to help out a \$400 million industry. By all investment standards of risk, profit margin and liquidity, this is a sound economic move. This cash infusion is needed not tomorrow, it was required yesterday.

But there has to be more than this first step. Farmers know that a government that can solve all your problems will first have to hold control over all your assets and liberties, and I don't think many farmers want this.

Farmers have taken up the struggle of their own cause. Farmers know that as a political force their own dwindling numbers are always being weighed by politicians. Farmers know that politicians always choose the path of least resistance. So rather than deal with an issue that may risk unpopularity or damage a career, it may be easier for politicians to water down action, or simply

appear to be doing something while really be doing nothing.

Again, the Albany assistance was a small step in the right direction. This Maritime and federal assistance is indeed welcome news. However, little has changed for the cow-calf operator. Yes, the beef plant is still open and transportation costs off-Island have been saved. But the cost of production for the farmer versus the break-even point has not changed by one single penny, nor has one single penny extra been placed in the farmer's pocket. In reality, the crippling debt load of beef farmers is more today than it was yesterday.

In Albany nothing happened that was magical. Farmers are not going to go out and fill their barns with beef animals. What Island cow-calf operators really need is between 30,000 and \$100,000 each to get them to a point of holding their own and then being able to ship their cattle to Albany.

Step two. Working family farmers are critically weak by themselves. Farmers need allies. The political power of agri-business has already shown itself to be a formidable force. Farmers cannot stop with a slight gain. The provincial government's up-front new money is \$2 million. That was the cost of two recent and non-required intersections. Farmers know in their hearts and soul that now is the time to act against the actions of lending institutions.

Now is the time that farmers must organize and be guaranteed the cost of production plus a profit margin for all their commodities. Now is the time for leadership rather than shoulder shrugging. Now is the time for rational, well-planned, meaningful action. I suggest in the strongest of terms that farmers must unite in farmer cooperatives and farmer credit unions. Yes, these old organizations that saved farming and fishing in the 1940s in this province can

do it again if organized properly.

Farmers signed on to an idea that if they worked together they could profit together. Let's restructure both the hog and beef plants as fully owned and controlled cooperatives. At the same time, (Indistinct) organize a farmers credit union that would be the financial institution for all the farmers that would join. This would be a cooperative and credit union based on the original ideals of the cooperative and credit union movement and not on modern-day banking principles.

Farmers have to escape the pressure imposed by other lending institutions to liquidate. If farmers own their own lending and saving institution, if farmers agree that they must control their own destinies, if farmers agree that the time for action against corporate banking is now, then let's do it.

The taxpayer-consumer-government cash infusion of \$10 million will be deposited in the farmers credit union. It will be used solely to get farmers over this crisis and onto a sound operational footing. There will be no free ride. As farmers' net incomes improve, they can start to pay back. The role of government will be phased out on a gradual but certain basis. Interest-free loans will be provided to farmers depending upon individual need. As well, I see the farmers credit union assuming all the member farmer debts. The farmers credit union will be led by professional management teams and it will have only the farmer's interest at heart.

The farmer-owned co-op will also be responsible for the creation of input manufacturers. At present, these transnational corporations, who are few and huge, supply seeds, fertilizers, chemicals, and machinery. Their prices are always at the high end and they erode away any farm profit. Input cooperatives will improve family farmers' net income dramatically.

A natural extension of this idea is the creation of farmer-owned and controlled buying co-ops. Farmers have to get more power in the marketplace and they have to become more professional in marketing. What government, provincial and federal, has to do is to provide farmers the opportunity in this time of transition in Island farming to return to profitable farming. The tax-funded cash infusion and the creation of a farmer-owned and controlled cooperative and credit union will save the farmer from bankruptcy and together, in a new kind of social contract, the farmer and the taxpayer-consumer can move forward together.

The final component of step two is the formation of a cooperative land bank program. This cooperative would buy land from farmers who want to retire or sell. The farmer would be paid competitive prices and the land bank co-op would lease the land to smaller farmers or smaller cooperatives on the basis of guaranteed agricultural land use. This land co-op is aimed at preventing further accumulation of land by corporations or large farmers.

We need to turn around the trend of farmers losing or selling their family farms because of external pressures. There has to be a new path for family farms so farmers can be freed from crippling and oppressive debt. I believe that the combination of a multi-purpose co-operative, a farmers credit union, and a co-op land bank will provide farmers the opportunity to return to profitability and to retain their dignity as family farmers.

Step three. Ian Petrie of CBC recently did an excellent article on labelling. Island consumers now know that most often a bag of food products labelled "Product of Canada" doesn't contain food product from Canada. China is often the major provider of this food. If the labour and the package is worth more than the contents, then the

package can be so labelled legally.

But can we recall the recent health scares from Chinese pet food and Chinese toys? The reality is that food from China and many other parts of the world is not inspected nor regulated. What consumers in Canada should demand is that labels tell the whole story: the country of origin of the food; the presence of GMOs; the significant ingredients in the food; the miles the food has travelled; and the farmer's share of the product.

Island consumers should also be aware that there are foreign factory farms, otherwise known as confined animal feedstock operations, in which thousands of cattle are administered antibiotics and growth hormones on a daily basis. This beef is shipped all over the world, including PEI. Is this food supply safe? Transnational corporations put this food on our grocery shelves and simply say: Trust us. Well, I don't trust them. And the further reality is if consumers demand that retailers tell the whole labelling story, it will go a long way to greatly ease the Island farm crisis. Perhaps then Island farmers can sell the best grown food in the entire world to Island and Canadian processors at a fair market price.

Step four. As we chart this new path for Island family farms, we should focus heavily on domestic and local markets. Let's assume that the end game has family farmers being guaranteed their cost of production, including decent returns on labour, management and investment. How can farmers quickly and affordably get there?

Small and organic farms are earning premium prices for their farm products. These stable, high-price local markets are a growth area and could put millions of dollars into the hands of family farms and help to ease the income crisis for small farmers. If you examine food trade policies



and see who focuses on supplying the Canadian market - dairy, eggs, poultry - these farmers have largely escaped the farm crisis. Conversely, if you look at who relies heavily on export markets - hogs, beef, potatoes - these farmers are the hardest hit by the farm income crisis.

In other words, exports, free trade and globalization have failed Island farmers. Therefore, if we focus on the relative stability of supply-managed egg, poultry and dairy farms, if we focus on domestic and local markets, it would help end the farm income crisis. Just think of it. If we removed Cargill and Tyson from the market equation, cattle and hog production on the Island would have to increase dramatically to meet demand.

A supply managed hog and cattle production system and a ban on corporate farming present a golden opportunity for family farmers to end the farm income crisis. Include the need here too, please, for every government agency - hospitals, manors, schools - they be mandated to buy Island farm product.

Step five. Personally, I have become a believer in the 'ecology before economics' philosophy. I feel that by following sound ecological principles, family farmers can return to a level of profitability not seen in recent years. As we work hard to assist our family farms let's not deny the perception, and sometimes the fact, of large farm operations. Many farmers have to back away from the heavy reliance on chemical fertilizer, pesticides, and herbicides. Many taxpaying consumers will not support this kind of farming. This Monsanto ideology is not going to work much longer.

You see, it's not what the farmer wants. It's what McCain and Irving want. Many farmers say that this chemical farming is simply part of farming. But if Irving and McCain said tomorrow that in two years'

time they would accept only organically grown products, the farmer would quickly change his farm practices.

In nature, there is no free lunch. We are what we eat. We cannot fall into the trap that more of the same technology that helped get us into the mess in the first place is now the way out of the mess. More NPK fertilizer will not increase soil fertility. More antibiotics will not make healthier animals. More herbicides and more insecticides will not make our crops safe from weeds and insects, and more uncontrolled genetic manipulation may result in as many monsters as miracles.

Again, we don't need to restate the problem over and over. Farmers face insurmountable debt. Their crisis is immediate and unprecedented. I have attempted an honest assessment as to how government, the taxpayer, the consumer, and the farmer can help solve the farm crisis. We can find solutions to this misallocation of profit dollars in the agri-food chain. Small changes in production and distribution can leverage large changes in prices.

The giants, the transnational corporations, are eating farmers' lunches and this immoral devouring of family farms has to stop.

Thanks for your time. Thanks for your attention. Pardon the rush.

**Chair:** What?

**Larry McGuire:** Pardon the rush through that.

**Chair:** Okay. We have time for a few questions?

**Larry McGuire:** Oh, definitely.

**Chair:** Jim, go ahead.

**Mr. Bagnall:** Larry, I noticed in one of your

comments about the beef farmers - and I guess I have to wholeheartedly agree with you that the \$12 million all went into the plant and the running of the Albany beef plant, and not a cent has gone into the producers' pockets. I guess you're right. We're into a situation there where if we do not help the farmers or the producers there's going to be no beef going into the plant. So what's the use of having our plant if we don't subsidize or help out our beef producers at this time when they're in dire need?

I noticed that in the last few weeks - and I have to recognize the government for stepping in and helping the hog producers. They did put in a program where they gave I think it's an average of \$12 an animal to the hog producers to help them in transition over the next period of time. I think up to a year. I think that's a step in the right direction to help the hog industry. But what I don't see is any help whatsoever for the beef industry here in this province.

I mean, yes, we've got \$12 million for the plant and we worked on that, I think, for 2.5 years before it finally came. But what I see, what I think needs to happen is there has to be an infusion of funds from the provincial government to the same amount of money that was put into the hog industry in the last few weeks. We all know that the industry is in dire crisis and we're trying to deal with helping that here.

I think, you know, and our committee now, whatever we decide, our report doesn't come down until whenever we go back in the House, whether that be March, April or May, or whatever time we're back in the House before any of our report will get to the Legislature. I think this committee is strongly behind agriculture. Because we've made a commitment to meet with all the industries to try to hear their concerns and try to support the industry as much as we possibly can.

I guess my feeling on this is, Mr. Chair, I'd like to make a motion. I'd like to move that this committee send a letter to the Premier and Executive Council immediately to ask for an infusion of dollars to the beef industry that was given to the hog industry.

My feeling on this is that the provincial government put \$2.93 million into the hog producers' hands in the last period of time, and I feel that this committee should write a letter immediately without holding back, and recommending to the government - I know we can't ask them, but we can recommend - that this committee recommends that the provincial government put the same focus of money into the beef industry as they have to the hog industry.

**Chair:** We only have a couple of minutes left. What's the feeling of the committee? Do you want to deal with this? We can't deal with it right now because we have presenters all afternoon, but do you want to take this as a recommendation to go back and deal with it later?

**Mr. Bagnall:** It's a motion on the floor. It has to be dealt with.

**Chair:** Well, it's not even seconded yet.

**Mr. Bagnall:** It doesn't have to be seconded.

**Chair:** It doesn't have to be seconded. Okay. Well, what's the feeling of the committee? Do you want to deal with this at this time?

**Mr. Dumville:** I think it's premature.

**Mr. Bagnall:** Well, I don't think it's premature. I think it's time that - we know that the beef industry has been struggling for the last number of years, the same as the hog industry. I mean, this government has stepped up and supported the hog industry, which I commend and congratulate them for

doing. We put money into the beef plant, but we haven't put any money or we haven't shown any interest to put any money into the beef industry.

My mind is that we're putting \$12 million into the plant - that we should be supporting - we should be supporting the producers in order to make sure that there's product going to the plant. Because right now beef producers are losing anywhere from \$200 to \$300 an animal that's going in there, and that's not going to continue. Because the first thing, they're all going to be gone and we're going to have a plant with no animals coming to it. I think that it's time that the government supported the producers.

**Chair:** Okay, I think what we're going to do. I'm going to make a suggestion that we deal with this at the end of the presentations. Because right now we have presenters lined up on time, but we're due to be done here at five. So we'll put it on the agenda for 5:00. Okay? And discuss it then.

**Mr. Bagnall:** I have to disagree, because if there's a motion on the floor it has to be dealt with. It comes first.

**Clerk Assistant and Clerk of Committees:** Just ask the committee what they would like to do, Mr. Chair.

**Chair:** What's your feeling? Do you want to deal with it now or do you want to deal with it at 5:00?

**Mr. Henderson:** My thought would be is that we are late for the people and they're scheduled to be here at a certain time, and it's a little unfair to them to ask them to wait for (Indistinct).

**Chair:** (Indistinct).

**Ms. Dunsford:** I think there's ample feeling, just by the fact there's a little bit of silence, that there's probably some

discussion to be had about this.

**Chair:** I just want to know if you want to do it now or do it at 5:00.

**Ms. Dunsford:** Later

**Mr. Henderson:** Do it at 5:00.

**Chair:** Okay. Motion will be dealt with at 5:00.

Any other questions for Larry? We got about one minute, I think.

**Larry McGuire:** I just lost four.

**Chair:** I had you down at 2:06, then you walked out the door to get some water and stuff. Anyway -

**Larry McGuire:** If I could just make a comment on Mr. Bagnall's situation -

**Chair:** Yeah.

**Larry McGuire:** - his problem. Beef farmers, they're the ones, they're the kind of farmers that may indeed use the least amount of chemicals, fertilizer, and they find themselves now in this sort of bind, unfairly so. Perhaps one of their drawbacks is they like to run their own operation. They like to be independent and they haven't gone perhaps aggressively after government for cash.

The beef farmers that are gone, I think they are gone. They're not going to be coming back. I think you owe to Island beef farmers, and all Island farmers, those that are still there and want to keep working at it, they need some help and the help was required yesterday.

**Chair:** Yes. We've heard from the beef farmers too. I mean, not only at this level but as individuals as well. Certainly realize the crisis there. Like Jim even mentioned

there, we did make the move towards the plant, keep that, and save the fact that they don't have to ship their animals directly to Ontario.

From what I understand, the minister and the department are working on what can happen next.

But anyway, no, we're out of time. I've got other presenters coming, so I really want to thank you for the presentation, Larry. Good, appreciate that.

**Larry McGuire:** Thank you.

**Chair:** The Island Grain and Protein Council are our next presenters.

Okay, who's taking the lead here, Al, Gerard or Dave? Al, would you introduce your group? Then I'll ask again just to make your presentation.

**Allan Ling:** I'll just start by introductions while our technician is setting up there.

First of all, I'd like to thank the committee for allowing us to come before you today. To introduce ourselves, Gerard Mol is a farmer from Newton. He's predominantly was and is a potato farmer, but has directed his interests in other ways as a crop producer. He and his partner Theo have started a canola plant. They are in the process of putting in a cold pressed canola press, or oilseed press I should say, that can make pure plant oil which can be used for energy or for human consumption.

David Mol is chairman of the Island Grain and Protein Council, and he farms in the Winsloe area. He's a strict grain and oilseed producer.

Myself, I'm a farmer from Wheatley River. I farm with my brother Melvin, and we operate a beef farm and a grain and oilseed farm. We used to be in the hogs, but we're

one of the casualties that have gotten out of the hogs, and still in the beef. So I guess I welcome Mr. Bagnall's remarks on it, and would certainly, as a beef producer, would like to see a cash infusion put into us as well.

What we're going to try to do today is try to bring across a positive approach to our presentation. We know that it is a very tough environment out there in agriculture. Because of the downturn in the livestock industry, hogs and beef prices, we're losing some of that feed market. I think we have to direct our activities and our markets in the grains and oilseeds to other ways.

So we think we got to take new crops or old crops and get some new uses for them, whether that be food, feed, or fuel. We don't necessarily know all the answers, but we think we have some tremendous ideas. Maybe we could leave our questions until the last and we'll try to rattle through it reasonably quickly.

The Island Grain and Protein Council is a small organization that has been around for quite some time. One of the things that we're responsible for doing is operating the federal Advance Payments Program for Island grains and oilseeds producers. This is done through the Elevator Corporation. Shirley Ramsay at the Kensington office does the bulk of the work. Glen McCardle has certainly been very instrumental in it. He's the member that does most of the negotiations with the feds. Locally, the council is a member of the PEI Federation of Agriculture, and mostly David or myself sit in on their meetings. Regionally, we are a member of the Atlantic Grains Council, which I happen to be chairman of it at the time, and through the Atlantic Grains Council we have a membership with a national organization called Grain Growers of Canada.

The council likes to advance the interests of

producers by sponsoring information meetings for producers. We sponsor some feed trials at the Atlantic Vet College. Recent trials focused on the use of soybeans and the potential of winter rye in hog rations. We're supporting a trial to look at the best ways to incorporate soybeans, flax and canola into beef diets to produce healthier products for consumers.

Soybeans is one crop that's well adapted to PEI, and their use reduces the cost of protein supplements for livestock, something that we can grow here and not import in. Winter cereals like rye or winter wheat provide a soil cover crop that helps reduce soil erosions and nutrient loss. We've been very instrumental in those things. Incorporating soybeans, flax and canola into feed rations provide benefits to producers in the practical application of bioscience which can prove health benefits to consumers through omega-3.

We've also been supportive of the growing of the edible soybeans which are being exported to Japan, and we'd like to congratulate Robert MacDonald on his endeavours to set that plant up. I think we're in our fourth year now. So we're looking at that as being quite successful.

The council believes that the recent increase in cereal and oilseed prices is the market reaction to the increasing use of agriculture for non-food use in the bioeconomy. The US and the Europeans, through their domestic policies, are making the necessary investments today to position themselves for harvesting the economical rewards of biomass production in the future.

The council is also interested in the potential of renewable fuels to allow members to participate in the energy market and the broader bioeconomy through a BOPI application supporting the development by two Island farmers - and that's, I've already mentioned, Gerard and Theo - of a cold

press canola facility that has potential to create markets for locally grown canola as a quality food oil and as renewable fuel. In addition, it creates an infrastructure to process other oilseeds.

The council is also aware of the benefits that have occurred to agriculture through the developments of the biofuel industry in both the US and Europe. Agriculture in PEI could derive some of these same benefits if similar policies were implemented here in PEI and the rest of Canada.

That's just a slide of some of the different crops. You have the canola, the flax, soybeans, and crambie. Crambie is not a known crop here in the Maritimes. It has been grown at the Experimental Farm. Claude Caldwell in the Nova Scotia Agricultural College has done some considerable work on it as well.

Ethanol for blending into gasoline and biodiesel for blending into petroleum-based diesel fuel has received a great deal of attention and have provided benefits to producers. However, alternatives like canola oil should be considered, especially as development is processing.

Renewable fuels from agriculture are more than ethanol and biodiesel. It could be other crops like cereals or crop residue - an example, straw. The first presenter had talked a fair bit about that. Renewable fuel from agriculture has a potential for economical development - new markets, opportunities and job creations, stability and diversified economics of key sectors - environment - reduces greenhouse gas emissions, reduces soil erosions and improves water quality - social objectives - rural economical development, environment awareness. These are options.

Like, just picture a premium vegetable oil grown here on PEI, processed here on PEI, and the benefits of adding value to that

primary crop production. The development of processing capability is crucial to making the economics of this adequate crop work. Canada will move to renewable fuel standards to address greenhouse gas emissions. Canola oil can, and will, have a role to play for PEI. Canola can be grown in potato rotation and benefits from nutrients left over from potato productions. Cereals are already a part of the valuable use as an energy source creates another market.

PEI exports \$300-plus million to purchase energy every year. A portion of this money could create significant economic activity in rural PEI. Just think. The dairy industry is responsible for about 60 million; the beef industry for about 30; the potato industry is somewhere between 160 and 180 million. Yet, we're exporting pretty near that much money out of PEI to buy our energy.

Most importantly, we just want to make you aware that they are alternatives. I guess something to think about. The Stone Age did not end because we ran out of stones and anybody that's a crop farmer knows that. Neither will the oil age end because we have run out of oil.

Gerard.

**Gerard Mol:** Okay.

PEI's situation: 76% of energy used in this province is from imported petroleum; 42% is used in transportation and agriculture; 27% is used in home heating oil. Now the biggest thing is if 5% of the whole heat oil came from canola, it would create a demand for 30,000 acres of canola.

Why we chose canola. It started about five or six years ago with hybrid seed production. We had contracts for that (Indistinct). It worked very well in the rotation with potatoes. So we had equipment geared up and so we looked for different opportunities, and it was a scaleable

technology that is working everywhere else.

Canola oil. The combination fuel or straight fuel - what I mean by that, like, you could mix it, like five, 10, up to 100%. Whenever you go into Germany, the fuel has a standard, the canola has a standard to - it has its own standard for (Indistinct) fuel. It requires energy conversions. Whenever you are burning 100% oil, engines could be converted to about \$2,000 in estimation. Also, burning canola oil straight instead of making it into biodiesel fuel, there's a savings from about 25 to 30 cents a litre. It goes best in equipment that runs at near full capacity because the engine is hot. It can be used in blends up to 20% with heating oil and can be done on the farm.

That's a picture in Germany. That's a John Deere tractor, very common here, a 7810. It has the regular fuel tank, the one with the red cap. It has about 300 litres of canola oil in it and a little (Indistinct) tank at the front of it to put the regular diesel fuel in. The engine starts in the morning and the regular diesel fuel, as soon as the engine is warm, switches automatically over to canola oil.

There's a BOPI project that we got involved with, to elevate the potential of using cold pressed canola oil as a locally produced renewable transportation fuel, hopefully as well in the blend of heating oil. Liquid conversions up to 68 diesel engines to dual-fuel purpose operation. Right now this - like, we're talking about conversions. Dodge has an engine available right now, since November 2007, that is right from the factory, with warranty, available to burn this fuel. The big engine companies are coming on board to learn the stuff. The Department of Agriculture has played a key role in developing this project and is still a partner.

Cold pressed canola oil is a different technology than what's commonly used in Canada to boost canola oil. It does not require massive plants. Temperature of the

oil during processing is not allowed to exceed 50 degrees Celsius, and blends with oil are an avenue that we would like to pursue and could contemplate the use of oil in construction or farm equipment. The use (Indistinct) our seasonal work will allow that.

The development of an available cold press oil seed plant capable that will provide a means of adding value to local canola production as, especially, food oil. Like, in Germany most plants that we visited and we'll be copying the plans from are also producing food grade oil and feedstock. The cake, the meal, the leftover after the oil is pressed is for livestock feed, or it could be also additional processing again and processing organic canola and other oilseeds - flax, soybeans, and camelina.

That was a little place that we visited in Germany. It's a very neat set up. It's very tidy. Those are pictures of the inside of the plant. It's cleaning, pressing and filtering. It's very calm, very easy. It's filtered to one micron and it's directly burnable. That's the press, the inside of the press, with the oil dripping out of it and then it goes to the filter.

The final filtration system on the left-hand side (Indistinct). So after the big filter of it, you just seen the big picture there. There's a small filtering operation and then the holding tanks, and this guy even had a couple of - a little bottling equipment on his place, a bottling facility.

**Unidentified Speaker:** (Indistinct).

**Gerard Mol:** So in the shelves in stores in Germany, you see the top left corner, you'll see all kinds of oil available, the same as these bottles. The one on the right-hand side is actually the bottle that I got here in front of me. The farmers that are burning 100% canola oil or mixing it have their own little filling stations that they develop: the bottom

left corner tank and the 1,00-litre tank, and then the (Indistinct) on the right-hand bottom corner. That's the meal, cake, or pellet. You can burn it. You can feed it to animals. It has different uses for that stuff. That is the home where we're going to put the plant - actually, we're constructing it right now.

I'll turn it back over to Allan again.

**Allan Ling:** Okay, you heard the word wind energy, no doubt, already today.

One of the problems with wind in PEI, and it's probably going to be a great - it is and is going to be a great source of energy - but unfortunately it doesn't blow all the time. Sometimes when it is blowing, that's when the demand is down. So a challenge with wind-generated electricity is that the wind doesn't always blow. Now let's try to develop or let's develop a way to use renewable fuel from canola oil to power modified diesel electric generators to supplement wind-generated electricity.

I know, like, Maritime Electric, as I understand, they're at their, close to or at their level now. Well, what's to say that PEI cannot be generating 50% of our electrical energy from wind and crops? It can be done. It should be done.

Crop biomass. The best use to replace fossil fuels, we think, is used in space heating. The most likely materials are cereals like wheat, rye, or barley, crop residue such as the straw, combination of agriculture and forestry product as pellets. Again, the first guys talked about that. We know it's going to require specialized designed burners, but it can be adapted to a range of applications. Significant development in Europe, assisted by policies to reduce greenhouse gas production, that could happen here.

The grains council feels that the best potential for agriculture biomass is as a

replacement for space heating, perhaps starting with public buildings. Cereals could play a role, especially if they can contribute to other environmental attitudes such as winter wheat or rye that are grown as cover crops to prevent nutrient loss and soil erosion.

A small square bale of straw - everybody knows what that is - that equals about five litres of furnace oil. The use of straw, as has been said earlier again, is well established in Denmark and it could be evaluated here on PEI. Agriculture and forestry waste products can be combined into fuel pellets that provide for automatic delivery in feed systems that could replace oil-fired boilers.

Cereals as fuel. Potential outlets, first, for damaged grain. Example: grains that contain harmful microtoxins. I guess it was about two years ago we had a - depending on the growing season, if you get wet, humid weather in late July you can get into microtoxins, particularly in wheat and somewhat in barley. That can be downgraded and of no good. Actually, two years ago there was some grain that was ordered to be dumped by Crop Insurance. What a waste. We could be using that to produce energy.

A significant difference between the value of the energy in cereal when used as a livestock feed compared fossil fuels replacements. Look at that. At 88 cents per litre for furnace oil today, the energy in barley when burned is worth \$341 per ton. The current feed value is 195 per ton.

We have some year-round units. There's one at Klondike Farms which is up in Wilmot Valley, owned by John Hogg. The unit is using barley, oats, wheat, soybeans, and wood pellets. Estimated efficiencies range from 78% with barley and wood pellets to 70% with wheat. There again it talks about the value of the crop used for \$341 of wood pellets (Indistinct); for barley, 390; 425 for

soybeans; oats, 315; and wheat, 306.

So then everybody knows a round bale of straw, you see lots of them around the countryside, and hay. Some of that crop is wasted each year. A bale that size, 4 x 5 bale, equals about 45 litres of oil which puts that bale at worth about \$40. Now a farmer to sell straw today for bedding purposes, he might get 20. Not near enough. The \$40 looks pretty darn attractive.

There are two straw-burning units that are being evaluated on PEI. They're both similar in design. They represent a minimum investment of approximately 30,000, a payback in five years at today's oil prices. Back in the 1970s both David and I were supplying a local firm in Charlottetown, Van Kampen's Greenhouse, with round bales of straw that they were burning to heat their greenhouses. They were wasting a lot of heat. They could have been heating an awful lot more area. The technology that's come along since the 1970s is tremendous. They're not using it now, of course, because the price of oil went down and now we know it's going back up.

So we think, in conclusion, that agriculture has a great potential to play a significant role in any Island renewable energy strategy. Closest to practical application are those that replace fossil fuel to supply space heat, but there are others.

Challenges to create the conditions that allow PEI agriculture to participate in renewable and sustainable energy production: we kind of think that at some times for years, the grain industry was probably the forgotten industry in PEI and the Maritimes. The grain and oilseeds industry has certainly come on stream. We think it's our turn to work towards a bright future. We also hear, depending on who you listen to, that: Oh, prices are high for barley and wheat, for example. But they're not high. They're decent. They're high in



relationship to where they were three, four years ago when they were terribly low. So they're starting to come back into their own. That's obviously because of the energy issue and the crops being used for fuel.

We look forward to working with government to make things happen in this sector. Time is crucial. We don't have a lot of time. A lot of us, as you've been hearing, are no doubt in financial problems, are looking for new ways to keep those farms in operation. I think the grains and oilseed sector is one of those. So I guess we need to get on with the job of making things happen.

So thank you, Mr. Chairman, and committee, and we'll be happy to answer any questions if we've got any time left.

**Chair:** Yeah, we do. A good presentation. Thanks, Alan and Gerard and David.

A question that I have. The numbers you threw out for grain prices there, does that not - it looks good for those growing the stuff. What about for the farmers, and what pressure will it put on farmers that they have to pay that price to compete to get the product?

**Allan Ling:** First of all, farmers in this country need to live with one another. One of the things that bothered me with the Canadian chairman of the hog industry, he put a critical news release out criticizing Europe for subsidizing their hog producers. I don't want to condemn any farmer anywhere in this world for getting a decent price for what he's doing.

I know, having been on both sides of the coin, having been forced years ago to buy grains at decent prices, that it put a strain on you as a livestock feeder. That's particularly true now, but I don't think any farmer in this country has the right to complain about another farmer selling a commodity at a decent price. I remember I think it was 1988

we paid \$200 a ton for wheat for pig feed. We sold wheat for around \$200 a ton last year, feed wheat. Now it's up a little bit from that, I think, about 230, 240 for feed wheat right now. So yeah, I know it puts a strain on the feeder, but I'm also a livestock feeder too. We still feed cattle.

**Chair:** Yeah, I know, I mean it was brought up in the earlier presentations too that barley was 120 last year and now it's 200, the prices are down, but I mean, at the same time -

**Allan Ling:** But we know that 120 -

**Chair:** The guys that were growing it weren't making any money on it.

**Allan Ling:** Well, you couldn't, you were losing, you had to be.

**Chair:** Robert.

**Mr. Henderson:** I think my question is just on the cold press for canola oil and stuff like that. How far ahead are we on the technology, say, in comparison to other provinces and what prevents a place like, say, Saskatchewan with doing that and shipping oil here, as an example?

**Gerard Mol:** Besides ourselves, there's maybe one other place in Saskatchewan that's small in cold pressing. Besides that - and they just got going last year also - I don't think there's anybody else that I'm aware of.

**Mr. Henderson:** So we're right there on the edge.

**Gerard Mol:** Yeah.

**Allan Ling:** The cold press, as I understand it, Gerard, too, is a healthier product for human consumption than the normal pressed.

**Gerard Mol:** You got to look at that it's kind of more an olive oil that can - like, it's a flavoured oil - than the regular oil you buy. The regular canola oil that you buy out of Manitoba, Saskatchewan, for instance, it is the deodorized and (Indistinct), so that it (Indistinct) - there's a chemical process to be done too, and a huge expense to get that done.

**Chair:** What do you think the uptake will be by the general population to use this product, biofuels and stuff like that? Do you think there needs to be legislation put in place to force people to use it or do you think the uptake will be pretty large anyway?

**Allan Ling:** I think as we're moving into this and are into this green revolution there'll be a certain amount of people that are going to want to try it. I know if I happen to be in Ontario and driving, I like to use Sunoco gasoline because I understand that that's one of the companies that are using corn oil, or corn for ethanol. The consumer, like, the ultimate market, of course, for the canola is the human consumption. So as consumers are becoming 'buy locally,' that's a help right there.

I guess - maybe I should let Gerard answer this question, - but I think government could play a very major role here because government owns an awful lot of buildings. Government owns an awful lot of school buses. They all burn fuel. Maybe government could start using some in the school buses or the snow ploughs. Just a thought.

Maybe you want to add to that, Gerard?

**Gerard Mol:** Like, we're aiming for, like whenever, for instance, government could come on side on this, through legislation and so, that whenever we have a 5% blend, I mean, we can - there's a huge potential here to grow these crops and it will grow here

too, because we've done it for five years now. We know it will. So whenever we can get - we don't have to do a whole lot of changing by blending of the 5%, then we go to 100% that, of course, some people will go 100%. We have to change a few things. But that's up to the individual then to do that. But when we can go the 5%, I think we can - we have a huge market and a huge opportunity here for agriculture on PEI.

**Chair:** Can I ask you, Gerard, on your own farm there, if you're pressing canola oil and using your tractor or whatever, are you violating the warranty on the engine on that tractor?

**Gerard Mol:** Right now, on the new tractor, yes, of course. But now, we also mentioned that there are two tractor companies coming on board. Germany is the leader in this stuff, okay? That's where all this technology comes from. These two companies, Deutz and Fendt, they both - maybe you know them - but they're both coming on board. Germany is playing with mixes, but not as a 100% blend.

Also back in, I think, I believe the 1970s, there was a name, a man called Elsbett in Germany who is the inventor of this whole thing. Basically back in the late 1800s when diesel came out - I think his name was Henry Diesel is the guy that invented the diesel engine. He was the one who (Indistinct) for burning vegetable oil. That's what the diesel engine was, that's where it came from originally. Then, you know, it got away to fossil fuels.

**Chair:** My understanding from talking to people about this was, though, unless you had the biofuel tested to be at a certain grade of purity or whatever that you would end up violating the warranty on your motor. So on most tractors on the Island, you actually - at a certain level, you couldn't use it, unless you wanted to take the gamble that if you did damage, you were paying for the

damage yourself.

**Gerard Mol:** In Europe, like, that's what I know. We're going to do studies here now in the coming year. The information I'm getting from Holland and from Germany is that they got trucks, side by side brand new trucks, one with, one without. After 500,000 clicks they took the motor apart and there is not a thing inside different. I mean, it's quite a thing whenever you got a company like Deutz Engines coming on and saying that they will warranty the whole thing. They must believe in them, and that's major. Because they are the same as Cummins here in North America.

**Chair:** Any other questions?

A very interesting presentation, that's for sure. I know we're going to hear a lot more about biofuels and ethanol and all that kind of thing in the future. It's good to hear the price of grain is up, for some people anyway.

Thanks a lot.

**Gerard Mol:** Thank you.

**Chair:** Okay, our next presenter is the West Prince Young Farmers Group with Cameron MacDonald. We'll take a two-minute break while he's setting up, okay? Stretch your legs.

*[There was a short recess]*

**Chair:** I'd like to call the meeting back to order.

I'd like to welcome the West Prince Young Farmers Group. Cameron, I guess you're the lead. I'd ask you to introduce the group that's with you for the sake of Hansard, and I'll ask you to do your presentation. Do you want to go right through the presentation?

**Cameron MacDonald:** We would like to,

yes.

**Chair:** Leave time for questions at the end?

**Cameron MacDonald:** Yes.

**Chair:** We have half an hour, so I'll give you about a five-minute heads-up before that time runs out.

**Cameron MacDonald:** Okay.

**Chair:** Super. Go ahead.

**Cameron MacDonald:** Okay, my name is Cameron MacDonald. I'm a beef farmer from Cape Wolfe. To my left is Daryl Wilkie. He is a potato producer, cranberry producer from the Alberton area; and Dwayne Phillips to my right, a dairy farmer from West Cape; and Bill MacKendrick is from our agriculture office in O'Leary. So we have a small presentation here that we're going to read to you and we'll take questions later.

The Future Farmer Program was announced in July 2003 to encourage new farmers to develop successful commercial farm operations. The program manager during the initial stage was Colleen Younie, and along with program advisors from the district agricultural offices, the word got out and people began to enroll.

Prince Edward Island was proactive in developing a new farm initiative, recognizing the importance of promoting the establishment of new entrants by offering training assistance, interest rebate assistance, business advisory services, skills assessment and learning plans, and risk management assistance.

Overall excitement in the program was evident. The participants in West Prince, PEI decided to form a West Prince Future Farmer Club. The group decided to meet informally on a monthly basis to hear guest

speakers, share ideas and discuss pertinent issues. Guest speakers presented information on alternative energy systems, organic farming, and exporting potatoes to foreign countries. The group has always been eager to gather information and seize opportunities. One of the major results of the Future Farmer Program has been the encouragement of participants to gain partial or full ownership of farm businesses.

In 2005 Sandra MacKinnon took over Colleen Younie's duties as coordinator of the Future Farmer Program. She has done a great job administering the program. Throughout the past four years the amount of interest rebate assistance has increased as more participants became eligible for rebates.

In 2004-2005 there was \$127,158; 2005-2006, was 433,744; 2006-2007, 608,782. Projected for 2007-2008 is 409,672.

Of the total amount paid in interest rebate to date - \$1,579,356 - West Prince participants have received 548,000, or 34.7%. This is definitely the most popular aspect of the program. The feeling amongst future farmers is it shows commitment from the PEI government towards the future of agriculture in the province. The interest rebate portion has been paid out to exactly 100 participants and overall there have been 145 active members in the program participating at club meetings, receiving training assistance, business plan assistance, etc.

Training assistance cheques have been paid out to 76 participants at a rate of 75% registration coverage, for a total of \$50,000 since the program's inception. Thirty-seven future farmers have completed business plans through the Canadian Farm Business Advisory Services of which 17 were from the West Prince Club.

In West Prince our group has had 57 future farmer applicants since 2003, of which 44 are still actively farming. Of these 13 who are not, five were potato, three beef, two dairy, one blueberry, one vegetable, and one shiitake mushroom. This represents a 23% drop-out rate over a four-year period which, when compared to the numbers released from the National Farmers Union, are not too severe.

The NFU study states that since 1991 young Canadian farmers, aged 35 or under, dropped from 77,910 to 29,020, a staggering 260% drop. In my opinion, PEI must continue to lead the way in commitment to support to young farmers because agriculture represents a vital component in the survival of rural communities.

**Daryl Wilkie:** An overall view of the agricultural industry.

Agriculture represents a significant component of the economic model on PEI. The margins of PEI producers have been decreasing for the last 10 years. The consumer has seen their percentage of groceries, compared to disposable income, drop from 12.5% in 1997 to 10.2% in 2003 to 9.25% in 2007. The quality of the product is second to none, and the efficiency of the operations is at an all-time high, but when input costs skyrocket and market prices drop, there is only so much that can be done.

Food Freedom Day represents the day when the average Canadian has generated enough income to pay for his or her food for an entire year. In 2007 this date was February 7, barely into the new year. The consumer must decide whether food grown in Canada is important to them, because if they choose that it is not rural Canada will be at risk.

A list of the percentage of disposable food incomes for different countries or areas: the United Kingdom, they pay 8.3%; in Canada, we pay 9.25%; United States, 9.9; Germany,

10.9%; Japan, 13.4; Switzerland, 13.4 also; France, 13.6; South Africa, they're paying 17.5%; Mexico, 21.7%; China, 28.3%; Russia, 36.7%; India, 39.4%; Indonesia, 49.9, nearly half of all they make.

Canada has the second-lowest percentage in the world. Sometimes it's important for all wealthy, never-hungry people to realize that man requires three things in order to survive: food, water and air. These are the necessities. A country that has never been hungry does not realize that access to safe food is worth significantly more than materialistic items. When you live in a province such as PEI which depends primarily on agriculture, fisheries, and tourism for economic prosperity, it is even more essential to have local producers. A recently completed tourism study stated that 70% of the tourists come to PEI for its idyllic scenery. A very important part of this scenery are the neatly manicured family farms that are symbolic of an Island way of life.

There are approximately 140,000 people living on PEI and if they average \$40 per week in groceries, 52 weeks equals \$291 million spent on groceries per year by Islanders. If we charge the food premium of 10% as part of a rural stability strategy, this would create approximately \$29.1 million to be divided amongst all non-supply managed producers on PEI. This money could be given back to producers by their respective commodity boards and paid out on a producer unit. An example would be a producer with, say, 50 feeders, would receive less support than someone with, say, 500. Supply managed commodities would probably be exempt from this tax.

There are also approximately 1.25 million tourists visiting PEI, and if the average stay was three days, that would equate to approximately 10,000 more full-time residents: \$1.25 million, say 3 days; 365 days equals 10,273 full-time residents.

The most important point of discussion is that PEI producers would now receive a fair price for their products and the rural economy would receive a significant influx of dollars. The consumer, in turn, would be assured that they could buy safe, fresh, high-quality food produced locally by someone they trust, and the residents and tourists alike would be able to enjoy Prince Edward Island's unique charm and beauty.

**Dwayne Phillips:** Buy local and direct farm marketing represents a significant opportunity to Prince Edward Island. However, it must be recognized that it is not a silver bullet capable of solving all the problems in agriculture. The Island is an exporting province, but I will attempt to show what a truly buy local campaign could do here.

**Dairy.** The average Canadian consumes 62 litres of fluid milk, 12.2 kgs of cheese and 3.3 kgs of butter annually. It takes 8 litres of milk to produce 1 kg of cheese, so 12.2 by 8 is 97.6 litres of milk. It also takes 14 litres of milk to produce a kg of butter, so 14 at 3.3 equals 46.2 litres of milk. So when you take 62 and 97.6 and add that to 46.2, that is 205.8 litres of milk consumed per person on an annual basis. That by our population is 28,840,000 litres consumed by Islanders or 31% of PEI's milk.

**Eggs.** The average person in Canada consumes 190 eggs per year. On PEI, 1.56 million eggs are consumed, or basically 50% of the production on PEI.

**Potatoes, 2006 data.** There were 94,800 acres harvested at 300 cwt per acre is 28,840,000 cwt, which means the average Islander would have to consume 20,000 pounds of potatoes. That's a few too many carbs. The average Canadian consumes 64 pounds of potatoes per year, so 140,000 at 64 pounds is 8,960,000 pounds or .3% of the production.

Beef. The beef plant in Borden needs to process 500 animals per week. At 52 weeks, that's 26,000 head of cattle per year. The average carcass dresses 800 pounds with a 15% loss in shrinkage and trim which is 680 pounds per carcass. The average Canadian consumes 48 pounds of beef per year. That by our population is 6,720,000 pounds divided by 680 is 9,882 carcasses, or 38% of all beef produced at the Borden plant.

**Daryl Wilkie:** An ombudsman for cost of production. This would probably have to be implemented at a national level, but it would involve all participants to have a current, accurate cost of production that would pay an 8 to 12% premium to the producers over the average cost of production for their commodity. An ombudsman would have to be hired to make sure that the producer received a fair price for his product and to ensure the consumer paid a fair price in the supermarket.

The producer would not participate in the value chain but would be in touch with consumer demands. For instance, if a consumer wanted hormone-free beef, the inefficiencies would possibly push the cost of production up, hence the extra costs would be passed on to the consumer. Another example would be if the consumer wants pesticide and fertilizer reduction, the producer would comply. With an accurate cost of production, the pricing formula would be corrected accordingly. There is a movement in the United Kingdom for a similar program to this idea to be implemented, but it would take a few years to enact. This is definitely not a quick fix.

GST cut reverse. The January 2008 cut in the GST will cost the government an anticipated \$5.17 billion. According to the 2006 census, there were 1,700 farms on PEI or .007% of the farms in Canada: 230,000 roughly. So if the PEI farmers were paid proportionately, we would receive \$36.2 million dollars if the GST was not reduced

and the money was given directly to the producers.

**Cameron MacDonald:** Dwayne and I each have a little bit here on what the Future Farmer Program has done for our farms.

**Dwayne Phillips:** We actually have a little bit here on dairy, if it's okay, I might read it (Indistinct) and so on, a page here.

First of all, I'd like to extend a thank you to the standing committee members for allowing me time to speak. I'd also like to thank you for the support of Maritime Pet Foods in dealing with the issue of specific risk material handling which relieves producers or abattoirs -

**Chair:** Dwayne, can you just speak up a little bit? Just slow her down a little bit too, so I can grab that.

**Dwayne Phillips:** Okay, do you want me to start again?

**Chair:** Yeah, it would be great.

**Dwayne Phillips:** Okay, first of all, I'd like to extend a thank you to the standing committee members for allowing me time to speak. I would like to thank you for the support of the Maritime Pet Foods in dealing with the issue of specific risk material handling which relieves producers or abattoirs in having to pay for this themselves.

The product is now being shipped to Sanimax Rendering of Quebec City where the finished product is used to fuel a pulp and paper mill. The current cost for rendering is approximately 20 cents per pound.

A few issues that I have is to ask to have rejuvenation of the representation of the province at the B5 Conference and Supply Management Committee Meetings via our

marketing council officer who is now Murray Myles. Also, concerns regarding the province's continued reduction of government services pertaining to agriculture. For example, other health technologists and extension services. I'd also ask for continued assistance in financial services such as the CFBAS which for \$100 a farmer can hire an accountant for up to five days to develop a business plan. The SPS, which offers 50% of an accountant's cost for developing a successive plan, and PAVE which pays 50% of the cost of getting a consultant to develop an evaluated operation. These three programs are due to end along with CASS in March.

Also, concerns regarding government not providing producers PST exemption (Indistinct) gas permits or any other government program access unless the farmer belongs to the Federation of Agriculture or the National Farmers Union. I believe these organizations should have to stand on their own two feet by lobbying organizations for discounts that they could.

For example, in Ontario, their federation of agriculture has been successful in getting an 8% discount, renewable on an annual basis, on their electricity bills. Unless their organizations can assist their members in similar ways, why do we need to become members?

Other provinces also have in place for energy efficient products, an example, private wind power to support pumping water. Also I would like to see continued funding for manure management and other environmental practices. Another area I would like to see rejuvenated would be the nutrient management clubs, where in the past there were two paid positions in PEI to hire managers of these clubs. These people assisted producers with the environmental sustainability of their operation. Also, I would like to thank the government for their continued support in the dairy lab testing

and research products.

Finally, I would like to emphasize the importance of the continuation of support to the Future Farmer Program. I've belonged to this program since the summer of 2003, and although my five years of membership will end in April, I believe this program must be renewed for new entrants. This program has provided me with interest rebate support, subsidized training, financial management assistance, and an opportunity to meet other future farmers interested in similar issues.

In concluding, I would like to again thank you for the opportunity to speak to your group.

**Chair:** Thanks, Dwayne.

**Cameron MacDonald:** Barbara and I have both used the Future Farmer Program. At the beginning of the program in 2003 we built a three-bunker silo to replace Ag bags. This brought our plastic bill from \$10,000 down to \$1,500 to cover the same amount of silage. This was financed through FCC and was our first loan to use the interest rebate portion of the program.

In 2006 we replaced an older barn that was attached to a structure we built in 2000. The new structure was a 50 x 108 cover-all tarp barn. This gave us a barn that was 50 x 180 feet long. With the new barn we were able to increase our cow/calf herd by 50 pairs. This expansion was also financed through FCC and was eligible for the interest rebate.

I used some of the training portion of the program. I participated in accounting courses, attended a value chain workshop, and last year I listened to a motivational speaker, Dan Over. Barbara utilized this program as well. By being a member of the Future Farmer Program, she became aware of CASS which funded a CompuCollege course - Small Business Essentials, it was called. It was a 26-week course that was

offered at Future Tech West in O'Leary. She also has participated in on-line courses as well.

One of the best things I've gotten out of this program is the new and sometimes renewed friendships. Most of the participants I've previously known. This program has offered opportunities for more discussion between us and I would not hesitate to ask for any advice or opinion from anyone. We are all in the same boat. We want to succeed in a difficult industry.

For a short time, I was part of a group of four that was formed out of Future Farmer Club. We studied and discussed ideas to pursue in agriculture and other industries. I would like to make one suggestion, that if this program is to continue, if it's renewed, I would like to see a staff person be hired to help bring forth some of these ideas. It's hard to develop an idea when you're trying to farm at home. There's not many people answer their phones at 8:00 or 9:00 or 10:00 at night. If there could be somebody in place to help that process go along - I don't mean not to make any hard decisions, but just for research purposes.

Again, I'd like to thank the government for all the help thus far. That concludes our presentation. We're ready for any questions.

**Chair:** Questions? Valerie.

**Ms. Docherty:** The suggestion that you made about the 10% food premium, levy, or whatever you want to call it - we won't call it a tax - is there anywhere else in the world doing this now?

**Bill MacKendrick:** There are states in the US, certain states that do have a food tax. Virginia, I know, is one. There's probably - I think they're down to five, six or seven. There used to be close to 20 up till the past 10 years, but there have been some states taking it off because it is a little

controversial.

**Ms. Docherty:** So my assumption is, then, that this is applied to fresh product that's not under the supply management program? So in other words, potatoes, but not eggs, if it was to -

**Bill MacKendrick:** More or less, yes.

**Ms. Docherty:** Okay. I think it's a good idea. I don't know what the consumer would actually say, but it's one way to get some - maybe (Indistinct) some back to the farmer.

**Bill MacKendrick:** Get some discussion going

**Ms. Docherty:** Oh yeah, you'd get discussion going.

**Chair:** I just have a follow-up on her question.

I know Dwayne and Billy realize how supply management works. There's a quota system. On that very question there, you talked about it'll be paid out on production units. So a producer who gets 50 feeders gets more, or doesn't get as much as the one with 500. If there's an incentive, you're going to get paid on a unit basis, what's to stop them moving from 50 to 100, if you're going to get that, without a quota system or some way of regulating how much is produced?

Because the whole problem here is not just production. We don't need more and more production. It's the whole thing, marketing and the whole thing. So I think we recognize that in supply management. That's why we went to the quota system. But that's a pretty important part of that whole equation.

Anyway, Rob Henderson had a question.

**Mr. Henderson:** I guess I appreciate your comments too, and I have to say that I was



one of the MLAs that had an opportunity - all the West Prince MLAs were asked to hear this presentation previously, and we certainly encouraged you to come forward and present it to our legislative committee.

I think the one thing I wanted to comment on is that you are at least proposing some options here. Like whether it's the tax on food - I think, as Valerie was saying, there's all kinds of ways. I think it's a matter of whether the principle has any merits or not. Whether you tax imports or whether you tax end product or whether you tax fresh product, I think that's sort of irrelevant.

At the end of the day the consumer has to make the choice. Do we want produce produced in Canada? If so, you're going to have to probably pay for it in some capacity, whether it's guaranteeing him a fair market or a fair value in the Canada marketplace or whether you're taxing it or whether you're subsidizing through other taxation forms. So I think that's interesting to note.

The other one, I guess, was just the ombudsman. I think, once again, if there's some sort of a concept that could allow the farmer to get at least a reasonable return in the marketplace, sort of like what the supply management system does, I mean, it's based on supply and demand and getting a reasonable return. So I mean it's done maybe more internally through the dairy industry or the egg industry, but I think those are two things that make some sense.

Just even your comments on the GST reverse, what \$36 million would do for agriculture on Prince Edward Island would be phenomenal, really.

**Cameron MacDonald:** In yesterday's Journal there were seven people polled to whether they noticed a change and five out of the seven, no.

**Mr. Henderson:** But I think the ultimate

question to you is how do you get this message out to the consumer? Because we as politicians have to sell this to the everyday general public. Do you have any suggestions on that? Or how do you, as farmers, get that message out to your neighbours and consumers?

**Cameron MacDonald:** I just had a discussion with somebody over Christmas break, that they felt that the money that they were paying enough for the food, that it was just that we weren't getting our share. But actually, they're paying less for their food than they have. Not many years ago, it was over 12% of disposable income. I don't know the answer to that. The public doesn't realize that their food dollar is going further than it even has, even five years ago.

**Mr. Henderson:** Exactly. I think that's fair.

**Chair:** Okay.

Mike.

**Mr. M. Currie:** Do you see yourself or the future of young farmers growing crops for food or for energy in the future?

**Daryl Wilkie:** Currently, we're doing both, I guess, is the honest truth of it. From the farm gate point of view, you're going to have to grow your crop or whatever is going to pay the bill at the end of the day. Farmers have grown food for food purposes, but if there's no way to extract that out of the marketplace, if there's more money in growing for fuel, I suspect, yes, I can definitely see us doing it.

**Mr. M. Currie:** Do you see a bigger shift than in our young farmers or a farming community growing crops for energy? Do you see more -

**Daryl Wilkie:** What was that?

**Mr. M. Currie:** Do you see more farmers

growing crops for energy versus food? We saw presentations here that show there's better yield per ton of oats and stuff for energy than it is for feeding beef and humans. So I'd like to hear your opinion.

**Daryl Wilkie:** There probably ready is a split there. I imagine, regardless even if energy is paying better, there's going to be a certain amount that's going to have to go into the traditional market for other commodities, be it egg production, dairy production or whatnot. We're always going to have to have grains for dairy and grains for that. I can't see a total shift to energy production.

**Cameron MacDonald:** But what worries me as a beef producer is which price is going to be paid? Is it going to be the commodity price for what it's worth as a feed, or priced as a fuel? There's no way - we can't compete with \$200 barley now. Last month, it was 300 and \$40 some or whatever there.

**Daryl Wilkie:** The \$200 barley, it really is, the honest truth of it is, it's just cost of production plus a profit margin. It's not price gouging. It's where the price should have been for the last 10 years. It just hasn't. It is too bad that the other commodities aren't paying enough to get the cost of production back to the initial producer of the feed. I don't know how you address that.

**Mr. M. Currie:** I don't think anybody around here would disagree with the fact that - and I myself think it's embarrassing that the price that the farmer is receiving at the farm gate for their product. It's troubling to see the crisis that they're in now and certainly we'd like to see them come out of it somehow.

But I see what's probably on the horizon and you see some people are asking for incentives and tax deductions for to enter into another field of bioenergy and build

pellet plants and facilities for generating electricity and other products. I just wonder: Do you guys see a quick shift or you're comfortable growing for food?

**Cameron MacDonald:** I think the decision will be made whether you're comfortable growing beef or not. If we have to compete with those types of prices, (Indistinct) the decision has been made for us.

**Mr. M. Currie:** Yes, and marketing boards wouldn't be an answer to balance out the equation?

**Cameron MacDonald:** How would the marketing -

**Mr. M. Currie:** The only ones that I see that are reasonably stable within the farming community, I guess to some degree, is our milk producers.

**Cameron MacDonald:** Yes.

**Mr. M. Currie:** They work under a marketing board. If that was a solution for not only our province but for maybe our country, that we have farmers and they're left to maintain these properties and infrastructure, then something's going to have to be done rather quickly.

**Cameron MacDonald:** We have a federal government who wants less (Indistinct).

**Mr. M. Currie:** But they work for the people, it's the same as this government does. So it's the will of the people to decide. If the farming community says that's what we want, and that's what we want implemented, then governments provide legislation to accommodate.

**Chair:** Last question to Bush, or are you -

**Mr. M. Currie:** I'm done, thank you.

**Mr. Dumville:** I'm just curious with these

percentages here. You know, here in North America, we're below 10% and we go to Europe and then they start rising and then we go - is there a percentage that saw off here that you see or - and in these percentages, where is that? Is it between here and Europe, the supplier, the grocery store chains, etc., that would do the markups here for North America. Are they taking less? Or -

**Cameron MacDonald:** I don't know the answer to that. Do you know, Bill?

**Mr. Henderson:** It would seem the consumers probably paid more in those locations.

**Bill MacKendrick:** I would say that we like our materialistic things, I mean, I'd be the first one to say. The last 20 years, we all demand a lot more. We all go on a trip a year. Everyone does things that weren't done in the past. Like living in Campbellton and driving 90 miles to Charlottetown happened five times a year. Now you can be here five times a week. The way we spend money is so much different than it was 20 years ago. I think we do that at the expense of things like food. We'll try to cut corners in places that we know we can cut corners, so we can have that frivolous thing that we want to have.

**Ms. Docherty:** Is it not possible that that percentage is also based on the fact that our families are getting smaller and we're getting older and we don't even have children at home anymore? So our food bill isn't even as high?

**Cameron MacDonald:** It's possible but -

**Bill MacKendrick:** I would say the reason Indonesia and India and Russia is - they just don't get as much, don't make as much net income for a year, so that is the reason why they are paying more.

**Mr. Dumville:** If you throw them out, in Europe, like, they pay an awful lot more for fuel for their transportation than we do here, so I suppose the fuel could effect that too.

**Chair:** Anyway, it's not high enough. But anyway, I certainly want to thank you for coming forward. I know you made the presentation earlier, but I appreciate your bringing it forward to our level, and I'd like to thank Billy and Dwayne, Cameron and Daryl for coming forward.

**Unidentified Speakers:** Thank you for having us.

**Chair:** Our next presenters are the Young Farmers Association. Are you leading here, Mariah?

**Mariah Smith:** Pardon?

**Chair:** Are you leading? Would you introduce your group?

**Mariah Smith:** Actually, Ryan's starting us off and then we each plan to do some.

**Chair:** Are you close enough to the mike there, Ryan? Can you pick that up there? Just pull it a little closer to you, Ryan, just in case. Good.

Okay, I'll get you, Ryan, to introduce your group, and then we'll let you go through the presentation, and then we'll have time for questions later. Okay? I'll give you a little heads up when we're running close to time.

**Ryan Weeks:** Okay.

**Chair:** Super. Okay.

**Ryan Weeks:** Good afternoon, ladies and gentlemen. My name is Ryan Weeks. I'm from Pleasant Valley, PEI, and I operate a fourth-generation dairy farm, as well as a couple of other sidelines in small business areas dealing with agriculture.

To my left I have Jeremy Stead, beef producer from Wheatley River. Next to him, Curtis Chaisson, dairy and beef. We have Patrick Dunphy next to Curtis. He has a potato farm as well. Next to Patrick we have Mariah Smith who works in the dairy industry part time, as well as - you're going to have to add to that, Mariah.

**Mariah Smith:** Oh, I have a full time job as well with Central Development Corporation in Bedeque. I have to support my farming habit, somehow.

**Ryan Weeks:** All right. We're here to address the future of PEI agriculture. We have a belief that young farmers are the future of agriculture. We hold the promise, we hold the energy needed to move this forward.

As you all know, or as most people may know - we'll go over some of the points that some people may need to hear - PEI agriculture is facing record low incomes, higher than required operating expenses, and low farm cash receipts. Also, federal trade regulations and food safety regulations are being imposed on produce and products produced here on PEI which make it harder to compete with other developing nations. There's also a declining number of farming and aging farmers. This is kind of more specific to our purpose here today.

Something that we find is lacking in agriculture is a vision for agriculture in Canada. There doesn't seem to be a direction being set out where the government would like to see agriculture in Canada. I think if this was worked upon between the two parties, farmers and government, we'd be able to spend our dollars a little more wisely and get a larger return on investment.

The PEI Young Farmers Association represents a very good cross-section of the agriculture community on PEI, a younger

cross-section but a very good cross-section. It's also a networking group to help young producers work together to figure out better ways to make farming profitable.

Another issue that we'll be discussing will be local marketing and awareness campaigns, buying local, supporting our own farmers. I put my hat out to the media for their last efforts in really pushing local produce and really pushing Island farming products or produce from PEI farms. I think this is something that should be done on a federal level and we don't see that as much, but we're starting. So that's great.

We're also looking forward to a future, but we need to do something now. I feel that government either has to invest now or invest later. If there's no investment up front - if you look to my left this is a few of, I guess, a little over 200 young farmers that are going to be coming back to farming, and highly skilled professionals with many generations of training which some people would take years to get trained in the same manner.

With that I'll let -

**Patrick Dunphy:** So in terms of PEI agriculture, I'm going to go over a few numbers and the statistics here to flesh out PEI agriculture, more or less just a snapshot of our industry.

In 2006 there were 517 fewer farms in PEI, compared to 10 years previous in 1996. PEI's total gross farm receipts were 388 million in 2005, while operating expenses in that same year reached 350 million. Producer expenses increased 85 cents for every dollar of receipts in 2000 to 90 cents in 2005. Realized net farm income for PEI dramatically changed as well. In 2002 a producer would receive a net farm income of \$53,000, approximately. Four years later, in 2006, that declined to about \$30,000. After realized net income, such as

depreciation costs, farm net income has been negative since 2002.

Operating expenses have steadily increased as well. In 2002, \$310,000 - that was on average - for operating a farm. Four years later in 2006 we see it as at \$350,000.

Of PEI's 2,300 farm operators in 2006, 17% were women, an increase of 15% from 2001, and nationally in Canada, 28% of farm operators are women. Forty-three per cent of all farm operators on PEI have an off-farm job or off-farm income. We're a little bit lower than the national level where the Canadian average is 48% of farm operators having an off-farm job.

Farm input price index and the farm product price index. Basically what this is telling us is that the input prices are rising faster than what producers are getting paid for their product. So at the Canadian level, farm input prices rose 8.6%, while farm product prices rose only 1.7%.

The number of farms on PEI. Since 1986 the size of farms have increased from 96 hectares to 148 hectares in 2006. That's over a 20-year period. While the number of farms in PEI was 2,800 in 1986, today in 2006 that number is cut in half to about 1,700. Basically, farmers are forced to get bigger or get out. We still see that today.

The average age of farmers today on PEI is 52 years old. In 1991 the total number of farmers on PEI was 3,130, and of these 630 were considered to be young farmers. A young farmer is, in terms of our presentation here, someone under 35 years old. Today, in 2006, we can see the decline in the number of farms and farmers to 2,300, and of that, only 210 were young farmers. So we're seeing a decrease there of about 65% in our young farmers over 15 years.

**Mariah Smith:** Okay, we're going to move on to analysing the Canadian spectrum. We

just did a PEI snapshot. Now we're going to do a Canada snapshot just to see where the similarities are.

**Curtis Chaisson:** In 2006 Canada's farm capital value increased 3% to 210 billion, continuing the steady increase since 1988. Land and buildings account for 80% of farm capital. In the next 10 years there's going to be a lot of money have to change hands with the age of farmers increasing. A lot of the farms really have to be sold within the family or sold outside of the family.

Between 2000 and 2005 fertilizer and fuel prices rose 35%.

On the net farm income, farmers have seen their realized net income fall again in 2007. Rising interest, wage and fuel costs, together with falling hog receipts and program payments, are huge contributors. This drove up operating expenses 4% in 2007 alone. Interest rates rose 17%, labour costs rose 3%, and fuel 6. Between the 3<sup>rd</sup> quarter of 2006 and 2007 hog production has decreased 4.1%, while milk and cream increased 11.5% and poultry 15.9% in Canada. This goes to show that obviously the supply managed sectors within the industry are doing better than the other livestock and grain industries.

On farm debt in Canada. In 2006 farm debt reached 53 billion, an increase of 14% since 2001, continuing a steady increase since 1993. For the first time since 1986 mortgaged farm debt is higher than non-mortgaged farm debt, both around \$26 billion. This rose 4.5% in the third quarter of 2007 from the third quarter of 2006 alone.

The numbers of farmers in Canada. In 1991 there was 78,000 young farmers in Canada. Today, or actually in 2006, there were 30,000 young farmers in Canada. The total number of farmers in 1991 was 390,000 and today, or in 2006, that stood at 327,000. As we can see here, since 1991 until 2006 the

average age of farmers has steadily increased. It is on the rise.

**Mariah Smith:** So it just goes to show that the age is increasing within farmers. So where are we going to be in 20 years? Are our farmers going to be 80 years old, and where are all these farm assets going to go? Do you see people entering the industry? Well, no, of course not, because agriculture has never seen a crisis like this before because there's no money at the farm gate.

The purpose, I think, for this presentation is to find out how we are going to get money back to the farm gate. Are we going to change our legislation? Are we going to get some marketing campaign going? Are we going to limit what the grocery stores can have on their shelves? When is it going to start and how are we going to start it? Because it needs to be worked within government and farmers alone, right at the primary level, which would be the farmers that produce the food.

We're going to move into a vision for Canadian agriculture, and Ryan has a few interesting points on what Canada needs basically for policy, and where we need to go.

**Ryan Weeks:** As we mentioned before, the investment in the future of agriculture is key. It'd be nicer to see investment in the future than investment in clean-up strategy or for an exit strategy for aging farmers. As mentioned before about the amount of farm assets that have to be transferred, some of these assets, they're getting to be of a size which is, with the economics of farming, very tough for a young person to take on that kind of a debt load. That's a major issue, a roadblock, just right from the get-go.

Farmers are not created overnight. You have to take into account that agriculture is a process and it is a skill that's learned over

years of experience, and it should be taken seriously in Canada, and more so in PEI. In order for us to participate on the world stage we need these people. They're a necessity to the economic production of food in this province.

Educational awareness to inform the public. The media has started that, with the assistance of other bodies, to increase local food consumption and awareness. Also, like I said, this should be done at the federal level.

We need to establish a less diverse process in the public service. We need to kind of simplify some processes to get money into farmer's hands when they need it rather than when it's too late.

**Mariah Smith:** Basically how programs are delivered, there's too much money tied there. It takes this much time to get out. Like, we need to get the money into the farmer's hands. Jeremy will talk a little bit about that when he gets into federal programs.

**Mr. Henderson:** I assume you're talking about the CAIS program.

**Mariah Smith:** It's not even CAIS any more.

**Mr. Vessey:** That's a good example.

**Ryan Weeks:** If we're going to have food safety requirements in Canada - I know there's trade regulations, but we're not going to be able to produce food at the same cost as other countries which don't have the food safety regulations. If we can put food safety on the table, you're putting health care on the table as well. Over time, the benefits of safe food, healthy food, and getting people to eat healthy food that's fresh and locally grown should begin to come out of the water in years to come. This is a form of an investment that maybe

should be looked at pretty heavily.

For instance, there's chemicals that are used on products that have been banned for 10 years and they're coming across the border - or coming not across the border, but coming from other countries and sitting on our shelves. The water quality used to irrigate products that we consume at a lower price, compared to local produce, is not comparable either.

Labelling legislation in Canada needs to be changed. Why not 100% Canadian, grown in Canada? Let's really make a change here that counts. Profit's not a dirty word. The only way profit is going to come is if people buy it, and why not make them buy good produce that comes from a local economy and the spinoffs are seen there too? Canada must take a stand and represent Canadian agriculture now.

A country without food is a country that doesn't have a whole lot. I've heard that said many times. Some people would lead you to believe that Canada may be in the centre of a lots of wants of other countries in a few years when water quality becomes an issue and stuff like that. Where will we be whenever we don't have a food supply to support ourselves if it gets cut off?

**Mariah Smith:** We used to be a world leader in food in the 1970s and 1980s and then everybody surpassed us. The US surpassed us with their subsidies. Brazil, they clear-cut all the land, they got cheap labour down there. Everybody just seemed to zoom by Canada and Canada never kept up to par. We're just trying to make a point, too, that it is a federal level and that's why we're talking to you so then you guys can put something together, maybe, to put PEI first and stand up for PEI. Because we know what we're talking about and we really want something to happen because it needs to happen now.

Because, like, I'm ready to pull, and we're in the hog industry and it's either - I don't know what to tell my brothers some days. I feel so bad for them because they're home, stuck there. They've got an education, and it's like: Why don't you just go get a trade? Go be an electrician, go be a plumber. What are you supposed to tell them? Can you tell them something? Because I can't tell them anything any more. We make the best pork, I believe, in PEI, all the pork producers do, and even now there's an exit strategy. So it's just kind of throwing the problem in the water again. I don't know. Some are going to get out and some are going to stay in, and is it going to rebound? I don't know.

Anyway, Jeremy's going to talk about federal programs and what needs to be done.

**Jeremy Stead:** On the federal programs I think we believe that the cost-shared should be moved from a 60-40, which it is now, to an 80-20. The feds are sitting on a big surplus. They can throw in the 80% while 20% still is eligible for provincial commitment to agriculture.

All the money spent to fix CAIS, or trying to fix CAIS I guess, maybe should have been directly paid into farmer's pockets. There's been more boards, there's been more people hired to sit in offices. They need salaries. I'm not condemning anybody that's making a good salary, but those people are eating and we're feeding them and we're losing our shirts.

Maybe the money's not being spent in the right places, like the committees and the boards. There's all kinds of committees and boards making recommendations but we don't see any action.

Labelling and food safety requirement are out of date. We need to change the policies. That's something that the feds need to take on, get that done right away. One hundred per cent Canadian labelling, why not? Even

Maritime - you know, beef coming out of Albany, pork coming out of Charlottetown, label it Maritime beef and label it Maritime pork, put it in every grocery store in the Maritimes. Why not?

The programs are not meeting the needs of farmers. CAIS is a prime example. The five new tiers of CAIS, money's coming out now that's taking over the top 15% of CAIS. The 600 million that the feds announced five or six times would sell only 600 million. I'm a beef producer of beef from Wheatley River. I got my cheque the other day for \$376. What am I going to do? What good's that when I'm losing \$300 a head on every animal that I ship?

Another sector of the CAIS is the agri-recovery, I think it's called now. Is this going to be considered a disaster? We're into 2008 now when the new CAIS program is supposed to be implemented. Are we going to see any federal dollars right now? Because this is a disaster? In beef, this is worse than BSE because there is no help. At least in BSE we had help. Right now we have no help.

The direct payments to farmers declined 8% in the last year. Payments of 80 million in 2006 were significantly less than the 890 million made in 2005. The phasing out of NISA was the main contributor to this. Crop insurance payments declined 27%, mainly due to that BSE programs were winding down.

**Mariah Smith:** Another important component that we found to be interesting was strategizing PEI to promote buying local and getting the consumer awareness out there.

I'm not talking that this is going to start today and end today. You can't advise the consumer what to buy today. It's going to take time. So we've got to start the kids early in age to know where their food is

coming from. So you're starting this grade one, kindergarten, in preschool, whatever it's called. They start knowing where their milk and cheese comes from, where their pork, how to raise an animal. That kind of thing people don't know today. I went to school with them and they'd be, like, laughing at me that I lived on a farm and I liked to go work with animals and all that kind of stuff.

I believe that consumers should be able to choose at the store what they want. So I don't know why we cannot get our product on the shelves in the grocery store. We regulate the price of fuel with the commission there. If the price of fuel needs to go up, there's an appeal put forward. Maritime Electric does the same thing. How come you can't regulate the price of food because it goes up with inflation and expenses? Why can't that be taken care of there?

Those are questions that I've asked many politicians and I just can't seem to get an answer. I've looked and I just don't know why those loopholes can't be jumped through because we do those things for the gas and the electricity. I don't know why it can't be done for food. Because we have so many regulations today, safety and trade and everything that goes on, that something could be done, I think.

That's why I'm trying to convince you guys that part of this local marketing strategy kind of thing needs to start in our education, within our kids, and that people know where they're getting their food. Has anybody seen, like, the milk commercials and the chicken commercials? Well, isn't the chicken drinking milk or something? They have this kind of way to get people interested in drinking milk. Milk is good for you. We need to get something going for the other sectors about the industries.

I spoke to somebody about launching a PEI



food depot establishment where there would be a distribution chain of all different kinds of local things that could go into this depot and it would be kind of managed by producers, right? We've seen a lot of co-ops that have gone under and that doesn't work, but if we could do it out there, just somehow, to convince the consumer that this is the way. Basically that's my strategy for that.

It's just over the next 10 years I think that we're going to be facing such a huge problem with the aging farmers, that there's not enough of us coming aboard and then everybody's getting bigger or people are just going out of business. So we want you guys to help us to maybe get something going on this. I don't know if anybody knows of anything that has already started. I know the media has been doing quite a bit but we need to do more and we need to do it now.

Just to kind of wrap this up in a little bit of a conclusion kind of thing. We just need a unified vision for Canadian agriculture. We need to invest in us. Like, we don't want you guys seeing us as an expense, and that is what the public sees us as. Farmers, they're an expense to the general taxpayer, right, because we can't get enough money back from the farm gate.

So establishing consumer awareness, get an income stabilization program provincially that works. Maybe we get something going within the province and then the government could match that if the cost-share was changed. What is a disaster in farming? Like, how do we define crisis right now and who's eligible for those sorts of payments?

Make trading fair. Obviously we can't compete with the US on their US subsidies, so is Canada going to come out with some kind of farm bill that will help us, the same way the US has helped them? Because if there isn't money put on the table then I think you're going to see a big change within the next five years.

I think you should see an investment in us, especially, since we are the younger ones coming up, and I wouldn't think it as an expense. It's more of an investment. Ryan can wrap that up more, in a conclusive way, for one of our last slides there.

**Ryan Weeks:** Just concluding - Mariah has touched on a few of these - the quality and safety issues dealing with food restrictions, those are a big barrier, a phenomenal barrier for PEI and Canada.

The supply management system, we see that with the US threatening to move products into Canada. We see it with the dollars, a little different. It's kind of a different factor, but that on top of food quality and safety regulations kind of leaves us at a really big disadvantage. Brazil and China, you've got cheap labour, you've got no restrictions on the environmental well-being of their country, and the US, there's subsidies being put in at the lower levels to filter up through rather than trying to put out the fires from the top.

Also, I heard talk of the Future Farmer Program. There's plenty of us here that have taken a chance to be part of that program and it's proved beneficial. It's a great way to put training into young people's hands, and probably training that maybe wouldn't have seemed feasible at the time. It makes it feasible and shows benefits. We've got a generation of young agri-food production specialists, or professionals, if you will, that will be lost if we don't get our act together and make PEI a sustainable place to be in agriculture. We all love agriculture and we do it for passion, but we do it because we know that there's benefit from it and that there is hope there if it is recognized.

If you notice, there's a few things here that - what do people think of farmers? One thing has been said is: Why they bury farmers a foot deep? So they can grab the next handout. That perception has to change. and

I think that that will change with time and awareness. Put the profit into agriculture and you've got your problem fixed.

**Chair:** I really want to thank you for the presentation. It's actually awesome, I thought, and I'm really glad that the group of you came together. Because you certainly are the future and hopefully we can keep every one of you and even many more. It's a pretty serious issue that we are dealing with and we're not going to solve it all as a provincial government, but there are issues up there that we, as a provincial government, can do, and that's with the marketing consumer awareness and we certainly have to do our part on that.

We have the opportunity, as well, to lobby the federal government. I know the premier is going to do that on Friday evening when he meets with his counterparts and with the prime minister. Our finance minister brought it to the table at his meetings and it's something we have to keep on, but we need answers yesterday. But we are going to work on it.

We are past time and we have another group coming in. We'd love to fire questions at you, but I want to really thank you for your presentation. Like I said, it was awesome and we are going to be working on it, and I encourage you to lobby each and every person you see on this topic.

**Mariah Smith:** Thank you for taking the time to have us here today. We're very proud farmers and we're enthusiastic and we hope that we can work together on this, for sure.

**Chair:** Thank you very much.

The next presenters are the PEI Potato Board. I don't know how you feel following that group, Kevin.

We'd like to welcome the potato board. I

take it you're leading, Kevin, so I'll get you to introduce your people. You're going to go through the presentation and then we'll have questions afterwards?

**Kevin MacIsaac:** If we have time, yes.

Thank you, Mr. Chairman, and good afternoon, committee members, and guests as well. With me today is Ivan Noonan, the general manger of the PEI Potato Board, and Brenda Simmons is the assistant general manager. I'm Kevin MacIsaac. I'm the chairman of the potato board and I operate a potato farm in Bear River.

Just before I start into our own presentation, I just want to congratulate the young farmers on their excellent presentation. We often have the opportunity to see them at our commodity meetings. I can tell you they're a pretty sharp bunch, not just the ones that presented, but I also see the others in the audience here that I know from meetings. I hope you'll take their words pretty close because they are our future and there's no other way to say it.

We did request this opportunity to meet with you in order to present some information on the potato industry in PEI and outline some of our key concerns to you. As I've said at other meetings, we're not immune from the crisis. Many of our growers are in serious financial difficulty. Some points that we've brought together - this are probably just a short version of what we might have brought today because there are several issues, but we want to zero in on a few of them.

Certainly our declining number of producers is an issue. Since 1999 the PEI potato acreage has dropped by about 17,000 acres. That's pretty significant. Our acreage did peak at 113,000 acres in 1999, and we've decreased it now this year down to 96,000 acres. We're down about a thousand acres over the past year itself.

So in addition to reducing our acres we've also lost some potato farmers. When we updated our production list last spring we had to remove 67 Island potato farmers from this list. These are people who stopped growing in the last couple of years. So that's pretty significant. We're down now to about 360 in total.

The big issue in our commodity these days, and certainly as in other commodities, is the exchange rate. The rapid increase in the value of the Canadian dollar has eroded growers' returns for the potatoes that we ship to the US, and certainly other export markets as well. It's made us less competitive. In the end of December our fresh potato shipments to the US were 20.5% compared to a year ago. So there has to be some relief to this or farmers are going to go out of business. I realize that a lot of us never realized the dollar would reach the level that it has, but it has, and it's hurting us big-time.

We're going to be faced with some very serious input cost increases in this coming year, and despite the fact that our input costs we thought would go down as the dollar strengthened, we're actually going to see them go up. Our returns have not kept up, though, with these increases and we're, I would say, going backwards. For example, the increase in freight rates has negatively affected our ability to reach markets on a cost-competitive basis. Most of our competitors are closer to a larger population than we are. So this is something that we have to tack onto our price each time, the cost of trucking it to market.

In terms of our input cost, we've been told that this spring we're going to see fertilizer prices, there'll be an increase of about \$100 a ton. I've done some checking in the last couple of days and I would say that's pretty accurate. We've got anywhere from 25 to 30% is the numbers that are being quoted in terms of per cent increase over last year. So

that's our biggest input cost with growing potatoes. You're looking at about \$300 an acres minimum. So that's a large increase for our producers.

Fertilizer prices, though, are also closely linked with fuel prices and you know what fuel prices have been doing. We have a comparison of the potato prices versus the diesel prices over the past four years. You can see that since January 2006 potato prices have declined by about 52%, fuel prices have increased by almost 23%. Similar increases have occurred in other costs of production. We're going behind all the time.

If you do look at that chart, obviously we were at - in this month that we're in right now, our recap at the end of last week was saying about 85, 86 cents a 10. You compare that to a year ago, we were at \$1.33; in 2006 we were at \$1.80; and certainly back in 2005 we were at 80 cents. When it was back at 80 cents growers had a reason to want to reduce their acreage and try to get the supply in line with demand. Then you compare our input costs from the other side with the diesel price. It's a very real concern. When I visit my accountant every year, on the first week of January usually - we went through our numbers here last Friday - we burned on our farm about \$65,000 worth of diesel fuel. So it's a big input cost for these farms.

We do seem to have an inability to receive fair returns for our crops. We want to get a fair price from our crops from the market and not from government payouts. But having said that, there is a huge imbalance of power between the farmers and the buyers, be it whether they're in wholesale or retail or in processing. We seem to be unable to be fairly paid for our product. I know you've heard this before, but we need to reiterate that again.

I did hear some discussion earlier on safety nets, in particular on the CAIS program, and

I would concur that the safety nets that are in place in Canada are not sufficient. That would probably be very kind to the wording of that. In fact, it's very inadequate.

As well, some other provinces with bigger treasuries have much better support programs for their producers and their farmers, and we can't always compete with the assistance that they receive. Certainly the province that comes to mind is Quebec. Their government recently issued a press release regarding its payments to Quebec potato farmers for their stabilization program. They call it the ASRA program. This is a program which pays farmers the difference between a price - in other words, what the price would be determined in the market and what was actually obtained from the market. This was about \$9.00 a cwt for the potatoes that were stored in 2006-2007.

So it's really difficult for us to compete against this type of programming and the impact it has on all the prices, including the prices for our potatoes in the Montreal market. I mean, that comes from the government level in Quebec. It's just a priority they have. They feel that producing of food is important and they want to support their farmers. That's what we're working against.

We also need, on another aspect of the economics, some low-interest operating loans from banking institutions. Every year we have requests from growers who ask us, as a board, to approach government and suggest that we should have some low-interest loans offered to producers. I think this is something you, as a committee and certainly as a government, can ask for and help us with. You have the ability to do that. We're not asking for an outright grant, we're not asking for a subsidy, but I think the financing on a low-interest rate is something that could be of real benefit to a large number of producers.

In our industry we're facing some pretty heavy requirements for regulations. We have to do more and more things to help protect the environment and to ensure food safety. That's good, that's what we're about. We want to protect the environment. We want to produce safe food. Still, we do have to compete with these imported products which do not meet the same standards. They're on the same shelf at Wal-Mart or they're at the same shelf at one of the box stores, but our cost that we have into that food in terms of reaching that standard is much higher than these countries who don't have to reach that standard.

So we believe that the growers should be compensated for these extra costs, these additional costs, for doing some of these things, not only in terms of the actual products on the shelves, but also in terms of the environmental things that we do in promoting good environmental practices. In other words, if there's land that should be removed from a production base because for some reason that it's got a high slope or it's in a sensitive area, then we feel that should be supported by removing that. We call this environmental goods and services type funding is what it is. There is a pilot project in the Souris area watershed, as there is one in Manitoba as well.

As a bit of an aside, we feel there should be a recognition of the major investment that potato farmers have made in improving environmental practices, and most of it with little or no government support. In these days, though, it seems highlighting this, it's fashionable to the media and to government officials, and to some politicians, to bash potato farmers without getting the facts first and the jurisdiction for why we're doing that. We do care, as I mentioned earlier, a great deal about the environment. We make our living on the land, we live on those farms, and I think we're at the high end of the scale. But we do need to bring balance back into discussion on the important

environmental issues because I think it's been lacking over the last few years.

Trade agreements and trade barriers. We need a true commitment to dealing with trade barriers, especially the phytosanitary barriers to trade, and to negotiating market access. Over the past few years the United States has negotiated several bilateral trade agreements with countries that are, or used to be, major export markets for our potatoes. Tariffs are rapidly disappearing for US agricultural products into these countries while the tariffs that apply to Canadian products remain very high. When you add in the kind of aggressiveness that they have in their market place and the support for their producers, we tend to be losing ground quickly. We were in Missouri on the day that they were doing first reading on the US farm bill, and I tell you there's great support for their farmers in that country, and we see that when we compete in the marketplace.

Adjusting for the future. I listened to Premier Ghiz in his year-end interview to see what his comments would be on agriculture and I went and I got a pen and I wrote down when he came to potatoes what he said. He did recognize that the Island potato industry has been trying to adjust to some of the pressures that have been placed on it, in terms of what we've done with our acreage reduction. Later on in the presentation you'll see that he also, though, did acknowledge that we do need to find some more markets out there. I think Premier Ghiz is on track with that and I respect his opinion. He did go to our meetings last winter when we were trying to decide how to bring our supply into line with demand and was able to listen to some of our discussion.

We know that farmers are often the last in line to be paid for their product and their work, and some of the other links in the chain from the farmer to the consumer's plate take their share out first. In order to try

and improve our ability to receive a fair return for our crop, potato growers in PEI agreed to reduce acreage as part of a North American effort to bring the supply in line with the demand. We've done that through our work with the United Potato Growers of America. They were the initial group starting this.

We carried out our acreage cap and buy-down programs in PEI for both the 2005 and 2006 crop years. These efforts had a very positive effect on the growers' returns, as indicated in the table which I presented earlier. Prices in January for the 2005 and 2006 crops were about \$1.80 a 10 and \$1.33 a 10 from where the acreage was high to where the acreage was low. These aren't exactly profitable prices for farmers, but they did return the cost of production.

The cost of production is high. At the processing side of the potato industry we've just conducted a cost of production study. We had an accounting firm do that for the processing council, the processing committee of the board. They recognized that, after doing some research, the cost of production is around \$2,460 per acre. So we're not talking small dollars. It's difficult to get that back out on the other side. So we're back down to the prices which were below cost of production, even though our actual production on PEI in 2007 was less than it was in 2006. You've got to ask why that is.

Certainly in Eastern Canada our balance of supply is relatively simple, with the exception of Quebec. Quebec had very high yields in 2007 and they have a surplus on their hands. But when we do talk to them about doing a diversion program to remove some of this surplus from the market place, I would say they're only moderately receptive to doing that. They appear to be, I guess, reluctant mostly due to their ASRA program. Quebec's prices, therefore, are low and buyers are using these low prices from

Quebec to set prices in major Eastern Canadian markets.

So we're trying to work with potato organizations across Canada, through the United Potato Growers of Canada, and this is an organization which was set up here in a model of the United Potato Growers of America. We're trying, but it's tough to change the situation very quickly and we do need your support in doing this. PEI is recognized as a leader in some of the work we've done with that and we need to convince others to come onside.

So reducing the supply is one critical part of improving returns, but again as I mentioned, the Premier also referenced that we do need to do more to increase demand. We need support in this key area, both with increasing demand and consumption in our existing markets, and also in developing new export markets. Our exporters shipped PEI potatoes to over 30 countries last year and they're working on new markets all the time, but it takes time and it takes money to do so. Some of our competitors receive significant financial support to do this and we don't.

We also need research into potato production issues in terms of becoming more efficient. I don't know how much better we can be some days, but we do need to find new uses for potatoes. We also need to find other crops that we can grow in terms of our total rotation to provide better returns. We do see some positive things in terms of the grain sector, but that's only one year in a three-year rotation.

In summary, potato farmers have made efforts to reduce the supply in order to strengthen the prices. We need government to step up and do their part in the ways we've just outlined. There are many more items that we could talk about today but I think we'd probably be better off with some time for some questions and some

discussion, if that's the wish of your committee.

So I thank you for the opportunity.

**Chair:** Super, I appreciate the presentation.

Questions? I see you have some change coming with regards to the board level. I don't know if it's fair for me to ask if Ivan would give us a little review of where he thinks the thing may go to as he leaves that board, or not, I'll leave that up to him. Do you want to make any comments on the industry or what the future looks like, Ivan?

**Ivan Noonan:** No. I appreciate that opportunity, Mr. Chairman, but I think I'll reserve that for another time.

I think their choice - I think it's time, probably past time, for a new set of eyes to look at this, and a different thought process. I came from the industry since 1976. My first job in the industry was loading ships in Summerside. That was the year of the drought in Europe and we loaded, I think, 35 ships here. That's gone downhill so, hopefully, I didn't contribute to that going downhill.

The only thing I'd like to say in support, whether it's young growers or old growers, it's absolutely essential - I mean, it's been mouthed, the words are all mouthed how important everything is, but nobody seems to want to help. That's the complete difference to what we see in the US, in Quebec, even in New Brunswick, and in Ontario.

This has nothing to do with politics. It's just a reality of potatoes farmers are here and they're always crying hard times and that. Our growers put more effort into doing what they're doing. They're under more strict legislation than any other province or state that I'm aware of. Like I said, I've been around since '76. I think it's time, you know,

every time - I jokingly said outside when I was looking at the *Guardian* on the Commissionaire's desk: if that was a potato grower with all those cups of water on the front page of Mr. Thibodeau's *Guardian* this morning, we'd have been accused of being environmentally insensitive and there probably would have been pesticides in the water.

That's how ridiculous the general public is towards agriculture when they don't understand exactly how much, not just financial burden is on them, but their whole lives, like 5<sup>th</sup>, 6<sup>th</sup> generation farmers.

Personally, I've never grown a potato. That's about the only stupid thing probably I haven't done in my life, but I do think it is the best place in the world to grow potatoes. Everybody everywhere we go, and particularly in North America, is envious of our system but we can't keep our growers in business. Part of that is the job of the government and part of it is incumbent upon the growers to adapt. We have 13 or 14 exporters licensed, some of the best in the world, some of the biggest companies like the McCains and the Irvings - not to mention some one-man shows, like Rod MacNeil from Tyne Valley, who is a tremendous guy, him and Terry Carley. Rod initially and Terry, as a subsequent to that, developed just markets like Thailand and things like that. Can't be done anywhere else, ladies and gentlemen. But they can't seem to do it two years back to back.

Years ago it was you have a bad year, not great. You have another bad year and the third year, yes, you can make that back plus pay your back bills plus have a little money to come ahead. Margins are so slim or nil. You can say: Why would anybody do something you're not going to make any money at? That's their livelihood. That's what they know. It's not because they're poor managers, it's not because they're poor agronomists or anything else. They,

physically, can't compete in the marketplace when we're the farthest away from the market of anywhere. At least in, you know, Washington even has a new rail service into New York. They can put potatoes right into Albany, New York - Washington State can - from the other coast.

A grower in Alliston, Ontario can slip down to Toronto for \$1.00 a bag, over 100 pounds. We're 3.50 to 3.75. So we're 2.5 to 3 cents a pound behind the eight-ball right off the bat. That's not so bad when you're working off a 4 or 5 cent margin, you're going to have a profit. But when you're working off either cost of production or below cost of production, it won't survive. Without the growers and the rotation of the grain crops and everything else that go along - you can wave your sugar beet flag or anything else, but it's potatoes that have made Prince Edward Island what it is. You know, agriculture, fisheries and tourism are the three main things.

Yes, biosciences, and all the new things that are happening, we're very supportive of all that. We hope that that continues, but your basic funding driver to the economy of Prince Edward Island is agriculture. Yet there's - they'll say: We put this money into CAIS payments or we put this into that or we have this. The growers need help and that's the bottom line. It's not a handout, it's support for them to get them in line. They put their own money to reduce acreage before and got it down.

Some people got out because they saw an opportunity, others got out because they couldn't. They took an effort with that. We couldn't get, unfortunately, all our sister provinces on side. We're still working at it. I mean, if it wasn't for Prince Edward Island, United of Canada wouldn't be even alive today to try. We're still at the table trying to convince them to please do something to show your support for what we've done. Because our growers won't do that again

unless you guys come to the table.

I know that's a long answer to a question you didn't ask, but it's just so important and it's so much needed. The growers are not looking for a pat on the back, they're just looking for an opportunity to make a living.

**Chair:** I know, coming from the dairy industry where we have supply management, you know what you're going to paid for your crop. We always bragged that, or kind of crowed about the fact, that we produce the most close to perfect food, but I think a bag of potatoes, a 100 pound bag of potatoes, and you can buy it for \$5, I think. Not only the volume there but the quality of food there. How could anybody even consider paying such a little price for that amount of food when so many people are hungry?

**Kevin MacIsaac:** The other thing, Mr. Chairman, a large percentage of our potatoes on PEI are grown for processing, of course, and people view a processing contract sometimes similar to a supply-management commodity. You know what you're getting for the product.

But we've been having real difficulty to get the increase in the contract price that we need to match the increase in the inputs. We've gone at least three years actually without an increase, and finally we had an increase last year, but we're catching up three years ago, really.

**Chair:** Yes, I know.

**Kevin MacIsaac:** That's an issue. Other places in North America are getting very good returns. In Washington, for example, they have a fuel surcharge which has been added to their processing contracts this year of \$240 an acre to look after that increase in fuel costs, and we haven't been able to negotiate that here.

**Ivan Noonan:** Minnesota and North Dakota have 92 .5 cents and they were looking to get another 12 cents. It's almost a \$1.00 a cwt, which is what's needed here, it's not even hardly enough. Because of the exchange rate and a number of other things it's probably not going to happen. The desire for growers to have some stability to go to the bank, even though it's just barely profitable, and if there's a drought it won't be profitable.

**Chair:** Rob, you had a question.

**Mr. Vessey:** Not so much a question. I'd just like to acknowledge Mr. Noonan here today for all the work he's done in the last 14, 15 years in the sector. He's been a great voice for the industry. Being a former grower and producer, I used to look forward going in to visit Ivan now and again and shutting the door. Sometimes people heard us outside the office, sometimes they didn't.

**Ivan Noonan:** It's a thick door.

**Mr. Vessey:** He's been great for the industry and, Ivan, I'd just like to say thanks.

**Ivan Noonan:** Thank you.

**Some Hon. Members:** Hear, hear!

**Mr. McGeoghegan:** Great job, Ivan.

**Mr. Vessey:** I have one question to Ivan or Kevin. A couple of years back when we didn't buy into the acreage reduction as growers, do you think we made a mistake there?

**Kevin MacIsaac:** Last year we were very close, of course, to being at that stage and I think that was a real opportunity. In hindsight, we may have missed that opportunity, but one of the problems was we had sort of an outdated data base, if you will.



There were growers who were still on our list that were not actually growing potatoes. We felt that when that became true, the numbers came out, in reality our acreage would be down some anyway. We've been able to do that this year. Ivan and Brenda have done that work. They've got the information out and determined who's actually not growing any more and determined what's a closer true acres, if you will, on PEI.

Again it's something that, if the growers would want us to do that, we'll do that as a board. We had their support to do part of it last year, the reduction but not the buyout, and you needed both to make it work. We had the support from the provincial government, I feel, in principle. We were not able to reach it in terms of the federal commitment at all. That was an issue. We had to have a third funding from each to make it work.

**Chair:** Rob Henderson. Do you want to touch on that, Ivan? No, okay.

Rob.

**Mr. Henderson:** Thanks, too. I guess I want to also commend the board for its efforts. I mean, you're dealing with a group of individuals that are characters, and some strong personalities, and lots of ideas. I have to say I guess Rob Vessey and I both are individuals that are one of those statistics that have gotten out of the industry in the last number of years.

I guess one of the comments, as a politician in an area that has a lot of potato farmers, I'm getting a lot of comments, mixed views, on the *Crop Rotation Act*, as an example. Some potato farmers are saying our competitors in other provinces don't have to compete with that, and then I've got other people that are demanding that that be implemented. Any views that the potato board has on the crop rotation legislation in

general?

**Kevin MacIsaac:** It's something that, actually, people are confused. They actually think that the potato board looks after the *Crop Rotation Act* when in reality it's the province, of course, who does that

**Mr. Henderson:** That's right, too.

**Kevin MacIsaac:** But we have both sides of the coin. I mean Ivan had a call today from a grower who felt that we should have mandatory three-year rotation, nothing but, and that'll help reduce some of that acreage. We get those calls all the time.

**Mr. Henderson:** I do, too.

**Kevin MacIsaac:** We do get, though, input from some growers in some of the more intensively farmed areas that are currently not on a complete three-year rotation who say they don't want to do that. I guess personally, as a grower - and I'll speak only as a grower myself - we felt that we got better yields, better quality by implementing the three-year rotation. Actually, one year we were on a four-year rotation, but we just couldn't afford to do that in terms of land prices all the time.

So I think I feel strongly that's the way to go. But there is some resistance still in the industry to doing that, but I would say the resistance is becoming less and less all the time. It's like when you see somebody going down the road doing something they're not supposed to be doing, you know it's almost peer pressure, and I think that there's enough people doing the right thing now that the peer pressure has brought that up.

**Ivan Noonan:** Mr. Chairman, I think it's much more receptive, as Kevin as said, today than it would have been even three years ago.

The other thing, the general public was

under the impression that there actually was a three-year rotation act when it was a crop rotation act, not a three-year mandatory thing, and that led telephones to ring to both our offices and agriculture to say: Listen, this guy here planted potatoes in there and he had potatoes in there two years ago. He's violating the act. When, in fact, he obviously wasn't, for the most part. I mean, you didn't need to be very creative in order to grow potatoes two years in five or year after year because, let's face it, there wasn't many people looking and there wasn't much done about it.

We've tried to work at the board where, if we're going to have something in place - at least I did, as their manager - either we're going to enforce it or we're not going to have it, kick it out. It's not something you can just ignore and turn your head. So I think something has to be done with that. Now, it's up to you people to decide whether you have meetings with the growers or have input from it.

But I think, as Kevin has said, most people who've talked to us said three is better than two, and four is better than three, as far as their yield and that. But you will have someone, in honesty, come before you and show they can grow potatoes two years in five and their soil tilth and their value in their crop is as good as someone else with a three-year rotation.

**Chair:** To the point, too, that was brought up there about the fact that the other crops in the rotation, like actually there's a return in them, a return for the crop that's grown in - well, grain or whatever. It's not \$120 a bushel, a ton, versus 200 or 300 and some. Could get to the crop rotation thing quicker than we expect.

**Mr. Henderson:** I think one of the challenges too, it's hard to make it a one size fits all. I mean, every field is so much different. It's almost like each field has its

own personality, I mean. There's some that probably can handle a greater rotation, others probably need to go with a shorter rotation. That's the problem I sort of have with it. You try to make legislation for everything and it's hard.

**Ivan Noonan:** Mr. Henderson, it either has to be or not be. That's the reality of it. Because this grower over here is on a three-year rotation saying: Look, my cost of production is higher than his because he's on a two-year rotation. That's what's driven this thing. Before it wasn't an issue. It could be a four or five. We have growers on four-year rotations and in some cases since, you know, when we did the buyout, they've actually rested their land and went to a five-year, in some cases, on their own. So by doing that we had a lot more spinoff benefits. Said: Just in case we're going to - my neighbour's not going to farm it so I'm going to rent his land, rest my own in case this thing comes around again.

**Kevin MacIsaac:** And in most areas, Mr. Henderson, there's lots of land available now.

**Mr. Henderson:** Yes.

**Kevin MacIsaac:** Like, our acreage has been reduced enough. With the exception of a couple of areas, probably most areas would have significant available land there, so there's no reason why it couldn't be done.

I guess the other point I need to make is that it may also become driven by the people who buy our potatoes. They find themselves in a situation, like, after some of the environmental issues that we went through last summer, I think they're going to request in the future from growers to have good environmental practices around buffer zones, around water courses, that kind of thing. Because they don't want to be seen selling their product in a marketplace that's not viewed as being very safe and produced

very safely.

**Mr. Henderson:** Certainly, as legislators, that makes it a lot easier when it's marketplace driven, for sure.

**Ivan Noonan:** Not only that, it has to be policed. Don't waste the grower's time or government's time fixing the legislation and not putting the dollars behind it to police it.

**Mr. Henderson:** Good point.

**Chair:** When you talk about reduction acres, if we pull it down to 96, comments that come to me is people are getting more cwt per acre now. So are we really winning the battle going that way? I know I relate it back to dairy most of the time. We put quota on litres of milk, not on numbers of cows, specifically for that reason.

**Kevin MacIsaac:** Yeah, our yields have been increasing every year. It's just on an exponential curve, really. So that's true. We're reducing acres, but growers are more efficient, the yields are higher, and also the demand thing has moved down some on the other side. So, in reality, probably fewer acres are needed today than was needed certainly 20 years ago.

**Chair:** I should clarify that. It's kilograms of butterfat, not litres of milk.

**Ivan Noonan:** Indeed, where they have a quota system in Manitoba for the fresh side of potatoes, it's based on a 75 lb. bag. You can grow what you want but it's based on - the value is on that bag.

**Chair:** Are we going to see Quebec continue to increase, if they have that subsidy or support price?

**Ivan Noonan:** The CAIS program is a fine example of how, if you reduce your acres basically, it almost works against trying to get growers to naturally reduce their acres,

because it backfires on them. In Quebec's case, they have the ASRA program which you see in there, and there's millions of dollars get back to the grower which guarantees them a certain price. That's why we have such a problem. You know, it's not just a language barrier when we go there to meet with them. They're still at the table and they're paying their dues to United of Canada and we continue to try to educate them, but it's tough to get those guys to come back when there's a guarantee there. Like, talk about last man standing.

The Quebec grower, technically, with Montreal market, Montreal and Quebec City, and their processing, they don't need a lot of export. We'd only need maybe 700, 800 acres here if we weren't exporting potatoes somewhere else. That's to feed us all and a little bit of seed. So it's a completely different world to compare Ontario and Quebec to us.

Most of the time, as we get into our season, we have chain store shelf space from Toronto to Miami in some way, shape or form with a certain sized pack. I don't know how we remain competitive other than the growers keep growing the potatoes so I can keep buying them cheap as a dealer and a guy in New York or Philly or Boston or Toronto, their job is to buy as cheap as somebody will say yes to, and that's just the reality of it.

**Chair:** I don't know if I want to get into this or not, but I got lobbied by one exporter, I guess I should say - has to do with minimum pricing, an experiment that was tried before and most people think it doesn't work. But anyway, I was just going to ask you for a little heads up on that. Where do you think -

**Ivan Noonan:** Was that to a specific area?

**Chair:** Yes, it was to a specific -

**Ivan Noonan:** Puerto Rico?

**Chair:** Yes.

**Ivan Noonan:** Had the same call. We've addressed that at at least three board meetings and it will probably be on our meeting again Thursday.

The reality is it's possible, but I could beat the system as could half of the brokers in the area. It's just not realistic to do that for one area. Because you could ship to Miami to a broker there and he could still undercut your set price into San Juan, Puerto Rico. It's a very nice thought but it's not functional. If there was a price on for North America and everything was equal, all things being equal, yes, it would work.

When the numbers are right, we did put a board price on and it did work. We brought a lot of money back to the growers on PEI by analysing the numbers and taking a decision. Right today there's three stores - Super C, Loblaws and Provigo in Montreal - that have 99 cent, 10 lb. bag of Quebec potatoes on. We can put on whatever we want for our price.

To say we're our own competitor in Puerto Rico, it's three-quarters true, but at the same point, as long as there's two of us that are in the business I'd still like to have a little more of his business, and that's what the business is based on. Absolutely won't work into one area like that.

**Chair:** So, any other questions?

**Kevin MacIsaac:** We're up to speed on that one. We've had a lot of discussion on that issue.

**Chair:** No doubt.

**Ivan Noonan:** As late as an hour and a half ago.

**Chair:** Anyway, if there's no other questions, I'd really like to thank the potato

board for coming in and for the presentation. And to yourself, all the best in the future.

**Ivan Noonan:** Thanks very much.

**Chair:** And the rest, Kevin and Brenda too, all the best in the next year.

**Kevin MacIsaac:** Mr. Chairman, if I could just add, I'd like to recognize Mr. Henderson for bringing up in the House it was the international year of the potato. He's brought some good recognition to the potato industry for doing that. It's recognized by the United Nations, of course, as to be our year. So we appreciate your bringing that up.

**Chair:** I'd like to point out too, when I was up at the Royal it was kind of neat driving down Gardiner and all of a sudden there's a big sign there: Your PEI potatoes have arrived. It was awesome. Then the display at the Royal, the Dochertys and Charlie Murphy's wins were fantastic. What a display of produce up there (Indistinct). It was great. Thank you.

Okay, we have a motion to deal with before the meeting adjourns, and I'll turn it over to Jim.

**Mr. Bagnall:** Just what I said before when I was talking earlier that the provincial government has supplied dollars to the hog producers on the -

**Chair:** Could you just wait one sec?

[The committee waited for presenters to leave]

**Chair:** Sorry for that.

**Mr. Bagnall:** No, not a problem.

**Chair:** Wait until we get them back here.

Okay, back to order.

**Mr. Bagnall:** I guess, as I was talking before, the beef plant got \$12 million dollars in the last period of time, over a period of time, of course, for the industry. But the problem is the producers right now are in drastic problems, just the same as the hog producers were. They are losing anywhere in the vicinity of \$200 to \$300 per animal and they just can't go on. We're putting \$12 million into a plant that if these beef producers do not get some support, there 'll be no animals to fill our plant. So we're putting money into nothing, unless we support the industry.

So what I had said before, I made a motion that whereas - and I guess before I get into that - like, in 2006 we put \$1.2 million into hog producer's hands, and then I think it was in April of this year we put another \$1.5 million in a program that went into the hog producer's hands. Then just recently, before Christmas, there was another program which will help hog producers stay in business. Some of them will use it for transition and some of them will stay until the stuff runs out and they'll be gone too.

But what we have to do is, I believe, that we made a decision that we want to have a beef industry here in PEI. We're going to put \$12 million into a plant. If we don't put some dollars into producer's hands, they're not going to survive. What I had asked for earlier was:

Whereas the provincial government had provide \$2.9 million in support of the hog producers this past December, and also we've put \$1.2 million in in 2006, and another \$1.5 million in April of 2007;

And whereas PEI beef producers deserve the same recognition here across the province.

And what I'm asking for, which gets into the therefore be it resolved, is:

Therefore be it resolved that this committee

write a letter to the Premier and members of Executive Council recommending that the provincial government provide financial assistance to the PEI beef producers immediately.

That gives them some latitude, but it also gives us a chance to show that this committee is in support of agriculture, and that we do support the beef industry here on Prince Edward Island. We're making a recommendation from this committee to government to act on what we feel is a crisis out there.

**Ms. Dunsford:** My initial response to that is: Are we saying, then, the money that just recently went into the plant is not helping the beef farmers at all?

**Mr. Bagnall:** Not one penny.

**Ms. Dunsford:** So that's not going to affect beef farmers at all. It's just - we're throwing that money away, is that what you're saying?

**Mr. Bagnall:** No. We need that to keep the beef plant going.

**Ms. Dunsford:** Okay. But what's the trickle down?

**Mr. Bagnall:** None.

**Ms. Dunsford:** So if we were to look into that tomorrow we'd find no -

**Mr. Bagnall:** That will not put a penny in the beef producer's pocket.

**Ms. Dunsford:** We would find no kind of residual effects in a positive way to a beef farmer? A beef farmer would not be happy about that decision?

**Mr. Bagnall:** They're happy about the decision, but the problem being -

**Ms. Dunsford:** So is there a positive effect with them, is what I'm saying.

**Mr. Bagnall:** Well -

**Ms. Dunsford:** So by introducing this, are we then saying: Okay, let's infuse some money to the potato - those guys are saying they want money too, right? So do we need a motion now to put money to the potato farmers and do we need a motion -

**Chair:** We're just dealing with this issue.

**Ms. Dunsford:** No, no, I know, but I'm just - that's my main thing, is what are we saying when we say that?

**Mr. Bagnall:** The problem is we have to decide whether this province is supportive of our agriculture, our beef, and our hog industry here on PEI.

**Ms. Dunsford:** But how do we do that is the thing. More money or what?

**Mr. Bagnall:** I think they need financial assistance immediately or we're not going to have an industry, and it will be devastating to rural PEI.

**Chair:** Ves.

**Mr. Vessey:** Can I speak to this?

**Chair:** Yes.

**Mr. Vessey:** I just want to clarify a couple of things from where I see it. The industry asked, and they received from government, for the beef plant. The money that's going into the pork plant now is to help them in transition. So are you saying to put money in now to the beef plant, are we looking at putting some of these guys to exit or -

**Mr. Bagnall:** No.

**Mr. Vessey:** It's two different things, Jim,

and Cynthia had a good point there. We've got to be careful. As a committee we're all elected officials here and we've all got agriculture here, but to start making a recommendation before the committee is over to put an influx of money or a shot of money into one sector, we may be opening up a big can of worms. Because everyone knows that every sector needs it. So let's be careful.

**Mr. Bagnall:** The problem being, and as you know, the CAIS program and the disaster programs that have been available have never - the beef industry and the pork industry have never been able to realize any money out of that particular program, agricultural program, where the potato industry has and they have taken big dollars out of the CAIS program.

**Mr. Vessey:** Some have.

**Mr. Bagnall:** A lot have.

**Mr. Vessey:** I think we've got to be very careful.

**Mr. Bagnall:** But this is, you know, we're looking at an industry where - I can't remember in 10 or 15 years where government has come in and helped them out.

**Mr. Vessey:** But this hasn't happened overnight. This has been an ongoing problem.

**Mr. Bagnall:** It has been ongoing and it's getting to - right now it's at a disaster, the same as the hog industry was.

**Mr. Vessey:** It was at a disaster probably a year ago as well.

**Mr. Bagnall:** But the problem being we have here now is we have \$12 million going into a beef plant where we're not going to have any beef to go into the plant unless we keep the suppliers and the producers going.

**Ms. Dunsford:** But by opening up that market -

**Chair:** Just wait. Just wait until he's finished.

**Ms. Dunsford:** Sorry.

**Mr. Bagnall:** What I have to say, what I mean here, is we're at a state now where farmers are looking at what they're going to do next year. They're looking at: How am I going to handle this? Am I going to cut out all my beef products, grow some grain, sell that on the market today because I could make a dollar on grain and wheat and barley at the present time, or do we keep trying to make a few dollars on the beef industry?

Well, at the present state, unless they get some help there will be no beef industry here on PEI. It will be completely gone.

**Mr. Vessey:** From what the press release -

**Chair:** Just a sec. Rob Henderson is in next.

**Mr. Henderson:** I was a beef farmer. I had cow-calf feedlots, all of those components. There's nobody would like to see more money go into the beef industry than me. But I don't see a small cash infusion. I'd want to know some numbers. Like, how much, for how long is that going to last? Are we putting it just to the cow-calf sector? Are we putting it to the feedlot sector? Right today, beef is what, \$1.26 I think?

**Mr. Bagnall:** Yeah, \$1.26 today.

**Mr. Henderson:** Okay, \$1.26. I mean, the last beef I shipped - I can remember when it was good, the day before 'mad cow' it was \$1.81. We went through all of the reports, all the groups have made those same kind of comments. I'm just wondering, are we jumping the gun here before we make a recommendation to the Legislature on where we're going with this thing? I realize there's

emergencies.

**Mr. Bagnall:** But, Robbie, what you've got to remember on this is basically we have no power to tell government to do anything. But we, as a committee, can recommend that government look at this and deal with this issue.

But the problem is that the beef producers - probably could be a little bit of their own problem - is they're not as aggressive a group as the hog producers were and the hog producers across the province were. Because they were a very vocal, very in-your-face group, and always have been looking for support, and more power to them.

But this group here, the industry right now, is at dire straits, and I mean worse than it's ever being.

**Mr. Henderson:** Couldn't agree more.

**Mr. Bagnall:** I tell you, the economic spinoff, if we lose our hog industry and we lose our beef industry in rural PEI, is devastating. Not just to these industries but to the trucking industry, to the feed industry, to all of these other industries.

I believe that if this government and this committee is serious about why we're sitting here and meeting with all these organizations, that we should make a recommendation in a letter. Waiting till spring for a report is too late.

**Mr. Henderson:** But 2.9 million, how far is that going to take you? I just don't. As a former beef farmer, my percentage of that wouldn't be enough to make - like now if we came out with something that said we're going to do interest reductions or something like that (Indistinct).

**Mr. Bagnall:** I said financial assistance in the therefore be it - I said financial assistance. So that could be in interest relief

funds, that could be in tax reductions, that could be in cash incentives. It could be in any of those things. But they have to look at it to make a decision whether they're going to help the beef producers or not.

So it could be any of those things that you've talked about. Because I took away the dollars in the last resolve because I felt financial assistance could mean any of those things.

**Chair:** Okay, Cynthia.

**Ms. Dunsford:** I don't think there's anybody around this table here right now that wouldn't champion the beef industry here. Okay? It's not a matter of not coming together as individuals to champion this and to send letters in support of and everything else. What I think we have to determine is what I initially brought up about the beef plant, in that all that money that's just gone into that now, from all the different partners involved, are we saying that that's not helping the industry at all? By saying: Let's throw more money at it and not know - like Robbie's saying - not know exactly where that's going to go, how much, what sectors is it for, so to just carte blanche say: Okay, let's just, as a committee, say here's a whole bunch of money and not know where it's going, and then to possibly nullify the good things that are going to take place and have been.

I don't agree. I think that the beef plant infusion and the money's that's going into there is a positive step, and I see that, and if you ask any beef farmer right now if they thought that was a good move, they would agree. So I know -

**Mr. Bagnall:** I never said it wasn't a good move. That was essential that that part take place.

**Ms. Dunsford:** That's right.

**Mr. Bagnall:** The problem is you can have all the bricks and mortar you want, but if you don't have the product going into the plant, then what's the use of having the bricks and mortar?

**Chair:** Well, \$6 million out of that \$12 is going into promotion and marketing. Okay? The next part of it. That's help itself.

**Ms. Dunsford:** That's right. That opens a market. That's a market.

**Chair:** Rob Vessey. Rob.

**Mr. Vessey:** I like the motion. Maybe we should send that letter to the prime minister.

**Mr. McGeoghegan:** That's what I was just thinking.

**Mr. Bagnall:** That could be done too. That's not a problem.

**Mr. Vessey:** That's where the money is. We both know that.

**Mr. Dumville:** We could take it - okay.

**Chair:** Who did I have here first? Charlie, was that your comment?

**Mr. McGeoghegan:** No.

**Mr. Dumville:** Sorry, Charlie.

**Chair:** You're on before Bush. I have you down here before Bush.

**Mr. McGeoghegan:** The farmers that I've talked to say that in - I think it was 2005 - they got through the CAIS program \$100 a head to sell their cattle as an extra subsidy. In 2006 they clawed it all back. So this \$600 million is supposed to help farmers right now. Why couldn't they get that \$100 a head, but not claw it back? That's what the farmers that I've been talking to would like to see.



**Chair:** Yes, but if you talk to people who run the CAIS program, they'll tell you the CAIS program is working exactly as it was laid out to work. The problem is it's not working as far as the farmer - at the farmer end of things.

**Mr. Bagnall:** But Charlie, I think what you're probably getting to there - because I've dealt with that for a year - was there was an advanced payment put in place for the industry. Instead of waiting to see if their claims were going to be good or not good, they applied for an advance payment, although recommendation was they probably shouldn't get it, for a lot of them. But they wanted it, so they qualified to get an advance payment because they put a claim in. So what happens is, claims were paid out to a lot of these farmers that didn't qualify under the CAIS, criteria of the CAIS program. So they all had to pay it back.

It wasn't that they got money and then it was clawed back. They got a loan maybe, almost, from the CAIS program and they had to repay it when they found out that they weren't entitled to it. That's where 90% of that, what you're talking about, is. It wasn't the CAIS program that paid it out, it was under the advance payment program of that program.

**Mr. Henderson:** But, Charlie -

**Chair:** Just a sec. Just a sec. Just a sec. Bush is in here next.

**Mr. Henderson:** Okay.

**Mr. Dumville:** Jim's point, I think, is important. We know it's in dire straits. Everybody around this table knows it's in dire straits. But what I'm hearing is: Feds have to come onside to help this program. The provincial government probably won't be able to do it on their own. The Premier is going to be up in Ottawa on Friday night. I don't know how successful he's going to be.

I hope he is successful. You never know what the prime minister has up his sleeve. Maybe he's got a program and he wants to look good himself and maybe we'll get some benefits from that.

But rather than - I don't know if our motion would -

**Chair:** We can amend it.

**Mr. Dumville:** - hamstringing the Premier or whatever, but my suggestion would be: Let's see what happens Friday night. Let's see what happens. Let's see what the announcements will be next week. Maybe nothing. Then you can come back as a committee and put some sort of serious recommendation forward. But why don't we just wait till that loose end is tied up?

**Chair:** Or we could amend it to send it to the Premier and to the prime minister.

**Mr. Bagnall:** I would allow, and add Steven Harper's name to that too, as prime minister.

Whereas there be a letter to the Premier, Robert Ghiz and the Prime Minister of Canada, Stephen Harper, that members of the Executive Committee recommend.

But I don't know. I think by doing that it's probably - I have no problem with that if you want to do it that way.

**Chair:** Anybody have a problem with it?

**Mr. Vessey:** I like Bush's idea. Could we wait to do that next week after this weekend?

**Mr. Bagnall:** I don't think so. I think that we have a responsibility as a -

**Mr. Vessey:** Yes, but if we put a motion out today and then you want to come in next week, or someone else comes in next week and put another motion, where do we draw a

line to it? Like, we're a committee, we should do the work of the committee, and at the end of the day, go forward. That's my own personal opinion.

**Mr. Dumville:** What if there's a general letter sent out?

**Mr. Bagnall:** The problem being, if we wait until the end of this thing, and we get into March, it's going to be too late for a lot of these people. You know it, and I know it, Rob.

**Ms. Dunsford:** My input - if it's my turn -

**Chair:** It's your turn.

**Ms. Dunsford:** - is in keeping with Bush and Rob, and that is to wait until - if there's going to be an announcement soon about anything coming our way federally, and then follow through. Because the one thing we don't want to happen is for anything to backfire or to get away on us.

**Mr. Bagnall:** I can tell you one thing. Going there and asking the federal government, it will take the federal government six months to a year to make a decision on what they're going to give any funds to anybody on. Nothing happens in three days or seven days. I can guarantee you that that will never happen.

**Mr. Vessey:** Election year.

**Chair:** Just a sec. Just a sec.

**Mr. Bagnall:** Still (Indistinct).

**Chair:** Buck, you're next. Comment?

**Mr. Watts:** I'm next.

**Chair:** You're next.

**Mr. Watts:** What about the beef producers themselves? What'd be wrong with the beef

producers - don't they have an organization?

**Mr. McGeoghegan:** Cattlemen's Association.

**Mr. Watts:** Cattlemen's Association.

**Mr. McGeoghegan:** I'm sure they're lobbying on their own for this.

**Mr. Bagnall:** They're lobbying the provincial government, they're lobbying the federal government, they were lobbying everybody.

**Chair:** Rob Henderson, did you have your hand up?

**Mr. Henderson:** I guess just a couple of quick comments. Charlie, you mentioned there about CAIS and stuff. But I mean, I've struggled with the CAIS program for years and such. As an example, the portion, even \$600 million that the federal government has announced a number of times, the little bit of money that trickles down to the farmer, in my own case - and I'm pretty well out of farming - it was like \$270. You mentioned you had a few hundred.

**Mr. Vessey:** Not very much.

**Mr. Henderson:** It's not going to change anything at the end of the day, and that's \$600 million. So those are some of the things.

But if I get back to Jim's motion and stuff, I don't really have much of a problem for sending a letter to the prime minister, cc'd to the Premier, to say that -

**Chair:** Do you want to make an amendment to change it, then? Because there has to be somebody amend it that's different than the mover?

**Mr. Henderson:** I don't have any problem making an amendment that we -

**Chair:** Do you want to amend it that we send the letter to the prime minister as well?

**Mr. Watts:** To the prime minister.

**Mr. Henderson:** That we sent a letter to the prime minister, cc'd to the Premier, to inject an immediate cash infusion into the agricultural sector.

**Mr. Bagnall:** Can't support that. I mean my motion was to send a letter to the Premier. This changes the whole thing. So, I mean, I will support it if you cc the prime minister. A letter to the Premier, cc'd to the prime minister.

**Mr. Henderson:** What would be the difference?

**Chair:** What do you have to cc about? Why don't we just sent two letters?

**Mr. Vessey:** Two letters, great. There you go, Chair. Just send letters.

**Mr. Henderson:** So that would be a letter to the Premier and to the prime minister. I thought that's what we were talking about.

**Mr. Vessey:** That's what I thought.

**Mr. Dumville:** Put their names on both letters.

**Mr. Bagnall:** Don't have to.

**Mr. Henderson:** That way it gives the Premier something to take to his meeting.

**Chair:** Are you moving that amendment?

**Mr. Henderson:** I will move the amendment that a letter be written to each individual - the Prime Minister of Canada, Stephen Harper, and the Premier, Robert Ghiz - to encourage both to consider an injection of dollars into the agricultural sector as soon as possible.

**Chair:** I thought we were talking about beef specifically.

**Mr. Bagnall:** Beef. (Indistinct) beef.

**Mr. Henderson:** Specifically the beef?

**Mr. Bagnall:** Yes.

**Mr. Henderson:** Okay. To the beef industry.

**Chair:** To the beef sector.

**Mr. Bagnall:** So a letter for them saying:

Therefore be it resolved that the committee write a letter to the Premier of the province and the Prime Minister of Canada and members of Executive Council - that was provincial-wise - recommending that the provincial government provide financial assistance to the beef producers of Prince Edward Island immediately.

**Chair:** Okay. Just a sec. Do we have down? Okay.

**Mr. Bagnall:** So is that okay, that part of it?

**Mr. Henderson:** I'll go with that.

**Chair:** Okay. Cynthia had a comment for you, Rob. Or was it different? Okay, we'll go to Rob.

**Clerk Assistant and Clerk of Committees:** Debate on the amendment now, Mr. Chair. Just on the amendment.

**Chair:** Is this debate on the amendment?

**Mr. Vessey:** I just want to toss something out to the committee on the amendment.

**Chair:** So it's debate on the amendment?

**Mr. Vessey:** I kind of have to say it could be.

**Chair:** Well, try and work it around that way because that's the area of the meeting we're in right now.

**Mr. Vessey:** Okay.

**Chair:** You don't have anything to say? So I call for the vote. Any more discussion on the amendment? If it has something to do with it, bring it up, Rob.

**Mr. Vessey:** I better.

**Chair:** Okay.

**Mr. Vessey:** I think we're opening - Cynthia had a little, too, on - we had spoke on with this. We may be opening ourselves up for other people to come in and ask for the same recommendation. Could we not insert because of the CAIS program's lack of funding to the beef sector this is why we're doing it, just to -

**Chair:** Do you want to get in and -

**Mr. Bagnall:** I don't think you want to get into that.

**Mr. Vessey:** You don't think?

**Mr. Bagnall:** I think you'd stay as simple as you can, which we have here.

**Mr. Watts:** We're going to have other - they can come every week anyway.

**Mr. Vessey:** Yes, I know, I know.

**Mr. Bagnall:** Government's already getting these guys.

**Chair:** I was just concerned that if you put in something about the CAIS, they'll say: CAIS is working exactly the way it was set up. We'll get no solution to it at all.

**Mr. Vessey:** Okay.

**Chair:** Further discussion on the amendment?

**Ms. Dunsford:** Yes, in that we're asking just for - it's not a specific amount.

**Mr. Bagnall:** No, I didn't put a dollar in.

**Chair:** Didn't put a dollar. Any other discussion?

**Mr. Bagnall:** The reason I did that is because really we can't ask for dollar spending, but we can ask them to consider giving us some support.

**Chair:** We're showing support.

**Ms. Dunsford:** So on the amendment -

**Mr. Dumville:** This is an emergency letter, right?

**Mr. Vessey:** That's all it is.

**Mr. Bagnall:** Should go tomorrow.

**Chair:** Any further discussion on the amendment?

**Ms. Dunsford:** On the amendment that says provincial and federal governments, because I think -

**Chair:** Yes.

**Ms. Dunsford:** So it's all -

**Chair:** The prime minister and the premier.

**An Hon. Member:** No more discussion.

**Clerk Assistant and Clerk of Committees:** The prime minister and the Premier. (Indistinct) provincial government.

**Ms. Dunsford:** Should we add provincial and federal government then, since it's an amendment saying -

**Clerk Assistant and Clerk of Committees:**  
That would be an amendment to the amendment.

**Ms. Dunsford:** Yes.

**Clerk Assistant and Clerk of Committees:**  
Are you moving that?

**Ms. Dunsford:** Yes.

**Chair:** Okay.

Any discussion on the amendment to the amendment?

**Mr. Bagnall:** Read it out now.

**Ms. Dunsford:** You don't want it to just say provincial government if we're asking the feds.

**Clerk Assistant and Clerk of Committees:**  
The amendment to the amendment adds the word "federal" to the motion. The amendment adds the words "prime minister" to the motion.

So I'll read the main motion as if both of those amendments carried, and so you'll get the (Indistinct).

**Mr. Bagnall:** This changes the whole thing, and I'll tell you why before you get into that. If you do that, then we're saying that the two parties are going to work together to supply this funding. What I'm saying here is that this money's got to come immediately from the provincial government in their own coffers because of this interest.

Now, the federal government will come through with a program, which we'll need for the future, but we need some money immediately to go into the industry. If you change the motion that way, then you've changed the whole meaning of this motion.

**Chair:** When I read it though, Jim, the only

thing I'm seeing is we're asking the provincial. We still have the first part of your motion for the provincial to give assistance. The only thing the committee was asking is: we ask the feds as well. I don't see that we're -

**An Hon. Member:** Well, I thought there was two letters.

**Chair:** There are two letters going.

**Mr. Henderson:** Same letter, but it's -

**Ms. Dunsford:** And the amendment to the motion says to the premier and the prime minister, hence another amendment.

**Chair:** Let's just read it. Let's just read it.

**Mr. Vessey:** Yes, let's just get it done.

**Clerk Assistant and Clerk of Committees:**  
At the moment we have an amendment to the amendment on the floor, which adds the words 'federal government' to the amendment.

The amendment moved by Mr. Henderson was that the prime minister's name be added to the motion.

So, if both of those were adopted, here's where we would be:

Moved, that this committee write a letter to the premier and members of Executive Council, and the prime minister, recommending that the provincial government and the federal government provide financial assistance to Prince Edward Island beef producers immediately.

That motion would be amended with both the amendments.

**Chair:** That's the way the motion would read if both amendments go through.

**Mr. M. Currie:** Read it with the amendments in there.

**Clerk Assistant and Clerk of Committees:** That's with the amendments.

**Chair:** That's with.

**Ms. Dunsford:** Both the amendments, yes.

**Clerk Assistant and Clerk of Committees:** The amendments are in there.

**Mr. Bagnall:** Would you read that one more time?

**Clerk Assistant and Clerk of Committees:** Of course.

If both the amendment to the amendment and the amendment were adopted we would end up with a motion that would read as follows:

Moved, that this committee write a letter to the premier and members of Executive Council, and the prime minister, recommending that the provincial government and federal government provide financial assistance to Prince Edward Island beef producers immediately.

**Mr. Bagnall:** Okay. I understand, but what'll happen on this motion is that the PEI government will come back and say: We have to wait for the federal government to come up with their share of the money before we do anything. It will take away from the beef producers getting anything immediately because there is no program available right now under the federal government that they're going to give us any money for this.

**Chair:** Jim, they can do that anyway. My understanding of the thing was that we wanted to show from this committee that we need support.

**Ms. Dunsford:** That we're looking, yes. That's right.

**Chair:** Who knows what any government's going to say? But I think the idea of the motion, from what I understood when you started off with - and I know we've gone around the thing here - that this committee feels we need financial support for the hog industry or for the beef industry.

**Mr. Bagnall:** Immediately.

**Ms. Dunsford:** Yeah.

**Mr. Bagnall:** Okay.

**Chair:** Okay?

We're going to vote on the amendment to the amendment.

**Clerk Assistant and Clerk of Committees:** Which was to add federal government to the motion.

**Chair:** Which was add federal government to it. Any further discussion?

Call for the question.

All those in favour of the amendment to the amendment signify by saying 'aye.'

**Some Hon. Members:** Aye!

**Chair:** Contrary minded, nay?

That's carried.

The amendment adds the prime minister. Is that right?

Any further discussion on the amendment?

Hearing none, all those in favour signify by saying 'aye.'

**Some Hon. Members:** Aye!

**Chair:** Contrary minded, nay.

The motion is amended.

**Clerk Assistant and Clerk of Committees:**  
As amended.

**Chair:** As amended. We now vote. Right?

**Clerk Assistant and Clerk of Committees:**  
Yes.

**Chair:** On the motion, as amended, the one that the clerk read, any discussion on that? Hearing none, all those in favour of the motion, as amended twice, signify by saying 'aye.'

**Some Hon. Members:** Aye!

**Chair:** Contrary minded, nay.

Anything further?

The next meeting of this committee is on the 15<sup>th</sup>, at which time we'll be dealing with the issue of cosmetic pesticides.

I need a motion to adjourn tonight.

**Ms. Dunsford:** Adjourned.

The Committee adjourned