



Second Session - Thirty-Seventh Legislature
of the
Legislative Assembly of Manitoba
Standing Committee
on
Agriculture

Chairperson
Mr. Stan Struthers
Constituency of Dauphin-Roblin



MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Seventh Legislature

Member	Constituency	Political Affiliation
AGLUGUB, Cris	The Maples	N.D.P.
ALLAN, Nancy	St. Vital	N.D.P.
ASHTON, Steve, Hon.	Thompson	N.D.P.
ASPER, Linda	Riel	N.D.P.
BARRETT, Becky, Hon.	Inkster	N.D.P.
CALDWELL, Drew, Hon.	Brandon East	N.D.P.
CERILLI, Marianne	Radisson	N.D.P.
CHOMIAK, Dave, Hon.	Kildonan	N.D.P.
CUMMINGS, Glen	Ste. Rose	P.C.
DACQUAY, Louise	Seine River	P.C.
DERKACII, Leonard	Russell	P.C.
DEWAR, Gregory	Selkirk	N.D.P.
DOER, Gary, Hon.	Concordia	N.D.P.
DRIEDGER, Myrna	Charleswood	P.C.
DYCK, Peter	Pembina	P.C.
ENNS, Harry	Lakeside	P.C.
FAURSCHOU, David	Portage la Prairie	P.C.
FRIESEN, Jean, Hon.	Wolseley	N.D.P.
GERRARD, Jon, Hon.	River Heights	Lib.
GILLESHAMMER, Harold	Minnedosa	P.C.
HELWER, Edward	Gimli	P.C.
HICKES, George	Point Douglas	N.D.P.
JENNISSEN, Gerard	Flin Flon	N.D.P.
KORZENIOWSKI, Bonnie	St. James	N.D.P.
LATHLIN, Oscar, Hon.	The Pas	N.D.P.
LAURENDEAU, Marcel	St. Norbert	P.C.
LEMIEUX, Ron, Hon.	La Verendrye	N.D.P.
LOEWEN, John	Fort Whyte	P.C.
MACKINTOSH, Gord, Hon.	St. Johns	N.D.P.
MAGUIRE, Larry	Arthur-Virden	P.C.
MALOWAY, Jim	Elmwood	N.D.P.
MARTINDALE, Doug	Burrows	N.D.P.
McGIFFORD, Diane, Hon.	Lord Roberts	N.D.P.
MIIYCHUK, MaryAnn, Hon.	Minto	N.D.P.
MITCHELSON, Bonnie	River East	P.C.
MURRAY, Stuart	Kirkfield Park	P.C.
NEVAKSHONOFF, Tom	Interlake	N.D.P.
PENNER, Jack	Emerson	P.C.
PENNER, Jim	Steinbach	P.C.
PITURA, Frank	Morris	P.C.
PRAZNIK, Darren	Lac du Bonnet	P.C.
REID, Daryl	Transcona	N.D.P.
REIMER, Jack	Southdale	P.C.
ROBINSON, Eric, Hon.	Rupertsland	N.D.P.
ROCAN, Denis	Carman	P.C.
RONDEAU, Jim	Assiniboia	N.D.P.
SALE, Tim, Hon.	Fort Rouge	N.D.P.
SANTOS, Conrad	Wellington	N.D.P.
SCHIELLENBERG, Harry	Rossmere	N.D.P.
SCHULER, Ron	Springfield	P.C.
SELINGER, Greg, Hon.	St. Boniface	N.D.P.
SMITH, Joy	Fort Garry	P.C.
SMITH, Scott, Hon.	Brandon West	N.D.P.
STEFANSON, Heather	Tuxedo	P.C.
STRUTHERS, Stan	Dauphin-Roblin	N.D.P.
TWEED, Mervin	Turtle Mountain	P.C.
WOWCHUK, Rosann, Hon.	Swan River	N.D.P.

LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON AGRICULTURE

Monday, April 23, 2001

TIME – 6:30 p.m.

LOCATION – Brandon, Manitoba

**CHAIRPERSON – Mr. Stan Struthers
(Dauphin-Roblin)**

ATTENDANCE - 14 – QUORUM - 8

Members of the Committee present:

Hon. Mr. Ashton, Hon. Ms. Friesen, Hon.
Messrs. Gerrard, Smith, Hon. Ms. Wowchuk

Messrs. Cummings, Dewar, Maguire,
Nevakshonoff, Jack Penner, Pitura,
Schellenberg, Struthers

Substitutions:

Mr. Fauschou for Mr. Derkach

APPEARING:

Mr. Hugh Stephenson, Private Citizen
Mr. Wayne Motheral, Association of
Manitoba Municipalities
Mr. David Hanlin, Private Citizen
Mr. Perry Palahicky, Private Citizen
Ms. Susan Melnyk, Private Citizen
Mr. Andrew Dennis, Private Citizen
Mrs. Lynda Desrochers, Private Citizen
Mr. Roger Desrochers, Private Citizen
Mr. Larry Redpath, Private Citizen
Mr. Gary Temple, Private Citizen
Mr. L. J. (Roy) Stevenson, Mayor, Town of
Rivers
Mr. Bill Morningstar, Taxation and Alcohol
Production Committee, Keystone Agricultural
Producers
Mr. Duncan Broadfoot, Taxation and
Alcohol Production Committee, Keystone
Agricultural Producers
Mr. Dennis Heeney, Reeve, R.M. of Elton
Mr. Larry Walker, Reeve, R.M. of Miniota
Ms. Gladys Howden, Private Citizen

Mr. Bernie Whetter, Wheat City Feeds
Mr. Tom Mowbray, Reeve, R.M. of Roblin
Ms. Kirsty Paterson, Private Citizen
Mr. Ken Waddell, Mayor of Neepawa
Mr. Weldon Newton, Private Citizen
Mr. Ken Duchanan, Reeve, R.M. of Louise
Mr. Art Cowan, Private Citizen
Mr. Terry Drul, Private Citizen
Mr. Walter Finlay, Southwest Lobby Group
Ms. Renske Kaastra, Manitoba Women's
Institute and Manitoba Sustainable Agriculture
Association
Mr. Jim Penner, Reeve, R.M. of Wallace
Mr. R. S. Chapman, Private Citizen

WRITTEN SUBMISSIONS

Ms. Cindy Desrochers, Private Citizen
Mr. Doug Ramsey, Private Citizen
Mr. Wayne Solas, Twin Valley Co-op
Mr. Gordon Bartley, Private Citizen
Mr. Dennis Rogasky, Strathclair Council
and Youth
Mr. Tim Rogasky, Strathclair Council and
Youth
Ms. Diana Glenn, Strathclair Council and
Youth
Mr. Ray Redfern, Rural Disaster Recovery
Coalition
Mr. Warren Ellis, Vice-President, Manitoba
Canola Growers Association
Mr. Bill Cochrane, Private Citizen
Mr. L. J. (Roy) Stevenson, Mayor, Town of
Rivers
Mr. Gordon Thompson and Mr. Robert
McNabb, Minnedosa Focus Group

MATTERS UNDER DISCUSSION:

All-Party Resolution on Federal Support for
Agriculture; Proposition présentée par tous
les partis au sujet de l'aide fédérale à
l'agriculture

Mr. Chairperson: I would like to call the Standing Committee of Agriculture to order. Good evening, everyone. I am very pleased to call this committee together. My name is Stan Struthers. I am the MLA for Dauphin-Roblin and the Chair of this committee. On behalf of the Member for Brandon West, (Mr. Smith), he wants me to welcome you here and say this is the home of the Brandon Wheat Kings, the No. 1 team in the Western Hockey League. So I got that out of the way. That is hard for a Dauphin guy to say, you know.

Tonight, the committee will be hearing public presentations regarding the provincial All-Party Resolution on Federal Support for Agriculture. For the benefit of both committee members and members of the public who are joining us this evening, I would like to take a moment now and review some of the general information regarding proceedings in this committee.

First of all, I would like to mention that all of the normal rules, traditions and practices which apply to standing committee meetings held in the Legislature, shall apply here tonight in this room. One of the rules that I would like to point out is that I want to remind all the members of the public, who are observing the committee meeting, that they are not to participate in a committee meeting by applauding or commenting from the audience.

Second, it was agreed by this committee at our organizational meeting on April 18, that members of the public would be allowed 15 minutes to make their presentations, followed by 5-minute question and answer sessions. While this agreement will apply to all meetings of this committee considering this matter, the committee did also agree to allow some flexibility to the 15- and 5-minute guideline.

It was also agreed at the April 18 meeting that following our usual practice, an individual may make no more than one presentation to the committee on this matter. Also, following our usual practice, it was agreed that presenters will appear before the committee in the same order as their registrations were received by the clerk's office.

I want to remind everyone that if you have a cell phone on, please turn it off. I want to point out that copies of the resolution that we are debating today are available at the staff table just over here to my left. As always, if members agree to do so, the committee has the right to make exceptions to any of these agreements and practices.

Just before we get started, I want to introduce some of my colleagues sitting around the table. I will start over on my far right: Mr. Jon Gerrard, the Leader of the Liberal Party and Member for River Heights; Mr. Jack Penner, MLA for Emerson; Mr. Frank Pitura, MLA for Morris; Mr. Glen Cummings, MLA Ste. Rose; Mr. Larry Maguire, MLA Arthur-Virden; Mr. David Fauschou, MLA Portage. To my left, Minister Rosann Wowchuk, Minister of Agriculture and Food for Manitoba; Deputy Premier and Member for Wolseley, Jean Friesen; Tom Nevakshonoff, MLA Interlake; Steve Ashton, the Minister of Transportation, Thompson; Harry Schellenberg, the Member for Rossmere; Mr. Greg Dewar, MLA for Selkirk; and Hon. Scott Smith, MLA, Brandon West. I am Stan Struthers, MLA Dauphin-Roblin.

As a point of interest and information for all in attendance, this committee has been scheduled to meet again to hear further presentations on this matter at the following times and places: Next Monday, April 30, at 6:30 p.m., in Beausejour, at the Brokenhead River Recreational Complex, Beausejour Room; and next Tuesday, May 1, at 6:30 p.m., in Winnipeg, in Room 255, of the Manitoba Legislative Building.

* (18:40)

Committee Substitution

Mr. Frank Pitura (Morris): With leave of the committee, I would like to move that the honourable Member for Portage la Prairie (Mr. Fauschou) replace the honourable Member for Russell (Mr. Derkach) as a member of the Standing Committee on Agriculture, effective April 23.

Mr. Chairperson: Is there leave of the committee to appoint the Member for Portage la Prairie to replace the Member for Russell on this Standing Committee on Agriculture? *[Agreed]*

* * *

Mr. Chairperson: I will now read the names of the persons who have registered to make public presentations this evening, if the minister will give me back my list. Hugh Stephenson—

Hon. Steve Ashton (Minister of Transportation and Government Services): Just before we get into the presentations, it might be useful if we follow our normal practice to set some approximate time at which we would review whether we would complete our business or find some other option. I believe there has been some suggestion that we assess at midnight.

Mr. Chairperson: Yes, we can deal with that now, and then we will go through the names of presenters later. Would it be the will of the committee to hear presentations until midnight and at that point assess where we are? We have quite a long list of presenters, as you saw on the board as you walked in. At midnight, take stock of where we are, and then make a determination with the will of the committee to see how far along we will progress tonight.

Hon. Jon Gerrard (River Heights): It is clear from the number of people here that we need more than one evening, quite frankly, and we should, I would suggest, proceed right at the beginning to set an alternate date, if that is possible, to hear those who we do not have time to hear tonight.

Mr. Jack Penner (Emerson): I wonder, Mr. Chairman, whether it would be advisable to canvass the audience and ask what their preference would be. I think many of these people have come a long way, and the weather being what it is I think we are into the time of year when day-to-day sunshine and warm weather will decide how many of them will return or not for a following day. Maybe what we should do is canvass the audience to see whether we should continue another day or whether we should continue right through until we have heard everybody today or tomorrow morning, or whether there are written presentations that might need to be or could be tabled. That is why I say, Mr. Chairman, I think

it would be up to you to canvass the audience and ask what their preference might be.

Mr. Ashton: Yes, the reason I suggested we assess at twelve o'clock where we are at is because, as often happens, if for example we have a handful of people left to present we often do continue beyond whatever time we set to accommodate the members of the public. I would suggest we assess that at twelve o'clock. I agree with Mr. Penner's point. The main concern we would have, certainly I would have as well, is make sure we do recognize, with the time of year and seeding and weather, that it may be difficult for people to come back. So I think our first effort should be to try and hear people tonight. If that is not possible, we can I would suggest look at that at twelve o'clock.

* (18:50)

I would also like to suggest, too, as Mr. Penner has indicated as well, I think it would be useful to have leave to have written presentations printed as written, if people prefer that option, because I know some people will not have written presentations. Obviously, we would be more than open to oral presentations, and certainly if people wanted to read their presentation I mean that would be a normal procedure, but if people do have a written presentation that they do wish to table, if we could perhaps canvass if there was leave, I think we could have leave to have that printed as if it was read.

Hon. Rosann Wowchuk (Minister of Agriculture and Food): Mr. Chairman, I also would like to indicate that I think the option of those people who have written presentations who may want to submit them and have them printed into the record is one option that we should consider. I also support the idea of assessing at midnight. Although I am open to another day of hearings, I am very sensitive as well to the fact that should the weather turn for the better by next week when we would have time to have another hearing then it may be very difficult for people to participate in it. We have to be very conscious of the time of year that it is. So I think that is something we have to consider as well as we make our decision on how we proceed. I think we should make a decision quickly because the

less we talk the more time there is for presentations.

Mr. Jack Penner: While I concur with her reasoning, I would think that one of the options might be to continue hearings tomorrow morning, if that be required. Other than that, I am in concurrence with what has been said.

Mr. Chairperson: I thank everyone for that advice. Let us begin with the easier one first. If there are some people who are presenting who would simply bring their written submissions, if they choose, to the staff desk over here, and leave your written submissions, it will be included in the Hansard that we will be reporting on to the Legislature. If you would prefer to do that, leave it at the staff table and we will take your name off of the list for presenters this evening.

Having said that, is there leave of the committee to allow presenters to submit their written submissions to the staff table and be removed from the list of oral presenters? Is there leave for that to happen? *[Agreed]*

On the second one, is there leave of the committee then to reassess the number of presenters at twelve o'clock midnight and decide then whether we need to have leave to move on, possibly on an hour-to-hour basis, depending on where we are at with the number of presenters? *[Agreed]*

Mr. Larry Maguire (Arthur-Virden): I was just catching the eye of the minister there a minute ago, I believe, that there was some querying as to who could be here tomorrow morning, if we were to extend the session into some presentations tomorrow morning. Many of our side can be here, as far as I know.

Ms. Wowchuk: Mr. Chairman, I think we will have to have that discussion, but there are people on this side who have commitments tomorrow morning. That might make it difficult, but let us assess it at midnight.

Mr. Chairperson: I will now read the names of the persons who have registered to make public presentations this evening. Hugh Stephenson, David Hanlin, Perry Palahicky, Susan Melnyk,

Andrew Dennis, Bob Radcliffe, Perry VanHumbeck.

Mr. David Fourschou (Portage la Prairie): Mr. Chairman, in essence of time here, can we just accept the list as presented and move on and get on with it?

Mr. Chairperson: Is it the will of the committee to accept this list as posted? *[Agreed]* A very good idea.

Those are the people who will be presenting tonight. If there is anybody else in the audience who would like to register or has not yet registered and would like to make a presentation, would you please register with our staff over at that table. I would like to mention to the presenters that 20 copies of any written version of presentations would be appreciated. If you require assistance with photocopying, please see our staff at that table.

Is it the will of the committee if a name is called and the person is not here to present to be dropped to the bottom of the list, to be called twice, and if on the second occasion that person will be invited to meet us at the next sitting of the Ag Committee in another community? *[Agreed]*

I will call on Hugh Stephenson to begin our presentations.

Mr. Hugh Stephenson (Private Citizen): I do not know what I did to be first on the list, but anyway.

Mr. Chairperson: Mr. Stephenson, do you have copies of your presentation.

Mr. Stephenson: Yes, I do.

Mr. Chairperson: If you could make those available to our staff, please.

Mr. Stephenson: Good evening, members of the committee, ladies and gentlemen. Bear with me if I bounce around a little as I have never made a presentation like this before, but I feel that it is necessary, as I believe we have a disaster taking place in agriculture. This committee on agriculture is likely more aware of

some of the shortfalls we have in the grain sector, but I am going to relate costs I have on my farm.

I have raised hogs until the return on the pig would not buy a loin of pork chops. I have raised 75 to 100 cow-calf pairs until physical demands became too great this past winter. I presently farm about 1500 acres. My last year's nitrogen costs were \$15.50 per acre, or \$23,000. In 2001 my nitrogen costs will be \$25.20 an acre, or \$38,000. That is an extra \$15,000. Diesel fuel and gasoline cost me \$11 an acre in 2000, and in 2001 I estimate it will cost me at least \$15 an acre. That is \$4 an acre extra, or \$6,000 for fuel.

I grow 750 acres of wheat, 750 acres of Canola. Manitoba Agriculture suggests the cost of producing an acre of wheat is approximately \$185. My return for the 2000 wheat crop will likely be about \$145. That is a loss of \$40 an acre or \$30,000. My loss for 2000 Canola is approximately \$75 an acre or \$55,000. My projected loss for the 2001 crop year, including increases in fuel and fertilizer prices, will total \$106,000 or \$70.66 an acre.

* (19:00)

Diversification is the rage today, but other crops show a similar loss pattern. Special crops are very susceptible to overproduction which drives prices down. Some special crops require specialized equipment to seed and harvest. Special crops require expertise that some producers may not have. This fact may subject them to more losses. Additional equipment costs, poor margins and inexperienced growers can make special crops a very risky business.

We all know the Americans and Europeans are subsidizing their agricultural sector, and they have no intentions of stopping this practice. The U.S. program runs off a guaranteed loan price, and the difference between the loan and the actual price is paid to the producer. It is more or less the cost of production. We have CMAP, which is capped at approximately \$10,000 or less, I guess, this year. A lot of larger farms are supporting two, three and four families, so why the cap on the program? We have AIDA or CFIP, which are great revenue boosters for chartered accountants. AIDA had administration

costs of over \$80 million. CFIP is the same program and is unfair to livestock producers, as they average livestock against grain and these producers get nothing to offset the grain losses. Manitoba Agriculture has been tinkered with, but does not address any price disaster.

In 1999, Manitoba Crop Insurance pushed the seeding date back to protect themselves and government more than anyone else. This pushed producers to seed crops that should not have been planted. The decision to pay \$50 an acre on unseeded acres was announced. Crops had been mudded in, machinery wrecked and little or no chance of getting your input costs back in the west-central and western part of the province.

NISA is a good program, but my NISA account would not cover my projected losses for the 2001 crop year. It was never designed for such a disaster.

The Québec farmers have a cost of production program, which I understand paid over \$65 an acre for the wheat in 2000. I feel that Manitoba Crop Insurance and its counterparts in the rest of the country could adopt a similar program for the rest of the country. We need a commitment from the federal and provincial governments as well as producers to have such a program address potential problems before they happen rather than after the fact.

With all due respect, bureaucrats do not seem to understand or care about agriculture and how timing delays in government decisions can be financially disastrous to farmers. If farmers have no money, the multiple of seven stops. Machinery dealers, restaurants, mechanics, stores, schools, hospitals and many other businesses in rural towns and cities are in jeopardy.

In closing, we need a cash injection of \$65 to \$70 per acre now. We also need a cost of production program similar to the one in Québec. If we had a cost of production program in place, I do not think there would be any need to have this kind of begging session. After all, we do produce the food that feeds the country.

I hope something constructive comes out of this experience. Thank you for this opportunity to speak to you.

Mr. Chairperson: Thank you, Mr. Stephenson.

Ms. Wowchuk: Mr. Stephenson, I would like to take this opportunity to thank you for making a presentation. You said you have not made one before, but that just outlines how serious the situation is and that many people who have not made presentations before to a committee are coming forward.

The resolution that we passed in the Legislature with all-party support calls for the federal government to put forward an additional \$500 million in support and then to work on long-term solutions. Do you support the idea of going to the federal government for an additional \$500 million to top up the \$500 million that the federal government already put in place to help farmers through this crisis, and then working towards long-term solutions?

Mr. Chairperson: I should explain, for the purposes of Hansard, I need to say your name and to allow you to then speak after that.

Mr. Stephenson: It is a start, Rosann. I think that it is no more than enough. I think what we need is a program. We have to have it in place before some of these things happen, rather than after the fact. We need a commitment from the federal government. I know that Manitoba is trying. Manitoba tries, but it has to be a federal thing, because we are up against guys that are subsidized and countries that are subsidizing and I do not know. Half a billion dollars, well, it sounds like a lot of money but it is not. Anyway, thank you.

Mr. Gerrard: Thank you for your presentation. You paint a pretty dismal picture of how things are at the moment. It certainly calls out for assistance. My question to you, just so that people have an understanding and a sense of the implications of what happens if you do not get it, if we are not able to get additional federal support. How can you farm with this kind of a return?

Mr. Stephenson: I do not know just how we are going to do it. We are going to have to cut back drastically on input costs. Anytime I have ever done that before, you end up with a lot less. So your whole revenue drops off again. I do not

think you can win. I think it is a good thing that I sold some of those cows last year. We are going to use up our possible retirement nest egg. Maybe there is not going to be anything there after this year.

Mr. Glen Cummings (Ste. Rose): Thank you for your presentation. You are indicating here that you expect to lose approximately \$100,000 on this year's operations. That being the case, you probably had lost that much equity last year as well, I would imagine, in '99. Given the question that Mr. Gerrard just asked, do you believe that a GRIP-style program—it has been a while since it has been around, but recently enough that we remember what was involved with it—is that the type of program you believe should be returned with significant federal involvement?

Mr. Stephenson: Yes, I think actually something to that effect. The Québec program, I understand, is similar to that in that you get a cost of production. Okay, we get a dollar a bushel more for our wheat. What is going to happen like in, well, we will say it, chemical companies? The first thing we are going to do is you are not going to have your 20% discounts on seed and chemical, which they have kind of a monopoly on. Your fertilizer prices are going to go up, if they can go up higher than they are. So we are going to have to have a cost of production thing so that it addresses these things. We have no control over what the prices of fertilizer or chemical are. I think that GRIP, or a program like that, may have its merits.

Mr. Maguire: You have just outlined some of the solutions, but in your presentation you also talked about some of the shortfalls of the present programs that we have, Hugh. A presenter today earlier made the point that in Dauphin only a business that is prosperous, or an industry that is prosperous, can really do the things that have the resources to protect our health, our environment and our enterprises. When we are looking at working from the back end of that horse all the time, if you want to put it that way, the way we are looking at the programs that we have today, can you further outline or would you agree that the shortfall in many of the programs today is the overlap that really provides one program being a cash advanced against the next one until,

you know, the \$50, some of it, came out of AIDA, so you did not get it? That is the kind of shortfall that I am referring to. Can you just make a comment on that?

Mr. Stephenson: We have to have something in place before these things happen. Always after the fact, like I said in my presentation. Decisions that are made late, if you do not know what to do—some of those crops in 1999 should have never been seeded. There is no way on God's green earth they should have been seeded. We wasted a lot of money. I personally wrecked an engine. Now we need something in place before that, rather than after the fact. So, yes. They do overlap, certainly. Sometimes we keep trying to reinvent the wheel.

Mr. Jack Penner: I did a bit of quick calculation while you were speaking. You said your losses would be \$70.66 an acre. If you multiply that to roughly about 12 million arable acres in the province of Manitoba, that would mean that the shortfall or the loss over the entire acreage would be about \$840 million in this coming year alone. If you multiply that over the amount of acres just for Saskatchewan, Alberta and Manitoba, you can see the actual amount of money needed. The minister asked whether another \$500 million would do it, when in fact the loss alone to Manitoba would in total be 840, based on your calculations. So I think we can see the dire straits the farmers are in and the amount of money that farmers are paying toward the subsidization of food in this country. I think consumers need to be made aware of that.

Mr. Stephenson: I agree with you that \$500 million really is not enough, but it is a heck of a lot better than what we have right now.

Mr. Chairperson: Thank you for your presentation, Mr. Stephenson.

Mr. Stephenson: Thank you.

* (19:10)

Mr. Chairperson: I just have two things to take care of before we call the next presenter. Ms. Cindy Desrochers has put forward her submission in the form of a written document and has removed herself from the list, so No. 10

on our speakers' list has opted to send in her submission instead of orally presenting tonight.

We have a request. I will need advice from the committee. As regards item No. 12, Wayne Motheral of the Association of Manitoba Municipalities has another commitment this evening that he needs to be at. Do we have agreement from the committee to move Mr. Motheral to the No. 2 spot which would be next on our list? Is that fine with the committee?
[Agreed]

I would like to call Mr. Wayne Motheral. Good evening, Mr. Motheral. Do you have a written presentation to be circulated?

Mr. Wayne Motheral (Association of Manitoba Municipalities): Yes, we do, Mr. Chairman.

I would like to thank the committee for allowing us to move up. We are involved in a municipal administrators convention here in Brandon right now. We asked if we could get moved up and I appreciate that very much.

Mr. Chairperson: We aim to please, Mr. Motheral.

Mr. Motheral: On behalf of the Association of Manitoba Municipalities, I am pleased to have the opportunity to appear before the Standing Committee on Agriculture and offer our association's support for the all-party resolution that was recently passed by the Manitoba Legislature, dealing with the agricultural and rural community crisis in Manitoba.

These hearings are historic for Manitoba in that it is very rare for a committee of the Legislature to travel across Manitoba and listen to presentations on an issue before the Legislature. I believe the last time this was done was during the Meech Lake hearings. However, the agriculture and rural community crisis is so serious that drastic action needed to be taken to send a strong, united message to the federal government on the severity of the crisis in Manitoba and the need for national leadership and action. We are aware that your committee fully understands the impacts of the agriculture and rural community crisis in Manitoba, and our

association has been doing its part to raise the issue with the federal government with the recent letter we sent to the Prime Minister. We hope our presentation this evening contributes in a positive manner to finding solutions to the serious agriculture and community crisis facing our province and our nation.

Before discussing the agriculture and rural community crisis, I would like to raise one specific issue that the federal government did not demonstrate national leadership on in Manitoba but which is related to the agricultural and rural community crisis. I am referring to the efforts by many people in Manitoba to obtain disaster assistance for those areas of the province that were affected by the wet conditions in 1999. The issue of disaster assistance has been a very, very frustrating and disappointing experience for those of us in Manitoba who truly believed the federal government would respond to this disaster in the same decisive and compassionate manner as it has responded in previous disasters in Manitoba.

The wet conditions in Manitoba in 1999 were a natural disaster, an act of God. It was therefore both the role and responsibility of the federal government to commit the needed resources to ensure our producers and communities could survive until the effects of the disaster were overcome. By not responding to the disaster in Manitoba in 1999, the federal government accelerated the agriculture and rural community crisis we are talking about today.

The rural fabric in the areas affected by the wet conditions looks much different today than it did in 1999. The federal government has a long and proud history of responding to disasters in the past, but that long and proud history ended in 1999 with the wet conditions disaster in Manitoba. Many of us who truly believed in the philosophy of federalism, which said that if one part of Canada was in trouble and needed help the rest of Canada would pitch in and help, were truly disappointed and let down by the federal government in our disaster in 1999.

At the same time, our association would like to commend the provincial government of Manitoba, both the previous Filmon government and the current Doer government, for their

leadership and support of producers and rural communities affected by the wet conditions. Your efforts have been truly appreciated by those individuals and communities affected by the wet conditions. We urge you to continue to push this issue with the federal government until Manitoba obtains some sort of compensation for those individuals and communities that were affected by the wet conditions.

I would now like to turn to the larger agricultural and rural community crisis that is referred to in the all-party resolution that was recently passed by the Manitoba Legislature. As you are aware, the financial crisis in agriculture is having a real impact on producers and rural communities. In Manitoba and across Canada, farmers are struggling to deal with the continued low commodity prices, while at the same time farm input costs such as fertilizer, fuel and chemicals continue to rise, as we heard from the previous presenter. Many farmers cannot afford to put in a crop this spring. This will have a profound impact, not only on the producers and their families but also on their communities and the rural economy.

While our association is not a farm lobby group, our member municipalities are feeling the impact of the weak state of the farm economy. Last month we conducted a two-week tour of rural and urban communities across the province, and community leaders have been unanimous in emphasizing the severity of the current situation. They have been telling us that this is not just an agricultural crisis anymore; this is a community crisis that threatens the social fabric of rural Canada.

Farmers are being forced off the land, grain elevators are closing, local businesses are suffering, schools are closing and municipalities are losing their tax base. Our association has consistently delivered this message to elected officials in the federal and provincial governments over the course of the last year. In our role as an advocate for all 201 municipalities in Manitoba, the AMM recently delivered this message by way of a letter to the Prime Minister and also suggested some of the steps we believe need to be taken by the federal government to address the problems facing Canadian farmers and rural communities.

An immediate infusion of financial assistance to farmers was clearly needed in the short-term, and we are appreciative of the \$500 million announced earlier by the federal government to address the short-term problem. However, it is not enough to fix the problem, even in the short-term. The federal government has taken approximately \$2 billion in support payments away from the agricultural sector in western Canada through removing the Crow rate subsidy and reducing the amount spent on research and development. Even with the aid package recently announced by the federal government, this reduction in funding has not been recovered. In addition, Canadian farmers still only receive 9 cents of every dollar from the federal government, compared to the 38 cents that the American farmer receives and the 56 cents that European farmers receive. Canadian grain and oilseed producers are among the most competitive in the world and, on a level playing field, could compete successfully against the farmers of any other nation, but Canadian farmers cannot compete against the treasuries of the United States and the European community without a greater contribution by our federal government.

*(19:20)

Farmers have already tried to practice responsible stewardship of our land and our natural resources. Recently, however, in an effort to cut costs and increase production, farmers feel that they are being forced into making decisions that are not in the long-term interest of the environment. For example, in an effort to maximize production, marginal lands in riparian and other ecologically sensitive areas are being cultivated and normal crop rotations are being abandoned in order to grow higher-value crops more frequently than the land can sustain. Both of these practices have potentially long-term and damaging environmental consequences, but farmers believe that they have no choice in the present economic climate. The AMM believes that our farmers want to be responsible stewards of the land. If it is a priority for Canadians to ensure that our rural areas are managed in an environmentally responsible manner, we believe that a moral and financial commitment needs to be made by the federal government on behalf of all Canadians to make

sure that a sustainable model is developed and put in place. The AMM would welcome the opportunity to work with the federal government to build on such initiatives as the environmental tax credit, developed by the Prairie Farm Rehabilitation Administration to promote responsible stewardship of our agricultural resources.

In addition to dealing with the farm crisis in the short term, an effective long-term strategy needs to be developed to ensure healthy farms, and more importantly to ensure the long-term sustainability of rural communities for future generations. Our members have told us that the Agricultural Income Disaster Assistance program, AIDA, has not been successful in either targeting those producers who are most in need or getting money to them in a timely way. We are encouraged by the response we received recently from the Minister of Agriculture (Ms. Wowchuk), which indicates that the federal government is working to address these concerns through the agricultural safety net agreement and the multi-lateral negotiations on agriculture at the WTO.

A discussion about the future of agriculture on the prairies would not be complete without indicating the importance of establishing a value-added manufacturing industry that would take advantage of the abundance of agricultural commodities produced in the area. For too long we have been content to export our raw materials, and we have failed to develop a manufacturing base that would provide a market for what we produce and at the same time provide for jobs in our communities.

The AMM encourages the federal government to develop a comprehensive strategy that would encompass tax incentives as well as direct federal government funding and expertise to enhance the development of value-added industry in rural areas of western Canada. A number of opportunities exist such as the production of ethanol, the production of Canola-based industrial oil and fuels, pasta and flour milling, and opportunities in the livestock business.

The crisis in the farm and rural communities is surely upon us. If decisive action is not taken

soon, rural areas of Canada will never be the same. Only the federal government has the resources to make an impact on the financial crisis that is devastating the rural economy. We believe that the agricultural and rural community crisis in Canada is one of the most important public policy issues facing our country in the last 50 years. It is vital that the federal government renew their commitment to Canada's producers and rural communities by taking steps in support of a long-term plan for the future sustainability of agriculture and rural communities.

It is time that all governments, federal, provincial and municipal, engage Canadians in a comprehensive discussion on the importance of the agricultural sector and our rural communities and work to design meaningful and effective measures to ensure the continued viability of these critical elements of our economy and society.

Our association pledges to work with both the federal and provincial governments to find solutions to the crisis. It is a challenge we must all accept in order to restore some hope for the future of our producers and our communities. Thank you for allowing our association the opportunity to make a presentation to your committee.

Mr. Chairperson: Thank you, Mr. Motheral. We have quite a list of people who want to ask questions, so I would ask each person to be fairly quick, starting with Ms. Wowchuk.

Ms. Wowchuk: Mr. Motheral, thank you for your presentation outlining, through AMM's eyes, the seriousness of this situation. Earlier today we heard about this being not only a farm problem but a rural community problem. It is affecting many rural communities. You have outlined that very well in here.

There is one point that I wanted to raise with you and ask you about. You talked about the environmental tax credit and your preparedness to work further on that. I wanted to know if you are aware that there have been additional funds put into that environmental tax credit program to extend it.

Also, you talked about an encompassing tax incentive to help with the value-added industry. I

wondered are you aware of other areas or whether the federal government is doing this in any other parts of the country with respect to agriculture or to value-added? I know they do it with other industries. Certainly we have Bombardier and things like that, but are you aware of any programs where that is working or other areas where a program like that is working?

Mr. Motheral: In a short answer to that, I could say that probably through the Prairie Farm Rehabilitation corporation there is probably some money filtering through to some possible environmental or tax incentive programs. There could be, but I am not aware of any one, as far as the agricultural industry is concerned, directly, no.

Mr. Jack Penner: Mr. Motheral, I could not agree with you more that the federal government has a very major role to play, as the federal government in the United States does, as Europe does, and that the provinces need not always be involved, or should not even be required, in many cases, to be involved in the ag support on an ongoing basis.

However, in your opening statements you indicated that the federal government had fallen significantly short on the '99 disaster in southwest Manitoba. Let me remind all of the people that are here today that in 1988 when we were first elected there was a similar event in the Swan River area. There was a major fire in the Interlake, and the Province made the decision almost immediately that restoration would be done and paid for. We went back to the federal government and negotiated. It took us better than five years to get the federal government to come in with their portion of the money that was expended, but it was the Province that made the decision.

The Province also made the decision, without the agreement of the federal government, that there would be an acreage payment of \$50 an acre paid to southwestern Manitoba farmers for non-seeded acreage. I think the Province has a very significant role to play here in the immediate future to make those decisions, to ensure that the people who are damaged by floods and/or disasters get compensation that is

deserved by them under the disaster programs, and then go to the federal government and say now come with your share. That has always worked for the province of Manitoba, until at least the last couple of years.

Mr. Motheral: Thank you. As you noticed, the focus in our presentation is more of a thank you to the provinces, the previous government and this Government, for the work they have done. We have to focus on the attention of the Canadian, of the federal government here, because this is an issue that can only be handled by them. That is why we focussed on this issue in this. Thank you.

Mr. Ashton: I appreciate your presentation. Of course, one of the arguments we make with the federal government is exactly what you put forward. Some \$72 million was put forward, 50 of which was creditable under AIDA, so the Province has \$20 million that has been put forward. The only federal cost-sharing has been on damage to property, and our position has always been, I think, collectively, that part of the issue in the southwest in 1999 was to restore land as well as property to its original state.

* (19:30)

In fact, I think Mr. Borotsik, a member of Parliament, was able to track down an internal document which really demonstrated exactly the spirit of what you are talking about, which is the federal government had that option. They had the option of treating the southwest a lot more generously than they did. Certainly, after eight requests of a meeting with the minister and finally getting one, I made that point to him directly as well, that the federal government could have been a lot more generous, and I appreciate the comments.

My question actually was really not so much to do with that, because I realize that was one of the other focuses, but you mentioned the Crow benefit. I suppose we are getting maybe some indirect benefit this year with the Prairie Grain Roads Program, which would be the first federal money on roads since 1996, and really the first federal money on agricultural roads, not national highways, since the elimination of the Crow rate. I am wondering—I know of course that AMM is

going to be a partner in that process, 50 percent of the money going to municipalities—if you feel that this is something that has been missed all the way along in this.

Certainly, something I feel has been missed in this whole debate is, essentially, western Canada was bought out in two years on the Crow rate. So when it comes to talking about agricultural subsidies or investing in roads—I know in this meeting tonight there are many people facing a lot of pressures on roads—that if the federal government was to look for funding, a lot of it could come from what it used to spend on the Crow rate, what I consider a birthright of western Canadians, that was eliminated in a buyout package that was worth two years' worth of the Crow benefit. I am wondering if AMM feels there is some use there of using that argument, that we need some of the Crow rate back in the form of help for our farmers when they are in need.

Mr. Motheral: Thank you. I will talk about the wet conditions here one more time. We only mention them to bring up a point that the federal government did not react as they normally do to disasters. It was a disaster of Canada, a Mother-Nature-God-created disaster, and it was not recognized the same as other disasters that were in the country. We only brought that up as an example. We did not want to take the focus away from the actual crisis we have in communities right now. That is our focus. I know that it is still important to act on those wet conditions, but we have to change. We have to focus on the bigger picture.

As far as the roads, I mean it was a mere pittance of the actual fact of the actual damage to roads that is coming on, but if we do not get dollars into our agricultural communities and we do not get the dollars into our rural communities roads are not going to matter. That is just as plain and simple as that. I do know that there are some bad roads out there, but without this other, I do not want to take the focus away. I mean, sure, we lobby for dollars for roads and all that, but right now this evening we are talking about an agriculture and community crisis.

Mr. Cummings: Thank you for your presentation. I note that AMM, you said in your

presentation, were encouraged by the letter from the Minister of Agriculture (Ms. Wowchuk) that indicates the federal government is working to address these concerns through the safety net and multi-lateral negotiations on agriculture in WTO. My view is that we are tired of picking up the crumbs that Ontario and eastern Canada and the federal government are offering us. It seems to me that as has been demonstrated around this table, whether it was '97, '99 or again this year, they have ignored largely the concerns of western Canada, and particularly our grain producers.

I would ask if the AMM would be prepared to encourage the Minister of Agriculture to consider that perhaps as a long-term solution but that he has to deal with the short term, and when you have an opportunity to make further presentation.

Mr. Motheral: If there is any way that we can get dollars into communities, whether it be federal dollars, whether it be provincial dollars, we will be a part of it.

Mr. Chairperson: Thank you, Mr. Motheral. I just want to point out for the benefit of members that we do have several people left on the question part of this presentation and they will be losing their opportunity to speak, because I think we have taken too much time with our speeches ourselves. The purpose of the five minutes is to question the presenters and get some answers from them. I want to caution the members around the table that we need to stick to questioning and listening to the answers, rather than making speeches ourselves. That might sound funny coming from one politician to a group of others. *[interjection]*

Despite the fact you are clapping for me, I want to tell you that people in the audience are not supposed to be doing that either.

So thank you very much, Mr. Motheral.

Mr. Motheral: Thank you for the opportunity and I will pledge for our association that we will work hard on this. This is a community issue. Thank you.

Mr. Chairperson: I would like to call Mr. David Hanlin. Mr. Perry Palahicky is on deck, so if Perry could be close to the front we can save a little time that way as well. Mr. Hanlin do you have copies of your presentation to be handed out? It looks as if you do. Mr. Hanlin.

Mr. David Hanlin (Private Citizen): I, too, have not done much of this. I would like to make an observation before I start here. It was about six years ago that I was in the very same room with a group of farmers from back in Miniota, and our Assiniboine Valley was badly flooded at that time. Of course, we were begging for change and begging for money, and here I am again.

Good day to the people of the committee. First I would like to thank you for giving me the opportunity to make this presentation on this most important issue. I cannot help but think that you as politicians and committee members witness us as farmers, business people, begging for change again. How long must this go on? How many more farm families must split up? How many more marriages must break up because of this issue?

I am going to stop here and reiterate a little bit that if our governments had taken notice then probably I would not have been here. We need short-term assistance now in the form of a cash injection on a per acre basis, and most important we need a long-term plan in the form of cost of production in order to save our farmers.

Farming is the only industry known that is not able to build in a cost of production. We have been left hanging out to dry for too long. Farmers have far too big an investment at stake not to have cost of production worked into their systems. Farmers also have no control over the vertical integration of their farming inputs. We need to have more control and we need to have it now.

I am making this presentation to you firstly as a farmer and secondly as a councillor in the R.M. of Miniota. A month ago we were the first R.M. to pass a resolution declaring our R.M. as a disaster as a direct result of the farming income crisis. We also went on to say that we would like the federal and provincial governments to adopt

a program such as the one put forward by Murray Downing, or a modified GRIP-type program.

As a result of our presentation at the mayors' and reeves' meeting in Killarney, a resolution was made and a draft of a letter sent to the Prime Minister, Jean Chrétien, requesting a meeting with him as soon as possible. They were prepared to take the provincial agriculture minister and other interested government officials, as well as reeves, councillors, farm machinery dealers, rural and farm businessmen, to ask the Prime Minister for more consideration to the western farm economy disaster. It is a disaster. It is not a crisis. The crisis was about 1995 or 1996. This is a disaster, and I would like you to really have that sink into your head, because it is a disaster. It is not a crisis any longer.

To this date and to my knowledge, the Prime Minister has not responded to this letter. You will notice that I call the farm economy a disaster because that is exactly what it is. The Government is hesitant to call it that because of their lack of commitment, disaster assistance. It may not fall under the criteria for disaster assistance, but if the Government had the political will to change the wording I am sure it could be.

In closing, I want to reaffirm my stand that farmers first need an immediate cash injection to pay last year's bills. This needs to be approximately \$40 to \$60 an acre. This is the shortfall in income. Secondly, a program such as Murray Downing's cost of production or a modified GRIP-type program must be implemented for the next year's crop production. Thirdly, a debt moratorium to stop FCC, MACC, the big banking institutions, from seizing farming land so quickly. As well, the vertical integration of farmers' inputs have to come back in line with what the farmers' gate price is for his production.

You know the real tragedy here is the farm families, the children, the farm wives, as well as the broken marriages and the loss of century farms. This is happening. What about the tremendous stress that farmers endure year after year, mainly from not having a cost of production built into the system?

Thank you very much for listening to me.

Mr. Chairperson: Thank you, Mr. Hanlin.

* (19:40)

Ms. Wowchuk: Thank you, sir, for your presentation. Again, you have outlined how serious the situation is and the impact on families. You have raised a lot of points here. You referred to a program that is similar to GRIP. We had a GRIP program, and it was discontinued a few years ago. Under the trade agreements that we have, it is my understanding that particular kind of program we cannot bring back again. Had we continued it on, we could maintain the program, but it is very difficult to bring another. Because we are an exporting country, programs that we bring in have to be green, and we have to ensure that they do not interfere with trade. When you talk about a program like that, I wonder if you have given consideration to the fact that the programs we design must be green so they do not interfere with trade, because if we have trade barriers put up against us that will lead to further hardship for our producers. That is one of the challenges, and I wonder how you would view that.

Mr. Hanlin: I guess I kind of see it a little different because I am a farmer and I am not a politician. I see it as our Government being led by the nose, and probably you all have a ring in it too. The people to the south are dragging you and the people across the pond are dragging you even further. With that, they are dragging us down.

I think as a government you have to take a stand. I am quite sure that if you took a stand the farming community would be behind you, if the stand was right. I think if you have the political will to do something about this issue then it can be done, but if you do not have it then no.

Mr. Gerrard: Thank you. You present a pretty distressing picture, and really a call for action. As I interpret your numbers, you would be saying that the 500 million, at least if it was distributed like the 93 million that we have just got for Manitoba, that component would not be enough, quite frankly, to address the issue, and that there would be more needed. Is that right?

Mr. Hanlin: That is very correct. I think, to go a little further with that, if the \$500 million came to Manitoba, it might do us some good, because that is what we need is about that much money. You know what that much money would go toward is paying last year's bills. My goodness. Is that not something? I am having a real problem with all that.

About a few years ago, a couple or three years ago, I decided at that point I would rent to some of my neighbours. I still farm somewhat, and at that time it was probably one of the best decisions I had made because I stopped the bleeding, but it infused in the people that I had rented to. I see them struggling so badly. I have this spring gone to them and said: If you cannot see through this, then I will summer-fallow it. I will summer-fallow it. I will take it totally out of production, the whole damn works of it, 1400 acres. I am not sure how many other farmers will do that, but I am prepared to do that.

Mr. Ashton: I was struck by your description of this being a disaster. You are right. I mean the existing disaster financial assistance programs deal with natural disasters. It struck me, I mean, here we are in Canada with probably the most efficient agriculture in the world, and I am wondering if the disaster that we are facing here in large part is because we are up against countries that are a lot less efficient than we are that have got major subsidies, the Europeans, the Americans.

The reason I want to ask you this question is it struck me that this seems to be very much a man-made disaster. I was just struck by the use of the word, because I think we are used to, if there is flooding, we understand the damage that creates, but when it is not something you can see and when you see the impact, it is a lot harder to deal with. I am wondering if that is maybe the message you are suggesting we get across, not just to the federal government but I think to Canadians generally: This is a man-made disaster.

Mr. Hanlin: Yes, I totally agree with you. It has been a totally man-made disaster. We, as farmers, are kind of a breed that plows along and hopes for change, and we seem to think that the more we produce the better off we are going to

be. Well, that has been totally wrong. I guess because we are on the low end of the totem pole, we are the ones that were really affected the most. The people who are higher up of course are not as affected as most. Yes, we are. This is a man-made disaster.

I guess, I reiterate, as far as being a disaster, a financial disaster and a family disaster, okay. It has to sink in, "family," because there are some families that are really hurting bad.

Mr. Chairperson: Thank you, Mr. Hanlin.

I would like to call Mr. Perry Palahicky to present.

For the information of committee members, No. 33 on the speaking list, Doug Ramsey, private citizen, has opted to submit his written presentation, which will be distributed to committee members as well. So Doug Ramsey has opted not to orally present this evening but to submit his written submission.

Good evening, Mr. Palahicky. Do you have a written submission for the committee members?

Mr. Perry Palahicky (Private Citizen): No, Mr. Chairman, I do not.

Mr. Chairperson: Okay. You may proceed.

Mr. Palahicky: Honoured members of the committee, my fellow farmers, ladies and gentlemen of the media, I was brought into this little forum. I am a fourth generation Canadian, third generation farmer in western Canada. My family, my parents and myself, operate a family farm in the Rural Municipality of Wallace. We are starting on our sixth decade in that area in farming. Over the years, in discussions with my parents, listening to them talk about the Dirty Thirties and through World War II and sort of the boom years in agriculture and industry in the '50s and the '60s and into the '70s, I always felt that agriculture would always have its ups and downs. I just never thought we would get to this down and never see up again.

We have, as I will restate, just like my colleagues have said, a disaster. It is far beyond

any mention of crisis. This is an absolute disaster. It is not just an economic agricultural disaster. This is social disaster. I cannot emphasize that enough. You cannot, in any industry, look at complete bottom-line dollars and cents and subtract that from the society or from the local infrastructure or from people themselves. It is absolutely impossible. If we look at agriculture suffering right now and we just look at it as dollars and cents and see that there is a loss there and we do not see the loss of people, we do not see the loss of communities, we do not see the loss of a future or a promise of this industry, then we are truly, truly in a serious, serious matter.

Again, I would like to reiterate what my colleagues have said: We are calling for an immediate and large cash infusion. That is the only way to stop the bleeding right now. There is absolutely no way that this is going to continue if we do not get a large cash injection. That is mandatory. On top of that, we do need a long-term program, a cost of production program, one that is full and comprehensive, one that does what all the other programs we have, have literally failed; they have absolutely failed us, everything from GRIP to crop insurance. All these programs have failed, because none of them actually take care of any of the disasters that we have, whether they be climactic disasters or disasters within the world, as far as subsidies from other countries, other nations. So those are the two most important parts of this.

* (19:50)

I would just like to say that I appreciate the all-party committee that we met with the last few weeks in different caucus meetings in the Legislature. I was part of that and I appreciated that, the fact that you have the desire to see that we are in a state of complete disaster here and that you are willing to address this. I would hope that we would have the opportunity to build something here and move it forward to the federal government, because these are the people who have really let us down. We need that kind of support, from grass roots, from industry, from local governments, from the municipalities right to the federal government. We need that type of solidarity and unity in order to bring this to a point of critical mass.

Like I said, the two main points, I will restate them, a large cash injection and a cost of production guarantee. We cannot function without these. We are the only industry in this country that buys on retail and sells on wholesale. I do not think there is any businessman that I could put together a business proposition and tell him to go out and produce a product or a service below his cost and expect him to go on year after year.

I know on our farm we have unfortunately had to go through eating away at our equity, my parents life savings assets. That is no way of conducting a business. I am single, but I feel for all the young farmers out there my age and the generation supposedly to follow, with young children and so on. I do not know what these people are going to do. It is not something that you want to look at and expect to have some sort of a future, because it is just not going to be there.

Mr. Chairman, committee members, I appreciate it. I wanted to be short and succinct. I hope that you have seen, through myself and my colleagues, that this issue is important. It is obviously important to you. It is obviously important to them. It is obviously important to all of us. I just would ask that we would go forward and be very pragmatic in this approach. This is a very deeply disturbing and very complicated issue and problem, but I think there are some very, very easy answers, if we just approach it in a very pragmatic fashion. Thank you.

Mr. Chairperson: Thank you, Mr. Palahicky. Ms. Susan Melnyk, you are on deck.

Ms. Wowchuk: Thank you for your presentation. I want to tell you that all of us take this issue very seriously. That is why we passed an all-party resolution asking for the federal government to put some short-term, immediate injection of cash, and then to work towards long-term solutions as well. I look forward to any advice you might be able to give. You say the answer is quite simple, to come up with a suggestion. There are many programs out there, and you were saying the programs are failing you, but can you just say, you talk about a simple solution. Can you explain that?

Mr. Palahicky: A simple solution in the fact that what we have drawn up in our rally committee, Mr. Murray Downing and Mr. Pletz, that information is what we would like. I know you are aware of it. That to us is the starting point, and what we would sort of appreciate, if you approached it through that avenue. I am not saying it is simple in that it is a done deal of any sort, but it is something that is very concise and very straightforward, and if we could approach it through that avenue.

Mr. Cummings: Thank you for your presentation. I think your words are more eloquent than many we have heard. I would just ask: You have emphasized the urgency of the situation, which I think we on both sides of the table agree. Without referring to it, can I assume that you are saying that the current program, including AIDA and the son of AIDA, are totally inadequate to deal with the current crisis?

Mr. Palahicky: Yes, sir. They are totally inadequate.

Mr. Gerrard: I think one of the important issues here is if there is a need for dollars, we have talked about the figure of 500 million, that there needs to be some sort of consensus on what that is and how it should be distributed. I think one of the things which is quite clear is that there is a lot more pain in southwestern Manitoba than further east in the province, although we will be there later on and next week and listening to farmers there.

My first question would be: How much in terms of dollars? The other point that I would ask you is you mentioned that farmers buy retail. Is there any way, and there were occasions in the past when you grouped together and pushed down some of the input costs, prices?

Mr. Palahicky: The overall number that is required for Manitoba would be in the line which we have already established between a \$40 and \$60 per cultivated acre amount. That is what we are looking for. Whatever that adds up to be in this province, that is what we need. That is the loss of income because of the commodity prices dropping, the increase in inputs. That is the buffer that needs to be made up. I will

reiterate, just like my colleagues have said, that is just enough to bring us to the field this year. It has nothing to do with this year. It is to payback losses that occurred the last two years.

As far as your second question, as far as trying to increase our ability possibly to do something in the manner of wholesaling or getting ourselves into a better position to market ourselves or to buy inputs, I think we, unfortunately, and this is history in Canada, have had co-operatives. My grandfather was one of the initial people who started the Saskatchewan Wheat Pool years and years ago. Unfortunately, we have seen co-operatives shift from community-based and member-owned, member-controlled to avenues where they have almost taken on a corporate entity. In doing so, we have lost control there. We have lost our Agricore elevators in my area, simply because of the fact of economy of scale and the desire for industrialized agriculture, which pretty much precludes and marginalizes all the people. It does not allow for family farms, for communities. It does not allow for individuals to become self-sufficient and have a chance for prosperity and a future. All it does is it marginalizes us, reduces us to doing what we are doing here.

We are all good farmers here. We all produce at 100 percent and many of us beyond 100 percent of our yield average in our areas, and we do that at a loss. Why do we do it? Because we love doing it and because we are good at doing it, but there is no consensus, there is no solidarity amongst the people who are out there who are supposed to be looking after our business. Our business is farming. Our business is looking after land. Our business is to develop and produce food, safe and high quality, high quantities for everyone. Please. You people are the ones that we are investing our votes and our dollars and our time in, that you would do the things we cannot do. We need you people to be there to be the advocates for our cause. We cannot have governments succumbing to industry. We need governments to be helping the people, the individual, the taxpayers, your employers.

* (20:00)

Mr. Jack Penner: Well, thank you very much. You indicated before that the program that

Murray Downing had developed was the kind of program the Province should be looking at. The minister has also indicated, in her view, that kind of program might not be GATT green. I would think when one looks very closely at the program, as I have looked at the program, it is significantly different from the GRIP program. It is also significantly different from our crop insurance program. Therefore, I would wonder whether you think that you could make the case, or that the case could be made before a tribunal that this program could in fact be workable and that it could be made GATT green. Is that your view?

Mr. Palahicky: You are correct, yes.

Hon. Scott Smith (Minister of Consumer and Corporate Affairs): Just quickly, Mr. Palahicky, per your presentation, you mentioned both financial and social impact. We have heard that over and over again all day with the young farmers and some of the programs that are out there. I guess, just with your background, you would be a good person, in my opinion, to ask. You are farming with a couple of generations of people who are still within the farm. I am just wondering, you are seeing the equity being so terribly depleted out of the farms from the older farmers and people trying to transfer the land and trying to move the land on to some of the younger folks in a seamless manner. Do you see a real deterrent, because of taxation and the transfer of land from one generation to the other, that older folks who are long-term farmers are not moving as quickly in that direction as maybe they could if they had some form of assistance or less taxation on transfer?

Mr. Palahicky: Though that may be the case in some cases, I strongly believe that it is more the fact that farming is just not viable, period. It is just not equitable. There are avenues, like you have suggested, that are probably applicable to some people, but overall you can ask most people who are in that 55 to 65 years old who have the 25- to 35-year-old sons who want to farm. Really the only deterrent would be that there is just no way of seeing themselves through as making a living at farming, because there just is not that kind of money in that industry.

Mr. Chairperson: Thank you very much for your presentation, Mr. Palahicky. I would like to call Susan Melnyk forward. On deck and be ready to go is Andrew Dennis.

Good evening, Ms. Melnyk. Do you have a written submission that you would like to have distributed to the members?

Ms. Susan Melnyk (Private Citizen): No, I do not.

Mr. Chairperson: Okay, proceed.

Ms. Melnyk: Mr. Chairman, committee members, ladies and gentlemen, I have never done anything like this before, so just bear with me. My name is Susan Melnyk and my husband and I farm with our youngest son in the R.M. of Rossburn. We took over the farming operation from my husband's mother in the early 1970s with no land payments to pay and money in the bank. We raised four children on the farm, thinking that someday they would all be able to farm with us. The three oldest have gone to the city with only the youngest left who is determined to farm.

Over the years, we have grown grains, oilseeds, lentils, raised cattle, pigs, chickens, milked cows for cream, up until all the creameries around the area shut down, at which point we had to sell our cream quota. Everything we made went back into the farm. We eventually had to expand, so we bought more land then had to purchase larger equipment to work this land.

In 1994, my husband put our semi on the road, and he and our oldest son hauled freight for the next year and a half while the rest of the family looked after the cattle. He farmed in between all that. Any money went back into the farm. My husband and son now do custom seeding, combining and grain hauling. We have diversified about all we can. After almost 30 years, we have used up all the equity we had built up and we are now trying to produce the country's food for less than the cost of production.

We now need an immediate cash injection, a realistic figure that addresses the losses incurred in the previous year, otherwise we cannot put in

a crop this year. We have to establish a cost of production program to replace programs we have now. The AIDA program has not worked. We applied for AIDA for the 1998 crop year and received a cheque for \$12,000. Then when we applied for AIDA for the 1999 crop year we were informed that an error had been made on their part and now they want \$3,000 back. The only people to benefit from this program are the people working in the AIDA offices. Two different neighbours have family members who work in these offices and they are getting \$25 an hour.

NISA did not work for us either. We never had any money available to put into the NISA fund. The provincial government has to recognize our concerns and take them to the federal government for us. I think we also need some type of a moratorium on all existing farm loans until the problem is recognized and a solution is reached. Thank you.

Mr. Chairperson: Thank you very much, Ms. Melnyk.

Ms. Wowchuk: Thank you, Ms. Melnyk, for outlining your family's situation. Yours is probably very similar to many families and many of us who are on the farm and hope that our children will take over and then come to a point where we are not sure whether we want to bless our children with the farm or not because it is so difficult. There are many of us who are in that situation.

You talk about wanting the children involved in the farm operation. I am sure that is a few years away, but do you see, once the crises which are dealt with—we need an immediate cash injection. We all know that we have to have some money to help our farmers, but then we have to think about the next generation of farmers. Do you believe that there is a role for the Government to play in helping with the transfer of land through one generation to the next, and do you think that would be an important place for government to play a role?

Ms. Melnyk: Well, something has to be done, because otherwise there is no way that our young farmers can get started. Our son is 22 years old, and it is very hard to find farmers who

are that age. There is nobody under 30 who is farming pretty well. You have to look very hard to find somebody. So if we do not do something we will not have any young farmers left.

Mr. Gerrard: I just ask again the same question, and that is give me an estimate of how much you think is needed in terms of helping people like yourself. We have heard \$40 to \$60 an acre. If you put it in terms of the program that we have just had announced, which is \$93 million, how much will that provide to your farm and what sort of multiple of that would you need to be able to continue farming this year, I guess?

Ms. Melnyk: It would have to be somewhere around \$40 to \$60 an acre, because the cost of the inputs, there is no way we can pay for anything with what we are being given now.

Mr. Chairperson: Thank you very much, Ms. Melnyk. I would like to invite Andrew Dennis to come forward, and also point out for the members of the committee that No. 13 on our speaking list, Gordon Bartley, has opted to hand in his written submission and not make an oral presentation. So he will come off the list. Mr. Dennis, do you have a presentation?

Mr. Andrew Dennis (Private Citizen): Yes, I do.

Mr. Chairperson: Thank you. If you could do that, that would be great. My friend from Portage la Prairie has reminded me to invite Bob Radcliffe to be on deck and ready to go.

Mr. Dennis: Hello and good evening friends, fellow farmers and members of the committee. My name is Andrew Dennis, and I farm in close proximity to the community of Brookdale. This is located toward the central eastern side of a Brandon-Neepawa-Carberry triangle. My wife Sharran and two children, Riordan, 11, who helped me today on the computer, and Ryerson, 4, and myself presently farm 2000 acres of grains and oilseeds.

First, I would like you to know that I am pleased to get this opportunity to address this committee. I would like you to know that the problems facing many segments of agriculture today are very real and very overwhelming.

Furthermore, these problems are by no means new. These hardships have been brought on by our country's green trade goodwill gesture, the demise of the Crow rate freight assistance, followed by larger than ever European and American subsidies, then quickly brought into sharp focus by grains and oilseeds prices sinking as much as 40 percent, starting in 1998.

* (20:10)

The political system and will is not in place to address such situations and, although we know there are specific avenues and protocols to follow, if we farmed in such a slow and non-decisive manner, we would never get a crop in the ground or into the bin and would have been financially driven from the land long ago. Indeed, this has already happened to many good and efficient producers and their families, as they weaken financially and emotionally and head for greener pastures. They have abandoned their dreams of carrying on the important work of their forefathers and have taken their expertise, their families and micro-economies elsewhere, never to return. With their entrepreneurial spirit and broad knowledge base, they will do well for themselves. One small step forward for a family, one giant step backward for agriculture.

On our farm, as with others, we have noticed many big changes in the ways we have to do business. We strive to keep up with the changes around us, such as decreased grain transportation and handling services forcing more cost back onto the producer and municipalities, as the farmer now needs larger trucks, augers, bins, and even a bigger yard, and the municipalities struggle to maintain the roads. The costs of these changes are dramatically impacting one's bottom line. We have tried to keep up on our farm, but the changes are both too fast and too expensive. Still I am sure that if myself and many others had not changed we would have got even further behind.

Many have swum as far as they can. They are treading water for now and will not see the other side. Other older generation farmers will encourage their sons and daughters to seek careers, forgoing their good retirement that they so richly deserve. Who would take their

operation? At this point, we do not know, but that will not keep them from making a sound decision for their children, just as their parents wrongly thought they were doing for them.

I would like to share with you some details of what kind of an income can be derived from running an efficient 2000 acre grain and oilseed farm over the last 20 years in Manitoba, the kind of farm that over the last 5 years has averaged 115 percent of the area averaged by its own Manitoba Crop Insurance crop management history figures, which are at the back of your pass-out, the kind of farm that is low disturbance seeding, low fuel consumption, low manpower, relatively low overhead, with tractors and air seeders that are 15 to 20 years old and subsidizes itself with a custom spray application business as well, a farm that is efficient in almost every sense of the word. This is my family farm.

Here are my earnings off my Canada Pension Plan statement of contributions, which you also have. For the 10-year period from 1980 to 1989, my average earnings were \$6,636. Many of these years I worked off the farm for six months, from October 1 to April 15. In the 11-year period from 1990 to now, it is even worse. Average earnings dropped to \$5,453 per year. The last five years were zero. That is on that sheet. Many of these years were also propped up by six months of off-farm income and in more recent years a custom spray application business. This farm, combined with the business that helps keep it floating, has grossed sales of nearly \$500,000 but virtually no net income.

It is ironic to be producing food for the world but not making the income to buy food for ourselves. The *Family Living Costs*, a production 2001 guide as published by Manitoba Agriculture and Food, from which you also have highlights at the back there, show that to provide for my family of four it will cost in excess of \$40,000 this year. How do we do it then? Well, it is not a big secret, nor is it magic. Ask many farmers and they will tell you that their debt load is rising. You know mine is. The numbers are very telling of that. Many are borrowing against future earnings in the hope that it will get better. Some even borrow on the hope that our governments will get up to speed on this thing called food production. Diversification, specialization,

value-added, manufacturing, exporting, input retailing, local economies large and small, hundreds of thousands of jobs are riding on this industry.

Free trade is great if you say it fast, but we have to protect our agri-industry, our jobs and Canadian lifestyle from foreign interests. We need to get our support system for this industry up to the level where we are just short of breaking the trade rules, something I understand that we are a long ways from now. Right now we need a lot of support to make up for all the lost time since the Crow was taken from us. This will, in the short term, take some serious money. We have some major overdue maintenance to do on this industry, because it is not going to fix itself, and segments of it are crumbling fast. Other segments will likely follow in the scramble to get into them.

Once we have stabilized the industry, we need some programs that work. This becomes more of an economic policy, rather than band-aids and emergency funding. For some, tragically, it is too late, as the auction sales continue again this year, more numerous than ever before.

It is my hope that this committee will take this task very seriously, as I am sure that it will do, and does everything in its power to take and change the course of time before it is too late. Much expertise has been lost. Some will never be. The teachers have moved on.

I hope the information that I have provided is helpful and presents a clear and truthful picture of the situation down on the farm. I believe it is a common picture and story, one that is not always seen or presented in a perfect light. Thank you very much.

Mr. Chairperson: Thank you, Mr. Dennis.

Ms. Wowchuk: Mr. Dennis, thank you for your presentation. You have certainly painted a bleak picture of your farming situation, one that is repeated for many, many farm families, and one that is certainly a challenge for everybody.

I just wanted to ask you: What changes are you making on your farm to address this? People

talk about land set aside, people talk about reducing input costs to get them through this situation. I would ask you whether you think that a land set aside program that is being discussed in some circles is a good idea and whether you are also taking steps to reduce your input costs to get you through this situation.

Mr. Dennis: I will address that. Reducing inputs, that is a bit of a hair-raising issue. It is just cutting your throat. It is pretty tough to do. Land set aside, it is a good idea, but you have to get a little more of the world to go along with it. I mean, we have to subsidize. We have to have support from our Government right from Ottawa. If we cannot do what the Americans and the Europeans do, we will not be here. Canada will not be in the playing field. The Americans, when they look toward Canada, they look at a 30-million-mouth market. If we do not play in that market, we become part of their market, and they take our exports and everything. It is going to hurt.

Mr. Gerrard: I am going to ask the same question. The reason is that in our resolution we talk about \$500 million for the country, which if you put it in the same framework as we had with the last payout, which was \$93 million for Manitoba, I do not know what your farm will get, but the issue here is that \$500 million target, what we have heard from the others, is way too low. Should we be going for \$40 to \$60 an acre? Is some multiple of that \$93 million, which will be provided shortly, enough?

* (20:20)

Mr. Dennis: I would have to say that, like one of the gentlemen said before, \$65 will pay off last year's expenses. It does not address next year's situation. Some people are getting through. They are subsidizing it from many directions. The wife is working and they are driving school buses. They are doing custom work. They are doing everything under the sun. It is all going into the hole and they are still not breaking even. The amount of money we need is closer to the \$7 billion that I think Jack Penner said would bring us up to par or parity with the Americans. I am not sure how we do it green, but that is supposed to be the politicians' job, to figure out how we can do it green. I think if we

had the will, we could do it. We cannot let them step on our fingers just because we have taken away the Crow and we have led the way and then they are just burying us in subsidies.

Mr. Cummings: Andrew, the one thought that comes to mind after listening to your presentation is that you are making the statement that this is urgent and help is needed now. If it is anything less than the \$40 an acre plus that most people seem to be pointing toward, are we going to continue to lose your generation of farmers?

Mr. Dennis: Absolutely. The one lady that was ahead of me here said her son was 22. That is very rare. I went to meetings when I was 20; there was 20-year-olds there. I went when I was 25 and the youngest guys were 25, then 35. Now I am 40 and honest to God there is not many under 40. They have just rode the thing up with me and the young ones are gone. Their parents have told them get out of here. We lose them. We have to pick up some 20-year-olds now, because the ones in between, they are gone forever; they are not coming back. We need some aid now or we are going to lose everything.

Mr. Pitura: Andrew, you indicated in your written submission that if we get the short-term prop-up for agriculture that we need to have more of an economic long-term policy. Any vision? How would you put that long-term policy? What would it look like?

Mr. Dennis: I think that would be pretty tough, but I think if you look to what the Americans and Europeans are doing we need something like that. That is driving up their own costs as well, so I really could not give you the answer, but I know we have a very big problem. It is the country's problem, because it is going to impact on the cities eventually. We are all going to run to the cities and we are going to take our money and our spending with us, and we are going to take a lot of jobs there.

Mr. Smith: Mr. Dennis, you paint a pretty bleak picture of farming we have heard over and over again, continued all day long. Coming from what you term as a young man in farming nowadays, members have mentioned and asked you the question, we have heard anywhere from \$30 to

\$70 per acre obviously needed for immediate injection. You seem to understand and know your operations very well. Just on fuel costs, no taxation provincially on fuel costs, I am just wondering, one long-term solution, what kind of impact eliminating federal fuel taxes on your operation would have. Do you have any idea?

Mr. Dennis: Yes. Every little bit helps, as long as we keep accumulating it, because we need a lot. I read something the other day. It said commodity prices have gone up 12 percent since 1973 and our input costs have gone up 377 percent. That is pretty tough to take. Definitely, a little bit helps, but we have to get a lot of little bits or they do not add up to much.

Mr. Smith: Just on that, I just wonder if you would know offhand approximately what your fuel costs would be on your operation in a year.

Mr. Dennis: On my 2000-acre farm, it is probably around \$15,000, and that is probably low because I am very minimal tillage sort of thing. What the percentage of the federal taxes are I really do not know.

Mr. Jack Penner: We have heard a lot of talk about the elimination of the Crow. Can you tell me on your farm what that has done to your costs in charges now assumed by you?

Mr. Dennis: Yes, I can. The first year the Crow left us, my dad and I sat down and figured out—I am not sure what the year was, it is a little while ago—it was going to cost us approximately \$65,000 more to ship our grain off 2000 acres.

Now you accumulate that from '96 or whenever this was, I am not sure. If I had that money we might not be sitting too bad. That is a major source of the problem. We were looking at \$7, \$8 and \$9 Canola at the time; it did not hurt so much. That price disappeared and, wow, does it ever hurt now.

Mr. Harry Schellenberg (Rossmere): I hear a lot about the Crow rate, the Crow benefit being gone and hurting farmers. As it happened, I do not think there was much of an outcry from the general public. Am I right about that?

Mr. Dennis: Yes, I think farmers may be a little apathetic. They always figure somebody else is

going to pick up the ball when they are hurting, but it has not happened this time around.

Mr. Schellenberg: Not just farmers, the public in general, even politicians, rural ones that represent farmers. I did not hear any outcry about what would happen in the future. That is my point.

Mr. Dennis: I think their timing was quite nice. Commodity prices were fairly good, and if they were going to pick a time to pull it they picked a pretty good time. It did not hurt and we were led to believe, well, you know, let the end user pay the whole thing. The end user will pay the freight. Do not worry about it; it will all come back. It did not. When prices dropped, it hurt.

Mr. Chairperson: Thank you for your time tonight, Mr. Dennis.

Mr. Dennis: I would like to make one more comment. The meeting here to me, it seems a little like a NASA fact-finding meeting, when we already know that the gaskets on the boosters are faulty. The only difference is that the space shuttle has not crashed yet. It has not blown up, but maybe with enough money and enough will we can get to Mars yet. This is an endeavour that is even more worthwhile than that. Thank you.

Mr. Chairperson: Thank you very much, Mr. Dennis. I would like to invite Bob Radcliffe to come forward, please, with Mr. Perry VanHumbeck on deck. Bob Radcliffe? It appears Mr. Radcliffe is not here. We will move his name to the bottom of the list and call him later.

Perry VanHumbeck, would you come to the microphone please. Mr. VanHumbeck's name will be dropped to the bottom of the list and called later. No. 8, Roger and Lynda Desrochers. We have Larry Redpath on deck, so if Mr. Redpath could be ready to go.

I need to ask the committee for their consent to allow two presenters to present at the same time. It is my understanding that the custom is that we have one at a time. Is there agreement on that? *[Agreed]*

We will hear from both Roger and Lynda Desrochers then, please. Do you have written

submissions? Oh, there we go. Just a little bit ahead of me. That is good. The floor is all yours.

Mrs. Lynda Desrochers (Private Citizen): Roger and I—this is a first, but since January we have done a lot of firsts, so bear with us.

Mr. Chairperson, distinguished guests, fellow farmers and media types. We want to thank you for taking the time to come to Brandon to hear what we have to say. I am Lynda Desrochers and this is my husband, Roger. We are from Baldur, Manitoba.

* (20:30)

We are here tonight to raise the concerns about the farm crisis. There is a desperate need for an immediate cash injection and a new farm policy that acknowledges the cost of production. We are not only here with concerns about ourselves. We want an agricultural program for all of Canada.

Roger and I have farmed together for 35 years. I can stop here and tell you I am going to read this but he is answering the questions. That is it. I am the mouth, he is the worker.

Roger began farming at the age of 13 and has farmed for 45 years. We have a son and three daughters. Aside from our daughter who is still at home and in school, our three eldest children are married and farming.

After the era of mixed farming, we specialized in grain, but in the last 10 years Roger and I have led our children into diversification. In four very distinct operations combined, the members of our family collectively seed over 4000 acres.

To diversify, we have 200 head in a cow-calf operation, 5500 hogs in a state of the art feeder barn. We share a seeding cleaning operation and are involved in developing a hunting lodge off farm. The men also do custom work and grain hauling, honey harvesting, carpentry and field work.

The women, there are four of us, hold full-time jobs in professional, financial and health care fields. We are raising six children, that is at

last count, and off farm together we earn \$150,000. This may sound like a lot of money, but we are sustaining four families.

Through diversification, we no longer work five days a week. We are now working seven all year round. Our children, I can add, do suffer for this. My oldest daughter says: Why does he farm? Why does he not get a real job? This really hurts. This is not good.

This year with the cost of production doubling due to the increase in price of fertilizer and fuel, with no increase in our final price for our product, we, as well established farmers, have struggled to reach the decision to seed this year. We have always been very positive people, but this is a very negative situation, and denial is the first step in grief. I have always liked denial, and I love it. I stay there as long as I can, but I cannot stay there any longer.

Roger on the other hand is expected to carry the burden on his own. Farmers in general tend to think that they are required to handle anything Mother Nature hands them, but Mother Nature never taught us about the implications of world trade.

Unless you, the people working for us in the Government, are prepared to take a stand for us in free trade subsidies and world trade, we will all end up in the city looking for work. Are you folks prepared for us? We are a good bunch. It will not only be the farmers but the economic base we support. Folks in rural communities will be looking to the city for city jobs too.

The programs in place for disaster at this time are a disaster. AIDA cost \$83 million to administer. This is \$83 million not going to the farmers, and the money that did get to the farmers took over two years to arrive. Some farmers are still waiting or will not be paid.

During our trip to rally in Ottawa, we were told AIDA was not designed to pay out unless the income dropped drastically in one year. Farmers who stretched their resources to refinance were not even eligible. Does this make farmers second class citizens who are not allowed to succeed? Those in need who have suffered great losses predominantly due to the

weather had to have the resource to hire chartered accountants to fill in the AIDA application forms. Then, refused by AIDA, farmers were left with a \$400 bill for accounting, adding insult to injury.

This year there are a lot of farmers who will not be able to seed without a cash injection. Others may be able to still get credit or take from their savings to put in another crop. According to government figures, it will cost \$187.13 to seed an acre of wheat. On an average of 36.3 bushels an acre, and at \$4 a bushel, a farmer stands to lose \$41.93 an acre.

Other crop input losses will range from Canola at \$70.25 an acre, barley at \$29 an acre. On grain or oilseed farms such as a 4000 acre, we are looking at an incredible loss. We know the federal government has approved \$500 million, based on 86-million seeded acres. This apparently would give each producer \$5, after administration costs.

This is a desperate situation and desperate people do desperate things. A lot of farmers have already left the farm, often in tragic circumstances. More farmers will be forced to leave, unless they can receive a fair price for their product.

Roger and I will continue to farm and support the individuals and groups working with our Government to realize an agricultural program for all of Canada, the end result being a fair price for our products. We hope to succeed so that our grandchildren, being the sixth generation to farm, will continue to successfully produce the highest quality, safest and most nutritious food of the 21st century. We want them to be confident in the fact that Canadian farmers will be sincerely supported by our Government and appreciated by the world markets.

We thank you for this opportunity to express our views and concerns.

Mr. Chairperson: Thank you, Mrs. Desrochers.

Ms. Wowchuk: Thank you, both of you, for your presentation. As I look at what you are doing, I have to say that I admire you for having

your family so committed to agriculture. Many other people would want to see their children involved in an industry, but when I also look at it and I think if you could get a fair return from the marketplace for your product and did not have to work off farm, how many jobs would be available for other people. That is the real challenge here. If you are not getting your return from the marketplace and having to take another job, that is taking away from someone else who could also have that job and increase our population in rural Manitoba and build for healthy rural communities. That is what we would really, really like.

Many people have talked about the losses and the need for government support and for payments. I guess I would ask you: Given that the supports in other countries come from national treasuries—for example, in the United States, they do not come from state governments; they come from the national government. They also do in Europe. Are you looking for a program funded by the federal government, or are you looking for a program from the Province?

I have a second question to that after you respond to that.

Mrs. Desrochers: I can address the first half about other people liking to have our jobs. You can say that three times over. There are a lot of young people who could. My daughters, there is nothing they would love better. My oldest daughter is an R.N. and she is leaving home—three children—working shift work. There is nothing she would like better than to be able to afford to stay home. The megabarn is their hope that she will be able to go to just part-time.

Myself, because, as you see, we are very busy people, and we appear very successful—and we are successful—except that now we are hitting the downhill. They say: You know, I know rich farmers; they do not need the money. I say it does not matter if you are rich or poor. If you are not getting what you put in, you are not going to be there. Rich doctors get paid. Roger can answer about the world trade.

Mr. Roger Desrochers (Private Citizen): The only answer here today, I really do think, is that

we need the cost of production. I mean there is just no other way. As far as the federal government and the provincial government, they will have to share the costs. I think that is what everybody is looking for. I do not have the answers. I just think there has to be something out there that can be done. We are hoping that you can do it. What can I say?

* (20:40)

Ms. Wowchuk: Just to follow that. The reason I asked the question about where you are looking for money to come from is that people talk about limited resources, provinces have limited resources, and provinces have balanced budgets to live within. So, when we start talking about other additional programs and additional spending for agriculture, it means cuts somewhere else. Have you thought about that, about how a province would find the resources for additional support? I throw that question to you not to deflect, but in a sincere way, and I raise it because in other countries it is coming from federal governments. If you have not thought about areas where we could save money to do this, I am not trying to put you on the spot, but I am trying to outline the dilemma we are in and why I think more of the responsibility falls on the federal government.

Mr. Desrochers: Well, I think maybe you could donate some of your cheque towards it, maybe. I do not know.

Mrs. Desrochers: I believe the federal government definitely has to be the main player, but I also believe that you are our line of government. We have gone to the federal government, but you are the experts at how you ask, how you go about it. We are farmers. Like one fellow said, we are farmers. That is what our expertise is. We are coming to you as our provincial—we know the provincial government. When we were in Ottawa and Ontario, for Ontario to get \$64 an acre, it costs the province of Ontario \$10 a person. For Manitoba, it would cost \$800. We have to be realistic here and also know that our province—and I think that is the answer.

Mr. Ashton: I was really struck by your comments about the city, because I do not come from the city of Winnipeg. I hope this is not seen

as critical to the city of Winnipeg. It could apply to a lot of communities in the province. I think a lot of people do not realize how much the urban economies depend on rural and northern Manitoba, I mean, it is interesting, when I look around this room here, how much of the economy of Brandon depends on rural Manitoba. Everybody here tonight is going to be buying gas, buying—well, mind you, I think we skipped supper both in Dauphin and here tonight, so it will not be food. It is just kind of ironic, something about agriculture.

I am just wondering if you could give, just on a personal basis, some indication of what is happening, whether it be in Baldur or generally, in terms of purchasing. One thing I have certainly heard is that you see the ripple impact of what is going on in the farm economy, because people are not just purchasing the way they used to. The reason I am asking this question, I guess, is maybe so that we can educate all of us collectively about the fact that what we enjoy in this province, what we have enjoyed as a standard of living is it is a two-way street. What really struck me is what is going to happen in the city if everybody in rural Manitoba moves into the cities. Where is that resource base that we have had in this province that has given us the standard of living we have? Where is it going to come from? Where are the jobs going to come from?

Mr. Desrochers: I think you are very right. I really believe that we cannot all go to the city. I guess it is kind of a figure that we are saying that, you know, we have a small restaurant in town that we go to for coffee. She does not know how she is going to keep operating because none of us are going to eat there anymore. We really cannot afford to. They are all hurting in town, too. It is not just us. I mean, when we do not have any money to spend in town, they do not have any money for themselves, too.

I am going to put another crop in whether the Government gives me any money or not. I wanted to put that in, because I feel that we have worked really hard. We do not take holidays, and we work really hard to get what we want to do. We sure would like you to do something for all these high costs. I have no answer. All I

know is that we need the cost of production, so maybe it will keep everybody in line. Maybe the people in the city just do not know how hard we work out on the farm. I am sure lots of you do not really realize just what it takes to make a farm situation work the way it should. I do not know if that answers your question.

Mr. Gerrard: You have a pretty impressive operation with the livestock and the grain and oilseeds. Many would think that by feeding grains to your hogs and your cattle that you are able to make money because you have a combined operation. Maybe you would like to comment on that and also comment on the fact that some of the programs have been designed so in fact you do not get compensation when you are feeding grain to livestock.

Mr. Desrochers: My son and my son-in-law have the feeder barn, but we built the hog barn. We sell the feed, our barley, and they supply the feed. Our barn is by hog space, so we have to check whether the price of hogs go at a certain price or not. It is a bit of a different situation.

As far as the cattle, well, both sons-in-law have a herd of cattle. I am involved in it. They buy grain from me to feed them, but it does not really amount to a whole lot. The barley you sell to your son-in-law is probably cheaper than you would sell it at the elevator.

Mr. Jack Penner: Mr. and Mrs. Desrochers, I truly appreciated your presentation. I think the one statement that you make, Mrs. Desrochers, and I think is really at the essence of this whole discussion, and you say denial is the first step in grief, then you say I really like denial, quite frankly, being a farmer myself and having three sons, as well, involved and all three of their wives working off the farm to support the farm, we know what you speak of, but I think there is a tremendous amount of denial in rural Manitoba. I think there is a tremendous amount of denial in government most days.

I would ask you whether you know that this Government, this current Government in Manitoba, has had increased tax revenues over the last two years amounting to around \$750 million. Did you know that? Do you know that there is roughly about \$300 million lying in a

savings account left there by the previous government that could be used to support agriculture? That is why it was left there. Do you know that the increased revenues are almost all spent in the last two budgets in this province and very little of it or none of it has gone to agriculture? Agriculture, I would suspect, has been a very significant tax revenue generator for them. I am just wondering whether you would like to comment. I think denial is not only relevant to the farm.

Mrs. Desrochers: I agree. I totally agree that denial is in this room. I think, even as we speak, people are still denying it. Roger said last night I do not like talking about this. I believe there are a lot of farmers out there who are not talking about it, but come May, when they have to roll the wheels and they go home—and like I say, it does not stop at the farmers.

My question is if all this money is sitting around, why? Why? I guess that is my question to you.

Ms. Wowchuk: Thank you, Mrs. Desrochers and Mr. Desrochers, for your presentation. There is money in the Stabilization Fund. There are funds there that governments do set aside, but I think the issue that we are focusing on here tonight is the resolution that we have before us that was passed by all parties calling on the federal government to recognize its responsibility in this international crisis. It is a crisis that is driven, caused largely because other countries are supporting their agriculture industry while Canada has chosen not to support.

If you look at the level of support in Canada, which is somewhere between 10 and 11 cents on the dollar, whereas in Europe it is well over 50 cents, in United States it is over 40 cents on the dollar, that is being provided by national treasuries, and our producers cannot compete. So I think that it is very important that the resolution that we have brought forward here calling on the federal government, first of all, to put in some short-term money and then move towards long-term solutions is a very important step.

I think that, for me, there are roles for provincial governments to play, but the

provincial governments cannot fill in the role of the federal government. I would ask you if you think it is the provincial government's responsibility or the federal government's responsibility to play a larger role when the federal government, in fact, has a surplus of over \$15 billion.

Mr. Chairperson: We have run out of time, but I will allow either Mr. or Mrs. Desrochers to answer that question quickly.

* (20:50)

Mr. Desrochers: Rosann, in closing, I would like to say that I think the federal government should have a lot to do with it, but if you put your money on the table, maybe they would match it. What do you think?

Mr. Chairperson: I would like to thank Mr. and Mrs. Desrochers for their presentation here tonight.

Mrs. Desrochers: We thank you also.

Mr. Chairperson: Thank you, and I call our next presenter, Mr. Larry Redpath, private citizen. Also, for the information of the committee, presenter No. 39, Mr. Wayne Solas, representing the Twin Valley Co-op, has left his written submission here for us to include in the report that will be presented to the Legislature. He has opted not to make his presentation orally. I have been a little bit neglectful of my duties. When this happens, I am supposed to ask the committee: Does the committee grant its consent for these written submissions to appear in the committee transcript for this meeting?

Some Honourable Members: Agreed.

Mr. Chairperson: Agreed. Thanks for bailing me out.

Mr. Redpath, do you have a—you do, and it is being presented. The floor is all yours.

Mr. Larry Redpath (Private Citizen): I did not prepare any extra copies for you if that is what you are asking me. No, I did not.

Mr. Chairperson: Well, that is fine. You can proceed.

Mr. Redpath: Good evening, ladies and gentlemen, honourable members of the Manitoba Legislature standing committee. I would like to thank you for giving me the opportunity to speak to you regarding some of the issues that we are facing on the state of agriculture in Manitoba. I do not understand why I am not highly valued as a Canadian citizen in our society. I would think a producer of food should be the most important segment. I, for one, enjoy my food, and when I see you in the legislative cafeteria, I think you do, too. If things carry on the way we are going, you soon will not need a Department of Agriculture and Food.

In the past, people worked all day, every day, to feed themselves and their families. Now, the average farmer feeds 250 people, but many of us, unfortunately, have to send our wives out to work to feed us. I also work off-farm and have done so every summer and every winter since I started farming in 1978. I am working the equivalent of an urban worker and yet have to try and farm between jobs, after work or on weekends.

Needless to say, a lot of the small things and repairs go by the boards. Some of these small things are like telling my sons I cannot go to their hockey games or their baseball games or other events that they would like to go to, because there is no money. So, why would my boys, who listen daily around our kitchen table about the things I have mentioned, or will mention, entertain thoughts of farming? Why would my wife and I encourage them to farm? Actually, we are encouraging them to get an education and pursue other interests and leave the land. Is this what our provincial government wants?

On our farm, we have been policyholders of crop insurance from day one. In 40 years, we have seen the coverage levels drop to levels where it almost has no value. For red spring wheat, I have 17-bushel coverage valued at \$4.65 per bushel, netting me \$79.05. My costs, according to Manitoba Department of Agriculture, for 2000 are \$187.15. As you can see, the costs of production have risen dramatically in this 40-year period, yet crop insurance does not reflect this in its coverage.

Our coverage levels cannot constantly be reduced as we have claims. As a comparison with Autopac—bear with me for an instant—after an accident, a car valued at \$20,000 would be worth \$15,000. Soon the car would be worthless, and yet the premiums rise. I wonder if the public would still purchase Autopac if this were the case.

The value of that wheat at \$4.65 per bushel is not fully realized until our final payment is received some 18 months later. We need more money up front more quickly and at levels that reflect the cost of producing a crop in 2001. Two ways that I feel this can be accomplished is through a cash injection on a per-acre basis to help costs incurred from the previous two crops stemming back to the 1999 disaster. It seems like we are always focussing on getting some money out to us guys to put our crop in this year. You know, it is not the crop this year we are worried about. It is the last two that we have put in. The bills are not paid for yet. Keep that in mind. I have fuel and fertilizer dealers that refuse to supply me because of outstanding bills from '99 and 2000, something both levels of government have never fully addressed. Constant calls from collection agencies and FCC offices are not a lot of fun.

The second solution I want to address is the cost of production established for all areas of agriculture like grains or oilseeds. We cannot keep balancing budgets on the backs of small business, farmers and labour by removing services, supports and asking user pay for the many services we need.

Some of the examples—and they have been examples that have been used several times tonight and I am going to repeat them again—are the Crow benefit loss, plant research, even our cash advance administration. You go and get a cash advance in the spring, 50 bucks; you go and get one in the fall, 50 bucks again. A hundred bucks in one 12-month period. For what? I deliver about 14 semi-trailer loads of grain, and that is the amount of paperwork they have to deal with—about 14 items.

Cost of production is the only way we can address huge cost increases to fuel, fertilizer and chemicals where whatever market will bear are

the charges in place. Changes are happening so fast in this industry that most of us cannot even begin to keep up. With the advent of the new inland terminals, increased costs are involved as we have to pay more for freight to get our products there. Why are these huge savings, made in 50- and 100-car spots, not passed on to us so at least we could pay our truckers and use that money where it is intended? What is the point of all these inland terminals? That is why I thought we had them—to reduce costs. Well, it is important that they reduce my cost, as well.

I would like to thank the MLAs for seeing fit to come out and hold these meetings outside the Legislature and meet with us and hear our concerns and solutions to this farm disaster. My prayer would be that this does not fall on deaf ears. Thank you.

Mr. Chairperson: Thank you, Mr. Redpath.

Ms. Wowchuk: Thank you, Mr. Redpath. I want to assure you that this will not fall on deaf ears. Earlier today, someone raised the issue of the federal government having a task force that was going to take a year and a half to report. I want to tell you that we are going to move very quickly, once hearing this, putting it into a package that will be sent to the federal government. This process is very important—to have as many people as possible, to add a human face to the whole issue. I thank you for the comments you have made, and certainly I appreciate the comments that you have made about the areas that have been cut back by the federal government and that have impacted on you. Although supported by many people, removal of the Crow has not been a benefit to producers. It has been a burden because it is an added cost.

Your issue of payment on cash advance and the filing of different papers are also added costs to the farmers. I want to just thank you for your presentation and for outlining the various areas that have been brought forward that are adding a burden to the producers who do a very important job. I just want to correct the record for a comment I made earlier, as well, where I said the federal government surplus was \$15 billion this year. In fact, the federal government surplus was \$20 billion this year. The provincial government

surplus was \$10 million. So that is why there is such a need to focus on the federal government, because they do have the resources of \$20 billion. I have no question but I just thank you for your comments.

* (21:00)

Mr. Cummings: Thank you for emphasizing the urgency of our job tonight and the reinforcement of something my colleague said before, which is that every time one of our children chooses to leave the farm, they increase their standard of living. I would, in light of that, ask you if you believe that this motion that we have before us is adequate and presents the urgency to the federal government that we are all expressing here tonight. Do you in fact support this resolution? Have you had a chance to have a look at it?

Mr. Redpath: Actually, no, I have not had a chance to view that paper, which you are speaking about there, but I would certainly encourage to try to expedite that as quickly as possible. It just baffles my mind why we have to study this problem another month or another year and a half when I know all of you here present are aware of the urgency of it, and I am sure the people down at Ottawa also are aware of the urgency of it.

As has been mentioned here several times this evening, I think there has to be political will to act on this.

Mr. Gerrard: Let me just put this in the context of the changes in the Crow rate and the WGTA. Clearly some areas have had a lot higher impact because of the greater distance that the grain has to be transported. One of the problems in a sense of the \$500 million, which in Manitoba has provided \$93 million, is that it has been distributed on a cash basis across the country, and in any additional payout, clearly the overall cost would be less if it was tailored to where the need is. That is, in some fashion, that there was greater payout or a payout in relationship to how far, or how much effect there was of the loss of the Crow in the transportation effect. Do you want to comment on that?

Mr. Redpath: I guess I would like to preface some of my comments. You know you

mentioned trying to get the money out where the greatest need is. I appreciate that problem. But I have also seen, you know, with some of our programs, and I guess AIDA comes to mind immediately, that somehow or other, where the need was greatest, it did not get there. I think that program was tailored to try and weed us out, so to speak, somewhat, but it did such a wonderful job of that, that really almost nobody benefited.

I guess what I am trying to say here is maybe we need to paint with a broader brush. Maybe we have to help everyone so that nobody gets left out. That is really what happened with some of our past programs, and AIDA, especially, did not come to where the need was the greatest, in my opinion anyway.

Mr. Jack Penner: Mr. Redpath, were you aware that the Province had increased income over the last two years of around \$750 million? Were you aware of that? That their Budget revenue increase was \$750 million, actually a bit more than that, over the last two years?

Mr. Redpath: No, I was not, no.

Mr. Jack Penner: Were you aware that there were around \$300 million in the savings account that the Filmon government established?

Mr. Redpath: Yes, I was aware of the rainy day fund, and the other amazing thing while we are talking about the rainy day funds was it was not very hard here a few weeks ago to increase that. You know, we can find money for some things if we want to, and I think that was an example. A lot of us are confused about this rainy day fund. I used to have one too. It has been long-since gone. I have a few other programs too. My NISA, I thought that was maybe going to help my retirement package. Well, that has long been gone. My personal savings account does not exist. That is long-since been gone. Why are we so fortunate in the provincial government to have a rainy day fund, and when is the rainy day going to come along that we can access that?

One other comment I would like to make before I return to my chair is, we have talked about federal-provincial relationships here, and it is my opinion that a 60-40 split is much too

rich for this province. I know that is something that has been struck, but for a province that has a large acreage base and a small population base, we have got to realize that that is not a workable solution. When you look south of the border, the individual state is not even brought into some of the federal packages. It is a federal package, and it is a federal package complete. So, from my humble opinion, a 60-40 split or ratio, however you want to talk about that, is much too rich for a province the size of ours. Thank you.

Mr. Chairperson: Thank you, Mr. Redpath. Just for the information of committee members, presenter No. 18, Mr. Bill Cochrane, a private citizen, has opted to hand in his written submission and not make an oral presentation.

Our next presenter actually would have been No 10, Cindy Desrochers, but she also opted to hand in her submission and forgo an oral presentation.

I would like to call Mr. Gary Temple to the microphone. On deck, and be ready to go, is Mayor Roy Stevenson, Mayor of the Town of Rivers.

Mr. Temple, do you have a package for members?

Mr. Gary Temple (Private Citizen): Yes, I do.

Mr. Chairperson: If we could get that distributed then, please. Mr. Temple, the floor is yours.

Mr. Temple: Good evening members of the board. My name is Gary Temple. I am a farmer from Waskada, Manitoba. We farm a fourth-generation farm. My son and daughter-in-law farm with us here. They are in Waskada and area.

I want to talk tonight on some of the problems leading up to the crisis in southwest Manitoba, and then carry on to what I feel is needed to hopefully rectify some of these problems we have with agriculture.

In the flood of '99, those of us who farm in the southwest Man could not sow a crop because of the supersaturated soils, because of 30 inches

of rainfall all congregated in a 30-day period pretty well.

The \$50 per acre received from government was spent with more to returns of the soil to a croplable position. The weeds grew shoulder high, and a spray program had to be adopted, plus two to three cultivations were required. Expenses of the land payments, taxes, machinery payments and living for that year came out of savings, if you were fortunate enough to have any, or from borrowed money. Because of low commodity prices since then, the recovery time will be a least three to five years, with good prices coming up.

Not everyone qualified for the AIDA program. Many could also not trigger their NISA accounts at the time because of tax situations. The media and Lyle Vanclief, with the feds, used the NISA account being that nobody could access the NISA account. That farmers had lots of money was a real fallacy really, because a lot of the money that was in the NISA accounts was held by older farmers who were using it for a retirement package, and maybe did not need to draw on it. The younger farmers in the country were either non-existent, or could not get their money out because of the rulings of the NISA program.

Loss of the Crow rate has cost the farmers major dollars in transportation of grain, and no program was ever forthcoming to replace the loss, which was talked about back in 1993. When they did take the Crow rate away, we were promised another program and it never did come to avail.

The loss of the GRIP program: that was partly due to farmers and politicians and farm groups actually, because at the time, things were really looking good. I can remember one night in our Waskada town hall we had an agricultural meeting, and we had some quite qualified people tell us that the next seven years in agriculture were going to be nothing but up, and we were paying out quite a bit of a premium to be in GRIP. A lot of that has, two years later, turned to a downturn, and this is where we are today because of it. Okay, I have lost my place.

All governments need to start showing that they have a long-term commitment to agriculture. Those of us in farming today do not feel that commitment is there right now.

* (21:10)

Personally, I will just deal with it now that I am on the GRIP program. There has been quite a bit of talk about having another GRIP program like the States have today. I really do not feel that the GRIP program is the right program for us because it is product specific. Like on the States' side, if they have LPD program going on with sunflowers, everybody is growing sunflowers to stay in that program so that they get a bigger payment. That overloads the sunflower market, and therefore it does not keep it. I would rather see the farmers have a choice, through the marketplace, to decide what to grow and have an assurance program to make sure that they stay viable. That is what I would rather have than a GRIP program.

The Crop Insurance Program does not cover input costs. In my own case here, 2001 Crop Insurance coverage at 80 percent on E soils, which is what Waskada loam is, is \$112.52 per acre, is my gross revenue out of that. The crop costs alone will be over \$140 per acre, due to the high cost of inputs and rising costs of fuel and fertilizer. So it just does not even come close to meeting your basic costs, let alone your machinery payments, taxes, and living above that, which is where the agricultural community comes up with their \$180 cost for farming.

The loss of our local elevators is another thing that has happened in our communities. Increased trucking costs and time and fuel. Some farmers may have to purchase larger trucks to get their grains to the markets because they have to travel up to 50 and 60 miles to them—and the loss of competition. I know in our local area where we farm, we had five Agricore elevators within a 20-mile range, and we could deal. Each one had their own agent, and maybe different qualities of grain in their elevators, so quite often you could get a better grade out of one of the local elevators even though it be the same company, because they could mix off or utilize it and the farmer would get a better price for his grain. So this is just another thing that has

happened that is a knock on the farmer's doorstep here.

The biggest problem is the lack of price for our commodities caused partially by subsidies in the U.S. and Europe. Canadian agriculture, with few subsidies, has reached a crisis position.

We need a program, as soon as possible, either like the ASRA program in Québec or the Murray Downing income assurance program. Farmers need a bankable program, and it is to be hoped that the Government will not wake up some day and like the doctors and nurses say where did all those farmers go. Believe me they are disappearing quickly.

Mr. Chairperson: Thank you, Mr. Temple.

Ms. Wowchuk: Thank you for your presentation, Mr. Temple. You have outlined several issues here. I want to focus on your second point where you talk about the loss of the Crow. When the Crow was eliminated, there was support from the then provincial government for the Crow to be eliminated supported by the federal government. There were few people that were opposed to it. When the Crow was eliminated, was it your view at the time that that was going to have a negative impact, and the kind of cost increases that you have seen because of it, or did you see it as a positive step at the time?

Mr. Temple: At the time, I guess I was in the group that felt that when things were going better that we could probably take this and move ahead. What happened was the opposite. The commodity prices fell down again and we were stuck with a cost of—right now it is about \$1.30 a bushel on wheat. So if you are getting \$4.85 or, on No. 1 high protein wheat, we might come up around \$5 for that, we will be docked off \$1.30 a bushel off that again. Pretty near a third of our price of our product is taken out in freight.

Ms. Wowchuk: Just in another area. You say government is going to wake up some day and say, where have all the farmers gone, and that it is a serious issue. We want to work very closely with farmers, and we have had the discussion about what the federal government should be doing, and what the Province should be doing

and I want to share with you that, in fact, since 1989/1990, the budget for safety nets has doubled. I leave out the year 1999/2000 because that was an election year, and there were contributions by both governments. In 1998/1999 it was close to \$59 million. In 2000/2001 it was \$121 million. So there has been a huge increase, but we have agreed that the federal government has to play a larger role in safety nets and in offsetting supports by other national treasuries. My question to you is: Are there other areas that you think the Province can be more active and play a more active role in supporting farmers? You have talked about crop insurance not adequately meeting your needs. Can you suggest other areas, as well, that the Province can offer more supports or work more closely with farmers?

Mr. Temple: Yes, I will try to answer some of that. Actually, I really feel that we need an income assurance program. That is needed by next year. We need it in place of crop insurance and the other programs. If we had one good program that would sustain us through the low times and carry on, we would have younger farmers. We would have younger families staying on the farm and that would help our local communities, because they would know that they could be there and have a good life and farm and carry on. This is where we have been sadly neglected, having this in the last number of years, because we were just riding on our ability to sneak through, really. That is about the word.

Mr. Chairperson: Thank you, Mr. Temple. We have three minutes and three people to ask questions.

Mr. Maguire: Mr. Temple, you have alluded to a number of issues—six points here. You have mentioned the flood of 1999 in southwestern Manitoba, and you have mentioned the subsidies that cause low prices. In your mind, are these two separate disasters taking place in this region of Manitoba?

Mr. Temple: Yes, there are two. One is natural, though, and one is caused by the subsidy wars going on with the U.S. and Europe. But the thing we have got to really realize here in Canada is if we are going to have a sustainable agriculture, these folks are not going to quit with their

subsidies, so like our Americans and our Europeans. So, therefore, we are going to have to do some form of protecting our own farmers, not that we want to. As far as I am concerned, I would sooner see it open and freewheeling and let us get to the business and do it, but we cannot compete on this basis. That is all there is to it.

Mr. Maguire: In 1995—

Mr. Chairperson: Just before you ask your second question, Mr. Maguire, we will have a few more minutes. I thought it was three minutes, but we have got about six, so proceed.

Mr. Maguire: Thank you, Mr. Chairman. You know, in 1995, the United States put a farm bill together that now pays out about \$42 billion a year to their farm community. In Canada, in 1995, in a similar year, the federal government took away a \$7 billion buyout of the Crow benefit. In your estimation, and I mean let us make it very clear, that is what was being asked for in regards to changing the Crow benefit, a buyout. Nobody in western Canada, that I know of, ever asked to have it done away with. So, in your estimation, how far would that \$7 billion today have gone—if it had been over the same seven-year period as the 1995 U.S. farm bill—to helping us alleviate the problems that we are having in agriculture today, as well as make the change into the diversification from the requirement of capital that we do need in agriculture?

* (21:20)

Mr. Temple: Well, that would really have made quite a difference. You take a dollar, well, start it back about \$1.20, now it is up to \$1.30 a bushel. If we had had that \$1.30, or even \$1 of it, all those years in our pockets to carry on with agriculture, and help ourselves out, I do not think we would be sitting here today. I am pretty darn sure we would not.

Mr. Ashton: I wanted to thank you for documenting some of the issues surrounding flood 1999, and your point was exactly why both the previous government and this Government have made representations to the federal government that costs, such as fertilizer, weed control, you know, bringing land back to its productive

capacity should have been covered and this is very useful, by the way. But the question I have was actually, you know, the loss of the local elevator, because this is something we heard earlier in Dauphin today. There have been a number of closures that are in place. I just wanted you to give a picture of, you mention certainly in Eau Claire, are you finding more and more farmers getting more involved in the trucking side that much more, and having to operate trucks themselves, or having to contract out that much more than existed a while ago? Because that is one of the themes that seems to be coming up. It is not just the pressure on prices but it is also things like closure of elevators is putting a lot of pressure on people that did not exist five or ten years ago.

Mr. Temple: Yes, that is correct. We do have a small trucking business along with the farm, and what we are seeing is more and more farmers going together, maybe two farmers going together and buying a truck and trailer outfit, or maybe one farmer is buying it and hauling for the neighbour to the elevators and that. But they are going to the large semi-trailer units or a tandem unit with a pup on behind it. They have to do it in order to get enough bushels over there; like when you consider you are hauling to a terminal, and this has happened this year, because we are hauling out of the terminals where they often do with their trucking business. There are only so many hours in the day, they work eight-hour days and they close the door at five o'clock. Well, that is okay, but if the farmer has been phoned and told, well, I need to put in a hundred tonnes of wheat today, he just cannot get 100 tonnes of wheat in. Then he is held back for another two weeks so the train comes again or they get the right kind of grain that they want. So a lot of farmers right today in the Waskada area, I know for sure, are holding grain, and are just starting to haul it out for the first time this year, because there has not been room in these large terminals. This is going to be a problem down the road, no doubt.

Mr. Gerrard: Yes, thanks for your comments. I would like to just ask you to clarify a little bit the situation with NISA, because sometimes the results or the way that the NISA accounts have been handled is used to suggest that maybe a third of the farmers are actually doing pretty

well, a third are getting by and a third are really in a lot of trouble. But you comment that the NISA cannot really be used quite that well to assess how a farmer is doing. Maybe you want to comment some more.

Mr. Temple: What I have seen, and I think it is pretty well like you talk to the younger farmers in the communities, and some of them maybe got a small cheque. There are a number never have been with NISA because they always felt they needed to pay off a piece of machinery or something. Or a piece of that money was used to help buy a piece of machinery, or a piece of land or something, so they never put their money into NISA because, being young, they probably felt they had a lot of time to be able to access NISA. They did not need to be there.

Then you get to the age of a farmer that may be 30 to 50 or 40 years old, and they are starting to put a little bit in but then they could not access it. I know my son could not access it until this year, and that was just another thing. He probably could have used it but he could not get it, and myself, I have had quite a time getting the money out because you did not fit the criteria to get it out. So there needs to be a big overhaul in NISA, and I do not really think NISA is a vehicle where you have a disaster like we have now, where say you have a drought in one year. The NISA program for the money you can draw back out of one year is not going to make or break you. You are not going to get enough to do much with it, really. That is the way it has worked on mine, anyway.

Mr. Chairperson: Mr. Temple, time for questioning has expired. Thank you for your presentation.

Mr. Temple: Thank you for listening.

Mr. Chairperson: Next on the speaking order is Mayor Roy Stevenson. I would just like to point out that No. 12, Wayne Motheral, has been moved up and has spoken already. Mr. Gordon Bartley has submitted a written presentation. Also, Mr. Fred Tait, No. 29 on the list, has cancelled his submission, and no written presentation will be made either. If we could have Mayor Stevenson.

Mr. L. J. (Roy) Stevenson (Mayor, Town of Rivers): Mr. Chairman, I have copies of my presentation—

Mr. Chairperson: Ah, Mr. Stevenson, pardon me. Do you have any written copies of your brief that you would like to distribute?

Mr. Stevenson: Yes, I do. I would ask your indulgence at this point. I would ask that you put my presentation in full in your written procedures for this meeting, but allow me to highlight two areas in my presentation that have not been mentioned at this point in time, just in the interests of time, because there are a lot of people here that you have to hear from yet.

Mr. Chairperson: Is that agreed? *[Agreed]*

Before you proceed, Duncan Broadfoot and Bill Morningstar are on deck for the next presentation. Okay, proceed, sir.

Mr. Stevenson: Thank you. There is a great deal of pain out there, and today you are hearing a lot of individual pain, no question about that, but there is also a great deal of pain in the urban centres too. We feel your pain. We know that what affects you, affects us. Roads are essential to the rural landscape, and the repair and maintenance of them are necessary to our economic well being. On April 19, 2001, the rural municipalities of Daley, Blanchard, Elton along with the Town of Rivers travelled to Winnipeg to meet with the minister of highways to discuss the recent decision to impose restrictions on RTAC Highway No. 25. This is the first time that an RTAC highway has been restricted.

We had a very good meeting with the minister, but in a later conversation with the bureaucracy, we were told that the loss of business in our area would not have a negative impact on the province, as those businesses would merely relocate to a place that had good roads. This was a chilling statement to hear, and we were placed on alert. The bureaucracy totally missed the point that our farmers, our rural brothers, are going to have to pay more because of the closure of elevators in that town to ship the grain farther on a restricted road less than a

truckload. They are going to have to pay more for livestock feed, fertilizer, and for seed grain, all because of increased transportation costs due to restrictions. That scared us very much.

* (21:30)

During the course of these hearings, you will hopefully hear a number of suggestions, and may I offer my own humble one. Since I have no expertise in the field of free trade legislation and GATT, I am not going to tell you if this is countervailable or not, but I really find it hard to believe that in a room full of intelligent people, we are not smart enough to find a way to do the job that needs to be done without being countervailed by the world. So I think we can do that.

I would like to suggest that we devise a form of guaranteed income, and I am going to call this "each economic unit." This might be a farmer and all his dependants, a corporation, a partnership or any other form or grouping that can be envisioned. These would pay a form of insurance premium, and Canada could guarantee that some portion of the enterprise would give those involved enough income to live on. Such as the first 5000 bushels of wheat could be purchased for a price that would ensure the farmer \$5 per bushel net income over the average cost of production. This would net each economic unit \$25,000 for living expenses. The funding of this could be generated by a small tax of 5 to 15 cents per loaf of bread which would generate enough money to cover this. We do have a cheap food policy in Canada, and our competitors such as the U.S. and Europeans do not. You may need to devise different systems to accommodate the diverse agricultural producers in Canada in order to encourage them to stay on the farm, and be full partners in our economic well-being.

Those are two points that I wished to raise.

Mr. Chairperson: Thank you, Mayor Stevenson.

Ms. Wowchuk: Mr. Stevenson, thank you for your presentation and as a reeve of an urban centre, you raised some very valid points that were raised this afternoon as well that it is not

only the farming community that is suffering, but it is also the towns and small communities as well. Certainly we have often heard that as the farming community goes, so goes the rural community and there is a very serious impact. You raised an issue with respect to highways and the minister of highways is here and he might be able to address that in a few minutes, but your suggestions are also valid for how we might get more money into the farmer's hands and the possibility of a tax on food. I appreciate your suggestions about perhaps targeting our funding to the first 5000 bushels of grain, and certainly that would seem almost where we had a two-price wheat system, where the grains for Canadian consumption paid a higher price. Do you think that would be acceptable for most of the farmers in your area if a program would be targeted so that the basic farm unit would get more support for the first production and then a lesser support for the balance of their production?

Mr. Stevenson: I have no idea whether it would or not. I think that is a discussion that has to take place with the rural brothers that are suffering from it. If they will accept it, fine. If not, maybe they have some other ideas. That is just one little idea that I had that might work but I cannot tell you. There will, of course, be some of the large producers who may not be exactly happy with that, but what can we do? We have to try and keep what we have now.

Mr. Gerrard: I am very surprised at what is happening with your RTAC highway. I just wonder if maybe you can elaborate a little bit on the impact on rivers and the local area.

Mr. Stevenson: Yes, well, you are not nearly as surprised as we were. Impact, well, I am being honest, the Government moved to relieve some of that problem with some special permitting. The restriction is not as bad as we thought it was. We got that sorted out. There are still 100 000 bushels of grain that will have to go somewhere, because the Cargill grain elevators in our town have closed down, and they have to be hauled somewhere. They cannot get out unless they are on an RTAC road. Unless they ship less than RTAC loads and of course then they are not economical. So the impact at this point in time, we are not feeling it yet, because

the imposition came out two weeks ago and I do not know whether our truckers are feeling it yet or not. But certainly if this continues, as we have been advised that it probably will for the next two or three years, this could have some very definite impact on our producers.

Mr. Chairperson: Mayor Stevenson, thank you very much for your presentation here this evening.

Mr. Stephenson: Thank you.

Mr. Chairperson: I would like to invite Bill Morningstar and Duncan Broadfoot from the Taxation and Alcohol Production Committee of Keystone Agricultural Producers. Reeve Dennis Heeney, you are on deck. We will have to have leave for the two gentlemen to present together, and I understand that leave has been granted. Do you have a presentation to be distributed?

Mr. Bill Morningstar (Taxation and Alcohol Production Committee, Keystone Agricultural Producers): Mr. Chairman, I have some. I was told when I phoned in that there would be a photocopier in the room, and I see there is one, but it does not work. So I have seven, so you will have to share.

Mr. Chairperson: We will share. Thank you very much. You can proceed, gentlemen.

Mr. Morningstar: Mr. Chairman, Ms. Wowchuk, if you would go to the second back page, I will tell you that this should show you why I believe that trucking grain or hauling grain out of our province probably is never going to work very well. If we go back to 1995, and what I have done here is I have taken one semi-load of grain which left my farm last fall, and I have compared that to very nearly the same grain that left in 1995. In 1995, there was a very small load which went to my local elevator two miles away and it was only 7.69 tonnes. I would also point out that if I had that much left over this year to haul in the last couple of days, that anything below 20 tonnes would be of no value to me because of the distance that it will have to go to the elevator, and no trucker will ever pick it up. And if you go through that, in 1995, the freight on that one truckload of grain was \$448.10. In 2000, it is \$1238.10. The elevation

was \$380.86 and in 2000, it is \$447.84. The cleaning was \$125.21. Today it is \$145.48. The totals in 1995 were \$954.17, or would have been. They are today \$1831.06. The cost difference between 1995 and 2000 is \$876.89. If our farm grew all wheat on these acres, the cost for freight and elevation and cleaning would average between \$45,000 and \$50,000 per year. I do not think there is any small farm that can continuously put out that kind of cash on the dollar basis of where wheat is today and continue to survive.

Something has to be done. We have to do something different with that grain. What I have outlined, if you go back to the first page again, I would like to go through it. This proposal that I have here has nothing to do with the fact that we do not need an infusion of cash this year to put the farmers back on the land again. Someplace along the line, if I go back to '95, it worked. This year it does not. To me, '95 did not seem that far back. So, if you go ahead a couple of years and think about this—another thing I should point out here is I belong to the Keystone Agricultural Producers. This is one of our policies, but this is not being cleared through our general council. One of us cannot stand up and say this is the way it is going to be, because it goes through the council of Manitoba, which everyone then either votes for or votes against. This has not cleared that as yet. Perhaps this coming Thursday something like this might.

We have come to encourage the provincial government to become involved with a plan to greatly increase the production of grain ethanol in Manitoba. We feel there is a huge untapped market, not only in Manitoba, but also in many areas of North America and beyond. Why produce ethanol in Manitoba? Provincial Highway 21 is a halfway line between the port of Montréal and the port of Vancouver. Very few grain farmers in the world ship grain farther to export position than Manitoba farmers. No other farmers in the world have experienced this sudden explosion of freight costs that Manitoba farmers have when shipping their grain to an export position. It is extremely hard to justify the freight costs on such a low-priced commodity.

By the year 2010, the federal government says they are committed to a 300% increase in

renewable fuels, as I understand it. As I understand, the product now used as a lead replacement in gasoline is called MTBE, methyl tertiary butyl ether I am not sure whether I pronounced that right, but I guess you could go along with the thing if you do not know how to pronounce it, do not drink it. It is reported in the United States of America that traces of this product are starting to show up in their drinking water. It is also reported that some of the major manufacturers of this product are shutting down overnight too.

* (21:40)

At this time, the best thing in the market to replace the lead in gasoline is ethanol. The problem with ethanol is there is not nearly enough of it. When motorists in Manitoba buy a litre of gasoline to put in their vehicles, the cost is about 70 cents per litre. The federal government's share is 25 cents; the provincial government's share is 10.5 cents. The cost of the gas to the retailer is between 25 and 28 cents at present, and that goes to Alberta for the most part. The station owner gets it at between seven and 10 cents. The cost to produce a litre of ethanol is about 41 cents. Think about it. We pay the Alberta about 25-28 cents per litre. All of it leaves the province. For another 13-15 cents, ethanol can be produced in Manitoba and all the money stays right here. The cost to a motorist is divided by ten, as there is only 10% ethanol in a litre of fuel. The list of good things to come from the manufacturer of ethanol is long and growing steadily. The grain measures used to feed livestock are growing Manitoba enterprise. Many other things can be extracted from the grain, such as vitamin E and wheat germ, and of course the most important of all is clean air.

If you could supply enough ethanol to add 10 percent to the gasoline in the province of Manitoba, it would take 13 more plants the same size as Minnedosa. There is a product called oxydiesel being tried, which is 10% ethanol and diesel. If this is as successful as it appears, there would need to be another 12 plants the size of Minnedosa built to satisfy the volume demand in Manitoba.

The ethanol plant in Minnedosa produces about 10 million litres of ethanol per year, and

the process uses 27 000 tonnes of grain, about one million bushels. If all the fuel in Manitoba contained 10 percent ethanol, it would remove from our export market about 12 percent of the wheat grown in our province. This could mean a saving to Manitoba producers from freight and elevation only of over \$25 million. The future of Manitoba agriculture could be enhanced immensely if the Government of Manitoba had the intestinal fortitude and the good sense to take a bold step to move on this environmentally friendly project for both urban and rural Manitobans. If no action is taken, surely another province will be doing it for us, with our grain and feeding livestock for us and Manitobans will be again moving there for jobs.

At present, the Minnedosa ethanol plant employs over 30 workers and spends \$3 million per year. Newer plants would employ fewer people because of the improved technology. Agreements would need to be reached with the federal government to share part of the cost of the 13-cent shortfall. It surely would be some comfort to the feds to know that there is another 10 percent of our fuel which is not reliant on offshore Arab countries and very unstable Middle East.

In Canada, we have marketing boards, mainly in the feather and dairy industry. For the most part, they work very well. These marketing boards have a built-in cost of production, plus a small profit for the farmer. Manitoba's problem is that Ontario and Québec supply over 60 percent of Canada's dairy and feather production.

Elevators and railroads have what is called maximum rates set by government-appointed boards. For these companies, maximum and minimum have the same meaning. These rates include the cost of doing business, plus the return to capital. For CPR and CNR, the return to capital is about 20 percent. Manitoba farmers need a guaranteed cost of production and a small profit for any grains that would be sold to ethanol plants. The benefits would be obvious to producers. Ethanol manufacturers would benefit from the guaranteed contracted supply of grain and the elimination of huge price swings.

As you know very well, Manitoba agriculture and Manitoba farmers are in

desperate need of a kick-start program to bring us off our knees. Many farmers in this province will be having a very serious problem finding enough money and credit to sow a crop this spring. No one should be asking farmers at this time to find enough money to build an ethanol plant. All Manitobans should have the first chance of an investment opportunity in the ethanol manufacturing business.

The Government of Manitoba must supply enabling legislation to mandate that all gasoline sold in the province of Manitoba must contain 10% ethanol. It would be good for the environment, good for the Manitoba farmers, good for other Canadian farmers, good for the province of Manitoba, and good for the rest of the people who live in this great province.

The agricultural situation is desperate. All things that can be done to turn the farming situation around must be done now. The dollar cost to the province would not need to be very great. Minnesota and Hawaii already have this type of legislation in place and other states, including California, Iowa and North Dakota are looking at adopting this legislation. If we are last, we are lost.

Mr. Gerrard: I think the ideas that you put forward are pretty important both in recognizing that it is going to be pretty difficult to make a dollar with the transport costs that are there, and secondly in providing a potentially visionary solution to some of the issues here. You suggest that the first step that would need to be done would be that the Government of Manitoba put in enabling legislation to mandate that all gasoline sold in the province of Manitoba must contain 10% ethanol. I presume more than that would need to be done because it might be just as easy to bring in that ethanol from somewhere else if one did not take an active extent in terms of moving forward and facilitating the effort to invest in these plants and to make sure they were built in Manitoba. Is that right?

Mr. Morningstar: I understand that at the present time the biggest problem with ethanol is the shortage of supply. I think Hawaii would love to get their hands on another 150 million litres a year. I think United States one of the reasons that more states have not adopted this is

because of the shortage of plants to do this with. In talking to the chiefs from Husky Oil, they say that ethanol is just beginning to come, that there are so many petroleum-based products that when they are used, they are not only harming the people, they are harming the landscape; and they are hurting the environment, that people are switching to alcohol, which is not nearly as harmful as what that is.

I did ask the question, are there more markets out there, and they said there are multitude of markets out there. But we do not have the gasohol to supply ourselves yet, let alone supply somebody else or something else. We do not even go looking for other markets because we cannot supply them.

Ms. Wowchuk: Mr. Morningstar, thank you very much for the presentation and for the amount of work that you and KAP have done into looking into this issue of alternate energy. It is one that we as government have put a lot of thought into as well and are working on. I am very pleased to hear the announcement that there is going to be another ethanol plant in Manitoba, and Russell is very close to starting one, as well as the feed mill that goes with it. So, that is a very positive step. I think that there are many other opportunities, and this would add value for farmers.

One of your sentences, you talk about no one should be asking farmers at this time to find enough money to build an ethanol plant. Are you suggesting in that statement that it should be government that invests into the construction of ethanol plants?

* (21:50)

Mr. Morningstar: In that statement, I guess what I am saying is that somebody better do it in the province of Manitoba and better do it pretty quick, or else it is not going to be available to be done in the province of Manitoba. At this time, I do not think you can ask very many farmers to open their cheque book and write a big cheque to help support a brand new industry that is going on, because they just do not have the money. It is not there. Somebody better do it, though. My suggestion would be for the Government of Manitoba to do it with the 70% influx of money

from 70-75-80 from the federal government. As the money is being made by the plant back from the province from that and turn that back into the farmers, so that when the plant is paid for, then the farmers will receive the money that comes out of that, so that it will eventually be the farmers' plant.

Mr. Ashton: I wanted to thank presenters. I think it is a very interesting concept. I know we are looking internally on the transportation side. We also have fleet vehicles, which deals with the vehicle needs of government. I know that is something we are looking at, in terms of increasing ethanol. What I thought was particularly interesting, and I am wondering if this is the kind of argument you would suggest we use. I appreciate the potential for the role for the provincial government. I am certainly aware of Minnesota. One of the issues that the federal government—they take the 10 cents a litre plus the GST. There is real opportunity when we are dealing with the reality of global warming. A lot of the environmental issues here, plus an agricultural situation where there is 10 cents a litre, it does not go to our roads, so I could put my highways hat on and know that we are not going to lose anything from it. One and a half cents, by the way, was for deficit reduction.

I am wondering if perhaps they might want to take a lead role in this and work in partnership with the Province and us, and we should be a key player as well and perhaps looking at dedicating part of that to encouraging the use of ethanol, because that essentially would deal with some of the short-run problems you have with the relative costs of ethanol versus basic fuel. It seems that that would do two things. It would help the farm economy, and it would help with the real problem we have with global warming.

Mr. Morningstar: I think if you had enabling legislation that said there is going to be 10% alcohol in the gasoline and the diesel fuel, or for just the gasoline to start out with in the province of Manitoba, and the subsidy would only come if you built it in Manitoba. As you know, Saskatchewan supplies no subsidy. Manitoba does. You have just given them a guaranteed 10-year subsidy on it that guarantees that you are going to make the same amount of dollars for the next 10 years. If you said that in three years

time, nobody is going to sell gasoline in Manitoba unless there is 10% alcohol in it, I think you would see a flood of companies and people putting in these plants all over, and maybe even a bunch of farmers would find some money to put into it.

But, as long as they can get away without doing it, the major oil companies will fight it, and fight it, and fight it. I think it has been in the courts for three and a half years in California, strictly due to oil companies. But, I think they are losing from what I hear after that product was found starting to find it in the drinking water. I will grant you, it is not a big problem in Canada because we have slightly different kind of gasoline up here, which does not do the same thing, or we do not use quite as much of it.

Mr. Chairperson: Gentlemen, thank you for your presentation tonight. Mr. Broadfoot, the stopwatch for the 20 minutes is on 18 minutes and 14 seconds. Will your presentation fit within that time frame?

Mr. Duncan Broadfoot (Taxation and Alcohol Production Committee, Keystone Agricultural Producers): If you allow me to go, I will, thank you.

Mr. Chairperson: Okay, that is a deal. Proceed.

Mr. Broadfoot: I guess the quick explanation is that this is not from the Education and Taxation and Assessment Committee, it was part of the discussion on that we will bring up a proposal forward to the ministers later, after it has been through general council.

I guess I would like to compliment you on leading such an illustrious group. It is good to see individuals from all parties working for the Manitoba farmer. I would ask you to encourage the federal government to continue to support Manitoba farmer in a way that is non-countervailable, as within the green box system. We pay far too many inspection fees on the grains and livestock and for the protection of the consumer. These could be paid by the government agencies for that consumer.

We looked at the previous governments in the protection for businesses that has already

been given. Chemical companies have received patent protection extensions for many years. Input prices have no relationship to the market at all, for example the force driving up of health costs in the healthcare industry is the patent protection for these same chemical companies. We lost the Crow benefit, or we gave it away, \$900 million, at one time. I will lay money that the federal government has regained everything they paid out in reclamation of the excise tax on fuel and added costs of grain transfer or transportation.

During the GATT negotiation, western Canadian farmers were led to believe that by giving up the Crow rate and other subsidies, such as the GRIP, we would all be on a level playing field. A previous KAP president quote would be: Well, we soon learned that we have given something away. The area of concern I feel strongly about is within this realm of this Government. I would like to point out that the \$38.7 million that the provincial government will inject into Manitoba agriculture will, within days of being received by Manitoba farmers, be unfairly taxed back in the amount of \$44.4 million with the increases and special levies on education. That special education levy is placed on farms and farm production buildings. This is viewed as an income tax on farmers. The money that is needed for education should be coming from the income tax levy, and all Manitobans should be treated equally. Also, it is a fact that we can also lose our land in default of these taxes. This is an excellent opportunity for consensus among all parties to treat us fairly and remove the education tax from farmland and production buildings. Thank you for your interest and time.

Mr. Chairperson: I would like to invite Reeve Dennis Heeney to the microphone please. Reeve Larry Walker, you are on deck.

Reeve Heeney, do you have a presentation to be distributed? Thank you.

I want to point out to everyone, as was pointed out by Mr. Morningstar, that the photocopier here at the centre is not working, but if you do need assistance, please approach the staff desk. We have made arrangements for those

photocopies to be done. So just approach the staff desk if you need that.

Reeve Heeney, you can proceed.

Mr. Dennis Heeney (Reeve, R.M. of Elton): Thank you very much, Mr. Chairman, and welcome to Brandon. We are pleased to have you here in the Keystone Centre. Before I begin, I would just like to say—it is not on my presentation now—how pleased I am to be part of this group. I am just amazed at the articulation and sincerity of the presenters. Some of these young farmers—and I know some of them personally. They are good farmers and good businessmen, and it takes a lot more patience than the average person has, to persevere under the kinds of circumstances that they are doing. I can tell you that agriculture needs them, our communities need them, and this country needs them. I do not think they know it. I am sure it is not the same in Manitoba. I am talking about those people in the other end of this country. I am from Elton. That is just north of here. Six of our seven councillors are in grain or livestock production, so I think we have some right to speak about agricultural problems. I also want to talk about some of the negative effects this is having on municipal matters.

I would only be repeating what a lot of people have said about agriculture, so I will take a bit of Mr. Stevenson's remarks and embellish them a little. But I have just made a few comments here.

The feds have basically written agriculture and really western Canada right off as a dead issue, and I would say, ladies and gentlemen—I forgot to put ladies in here and I am pleased that the ladies are here—we cannot accept this under any circumstances. Agriculture has and continues to be the economic base for this part of Canada, and if we fail, the urban community fails. If they do not understand, it is because they cannot get their heads out of the sand.

* (22:00)

It can easily be demonstrated that the more efficient we get as producers, the faster we go broke. So it seems that our only hope for a fair price, for feeding ourselves and the rest of the world, is for a natural or engineered crop failure;

and that really goes against everything that farmers believe in.

Without either government subsidies or crop failure, we cannot survive and, therefore, neither will you. So is this part of your plan? Our first Parliament knew the value of infrastructure and built a strong nation held together by a national railroad, a system of roads, seaports and later airports. Our current politicians are hellbent on the destruction of that system and have nearly completed their task in a mere one or two decades. Is progress not wonderful?

Years ago, our fathers were at a disadvantage because of a few large grain companies, and so they banded together, and with much effort, provided us with some control over our business. It appears that we soon will have to reinvent the wheel. Governments still refuse to stop a few of our citizens from holding the entire country and economy to ransom, when those few feel that their services are not appreciated according to their standards.

We are told by our governments that, if we only diversify, we would be saved. Well, there is no doubt some of this would help, but we have been there and done that. We know at best it is a temporary solution, and it ignores the basic economic market principles. So, by itself, it is not a panacea.

From a municipal point of view, we know beyond the shadow of a doubt that our current road system, particularly the provincial system, is at or beyond the crisis situation. This is not just our observation, but it is backed by all kinds of statistics from the provincial highways department. I am pleased to see the minister here, and I think if you are not aware of that, I am sure either he or myself could tell you all about it. I am sure he has told you.

I will just go on and tell you a bit more about Highway 25, which goes through our municipality and connects Rivers. This road is in bad shape, and we understand that if restrictions are not put on, or it is not fixed, it is not going to last. So we understand why the restrictions are on there, but two or three years from now, what is going to happen? Are they going to fix it? It is not in the plans for the next two or three years. It

was built in 1967 with a life expectancy of 20 years. We are now 13 years past the death of that highway, and it is still there and it is still not in good shape. If we do not fix it soon, the base will be gone and the shoulders will be gone, and then we will have to reconstruct the whole thing. Now we can get by with resurfacing. So I think it is not very good business to let these things deteriorate any further. I just wonder where your vision is. Where is your sense of duty and responsibility? Why did you try so hard to get elected, and then did not intend to do your jobs?

I hope that my age makes me cynical. I am not as patient or understanding as these fellows have been. If you want to get annoyed, please be annoyed with me and not them.

Another example, though less critical, is the Trans-Canada Highway in the Brandon area. We studied that in 1983 and we are doing it again. We did not finish the job in 1983. We were going to build the eastern access. It is not done yet. So we are going to study it again, but is that not the Canadian way? We study and we talk and we do not do anything. It is a pity, but that is Canada. The major reason, it seems, for lack of action by both the Province and the feds is that there is no money. This is the lamest and most overused statement made by all politicians.

Our Parliament has the constitutional authority to create all the money and the credit necessary for our needs, and could supply all that we now need to fix our infrastructure problems. We could do that without paying any interest. It is in our Constitution, which our government years ago gave away. We had to fix the Bank Act a little, but they could that. It would not take much.

Highway 25 was just a case in point. We could create employment, which in turn would generate revenue and tax dollars for all levels of government by borrowing this money and paying it back over the 30 years' life expectancy of that road. No interest. Could you not understand this, or do you have some ulterior motive for not doing it? It is great to have state-of-the-art health and education facilities, but if you do not have roads to drive the school buses and ambulances on, what is the point? So I

would say, first of all, fix the infrastructure and fix it now.

To sum up, we are in a crisis situation. If the witching hour is 12 midnight, we are at 11:55 p.m., so I do not think we have a moment to lose. Thank you.

Mr. Chairperson: Thank you, Reeve Heeneey.

Mr. Ashton: Thank you very much. I knew when you looked at me you knew I was not going to argue the point in terms of the situation with the road system in Manitoba. I think one of the important things, too, when you said there is no money is an excuse, it was interesting. A lot of people forget that the federal government not only taxes fuel 10 cents a litre when you go to the gas pump for personal use, but it also taxes it for farm use. None of that money comes back to the province. We have not had a cent since 1996 on the national system, and really, the first money outside the national system to do with any of the agricultural needs is going to be the grain roads program, which is coming in this year, which is being split between municipalities and the provincial government. When you look at the federal gas tax, it used to be 4 cents a litre back in 1988. It is now 10 cents a litre. They are taking \$3 billion out of the national economy.

So I am wondering—so echoing your point here, because to be fair—and I am not going to try and make a case for myself, for this Government. Most governments in Manitoba have been pretty close to spending what they raise in gas taxes, which is eleven and a half cents a litre, and what they spend on the highway system. I am wondering if the message should not be to the federal government, maybe put the way you have done it here, and that is: If you let the national infrastructure deteriorate, how are you going to have the services and the economy, especially when the Americans to the south of us—I can tell you their national highway system puts us to shame. What they do is they raise money federally, and they put it into their national system and their state system as well. So to my mind, it seems that we cannot figure it out by looking at the conditions of the roads. We should figure it out by looking at our competitors. So I am wondering when you say there is no money as an illegitimate argument. I

think, as I understand it, you are saying there is money out there if there is a political will, and maybe that is what we have to do is make a real commitment to fix up our road system for economic future.

Mr. Heeneey: We should not even send it down. If they are not going to send it back, why are we sending it down in the first place? I think we need to be keeping that money back here, and calling it an investment on their behalf, if you want; but in any event, it is not enough. Your department advises that \$1 billion was needed to get the roads back in condition, \$2 billion, whatever. These farmers, broke as they are, are still doing better on their own farms to keep their things going, and they know what you have to do. You have to do it. So I think we have to find the money somehow. If we cannot get our products to market, we cannot get our inputs in. If we cannot get our kids to school, et cetera, we are dead.

Mr. Jack Penner: Mr. Heeneey, thank you for your excellent presentation. I am always encouraged when leaders like yourself take the initiative to make this kind of presentation, because you put forward an all-encompassing piece of paper, and the presentation you indicate, is not about just agriculture. It is about community. Point No. 4. Without either government subsidies or a crop failure, we cannot survive, and neither will you. Is this your plan?

* (22:10)

I think, Mr. Heeneey, the other point you make in No. 8, you say we diversify. Diversification, by itself, does not go anywhere. Many farmers have tried diversification, and it is a very short period of time, and you are back into the same kind of overproduction that we have seen. Can you tell me whether the people are aware in this province that the Government, over the last two years, has had a \$750 million increase in revenue, and can you tell me why it is that this Government has not chosen to spend a portion of that? The allowable portion that would be attributed to rural and agriculture and transportation, yet when you look at the transportation budget, last year they dropped \$10 million out of the capital budget. Yes, they say

increased maintenance, but the capital budget is what keeps our highway system going. Similarly, you have seen decreases or spending that has been kept at a given level in agriculture.

Why can a province not take on the responsibility when you have those kinds of increases in revenue? Mr. Chair, \$750 million dollars is a lot of money over a two-year period, and it is all spent. It is all gone. Yet you have not seen—

Mr. Chairperson: Excuse me. We have a point of order.

Point of Order

Mr. Tom Nevakshonoff (Interlake): At the beginning of this procedure, I believe you asked us to refrain from lengthy speech making, and, also, we were hoping that we would carry out this process in a spirit of co-operation without politicizing the situation as it seems the member from Emerson (Mr. Jack Penner) is intent upon doing so. He is talking about our Budget quite a bit here, but does not go into the fact that this \$750 million surplus that he is referring to, their party would have chosen to give this all away back in tax cuts. So I ask you to call the member to order, and if he has a question for the presenter, please put it. Thank you.

Mr. Chairperson: Thank you, Mr. Nevakshonoff, for raising that point. It allows me a chance to, No. I rule that there is a dispute over the facts, but it gives me the chance to remind everyone to keep their comments short and on message to the resolution. I think we have been doing fairly well this evening to contain our remarks and to concentrate on questions rather than speeches in this part of the hearing. So if I could ask for co-operation of all members in that regard I think it would be much smoother this evening.

* * *

Mr. Jack Penner: Well, thank you very much, Mr. Chairman, and I apologize for the Government being a bit sensitive in this area. I believe that increased revenues of \$750 million in a year without spending at least a portion of that on our infrastructure, on our roads and our

agriculture. I want to know Mr. Heeneey from you, as a reeve, what kind of an impact a 10 percent increase or a 10 percent allowance of that \$750 million would have done to your road system. Could we have built your Highway 25 or rebuilt your Highway 25 for that?

Mr. Heeneey: Mr. Chairman, I hope this does not come off my time.

Mr. Chairperson: No, that is my time.

Mr. Heeneey: I do not know. I do not know whether it would. We have managed to keep our roads in reasonably good condition, because most of the trucks have been driving on the provincial roads but if you chase them off they are going to drive on ours and then of course—I do not sit around the table the same as you guys so I am not sure what the service really is, but I trust that you are going to handle it as wisely as possible, but I am just telling you, we have got a road—your Government did not fix the roads, and your Government has not proven that you are trying to fix them. So somebody better fix the bloody roads. I mean, we have a problem out there.

Mr. Cummings: Thank you. You have emphasized the urgency of the problem not only with the agricultural crisis but with the infrastructure concerns. Can you see your way clear to support the unanimous motion that we have in front of us and the leverage that we are trying to exercise with Ottawa to bring attention to this severe situation, and provide a unified front to our federal ministers that they have to deal with this issue or we are going to become not only a have-not province but we are going to lose a generation of farmers? There would be a lost generation.

Mr. Heeneey: Yes, we should do whatever it is we have to do. I just want to make a comment on Mr. Penner's suggestion about what we could do in the way of diversification and we had an idea from the former presenter about ethanol and whatever we do whether it is ethanol or any other process we might undertake, I hope that the farmers and the people of Manitoba own it, not the Government, but that the people of Manitoba are shareholders in it. I hope it is not some multinationals, because they do not have

any interest in helping us. I do not know about GATT, I do not know what is happening in Québec City over the weekend, but I do not think it is too good for us.

Mr. Chairperson: Thank you very much, Reeve Heeney.

I would call Reeve Larry Walker, the Reeve of the R.M. of Miniota, and point out that No. 18, Bill Cochrane, private citizen, has already put his written submission in and has opted out of verbally presenting, and that No. 19, Gladys Howden, you are on deck.

Just to clarify for the record, the MLA for Interlake, Mr. Nevakshonoff did not have a point of order. I forgot to mention that in my ruling.

Now it is all wrapped up. Mr. Walker, I see your presentation is being circulated. The floor is all yours.

Mr. Larry Walker (Reeve, R.M. of Miniota): Thank you, Mr. Chairman. Honourable ministers, panel members, colleagues and fellow farmers, it is always a pleasure to follow Reeve Heeney to the podium.

I am Larry Walker. I am the Reeve of the R.M. of Miniota. I am also what I consider to be a family farmer. My wife, Janet, and I started farming together in 1960. We still farm with our two sons. Janet and my two sons have worked side by side with me in the field, in the yard, in the kitchen, and in the living room.

Fifteen years ago, I took a leap in faith. My two sons showed, because of their involvement with my wife and I, that they did not want to go to university. They had their high school education and they wanted to farm. The size of my farm was modest, so I took the boys into what we call a family farm partnership. When I say a leap of faith, what I did for my sons was join in a partnership with them to the whole operation of the farm, so that when I retire, I do not have access to the revenue from the sale of my property. What I have is an agreement with my sons that I will receive an honourarium or per diem on a monthly basis as long as my wife and I require it.

That was all well and good 15 years ago, but the problem is, in the last 15 years, the equity in that farm is becoming eroded. We had a very friendly and knowledgeable banker that realized that when you put money into the NISA account, the Government matched it, so you got two dollars for one. That was to be part of Janet's and my retirement fund when we left the farm, but you know the rest of the story. At the last few years, equities being eroded and so on, we have had to use up that NISA account, so goes some more of our retirement. I hope there is a huge injection of funds into the Old Age Security program, because by the time I get there, I am going to need it.

However, we are here today ladies and gentlemen, to talk about the difficult situation of our agricultural industry and to discuss some solutions.

* (22:20)

Ladies and gentlemen, let there be no doubt. One only needs to talk to an ag-related businessman, a farm service supplier, or a business in your community. There lies the hard truth. One can experience the stress, frustration, and anxiety being felt by just being in the presence of those involved in agriculture in our rural communities. This is not a farm crisis, ladies and gentlemen. It is an ag industry crisis. It affects each and every one of us.

It has not just happened recently either. Agriculture, like many other industries, has cycles which provide highs and lows. In a normal economic atmosphere with no interference, i.e., a level playing field, the industry can survive and actually thrive. However, we do not have a level playing field in agriculture anymore. To deal with the problem, we have to understand why. It is not good enough to blame the Americans or the Europeans for their subsidies because, ladies and gentlemen, that is a subsidy of their consumers and they are not going to give it up.

Because of the volume of their production being consumed domestically, they are actually subsidizing their consumers, which is their intent. The balance of their production, however,

goes on to the export market, and of course it is subsidized at the same level.

However, in Canada, because of the low level of consumption, the majority of our production is exported and has to compete in the international market with subsidized production from the U.S. and Europe.

In the 1970s, Canada embarked on a theme of a Just Society. Along with that came a National Energy Policy and a large national debt. Energy prices rose dramatically, affecting not just the fuels to farm, but also input costs. Inflation was rampant and interest rates soared.

During that time, there were some support programs in place, but towards the end of that era, they were not upgraded to keep pace with rising costs.

Producers began to use up their equity by taking out operating loans with land and production as security.

It then became necessary for government to address their deficits. Agriculture was a direct source of those cuts. Cuts were made to direct payments, i.e., the Crow benefits, and cuts were made to the service industry, where it was cut and privatised.

I will cite an example of the effects. Agriculture Canada, through our universities and research stations, did plant breeding and developed new crop varieties, which were tested and released on their merits to members of seed growers' associations. Seed growers, such as myself, multiplied these varieties and sold them to producers.

In the 1970s, five pounds of Canola seed required to seed one acre would cost the producer approximately \$1.50 to \$2. In 2000, to purchase the seed to sow that same acre, it will cost from \$8 on the low side to as high as \$20 on the high side, depending on what firm you buy it from. These prices also include royalties paid by producers to plant breeders, or their universities, or companies. This is just one example of the changes which affect the input costs to producers.

The same acre of Canola would produce a gross return in the 1970s of approximately \$212 an acre, compared to \$180 an acre in the year 2000. We have a vital industry in peril. In the past, we have treated it with short-term Band-Aids.

The \$500-million aid package now in place for 2001 is not sufficient in the short term to maintain our industry until a long-term support package can be put in place. At least double that amount is required to keep the agricultural population in rural Manitoba. If you double it, folks, it still only covers the additional cost of the fertilizer and fuel prices for 2001's crop. So it just plain does not cut it.

The industry needs a support program that this generation can take to the bank. It needs to provide a basic assurance that producers can, over the long term, know that they are not going to work for nothing and lose their equity. It needs to provide some incentives for our children to become involved in the future. They are the future of this industry, folks. There are too many farmers out there that are my age.

It needs to be a sound program that rewards those who use sound management practices. It needs to reward those who continue to provide the safe, healthy food supply which is a tradition in Canadian agriculture.

What are the alternatives? I do not think there are any worth considering. However, some are being put forward.

Do nothing and let the farmers find a different occupation. Well, in the worst-case scenario, let agriculture die, and there are no producers. What effect would that have on the rest of Canada? I think it would be devastating. How many people would be left in rural Canada? No schools, no hospitals, and no need for any type of services in rural Canada. Our food supply would be provided at the discretion of some other country. What would that cost? Would we be importing fresh red meat from Europe?

However, I think our land would still be farmed. A supply of some sort of food would be produced by multinational corporations, not the

ones we work with today, but the big pyramid corporations who produce our drugs and our chemicals, and so on. Could they control our food chain? A scary thought. Not a very attractive alternative to supporting the agriculture industry we have today.

With your permission, Mr. Chairman, I am going to skip a couple of articles that were in the paper. They are in the presentation for you to read, and I will just carry on to some of the other comments.

In the past 27 years, input costs are up 372 percent, while income rose only 13 percent. In 2000, anhydrous ammonia, a fertilizer, was 24 cents a litre. This year it is 35 cents a litre.

That is what happens when you start skipping things, you get lost. I am going to quote from an article that a 4-H person wrote:

A trip to the grocery store is pretty expensive, is it not? Imagine what it would be like if the farmer got his fair share. Canadian food is among the lowest-priced food in the world. When the family farm is gone, corporations will take over the production of food, in my opinion. Do not expect these people to sell their wheat at a loss. It will sit in the bin until it sells for a profit to them. Then we will see how expensive groceries are.

When farmers are making a profit, they tend to spend their money upgrading equipment, buying new cars and trucks, upgrading farm buildings and homes, and even buying appliances. This demand puts steelworkers, manufacturers, and factory workers to work and gives them more buying power to spend on sports events, concerts, and holidays. This in turn puts customers and money into urban hotels, stores, and restaurants, increasing the demand for workers in that sector. If by now you see that the current farm crisis does affect you, please help—unquote.

Ladies and gentlemen, I am going to be a little bit brave, if you like, and a little bit forthright in what I am going to say from here on.

* (22:30)

Farm groups, industry, and politicians have all been sending their message to Ottawa, each with their version of what is needed. I challenge you as an all-party committee to provide the leadership which is required in this crisis to bring all these groups to the table. Lock the door if you have to, but come out with one common position on what this industry needs to survive. You have at hand the opportunity. Use it. We may not get another chance.

In closing, my suggestion is this: set party politics aside, please. Put in place an ag committee selected from the public. You have heard some of the young producers here tonight that, I think, could contribute immensely to a committee, representing all aspects of production of agricultural products. Give that committee the power to succund resources required to recommend a long-term ag support program that producers can support in terms of premiums, while giving the industry support for the future.

The program should encourage diversity. It should encourage the concept of adding value to basic production. It must encourage adaptability to market trends. It must encourage the continuation of the traditional production of clean, healthy food. It must do so in a manner which is sustainable in the long term, and it must reward sound management practices. Thank you.

Mr. Chairperson: Thank you, Reeve Walker.

Mr. Cummings: Thank you, Mr. Walker, for your presentation and your suggestions. I understand that you have been working a lot in this area to try to bring some unanimity among the various sectors of our community to look at all party and all aspects of our industry to be represented jointly.

First of all I would have a question for you. Do you believe that there should be this type of approach made immediately to Ottawa, using all the resources that you have indicated in the last page of your presentation, to try to emphasize the urgency of the current situation, and then go to the suggestion of something along the line of the committee that you are recommending, to deal with the longer term issue?

I ask that because it seems to me that almost everyone today has been stressing the urgency. Indeed, I think I would support the minister and members of the Government and the Leader of the Liberal opposition. We have all spent a day in the Legislature a week ago debating the urgency. Perhaps you have now challenged us. I ask you, in respect to the first question, is there a short-term approach we should take?

Mr. Walker: Yes, absolutely, Mr. Cummings. I think it is urgent. I think it may be part of our problem that, in the situation right now, we are not getting the kind of dollar support that we require from Ottawa. Along with our provincial government, our federal government has been getting mixed messages. I think it is incumbent on us, as residents of a province, to put our heads together, go with one stand, and say this is what we need, and this is the least we will accept. And we do not have somebody else saying well, maybe we could do this and maybe we could do that. I think the situation is critical. We have to do it now, and we have to do it together, in the short term and in the long term.

Mr. Gerrard: Thank you. In your discussion, you talk about the amount that is needed immediately, and you say at least double the amount of the \$500 million that is required. We have heard from others before that the amount maybe needs to be in the range of \$40-60 an acre. That would be a much higher payment than \$500 million, if it were. You want to comment?

Mr. Walker: Yes. Like I said in my comments, if we doubled the amount, it is still only enough to cover the increased cost of fuel and fertilizer for 2001. Absolutely. We have had young farmers here that have done the research, and have presented their records that indicate you need between \$40 and \$60 an acre. I have not done that research. I have spoken in general terms. I certainly support the young producers that have done the research and have come forward with that. If we can get \$60 an acre out of the federal government, let us go for it. I think that our province has to put some money on the table and challenge Mr. Chrétien and say: Here is my money, where is yours, now?

Ms. Wowchuk: Mr. Walker, thank you for your presentation. I want to say that I appreciate the comments coming from a 4-H member, who

probably understands the situation and the impacts of this crisis on farm families much better than many people who are not involved in the industry, and that is a very good quote that you have taken from a young student.

You talked about the importance of parties working together. I think that the discussion, the debate we had in the Legislature, and coming forward with a resolution that we have had, is a very important step for legislators from all parties to be able to work together and come forward with a resolution. I agree. We have to take it to the next step of involving municipal leaders, chambers of commerce, and all organizations, so that we do have a very focused message in convincing the federal government that there is more need for support, on behalf of the federal government.

I would ask, when people talked about \$65 an acre, we are working to get the federal government to put another \$500 million in. That is a struggle. Do you believe that the federal government is willing, or there is the possibility that we can convince them to go the next stage to put in place the kind of program that is being suggested of \$40-65 an acre? Do you think that there is the political will on the part of the federal government to move to that level?

Mr. Walker: One of the speakers mentioned before, Ms. Wowchuk, that there needs to be the will and, when there is the will, you can find the way. Collectively, we have to try. Whether we succeed or not depends on Mr. Chrétien. You mentioned the 4-H students. Without being repetitive, the speakers that have come before me, the family hurt out there, the young children who are suffering through the stress that their parents are experiencing, the difficulty in dealing with financial problems and not being able to pay bills, the issue of denial, all of those things are tugging at the heartstrings of our rural communities. So it is incumbent on us to do whatever we can do. If we cannot get any more than another \$500 million, then so be it, but we go asking for 60 and at least we can come back with the comfort that we went together and we tried. If we do not try, we are not going to get it.

Mr. Chairperson: Thank you, Reeve Walker. I have a list of five more MLAs who want to ask

questions, and we have gone overtime already. Just a good reminder that we need to keep our questions and our speeches very short and succinct, so that everybody has a chance around the table to question.

Mr. Walker: Thank you for the opportunity.

Mr. Chairperson: Just before we continue on with our next presenter, we had two gentlemen register, Mr. Gordon Thompson and Robert McNabb, representing the Minnedosa Focus Group. They have opted to just leave a written presentation to be included in our transcript. I would need leave of the committee to accept the presentation that these gentlemen have left.

Some Honourable Members: Leave.

Mr. Chairperson: We have leave. Thank you.

I would ask Gladys Howden to come forward, and Bernie Whetter of Wheat City Feeds, you are on deck.

Ms. Howden, do you have a written presentation to be distributed? Thank you, Ms. Howden. The floor is all yours.

* (22:40)

Ms. Gladys Howden (Private Citizen): Good evening. My name is Gladys Howden. I farm with my husband, Clair, in the Westgate area. We have two sons, Dustin and Chase. We are a century farm, being the fourth generation, and hoping to give our sons the opportunity to farm if that is to be their goal.

Guess what I have done the last three days? I have gathered information. I have talked to neighbours. I have written this speech. I have corrected it. I have written it again. I threw it out. I tried it again, and it is still not right, and I am going to start over. Then today I realized I was doing exactly what you, our Government, has been doing for the last two years. You are so busy having public meetings and portraying to the Manitoba public that you are intent on helping the family farm that you are not solving the problems at hand. Talk, talk, talk, stall some more, talk some more.

We started out with rallies, phone calls, letter campaigns, trips to the Legislature, and here we are in Brandon again, talking about the problems of agriculture. The main problems, as I see them, price versus cost. Prices for our products are too low. They do not even begin to cover the cost of producing a crop. Our expenses continue to soar to ridiculous heights. Everything from chemical, fertilizer, fuel and taxes, whether it be chemical, machinery or commodity companies, they all answer to a board of governors which demand 10% to 20% investment. These costs are then passed on to the farmer.

Transportation costs. The cost of shipping our product is expensive. Do you realize that, for the \$3 that we get for our bushel of wheat, the cost of freight in our area is \$1.22? That we have to pay for shipping is ludicrous to begin with. Do you think car companies pick up the freight when you buy a car and they ship it from Ontario? Not a chance. If you are buying a vehicle, you pay the freight. So why do we as farmers pay the freight for our commodity when we are selling it? Add to that, when there is a strike problem in Thunder Bay or Vancouver, or that the railroads do not deliver our crop on time, the Wheat Board picks up the demurrage costs. Then that cost is passed on to the farmer. At the very least, why could transportation costs not fluctuate with the price of grain?

Another problem, rules of trade. The farmers in this part of the country have to abide by rules from the World Trade Organization right down to our Wheat Board. Who do we sell our grain to? Single-desk selling compared to multidesk selling, buybacks of our own grain, so many rules, and they all affect what we can sell or what price we can get for our product. These are just a few of the major problems, as I see them.

The future of farming. I do not see a future in farming right now. We have always wanted to give our sons the opportunity to farm, if that is their wish, but why would I encourage my sons to farm? No matter how you pencil it out on paper, \$3-wheat does not pay the bills, let alone provide a decent living. I do not want my kids learning that being a farmer means having to go to rallies, yelling at politicians, and trying to make them understand that this system is not

working. I want them to understand that farming can be a great way of life, watching your hard work turn into rewards, giving your family a chance to grow up on the farm, a way of life that should be treasured.

I question your motives here tonight. I doubt that there is anything being said that has not been said time and again. Talk, talk, talk. I know you will go back to parliament and use the media and tell the people of Manitoba that you will continue to work with the farmer and address the problems of the family farm. Well, folks, talk is cheap. Speaking of cheap, that is what we hear all the time. No money, not enough money. We will match whatever the federal government brings to the table. Why in '99 did we have to rally and demand a payment for our flood problems, half of which had to come out of AIDA?

As the Opposition, you had lots of answers back then. Now that you are in power, there is still no money. Why then in the last four months did \$50 million get put on the table for diversification and another \$40 million for the floodway? Where was that money when it was not available for the farm community last year?

So, when we leave here tonight, what will you do? You have been given all sorts of ideas and some answers and some solutions. We realize that you have to go to Ottawa and the feds have to go to work, too, but you as a Province have the power to make changes, too, not just talk about them. You have to be willing to make changes from cutting taxes on fuel, to cutting taxes on farm buildings, to name a few. What about the Manitoba Crop Insurance Program? Nothing infuriates me more than filling out all those blasted forms, and when the bill comes in, you charge me \$500 for administration fee. I do the work and you charge the fee.

You have been told time and again that an immediate cash injection of \$65 an acre is needed right now, the spring of 2001, not in two instalment cheques, 65 percent now and 35 percent in the spring of 2002, but right now. Do you realize that when a farmer receives \$65 an acre he will buy fuel, fertilizer, chemical, pay taxes, buy machinery, maybe even clothing and

groceries? It goes right from his hand straight into the other hands of Manitoba. It generates economy. You should already know that. My understanding is that for every dollar a farmer spends it generates \$7 in the economy. This would be good for all of Manitoba.

The long-term solution, the cost of production program has been brought forward to you. Do not wait two years to implement it. Québec has had a program for 21 years. Ontario has had a GRIP program up until a short while ago. Why is Manitoba so far behind? We need a program that we can take to our bank so that our operations are viable. We need to know that we will get a guaranteed basic price for our product.

So there, I have said my point of view. Quit stalling, get to work, put the ideas and the programs to work, and let me get back to my work, farming. Thank you.

Mr. Chairperson: Thank you, Ms. Howden.

Ms. Wowchuk: Thank you, Ms. Howden, as well. That is a very interesting comment, and I can understand your frustration in many of the areas that you have raised. You talked about why we are here. We are here because we had a resolution, an all-party committee agreement, that this is a very serious situation. We want to send a strong message to Ottawa, and we want to also be able to include comments from people who are involved in the industry. Certainly we have heard some very good suggestions through the presentations about different things that can be done, and those will all be very helpful. But, as I said, the resolution was passed by all parties. I wonder whether you support the idea, which has been supported by all parties, to take this resolution, send it to Ottawa, ask them for an additional \$500 million to help in the short term and then work towards interim and long-term solutions so that indeed farmers do not have to be asking for support but can get a fair return and know what they are getting.

* (22:50)

Ms. Howden: It is a great idea. I mean, we want you to go down and fight for every dollar you can get, but if you have money to spend to help with this cash injection, you put it on the table

first, and then you go down. How long are you going to get organized? We do not need two years more of this, public meetings and rallies, and talk and talk and talk. It is like I said, get down there and get to work.

Mr. Gerrard: My sense is that you, like many before, feel that the 500, as it was delivered, repeated once more, would not do enough, would not do what needs to be done. If you just duplicated the \$500 million, one of the problems is that Ontario has got about \$20 to the acre, they would get the \$40 to the acre. Manitoba would get from \$7 to \$8 to the acre to \$16 to the acre. We need to do something that is quite different, and that really addresses what is needed in Manitoba, that gets closer to what is needed in Manitoba, which is to talk about the range of \$40 to \$60 to the acre. Is that what you are trying to say?

Ms. Howden: It is a start. That is all it is. It is just a start, the \$65 an acre to cover costs. You have been quoted tonight how many times what the costs per acre are for wheat, Canola; \$65 does not even begin to cover the costs of those. So I do not know how many times the figures have to be talked about and talked about when you have the information. It is there.

Mr. Smith: I would like to thank the presenter for some pretty good suggestions. One of the suggestions that is potential and that you have mentioned is taxation on farm buildings and such, elimination that the Province could do, and you also mentioned cutting taxes on fuel. You mentioned that in a provincial context. Well, I think in a federal context that is a very good idea, and I have mentioned that tonight. There is no provincial taxation on farm fuel presently. So on a federal level would that be very important to you to have the taxes eliminated from a federal level? That is the first question.

Then, as Mr. Gerrard had mentioned before, we have heard a lot of numbers tonight. We have sat through a few presentations here tonight, and we have heard from \$35 to \$70 an acre. You have mentioned \$65 which obviously would be a lot more than the \$500 million in the resolution. In reading the resolution—have you had a chance to read it?—the strengthening of the all-party committee, what we are trying to do is bring the

all-party committee in a stand-up front as you mentioned and take it to the federal government in a way that we can strengthen and bring it forward. Sixty-five dollars an acre, I am just curious how you arrived at that number, and obviously we have got \$500 million in the resolution that we have agreed to. You feel it is not enough. I am just curious. The \$65, how did you arrive at that number?

Ms. Howden: I guess if you sit down and you take a look at what our costs are per acre, what we will get back in some income—I mean, they come up with these figures—so that we at least will break even, and try to make a living to stay on the farm. I mean, if you want to jew it down to \$40 or pump it up to \$85, that is your call. That is a suggestion from farmers at this point, and I did not come up with the figure. I used it tonight because that is what different programs have been set forth with.

Mr. Jack Penner: Ms. Howden, I think you made an excellent presentation. I think you were to the point, and I truly appreciate that. There has been a precedent set by previous governments that they did in fact put the money on the table when disaster struck. I give you the minister's own back yard. When a disaster struck in Swan River, the Province then paid the cost, said we will do the job. I was the minister and so was Mr. Cummings, the ministers that made the decision, but it had to be made.

Secondly, I think Mr. Walker indicated clearly what had to be done. There had to be a joint effort. There was also a precedent set back in 1996 on that when the western provinces and all the farm organizations joined together and went to Ottawa. They brought back home \$2.8 billion in a special grains program. How do you see this provincial government taking this whole idea forward and bringing the western provinces on board to go to Ottawa in a united voice. We are committed to do that. How do you see this Government being able to convince the other provincial governments in that direction? Have you any connection to the farm organizations in the other provinces that they can be convinced?

Ms. Howden: My only suggestion that I can see is that, if there is a rainy day fund, if there is \$300 million socked away in parliament

somewhere, then use it. We have told you time and again that cash injection is needed. So put it on the table. Go down to Ottawa with that and tell them to match it but do not go empty-handed or they are not going to talk to you. They have made that plain.

Mr. Ashton: I appreciate your frustration. I just wanted to let you know the reason that I am here tonight is—I do not represent farmers in my constituency. I got up 4:30 in the morning to come down here because I know personally how tough it is on the farms, not from personal experience but because I talked to a lot of people. I travelled rural Manitoba. I know it is real and I just wanted to let you know that one of the reasons I am here is I want everybody in the province to know that. I come from a community that is resource-based. I have seen my community go through tough times. What used to frustrate me is probably the same thing with you that sometimes you feel that you were the only one that knew what was going on; and, even if other people said they cared, they were not living through it, they did not really know. I have seen my own community go where half the houses were boarded up a few years ago. We are doing better now, but I just wanted to assure you that one of the reasons I came down here personally today is because I do care and I think every one of the people here do as well. I say this not as an excuse because I think your point is well taken. When you are going through tough times, you do not just need the sympathy.

I think we are here not only to show support in a moral sense but also to learn from you because, quite frankly, not being a farmer, not representing farm communities, but caring, I know that our best chance to get a solution is listen to people like you.

Ms. Howden: Okay. I did not catch the question there, so I will just agree then. I know everybody cares. It is not a question of not caring. It is the urgency that is needed. It is getting to work and putting these programs to work instead of just talking about it. That is my point. I am tired of talking about it.

Mr. Maguire: Ms. Howden, it is unfortunate that we have to deal with the frustration, but I am pleased to see that you have brought it

forward tonight because many of the farmers in this room, behind you and at this table, have sensed that over the last year and a half from the flood of 1999—and one previous speaker pointed out that there are two separate disasters going on here, one for low commodity prices and one for the flood of 1999. They need to be dealt with in a separate manner, not deal with them perhaps with one program.

The creativity that you talked about is in your presentation here, the rules of trade, and I wonder if you were aware that you can deal with a nature disaster under the Free Trade Agreement rules with a direct acreage based payment. You could do it under any mechanism you wish as long as it is a declared natural disaster.

Ms. Howden: I was not aware of that, and I think that the problem is that too many of those things are not made aware to the farmers, that we could have been covered through the grain NISA or whatever they call it, that we could have received a payment. But there are too many of those things that are not brought to light.

* (23:00)

Mr. Maguire: Just to follow up on that. There has been a lot of talk about \$40 or \$60 an acre needed here tonight to get us through into the next year. But you live at Waskada, by your presentation, and I know that your neighbours are receiving well over a hundred dollars just a few miles south of you and, on an acreage basis, it becomes very hard to compete in those areas with those kinds of differentiation. So I just draw that out and ask the question, then: How much do you see that subsidy, if you will, on the U.S. side of that border impacting your local economy?

Ms. Howden: Well, you can go just across the line to Bottineau or to Minot and see all the different dealerships and the businesses, although they are hurting because of the Canadian dollar, but the agricultural business is doing well. They are moving machinery. The farmers are going into the crops that are going to be subsidized so that they are sure of getting a payment. If you give a farmer a dollar, he is going to turn around and spend it, so the car

dealerships are doing well, the machinery dealerships are doing well. It is just a domino effect.

Mr. Maguire: With those kinds of infrastructures still being held up, that kind of equity still being held up in the farming communities, in your discussions with any of them or your neighbours' discussions with any of your American neighbours, can you indicate to us whether or not they feel that they have got some of those immediate cash bills paid for before they are ever dealing with that infrastructure, things like fertilizers, chemical? Their farm inputs, I guess, would be fairly paid up.

Ms. Howden: Personally, I do not know how far ahead they are.

Mr. Chairperson: Thank you, Ms. Howden. I would like to call Bernie Whetter of Wheat City Seeds forward, with Reeve Tom Mowbray, the Reeve of the R.M. of Roblin, on deck. Mr. Whetter, do you have a presentation that we can distribute? Mr. Whetter, the floor is yours.

Mr. Bernie Whetter (Wheat City Seeds): Again I thank the committee for the opportunity. Wheat City Seeds started right here in Brandon in 1978 as a private business providing seed retail service to the agriculture producers in the surrounding area. However, in 1996, my partners and I sold the business to a European plant breeding company. This move provided us with security of accessing new seed varieties that we in turn could offer to the producers. It also provided us with financial security needed to sustain and build our business for the future. We were pleased that this change in ownership did not result in any change to the service that we offered to our customers.

Today we find that the agriculture industry is in a true state of turbulence. We are clearly in a global market. Our goods and services are exchanged around the world. The events of any one area have an instant effect on all the rest, either political or environmental. Advancements in agriculture production meet resistance from the environment and from food safety policy. We are in constant disagreement about our world trade rules. The national government programs conflict with neighbouring countries. Problems

result at the farmgate because market prices are low and input costs are high.

Over our 22 years of business, we have seen a rather slow shift in demographics but nonetheless a change. There are no new entrants into our customer base except for those who come in through foreign investment. Some producers have disappeared due to retirement, finances or a change of occupation, recognizing their need to stop before their resources are depleted. This vacated land has been incorporated into larger farms where efficiencies of scale can be realized under good management.

Doing a quick comparison between 1995 and 2000, we found some really interesting results that are a clear indication of the difficulty we are in here today. In our business, 1995 was one of our best years. We were experiencing excellent seed Canola sales which at that time allowed for very good margins. Comparatively, in the year 2000, we questioned whether we could have continued our operation had we not sold out our interests.

From 1995 to the year 2000, our gross sales decreased by 63 percent. This was due to (1) a loss of market share in the Canola seed market, and there was a strong movement to hybrid- and herbicide-tolerant varieties which we did not have at the time. The second was that input costs to producers were rising and, in order to cut those costs, farmers used their own bin run seed to a greater degree than they had before. The use of certified seed in Canola has gone from 100 percent down to about 70 percent.

From 1995 to 2000 our accounts receivable increased by 100 percent. They doubled, and that was in the area of 60 to 90 days overdue. In 1995 our prepaid accounts made up for about 30 percent of our current sales while in 2000 they did not register on our books at all. In 1995 a bushel of hard red spring certified wheat sold for around \$7, and in 2000 the same bushel of wheat sold for \$7.50, so it was only a 7% increase. Most seed prices have not changed considerably over that period of time.

So what conclusions can we draw from this. The first one, agriculture producers clearly do not have the ready cash to keep their input

accounts current. Environmental disasters and poor market prices have reduced their income substantially. The income has suffered while the cost of production remains steady to increasing. The second, reduced sales and increased accounts receivable translate into high-risk positions for the farm supply businesses. The reduced profitability means that the retailer reduces services that they are able to offer to their customers. Thirdly, reduced sales of certified seed mean reduced royalties paid to plant breeders and thus a reduced ability to generate beneficial advancements in agriculture.

As a private, independent-thinking business, we do not support market subsidization. In our opinion, this creates false economy, causes dependency versus encouraging independence, and conceals market signals that are necessary for making farming decisions. However, when our neighbours to the south of the border can deliver a unit of production into the same market as we do and they receive maybe 20 percent more from subsidies, it creates a disparity that is very, very hard to accept.

The agricultural industry cannot sustain itself when at the mercy of environmental disaster. Agriculture producers are hardworking individuals with high capital investment, and yet hard work and good equipment cannot affect the markets or the weather. They can only do their best with the given situation. Unfortunately, the agricultural community has a small vote in Ottawa. It is difficult to have a unified voice because of regional differences, soil profiles, environmental factors and proximity to market, but agricultural producers need to be recognized and supported if they are to continue to provide viable production of food.

Unfortunately we do not live in Toronto. We do not live in eastern Canada. We do not live in Winnipeg, and we do not live upstream from Winnipeg. We live out here in the Prairies where it is sometimes hard to believe that anyone from the powerhouses of our country actually hear our story. When the farmers are feeling the crunch, so does the entire community, the farm supplier, the production marketer, the equipment and auto dealer, the grocer, the clothing and hardware stores, the schools, hospitals, churches, arenas, community halls, et cetera. We are all affected.

There must be a support program. It must be equitable, accessible, and expedited with ease. The Band-Aid approach will no longer work. It may win votes but it will not solve the problem. We believe that a support program based on the cost of production, as discussed in some of the circles we have heard here this evening, may have benefits, and if we listen to the voices of the farm community, they will tell us what they need and what will work.

Mr. Chairperson: Thank you, Mr. Whetter.

Ms. Wowchuk: You talk about listening to the voices of the farm community and they will tell you what they need and what will work, and that is certainly our objective by holding these hearings is to hear from people involved in the industry, suggestions about how things can be improved. The resolution that started this process, which was an all-party resolution, calling for an additional \$500 million to be put into the farming community to help through the crisis is what started this process.

* (23:10)

You talk about Band-Aid approaches and looking to win votes rather than solve problems. Do you feel that the call for \$500 million now is something that you can support, or do you believe that we should just be looking at programs and looking at long-term solutions?

Mr. Whetter: I believe long-term solutions must be in place in order to sustain agriculture. I let the people behind me here, they are the ones that know what they need, and if \$500 million more is what they need, then we are fully supportive of that. We have not done the study ourselves, but we rely on the farm community to tell us what they need. Only when they are satisfied are we satisfied.

Mr. Gerrard: I am just curious. You talk about the drop in gross sales by 63 percent. That certainly is dramatic and provides a measure of some of the drastic changes which are occurring in the province. Part of that relates to change in market share which relates to the fact that you are not handling certain types of varieties of Canola. If you take the market share out of it and look at the straight economic impact, the drop

would be less I presume, but it would still be pretty dramatic. Is that right?

Mr. Whetter: Yes, that is correct. Certainly I wanted to make that clear that we cannot blame the economy totally on our loss of gross revenue, and we were in an unfortunate situation at that time and we did not have the desirable products, and so we are in a catch-up mode at this point in time. However, probably half of that would be due to the change of the economy.

Mr. Maguire: Bernie, this is going to be a real farmer question, but is this an industry-wide number that you are using that certified seed has dropped in Canola from 100 percent down to 70 percent, there is actually 30 percent of the Canola going into the ground that has been run seed? Is that an industry-wide number?

Mr. Whetter: That is industry-wide, Larry. It is not so much a Manitoba phenomenon as it is a Saskatchewan one, but it is certainly a number that we use across the Prairies. We are anticipating 10 million acres of Canola going in this year of which we feel we will have 7 million acres worth of certified seed.

Mr. Maguire: I just want to comment that that may not be unusual in areas like cereals or other crops but, for the non-farm members of the committee, I think it is a very clear indication of the economy out there today when farmers will use a crop that they have historically gone with 100% certified seed in the ground on this particular class of grain to step back to, I would say, jeopardizing their maximization of production, never mind the rest of the implications that you pointed out here in your presentation to us. It shows, I think, the level of concern in the industry.

Mr. Whetter: Yes, I cited that one because it was a market decrease in share of certified seed and, as my seed-grower friends would tell me here this evening, the usage of certified seed has only ever been about 15 percent in cereal grains historically and it remains about the same still.

Mr. Jack Penner: Thank you very much, Mr. Whetter. I have two questions. Have you a customer base in the United States, across the line?

Mr. Whetter: Yes, we do. It is one that we have just started developing through other companies such as ourselves. We do not have direct retail customers in that area. It has been a very difficult market to service for us because of some of the rules at the border that have to do with seed treatments that have stopped us from going down. Certainly issues around the Wheat Board have halted our activity on the States side also.

Mr. Jack Penner: Are you aware, Mr. Whetter, that the North Dakota Senate yesterday rejected the bill that was put forward that was going to cause some restriction on trade on chemically treated seeds and/or products derived from chemically treated seeds?

Mr. Whetter: No, I was not aware. I knew there was some discussion, but have not heard the outcome of that one.

Mr. Jack Penner: I think that might clear up some of the things. I wonder, though, whether your experience with your customer base in the United States is similar to what Ms. Howden described here a little while ago that they have more cash readily available to buy the products that they need to input.

Mr. Whetter: I would agree with Ms. Howden that that is truly clear. We have some U.S. customers that come up, and money is generally not a huge issue for them.

Mr. Smith: Thanks for the presentation, Mr. Whetter. It brings a perspective from a small-business person and the reality of what this disaster situation in agriculture here in Manitoba is doing not only to you but to many other small businesses. Now, I am just curious, in your presentation you did have in one part that we do not support subsidization and you mention when others are getting 20 percent more subsidization—I think you are really low there, but that is besides the point. Even the States is over 30 percent higher. I am just curious. You talk about a long-term solution. We are bringing a resolution that says \$500 million which some folks are telling us is enough, others are saying it is not near enough. On a long-term basis you mentioned not wanting a subsidization. Do you think more effort should be put in from the

Province, from us as folks provincially, to the federal government to up the amount of subsidization? We have heard over and over again that to compete on a fair market in a fair and level playing field is what everybody wants to get to, and our producers obviously have the best practices in the world and will compete nose to nose with anybody.

Should we be putting as much effort into trying to reduce the subsidization of our trading partners or should we be putting more effort into trying to have the federal government do what is right and subsidize so we can be on a fair and level playing field? So I guess I want your opinion. Is it an equal balance you see here or should we be really targeting one direction and saying we need the subsidies reduced as opposed to bringing our subsidies in Canada up?

Mr. Whetter: My personal feeling, and this is with not having spoken with a lot of our customers because we take a lot of our input from them, is that subsidies are not necessarily healthy on a global market. So we would support the reduction of subsidies if our Government could put pressure on other governments, other countries to reduce their subsidy levels and if we could then support our grower groups in ensuring that they have their costs of production covered. To me that is a more equitable way to manage this problem on a long-term basis.

Mr. Faurschou: Thank you, Bernie, for the time and effort gone into the presentation here. I find in the background that we share in the seed business, we sometimes feel like the bartender, you know. We have suppliers here from all kinds of producers and the ills that are facing the industry.

What is your overall perception of what is going to happen when we get to the fields? We have heard both presentations that show fallow as being an option and others are continuing as they have in the past. You have seen reductions in the number of clients. Maybe you can just share from your perspective what is coming forward?

Mr. Whetter: I cannot give you any statistics, having not looked at it from that point of view, but what I can say is this group of people and

who they represent are an incredible group of people in terms of their ability to make the best out of what they have. We have yet to witness many farmers that just do not plant. Even as difficult as things are they are always able to pull together the resources and are able to get something in the ground. We commend them for that because in the worst of times they are able to pull it together. I believe the acres will get planted this year from our indications at this point in time. We see it is going to happen that way.

* (23:20)

What tends to happen is decisions are made later and later. I think as Ms. Howden has said, the money needs to come now because the decisions have to be made in the next week or two. Those are pretty critical. There are a lot of people that have to fill out credit applications. Unfortunately, that is a fact of our life right now, that we have to have credit applications from everyone. People who owe us money that have not paid for one or two years, it is very difficult for us to continue. We have shareholders that are looking over our shoulder. So I think it has to happen quickly. Our farm customers are preparing to go to the field, but they have to have the support of this Government and have to have the cash on hand to get this done.

Mr. Chairperson: Thank you, Mr. Whetter. I would like to call Reeve Tom Mowbray of the R.M. of Roblin forward. On deck is Mayor Ken Waddell.

Good evening, Reeve Mowbray. Do you have a presentation to be handed out?

Mr. Tom Mowbray (Reeve, R.M. of Roblin): No, I do not.

Mr. Chairperson: Okay, the floor is all yours.

Mr. Mowbray: I have a presentation that was written in the car on the way here. I have revised it a few times tonight. I would like to thank everybody for the opportunity to be here. I took maybe a somewhat different approach on what I was going to present tonight. I spent the last two days and much of today just talking to people on the street and at a church supper last night. I

asked them: What would you like me to say here tonight from the perspective of your business or whether you are retired or farming or whatever you are doing? So I have a real myriad of things here. They do not run in any particular sequence. I am just going to have at it. Lots of them have been said, but I will try and get through what I have.

None of the criticisms here are aimed at any particular party. Many of the problems have not just started in the last year and a half, and I think we need to understand that.

One of the biggest things that the people said to me is: Why are you bothering to go? To start with, the municipality is like paying mileage for you, so that is some expenses to me, and you are just going to another meeting, and we are going to get the same results. Nobody has any plans. Is there a plan? What is the plan after tonight or after your four meetings? If you go to Ottawa and you get the same response that Saskatchewan did last week in what I would consider an off-hand manner by the Minister of Agriculture there that we tried, sorry, we got nothing, and we are going home. I was really upset with his response from going there.

The problem obviously is that the prices of our products are too low. If there were some way to fix it I am sure we all could, and maybe there is long term, but we are just not getting enough for our products. I am getting the same for wheat I was when I started farming in 1971. The only reason that I am still farming—and I am not blowing my own horn, I am talking about farmers in general—is because of our efficiencies. But we are now working on equity and equity alone. I had what I considered a fairly decent equity built up. I was ready to talk to my son about coming back farming. By the way, he is making money off agriculture, but it is not in the farm.

We need a long-term strategy. It has been talked about tonight several times, inputs and returns. We need a cost of production or else we need some way to make the marketplace pay more for the product, that we can control that price. In my particular case, and again it has been said tonight, several people from our risk area, if I have an average crop I will lose money

on every crop that I seed. Now, in all fairness, we are taking into that capital costs. That varies between one farmer and another. That is where equity comes in. Some of us may be able to hang on longer. But that is eroding, there is no doubt.

The fact that I cannot make money on any acres—and I just do not understand Mr. Vanclief's continued approach to the small, theoretically inefficient farmer, which I do not believe even a little bit. We are losing money on every acre. That is whether I have 1 acre or 100 000 acres. You cannot make a profit on an acre, and he needs to understand that. It does not matter how big a farmer I am.

Again, we need a cost of production program. It has to have reasonable premiums, it has to take inflation into account with regard to input costs. It must require more than 60 percent from the federal government.

With regard to the 1999 disaster, our municipality, for many of you who may not understand that, the R.M. of Roblin, and I have said this a thousand times, is nowhere near the town of Roblin. The village of Cartwright is the community. We are right on the American border, about the middle of the province.

Many producers lost between 10 and 75 percent of acres that they did not seed. We need the Province to take the lead here. Again, as it has been said tonight, put the money on the table. This is your opportunity to show leadership. We need to cover those lost inputs like was done in '97 in the Red River Valley. I know the feds were the ones that came in with that, but we need to show some leadership here. We need help for this badly, AIDA and the son of AIDA, CFIP.

I had one producer say to me, what in the, whatever, why did they bother to change the name? What did that alone cost of my money to change the name of the same program? Why does somebody not stand up and say enough is enough? You are wasting the money that was supposed to be for the producers to change the name.

I talked to an AIDA lady today who I have discussed for a year on my '99 AIDA form. She

is in her third office building. Now, is it the furniture companies that are making money here, or who is making it?

I have 1500 acres. My wife and I farm that, just the two of us. In 1999 we seeded 75 percent of it. We had average to slightly below yields. We seeded into some horrendous conditions, hiring it done by somebody that had a big tractor with wide tires and an air seeder so he could go fast enough so he did not get stuck. That was a tremendously good production crop, I will tell you.

From the AIDA program I have received zero. It has really worked well for me. I talked to a producer yesterday, and he said he spent \$500—we did our own, by the way, and we are still in discussion on some errors—but I talked to a producer yesterday who said he just felt he could not do his own. He had to do his '99 because we received money for unseeded acreage in '98. He spent \$500, and his accountant, his last form said \$12,000 will be your payment. He said after about 15 phone calls in 6 months it is now zero. Now, maybe the way the form is set up it should have been, but you can only imagine the devastation to that guy's family. His family was there when he was talking, and it was not easy.

Now we are going into CFIP. We are going to use last year's income, '99's income. We are going to add how many more years of ridiculously low income to average it out so that we can get nothing again for two years. Why are we bothering with this ridiculous program? How can it possibly help most producers that it is supposed to help? I just cannot see why we would even be a part of it. At some point you have to stand up and say it is not going to work and be counted.

Now, the \$500 million, was it 93 that the Province gets out of that, I think, combined? Another comment from a farmer. How is that coming out, by the way? That is supposed to be for this spring. I am thinking of going to the field next week. I have not seen any of it. Are we into administration again? I hope to God we are not. I am sure somebody will answer that for me.

I talked to people, not just producers, so I have got quite a few different things. The school

tax was discussed here at one point. I will not go into it much more, but that could have quite easily been addressed in the Budget, and it was not. The previous government could have addressed it in their budgets, and they did not either. I am not putting the onus on one party here. The will is not there. It is only there when you are in opposition. We need some will when you are in power.

* (23:30)

The building supplies at 7 percent, albeit a small amount, but the hog industry is flourishing in our area to a degree, albeit large companies are a big part of it, but in most cases the large companies own the livestock. The barn is owned by the producer. That 7 percent would make a big difference. It would really help. It may even encourage some of the smaller farmers to put up smaller operations. I do not know, but it may do that.

One of the areas that a lot of people talked about was the removal of services from small, populated areas. As we continue to do this, the cost increases for these services because they are further away. We believe this is one area the provincial government policy could help.

I really would like someone to answer, what is the inherent desire of governments of all stripes to amalgamate everything when the public seldom asks for it? It costs money. We have been through an amalgamation of two school divisions where I live. I talked to a trustee. The savings so far is zero, and nobody asked for it. All it has accomplished is it has taken three or four trustees away from the people, so now most of them do not even know who their trustee is. That is all it has accomplished. The children in the school are not seeing more teacher time. They are not getting a better education. My taxes did not go down. Why must we do those things? Do we not have to have some economic proof that it does really save money?

We went through a big, long procedure about four years ago. The Conservative government had Mr. Norrie go round the province, amalgamation of school districts, and 90-some percent of the presentations said no.

The recommendations were that we said, yes, but that is another story. Here we are back again. We are going to do it again. Did anybody come to you and ask as a government? Did the people ask you at the election, we want you to do that? Those things cost money, and they take representation away from the people. It just is another way that you cause, maybe unknowingly or do not realize, the demise of rural areas.

The RHAs is another example. EMS services, which is very dear to my heart at this particular point, because we have a top quality ambulance in our community, that the operating budget for the last year that we controlled it was \$15,000. It was two and a half times as much the first year it was in the RHA. Why does nobody ever look at that side of the story? It is always the other way we look. Something is amiss here, and those costs all come back to me, the taxpayer.

Under the new replacement program for ambulances, we can see the writing on the wall what is going to happen. In our RHA I believe there are 17 ambulance services or ambulances. I expect the funding will come through for 13 or 14 and the decision will have to be made then by the RHAs who gets cut. We know who gets cut, the small guy gets cut, for sure. So there again that would be ours. It gets cut. We have just told all the senior citizens or the people my age, which I am very close to being one, that when I retire I will not go there because I do not even have ambulance services. The last thing that keeps seniors in our small communities is that we do at least have a quality ambulance service so that if you are sick we can get you to a hospital, but once that is gone there is no reason for them to stay. So you know how it goes. Everything goes from there.

The other point that is a real problem, and I do not know what anybody can do, is the elevators and the rail lines. We have an elevator that is 15 years old, and it is slated for closure on the 1st of August. It has a capacity of 210 000 bushels, it has an 80-foot scale. It is totally computerized, a quality piece of building. Again, I do not know what you can do except that we cannot even get the company to talk about what they will allow us to do with it. By the way, it is

farmer owned. At least that is what it used to say on it.

But the taxes alone, of course we understand that the assessment will drop when the school taxes are gone, so that is maybe a bit of a wash, but for a town of 400 people they will lose \$25,000 out of their operating budget when that closes. I do not know how they will operate. I expect that that will finish the town.

Oh, good Lord, I have one minute. I guess I will quickly go where people are tired of hearing what we cannot do, we want to know what we can do. I am sorry I have run so far on. We need some political will here. You have heard it time and again. You are the people that can do it. Let us get the whole Cabinet or the whole Legislature and even the reeves, because my council said they would send me, let us get on a plane and let us all go to Ottawa, every one of us, and take Alberta and Saskatchewan with us. Thank you.

Mr. Chairperson: Thank you, Reeve Mowbray. Just before we proceed to questions, I know we all enjoyed the presentation that Reeve Mowbray has made, but I want to remind members of the public who are observing the committee meeting that they are not to participate in the committee meeting by applauding or commenting from the audience. So if I could have your co-operation on that, that would be appreciated.

Ms. Wowchuk: Mr. Mowbray, I missed the beginning of your presentation. I had to step out of the room, but I caught the majority of it. There are a couple of points that I just want to raise. You had talked about AIDA, and certainly we all have heard an awful lot about AIDA and how it is not meeting the needs of the producers. It is certainly not addressing the grains and oilseeds sector. But I just wanted to let you know that although there are people in 1999 that are waiting for their money, some who have not been completed, but there has been over \$103 million that has been paid out for the 1999 AIDA year. There are still some 400 claims that are not completed, but over \$103 million has been paid out through the program, so it has met the needs of some.

You also raised the issue of CFIP. You said that you were concerned about the 1999 year being a bad year to put in, and I wonder if you are aware that with the Olympic average the producer has the ability to drop that last year off.

The other question you asked is about the \$93 million, how it is going to be paid out. That program is handled through Crop Insurance the same as the CMAP was last year. It went very quickly. As soon as we have the money—we are just waiting for money from the feds so that we do not have to send two cheques out—that money will flow in May. So it will be in the farmers' hands very soon.

I did not hear the beginning of your presentation, so I wanted to ask you whether you support the resolution that has been developed here where we are all parties asking for the federal government to put another \$500 million into short term or disaster assistance support for the producers.

Mr. Mowbray: I guess it is hard not to agree with something that might help, even if it is just a little bit of help, but I think we need to go further. It is a very minute part of it.

Mr. Chairperson: Mr. Ashton, with just a little bit of time left.

Mr. Ashton: Very quickly, we heard similar comments about elevators, the impact on communities, and I am wondering if you feel maybe we need to treat elevators a bit more like we do rail line and rail line abandonment. When we have rail lines abandoned, we are not always able to save the rail lines, but we have set up a system that has helped create the short lines for example, or other alternatives. I am wondering if you have any suggestions on what we could do to deal with that because I know it is a growing problem throughout rural Manitoba right now in terms of closures.

* (23:40)

Mr. Mowbray: I think, with regard to our facility, because it is a relatively new one, it has some life left in it. We have people that are interested in that facility but the company will not allow them to operate it. That is the problem.

If they turn it over to the community, they have to do it with no strings attached, and I think that would help a lot.

Mr. Jack Penner: Mr. Mowbray, I want to thank you for your presentation. I also want to remind you that it was the Progressive Conservative government that removed \$20 million of educational support levy from farmland back in 1991-92, and I also want to indicate to you that it was the Progressive Conservative government that made the decision to put \$71 million into an unseeded acreage program. It was the Province that made the decision and later on went to the feds and got the federal support. It was the Province that put the money on the table.

Secondly, I want to remind the minister that the resolution actually says this: THAT IT BE FURTHER RESOLVED that the Standing Committee on Agriculture study and make recommendations including an examination of whether an additional \$500-million federal expenditure would fulfil the needs of the grains and oilseeds producers.

I think that is an entirely different statement than what the minister just made in saying that this was the resolution, that it be \$500 million. It is not. The resolution clearly says what we are doing today, asking whether it is enough or whether it is not, and then we go back to the Legislature and make the recommendations that you have said to us. So I would like your comments on that, if you would.

Mr. Mowbray: I guess the comment I have on the unseeded acreage assistance, we met with—and I believe you were there and Mr. Cummings and some others were in Boissevain on the 6th of June 1999, and my presentation at that point was at that day to announce that program, not later after we muttered in a whole bunch of acres, and I suggested that the best thing that the Government of the day could do was to do anything they could to keep us out of the field, not put us in it. It was very welcome but it was too late.

Mr. Chairperson: Thank you, Mr. Mowbray. Committee, we have done it again. We have a list of people waiting to be on and there are

some longer speeches again from all sides of the committee table. So we have to be co-operative and make sure we keep our speeches down and strictly ask questions.

Yes, I have been approached by No. 23 on the list, Kirsty Paterson. She must have known I was a former schoolteacher, because she is 16 years old and wants to get to school at a decent time tomorrow, so I am going to recommend with the will of the committee that we bump Kirsty up to the next spot and hear from Ms. Kirsty Paterson now. Do I have leave to do that? *[Agreed]*

Ms. Kirsty Paterson (Private Citizen): Good evening, members of the committee, ladies and gentlemen. I am 16 years old and I felt that I had a future in farming, but when I look at my parents, I see that farming just might not be the thing for me. I live on the farm with my family, located outside Deloraine in southwest Manitoba. Our farm is mainly a grain farm, but we also have a few cows to keep us busy. I am currently in Grade 10 at Deloraine Collegiate, and I have to start choosing courses that I might need in my future. Farming certainly is not on the career list at the moment, and when I talk to my friends, it does not seem that farming is in their future either. Everyone is going to go to university or college to live in the city where the future outlook seems better.

In the past few years I have noticed that my parents have been struggling on the farm. Last year they sold some land to pay off debts. They gave up grain farming and rented out our land. Both of them are now working off the farm but good-paying jobs are scarce. I suppose that is why they keep telling me to work hard at school and get a good job. In the winter I play hockey and I try to pay for things as much as I can by working at the restaurant in town. My parents do not get to see me play as much as they would like to because they have jobs which require them to work all week. I know it does not bother them to work because they are used to working for about 15 to 20 hours a day at busy times on the farm, but what does bother them is that working those long hours was not paying their bills or getting us anywhere.

What happens if most of the people my age leave and go to the cities and work? Deloraine

has a lot of senior citizens. Where will it be in 10 to 15 years' time if we do not stay? With fewer and fewer people in the community, there will be fewer jobs. Eventually businesses will close and another town will just be a name on the map. Maybe in 50 years Manitoba will just be Winnipeg, Brandon and 10 to 12 other towns with some farms in between. Then we will be saying why should we stay in Manitoba, there is nothing for us here.

Farming needs help. Farmers need help. Everything may be getting bigger and more efficient but that does not mean the farmers are getting more money. Five years ago when we moved here we stood and watched a train go to Goodlands and Waskada, not realizing it was to be the last train that used the track. The wooden elevators are now closing and new concrete ones are being built. The wooden elevators were built when people hauled in their grain with horses in carts. Farms have got bigger and more efficient, but we are still getting the same price for grain today as they did when they hauled it in to those wooden elevators with the horse and cart.

Land tax and education tax started when there was a farm on almost every quarter section so everybody paid about the same. Now farms vary in size considerably, so farmers pay lots of R.M. taxes even though farm sizes have increased and there is less profit.

When you drive about Manitoba, we can now see lots of great big hog barns that are supposed to be efficient and save the farming industry, but would it not be better to try to help 50 farmers have a hundred pigs than have 5 people working in a hog barn with 5000 pigs? They also said these barns would use large amounts of grain and the prices would go up. Farmers are still waiting.

When I started writing this speech, all I was thinking about was myself, my future, my parents and their future. I was hoping that if the Government could help us, then maybe we could roll back time, as I can remember when we used to go on holidays together. But when I really started to think about it, it is more than just helping the farmers, it is about helping everyone in rural Manitoba. If farmers and their families stay on the farms and have some financial

security, then they will spend their money locally. They will then need the local services to provide them with the essentials needed. We will be able to keep elevators, banks and hospitals open to help towns like Deloraine, and if my parents and maybe some of the rest of my family are able to stay in Deloraine, it will remain viable and prosperous. Then if I do leave and get a good job, like a teacher, doctor or dentist, maybe I can return to Deloraine and enjoy living and working in rural Manitoba.

Mr. Chairperson: Thank you very much, Ms. Paterson. Thank you for participating, and I want to say that I am very pleased that you stuck with us here through this evening and helped us in the democratic process. I also want to ask you to be kind to the people who are going to be asking you questions. Take it easy on us old guys. I have, first of all, Mr. Gerrard.

Mr. Gerrard: Kirsty, thank you for coming. I think it is pretty courageous of you to come quite a ways from Deloraine to Brandon and stay up fairly late and tell us that there are some young people that have a lot of spirit and would like to stay in rural Manitoba. I am proud of you to come here, and I cannot make any promises, but we are here to try and figure out a way to help things out and we are, I think, going to do our best. Thank you.

Ms. Wowchuk: Thank you, Kirsty, as well, for coming tonight and outlining the situation that your family is in and the change that has happened with your parents going to work and not farming. You talk about going to university, and I hope that after you go to university you will have the opportunity to come back and live in rural Manitoba.

* (23:50)

I wonder if you might tell us a little bit about Deloraine and what changes you have seen in your town. I think you said you have lived there about five years, and have you seen a difference in the numbers of services or the numbers of businesses that are open, or are there fewer businesses?

Ms. Paterson: I know that the Goodlands elevator is closed down, but that is in Goodlands,

but in Deloraine there was a newer store opened, This and That Treasures, and it closed down because they were not getting enough money. Prairie Wings Café, that is what it is called now—it used to be Nadine's, and some other people took over and it was Summer Kitchen, and some other people took over and now it is Prairie Wings because there was not enough money in their restaurant. No one was going there because farmers could not afford meals and younger people, like my sister Rosalind have moved out of Deloraine. That is about it.

Ms. Wowchuk: Can you tell me, as well, about your school? Are you noticing that there are fewer children in school than there have been in the previous year, or is the number of students staying about the same in your class, for example?

Ms. Paterson: Well, in 1983, and we have the graduation pictures hanging up in our school, there were 50-some people graduated, and then last year there were only 19 or something. And in our class, since I have moved here, there have been people come in and then leave, move out to different places. I think in Deloraine they are actually going to shut off some of the washrooms in the school because there are fewer people and you do not need them. They are thinking, instead of having two schools—we have the high school and the elementary—they are going to add the elementary onto the high school.

Ms. Wowchuk: Thank you very much for sharing that information.

Mr. Ashton: Thank you for your perspective. It was interesting. As I listened to your presentation, I know my son is 16 and we have these discussions about whether he is going to leave Thompson, which is my community, and he falls into the category of cannot wait to get to the big city lights, and I am sure he may have some classmates like that. I have to confess, too, that I could not wait when I was in high school to go to Winnipeg, and I am still living in Thompson. I am just curious as to the kinds of discussions you have with your classmates. I mean it is very clear from your presentation, if you have the chance, you are going to be back. I am wondering what is behind a lot of other people

wanting to go, quite apart from the attraction of the big city lights. People always think the grass is greener. Believe you me, the quality of life is much better out of the city, that is my experience. But is it because they just do not see a future in farming and a future in the community? And if that is the case, that really hits home as to what the whole discussion is about here tonight. What are your friends saying?

Ms. Paterson: I know we were just talking about all this stuff in one of our geography classes, and we had a big talk about the farmers, and no one in our class—everyone wants to just not farm because they do not see there is a point in it. Why would you want to farm and end up having to come out to these rallies and meetings? You are not going to make any money there. If anything, you are going to lose it. We are paying gas and all this to come to these meetings and no start-up money because their parents, who are farmers, cannot afford to give them money, and they do not want to take out loans because they will be paying them off later on.

Mr. Ashton: I think you have just said it all because our challenge, as I see it, is to make sure that your community and other rural communities have a future, and I hope you will take back how important this is. As people have said here tonight, I mean how are we going to feed this country if there are no farmers? I just hope we can get some sense of hope back in the young people in your school. And, by the way, just by being here tonight you are being a real leader in this process.

Mr. Smith: I would like to thank Kirsty for a very insightful and well-prepared presentation. I really liked the piece you used, the analogy that you used regarding the economies of scale and the large scale operations for agriculture, and you have probably seen in your community, or your parents certainly have through their time, where the farms have gotten bigger. There are not people living on quarter sections anymore. Every couple of sections you have a family farm now. I am just very curious. I know some of the other members have asked the question. When you are speaking and talking to your classmates, I believe you said you are in Grade 10, do they

see advantages, do you see advantages of smaller communities? The world is becoming connected. You know e-commerce, e-business out there right now. We are seeing a lot of smaller communities optimizing to take advantage of that. Is there any reason why in your community you could not do a lot of things that certainly could be done in Winnipeg but you could probably do them better in a smaller community? Do you see education as an opportunity to leave and then come back? Do you see advantages in your community that we do not?

Ms. Paterson: You want to know the advantages of a smaller town compared to the bigger ones?

Mr. Smith: I guess I am seeing advantages in many of the smaller communities. We see the costs of doing business in Winnipeg where you might have to spend, say, \$10 on a square foot of space, and in smaller communities there are probably advantages in that way. Do you see education as being an advantage for you and your friends to get an education and come back to your community?

Ms. Paterson: Well, yes, because if you get an education and come back, then you are qualified. Then we should help these rural areas because we are going to come back and then we are going to keep people in them. I know in Deloraine doctors are very scarce. So if someone went and got an education and came back, then that is another reason why people do not have to travel to go places.

Mr. Maguire: Kirsty, there was a sentence at the end of your third paragraph that is quite telling, I think, and it is: It does not bother them. What does bother them, rather, is that working these long hours was not paying our bills or getting us anywhere.

I go back to when I was just a few years older than you. The first tractor I ever bought was in Deloraine. I bought it for a price that, if things had not worked out at that time, I could go someplace else and get a job on an hourly wage and within two years pay for that machinery. You cannot do that today. I want to assure you that our job here as a committee is to

make sure that we can work on your behalf to make sure that one of these good jobs that you are talking about here is farming, not the other ones that you have listed, because I sense in the presentation, and the very fact that you are here today, that you would like to be a farmer and you would like to carry on in that role in rural Manitoba, so maybe you had better include veterinarian on your list. Thank you.

Mr. Chairperson: Thank you very much, Ms. Paterson. If you find tomorrow in school you are dozing off a little bit and the teacher is getting on to you, just tell her the Minister of Agriculture kept you up late last night, okay?

Ms. Paterson: Okay.

Mr. Chairperson: Thank you very much. Before I move on to the next presenter, I want to draw attention to committee members, presenters No. 35, Dennis Rogasky and the Strathclair Council and Youth from the R.M. of Strathclair, have opted to put forward their written submission and opted out of presenting their oral submission.

The hour being twelve o'clock, we agreed earlier that at this point in the evening we would reassess, take stock of presenters that we have left and decide on how to proceed from here. I want the committee to know that we have a maximum of 14 presenters remaining who have not presented. That is counting the people who have moved to the bottom of the list who will be called again. *[interjection]* I just told a fib. That is not including the people that we dropped to the bottom of the list. So, at this point, I will take any advice on where we should proceed from here.

Mr. Smith: Mr. Chair, I would recommend that we proceed certainly on an hourly basis, that we assess after an hour, certainly for an hour minimum to start with, see what presentations we get. If people choose to hand in some presentations, that will be reassessed again certainly after an hour.

Mr. Jack Penner: I wonder, Mr. Chairman, whether it might be possible to canvass the room to see how many people would want to come back if another committee was called at a later

date sometime, either tomorrow or whenever the minister would see fit to bring the committee. Could we do that?

* (00:00)

Ms. Wowchuk: Mr. Chairman, I agree with Mr. Penner that we should canvass the room to see whether there are people who feel they have to present tonight. Otherwise, it would be our suggestion that we call the committee for ten o'clock tomorrow morning and proceed with them then.

But, if there are people here this evening who cannot come back tomorrow morning, then we should hear them tonight. The stipulation for tomorrow is that we must be finished by two o'clock in order to go back to Winnipeg. All of us have to be done by then. So, if there are people who want to make their presentations tonight, that would be fine, but if there are others who would rather come tomorrow morning at ten o'clock, they should indicate in some fashion.

Mr. Faurchou: Mr. Chairman, I think maybe if we could just continue right at the present time, and maybe those particular thoughts are shared with the table officer. Then we can make a decision afterwards as to how many persons intend to stay this evening and have to present this evening; then we can continue.

Mr. Ashton: I think that is a good suggestion. My preference will be to stay as long as it takes to listen to many members of the public. I realize that there is a fair number of people that have come from a fair distance, and I am a bit concerned about people having to go and then come back in the morning. So I would actually suggest, unless there are a number of people who really have to come tomorrow, we try and finish off tonight. I do not want to see people having to drive an hour or two back home and then come back in an hour or two in the morning. I would also be concerned about our previous discussion about any schedules beyond tomorrow because of seeding. The weather is going to get better.

Ms. Wowchuk: I think we can proceed, but I am wondering if it would be the will of the committee if we could take a five-minute break before the next presenter.

Mr. Jack Penner: Why do we not just ask by show of hands how many would want to continue and present tonight, and how many would like to come back tomorrow? I think that is a simple question that could be asked, and we could determine fairly quickly what the result would be.

Mr. Chairperson: Will the committee allow me to take a hand count right now so that we do not talk all night here and we get on with this? I do not want to be heavy-handed, though.

Members of the audience who have not presented yet who are on our list, if you are in favour of continuing tonight and would like to make your presentation tonight, would you raise your hand please.

Are there some who are presenting who would prefer to come tomorrow?

There are 10 people out of 14 or so that would like to continue tonight.

I think that is clear. We will continue. Is it the will of the committee still to take that five-minute break? The committee will recess for five minutes, only five minutes, and then we will reconvene.

The committee recessed at 12:05 a.m.

The committee resumed at 12:10 a.m.

Mr. Chairperson: I would like to call back to order the Standing Committee of Agriculture. Our next presenter is Mr. Ken Waddell, the Mayor of Neepawa, and on deck is Glen Franklin, a private citizen.

Good evening, Mr. Waddell. Do you have copies of your presentation for the committee? *[interjection]* Thank you very much, Mr. Maguire.

Mayor Waddell, the floor is yours.

Mr. Ken Waddell (Mayor of Neepawa): Thank you very much, Mr. Chairman. I will bring into practice my 21 years in the auction business to

get this rattled through as quickly as possible for you tonight. But first of all, a preamble, just one sentence, and that is that \$500 million that you have spoken of here as a standing committee is a good start. But if you are going to go the subsidy route, it is not nearly enough, and I have many friends in the audience here tonight who would agree with that and feel that the \$500 million is not enough.

I want to thank you for the opportunity to make a presentation on behalf of the town of Neepawa. Due to the shortness of time to prepare for this committee sitting, this presentation has not been formally approved by the Town of Neepawa Council. That being said, having served as mayor for three years and having lived in the community for 31 years, the material presented today substantially represents the consensus view of the town of Neepawa, its citizens and the people of the area.

Neepawa is a regional agricultural centre. We have a population of 3400 people, and we serve an extended market in area population of just under 20 000 people. We are a mixed farming area, but over the years, dairy and poultry have declined somewhat, while hog production, beef and specialty crops have risen. We have several major industries, the largest being Springhill hog processing plant which employs 300 people. Prairie Forest Products employs about 60 people, and much of its product goes to the agricultural community. Goodlife Foods, which took over the former Schwan's ice cream plant and frozen food distribution centre, employs 25 people. Health care employs about 300 people, and the education industry employs about 125 people in the area.

Agriculture is very important to our area from a food production standpoint. It is the lifeblood of the community, and it is our heritage as well. Our farmers are among the best. That same statement can, of course, be echoed in similar terms for Manitoba's farmers and for all of Canada's farmers. Agriculture deserves special status.

If the forest industry suffers, we certainly have some hardship. If the mining industry suffers, we certainly have some hardship. If the

transportation industry suffers, we certainly have some hardship. But if agriculture fails, we face mass starvation.

Farming is different, or, in the words of Rex Murphy, agriculture is the nursery of the land. He is referring to our land both economically and culturally. We do not believe in subsidies for any industry—period. I must emphasize that while the funding that has come from the federal and provincial governments is welcome—and some people in rural Manitoba want to see more of the same coming down the pipe—we take the stand that all subsidies for any business are wrong.

We also do not believe that we should be pitting our national treasuries against those of the U.S. or the European Union, on either a philosophical basis or on the basis of economic reality. However, we must address the two facts that hang on the agricultural industry. If it fails, we starve. That is first and foremost. There is a second major factor that has been long overlooked.

The Canadian agri-food share of total trade needs close examination. According to Statistics Canada's own figures and charts, we see that from 1988 to 1998, agricultural imports varied from 5 to 5.7 percent of the total trade. Ag exports varied from 6.4 to 8.3 percent over the same period. That is significant. But what is hugely overlooked is that over those same 10 years, the percentage of the trade balance, contributed by the surplus of ag exports over imports, ranged from 15 to 45 percent. Attached to this report is the Stats Canada report that contains those figures.

At times over the last 10 years, nearly half of our merchandise trade balance was contributed by agriculture. That means that, at times, nearly half the trade balance of this whole country was contributed by less than 4 percent of the population. That is where we have to apply the pressure to the federal government, to the provincial government and to the whole area of public knowledge about agriculture. If we let agriculture slip from our grasp, we not only starve, we kiss a huge trade advantage goodbye.

So what should we do if we do not have subsidies? Part of that answer comes in that very statement. There would be tax savings if there were not subsidies to any businesses. That means taxes could be lowered for everyone, including farmers. Subsidies are also a lot more expensive, as we have heard tonight, to administer than tax cuts. We do not need a huge bureaucracy to implement a tax cut, but unfortunately we do need a huge bureaucracy to administer subsidies. Beyond that basic improvement to the farmer's cost side of his equation, extra care and attention need to be paid to eliminating as many other taxes as possible from the farming economy. Not income taxes, but supply-side taxes, taxes on inputs—gas taxes and fertilizer taxes are but two examples—and the provincial government has shown a lead certainly in the gas tax area.

Municipal taxes and school taxes are another issue. In rural Manitoba, the school tax situation is under review, but we have to wonder: Are there going to be significant changes or just expensive and elusive twiddling with the system? School taxes should not be on property at all, and especially not on farm property. Education is a service to people, not a service to land or buildings, and so education should be funded from the province's general revenue.

These are a few things we can do to improve our farm economy in a fair and affordable way. As I noted before, the chart on trade balances is attached to the report, and I want to thank you for your attention. I would be prepared to answer any questions you have. Respectfully submitted, Ken Waddell, Mayor, Town of Neepawa.

Mr. Chairperson: Thank you very much, Mayor Waddell. I have Mr. Maguire.

Mr. Maguire: Ken, you are clear and succinct, as usual. One thing that you were very clear on is this business of no subsidies. I take it, then, that you would agree with Canada's stand. The discussion that we had earlier that Canada's stand, in regards to trade and subsidies, is that the first line of defence is to do away with them in other countries as well. Barring that, there needs to be some kind of a program there.

Mr. Waddell: That is correct. The policy approach that we take stands, whether it be within our own area, within the province, within the whole area of Canada, or whether it is in other countries of the world. We should not be pitting our national treasury or our provincial treasury up against insurmountable odds. We are going to lose. It is that simple. We are going to lose. I know there are philosophical differences around the table here, and there are a lot of philosophical differences behind me tonight on what I have said. But we are going to lose. All you have to do is add up the checkers on the board. We have three, they have 30. We are going to lose. So you have to find another way of doing it. We have to look at it on the input cost side. It is not that we are short of income, it is costs are way too high, and the Government at all levels—municipal, and I am mayor of a town—contributes to that situation. We have to look at more and different and more imaginative ways.

I will throw out a challenge to this committee. I do not suppose you will be able to take me up on it, but give me two accountants and two weeks, and I will chop 25 percent out of this provincial Budget, and in five years you will never know the difference. You guys have not had enough guts to put the knife to your Budget, to make the changes that were needed. You are just as bad as the rest of us around the council table if you say, well, what did we do last year, add 5 percent and go on with life. That is not going to cut it. We do not have enough checkers to play the game with the big boys, and we have to look at a different way of doing it.

Mr. Cummings: Thank you, Ken, and I will not debate all of your point about avoiding subsidies completely, but we would be at an additional disadvantage because of our 40% discount on our dollar. I was more concerned about the fact that we want to come out of these meetings with a unanimous position. We do need, in my view at least, to put a position in Ottawa that would get their attention and seek some reaction from them. Even given your abhorrence to subsidies, would you be prepared to support our effort to have the federal government deal with what is rapidly becoming a regional disparity, and work through the AMM or other urban organizations?

* (00:20)

Mr. Waddell: Mr. Cummings, as you are well aware, I am fully aware of the political system, and the short-term solution and the long-term solution are often two different things. Political reality and political desirability are often two different things, and certainly if this committee comes up with a unanimous or a near unanimous, unified approach to go to Ottawa to find more help for our farmers in the short term, in the long term, you can rest assured that the mayor of Neepawa will stand with you shoulder to shoulder and speak as loudly as I am here tonight to promote the position that you come up with.

Mr. Jack Penner: Mr. Waddell, I think you are the first person that I have seen that really has hit on the essence of the problem that we are facing in western Canada, and the advantage that we have that our federal government fails to either recognize or fails to attribute, and that is the balance of trade. The foreign currency earning that agriculture generates and the surplus that that generates in foreign currency is, I think, vastly underestimated. I think Canada needs to really take a hard look at the total contribution western Canada has made traditionally and the contribution that western Canada is making today. I should not exclude eastern Canada because I think eastern Canada equally makes a significant contribution. But the balance of trade, in my view, is something that has been vastly underestimated and we should focus on that.

I also agree with what you said in regard to your taxation and tax cuts. If that was done correctly by both federal and provincial governments, we would see a dramatic shift in the ability of our agriculture producers to remain.

However, I disagree with you on one point, and I want to ask you the question. As long as the Americans are going to provide 48 percent of the income of the grain and oilseed producers in the United States, directly by Uncle Sam's cheque directly to the farmer, how long do you expect our farmers to be able to produce any commodity that they are able to sell into Canada—feedstuffs, for instance—or Manitoba, at about half the cost of what it should actually be? How long do you expect our farmers to be able to compete against that?

Mr. Waddell: I expect that our farmers will be in a competitive position 10 years from now, 50 years from now and a hundred years from now, and I think they will outlast the situation a lot longer than we will if we try and throw our federal and provincial treasuries at that problem and try and solve it that way.

Mr. Jack Penner: Mr. Waddell, I make the case, and you know I have listened long and hard, read many stories and articles about New Zealand and how they have dealt with their agricultural industry. I hope this country never deals that way with this agricultural industry because I spent six weeks, less than two years ago, in New Zealand, and the devastation in the rural part of New Zealand is nothing pretty to behold. Secondly, they are virtually planting the whole country back to trees. From an economic standpoint, a government economic standpoint, good, but the depopulation that has occurred in central New Zealand is immeasurable. So I hope we never go that route because we could well become the outback of Australia.

Mr. Gerrard: Thank you, Ken. When I add up the taxes on input, it seems to me that probably at best we are talking about \$10-an-acre reduction of costs even if you removed all the taxes. Maybe it is a little higher. That is quite a ways from what people have been giving us as the difference between input costs and what one could make from growing wheat and Canola. What is your recommendation here?

Mr. Waddell: I have a great deal of respect for you, Doctor Gerrard, and I would anticipate that your ability to research a question is far greater than mine. However, I would caution you to make sure that you are including the education taxes, you are including the PST on all inputs, that you are including the fuel taxes on all the fuel, that you are including the taxes on the fuel that goes into the fertilizer, that you are including the taxes on all the inputs all the way right from the raw material to the product that is delivered to the farm gate to make the agricultural production cycle run. I daresay that at \$10, I think, would be pretty low, but I will not even try especially at this time of night to give you a definitive cost of the exact amount of tax, but I think you are low. I do not think you are including enough in your basket although I

do have full respect for your abilities, sir, as a researcher.

Mr. Pitura: Ken, in your paper, you reference the failure of agriculture twice resulting in starvation. I was just wondering would you consider the production of food an issue of national security in this country.

Mr. Waddell: Those who do not study history are doomed to repeat it. While we are glad that it happened, the German Nazi army starved to death before they ran out of ammunition and fuel. I rest my case. Yes, it is a national security issue.

Mr. Faurshou: Mr. Waddell, always forthright in your opinions. We heard earlier this evening the thoughts of a tax on food as a way of having a revenue stream back to the producers themselves directly. Also, too, you are probably aware that originally when this province—when The Liquor Control Act was passed through the Manitoba Legislative Assembly, a provision was made that being an agricultural product and in order to get monies back to individuals that produced the product for that fermentation or distilling process, 50 percent of those monies raised by alcoholic beverage taxation went directly back to the farming community. I would like to hear your opinions on those two points.

Mr. Waddell: I do not know how my council would stand on that. I would be giving a personal opinion, and I do not think it is the right way to go. I much prefer the supply side or the input side, looking at making agriculture more viable. I think any attempts to prop up the output side by a food tax or bringing subsidies out of the general taxation revenue, I think are foolish and are not going to amount to a hill of beans relative to the U.S. subsidies or the European Union subsidies. So I do not care where you are bringing the tax from to bring it in as a subsidy to agriculture, I do not think that it is a wise idea.

Mr. Smith: Thank you very much, Mr. Chair, and as many have mentioned around the table here, Mayor Waddell, you are always quite clear in your stand that many discussions I believe around this.

The resolution that we have drafted tonight, you have been pretty clear in saying that you

would stand shoulder to shoulder on the short-term solution with the committee around here, whether it be \$500 million, or what that number ends up being. But I guess I would just like to know your thoughts, Ken, regarding your business—no different than a lot of others—if your input costs exceeded what you are selling product for, it would not take long before you used your money out of the bank. We are seeing that with a lot of our agricultural folks right now. Do you think that there should be more effort put in by both provincial level folks around this table to the federal level? I am speaking on diversification. Obviously, that is been a turn of phrase that has been used for a lot of years. Would you see that being a target area that should be focused on? Would you see that being money thrown away? Or would you see that being money for a good cause if we could get dollars out of the federal government to see some real diversification in the province?

Mr. Waddell: Thank you, Mr. Chairman. It is interesting you mention diversification. I was an Ag rep at the Department of Agriculture for almost 10 years in the 1970s. I served under both a PC and an NDP government as a civil servant. I agree with you that if we can see real diversification—I helped administer the farm diversification program in the 1970s. It had high motives, but I am not really sure that it had high results. If you can get real diversification—I was intrigued by the biodiesel, the ethanol. Real diversification of our agricultural industry—I think that is something that the federal government, the provincial government, should jump on very quickly. I was very intrigued, as I say, by the ethanol presentation tonight, and I have been intrigued by that process for a number of years. I think those are the kinds of things we need to look at—if the fertilizer costs are too high, for example. Every farmer knows that if he could get manure on to the land—I mean there are other ways of doing things. We all get stuck in a rut, so diversification and new ideas, or something. Maybe revisiting some of the old ideas are things that we should really be encouraging.

* (00:30)

Mr. Chairperson: Thank you for your time tonight, Mayor Waddell.

Mr. Waddell: Thank you to the members of committee.

Mr. Chairperson: I would like to call Glen Franklin, private citizen, to the mike, please. Just as Mr. Franklin is getting set, I want to report to the—oh, Mr. Franklin is not here. We will drop Mr. Franklin to the bottom of the list and call him later.

Mr. Weldon Newton, private citizen, would you come forward? Just as Mr. Newton is coming forward, I want to announce to the committee that R. S. Chapman, a private citizen, had appeared tonight, registered, and decided to leave a written presentation to be included with the transcript of this committee. Do we have leave to accept that presentation? Leave is granted. *[interjection]* Oh, I am sorry. I apologize.

Mr. Chapman, you will be called up when it is your turn in the rotation then. I apologize. Did we just hand out his presentation? Okay. Where are we here now? Mr. Newton, do you have a presentation to be handed out to this committee? It is on its way around. Mr. Newton, the floor is yours.

Mr. Weldon Newton (Private Citizen): Thank you very much, Mr. Chairman. I am glad you extended your hours. I have sympathy with you. I know what you have gone through. But as I said, I could not come back tomorrow. I have to be in my hog barn at seven o'clock too, as a start.

To start with, I am here today as a grain and hog producer. I operate a family farm near Neepawa with my brother. We grow a variety of crops, and we also have a farrow-to-finish hog operation. I believe everyone in Manitoba is very concerned with the current health of the farm economy in Manitoba. This revolves principally around the dim prospects for the grains and oilseed sector in the near future.

We have seen massive changes in agriculture in Manitoba in the last five years. The Crow benefit is gone and it will never return. As a result, Manitoba producers have made major changes to our agriculture industry. The crop mix has changed dramatically from 1995. We are now major producers of edible

beans, and we have seen the potato industry grow to the point where we may soon be the largest producing province in Canada. The production of hogs has increased substantially, and can still continue to grow if we address the issues of land-use planning and environmental issues in a rational and sustainable manner. The cattle industry also has potential to expand, and we could be near to a significant expansion in the cattle feeding industry.

However, the financial impacts of continued depressed prices in the international marketplace for grains and oilseeds has taken a large toll on the financial health of primary agriculture in Manitoba. Regardless of how much we diversify in Manitoba, we will still have to grow cereals and oilseeds for no other reason than rotation purposes, so are still going to have a significant acreage of them in Manitoba.

According to Statistics Canada in their Farm Financial Survey 2000, which was just released in the last month, we have seen a decrease in the net worth of Manitoba farmers of over \$1 billion dollars since 1995. We have also seen a loss of 3000 farmers, about 15 percent of our farm population, in Manitoba during that same period.

According to Agriculture and Agri-food Canada, since 1995, wheat prices have dropped almost 34 percent and Canola has dropped 33.5 percent. We cannot continue to survive in this kind of a scenario.

The graph on the second page, I will leave with you. However, I would just like to use it to point out the risk that we now take as agriculture producers in Manitoba. The bottom line, which is the realized net income, is basically flat since 1971. If we take a time in 1971, and if we had an absolute complete wipeout, we had sufficient profit in the industry, which is the difference between the bottom line and the top line, to get it all back in a year and a half. Today, that difference takes us 14 years. We cannot accept that; that risk is too great for anybody to assume anymore.

This raises the question of how can we raise the equity needed to do something different and continue to make changes that still must be made in Manitoba. Maybe the rest of society can see

from these numbers that at least some part of the Manitoba farm industry has some pretty significant financial problems. Maybe with these losses in the last five years, we are lucky we still even have an industry to talk about.

We are seeing businesses close in many communities, and the continued loss of population puts much of our rural infrastructure at risk. It is also making it difficult to attract enough people to fill existing jobs, let alone the new ones we want to create.

Many in society probably feel that farmers collectively are a bunch of whiners. However, the disconnect from the majority of society to agriculture has never been greater than it is today. With an industry like agriculture, which covers a wide variety of commodities, production practices, geographic and climate areas, as we have in Manitoba, it would be truly remarkable if one segment of the industry would not be experiencing some difficulties at any given time. Unfortunately, most non-farm people do not consciously distinguish between the various sectors of agriculture, and hence the unfortunate reputation that we seem to have in the coffee shop.

We are in export-oriented industry and I do not see that changing in the near future, although the products we export will undoubtedly continue to change. We must take a serious look at what we need to continue to grow in that direction.

We face on a daily basis the impact of government intervention and subsidy in the international marketplace. This impact is concentrated in the grains and oilseed sector, as the world meat market is not distorted to any significant degree in comparison.

I would argue that we have significantly benefited from international trade agreements, such as NAFTA and WTO. However, much work still needs to be done, and the Government must be a partner until workable solutions to international problems in the agriculture marketplace are put in place. We also must realize that these solutions may, in fact, be five to ten years down the road, so somebody has to be in for the long haul besides me.

I believe that our producers are competitive with producers anywhere in the world, who are capable of producing for an export market. We have enjoyed much less government support than producers in the United States and Europe. However, we cannot compete any longer and make a decent income. It is time for the Government of Canada to step forward and do its bit to help us see to better times down the road.

That begs the question of where we go from here.

Much of Western Canada was developed to a large degree on the basis of subsidized export of bulk cereal grains and oilseeds. This reduced the incentive or the financial viability to further process what we grew in Manitoba. It may be ironic, but it would appear today that the healthiest parts of Manitoba agriculture are those which, in the past, have not been developed with the direct aid of large amounts of public dollars to the primary producer, or those industries which provide product mainly to the domestic market. I emphasize that is the situation today; it very well will be different in four months from now. I do not believe that it is feasible or desirable for us to reduce our production to domestic production only in Manitoba for all our agricultural commodities. It is also not desirable to substantially increase our population to a level which could consume all that we can produce on 13 million acres in Manitoba.

However, the negativism around the grains and oilseeds sector could take us all down if it is not fixed immediately. How long can we continue to expect patient money from Wall Street and Bay Street to be available for any agriculture activities in Manitoba, if we have to continue to focus on the gloom and doom of the grain and oilseeds sector? My question: Was a decision by Schneider's to pull out of Manitoba part of that factor?

* (00:40)

The Americans put vast amounts of money into their grain industry compared to Canada. Our prices will be dictated by their programs whether it is in North America or in the export market. This assures them of lots of cheap

product for their domestic consumption and processing. It is my understanding that in 1999, the U.S. provided about \$20.6 billion in direct support to its producers. To get a comparable level of support for Manitoba, we would have needed an additional \$300 million for Manitoba alone. In 2000, we are told the Americans have increased their support by over 50 percent. I am not sure what we would need as an increase to match that. We are a long way from their level of support, and I will not accept the argument that Canada cannot afford more help.

We have to look at what we can do to provide jobs in our communities so we can maintain the local infrastructure and an acceptable lifestyle for our rural residents.

There is no magic bullet to solve the problem. We must also address our land use and development policies. We must continue to protect as much as possible of these 13 million acres in agro-Manitoba for the production of raw commodities and the development of a value-added infrastructure.

Since it is essential that we continue to export both raw and processed products into the United States and around the world, we must ensure that we do meet our trade obligations. Any programs to support the grains and oilseeds industry cannot be subject to countervail activities by American interests. This will limit what we can do and it may not seem fair to some people, as it will mean, at least in the foreseeable future, that the Americans can have programs that we cannot. However, I have experienced the effect of the U.S. countervail on hogs, and I can assure you we do not want to go through that in the grains industry.

We need a commitment from all levels of government for continued support of the crop sector until such a time as the level of support in other exporting countries is reduced to a level comparable to ours. This level of support must be equitable with support in the United States, since we are in a common market with them for our inputs as well as for a significant part of our raw production.

We also need a recognition from both levels of government that we need to find a way to

facilitate an immediate cash injection into the grains and oilseeds sector in a fashion that is trade compatible. Obviously, the current level of support is not adequate.

The method of marketing grain must be neutral for any programs. We cannot continue down the road of CMAP 1 and CMAP 2 where farm-fed grains are not supported equally to the grain sold into the domestic or export markets.

Without adequate support, we will see continued trade actions like the corn countervail, which will disrupt the ability of Manitoba's value-added industries to be competitive in the North American and world marketplace.

The concept of CMAP to deliver payments has some good points, but as I mentioned, farm-fed grains is a major concern. However, the time we spend in order to get these ad hoc payments is totally unacceptable, and we have to find a better way down the road.

Again, I emphasize that we must meet our trade commitments. Surely we can design a disaster program that is simpler to administer and is more timely than AIDA or CFIP.

Maybe this is where governments need the will to tell your support staff to help design programs to meet the needs of agriculture, instead of attempting to design programs to meet a budget figure.

We also must target where the aid is needed. We must convince Ottawa that we must be treated equitably, and that support dollars cannot continue to be divided on the basis of our adaptation to programs that have been in place for the last hundred years. We have to adapt to tomorrow.

We must be vigilant in ensuring that other provinces do not implement programs that will put our export-based industries at risk of trade action. This will not be easy, but it is essential for the future.

There are many other issues that need to be addressed as well, and have already been talked about tonight. Cost-recovery programs, we need to look at that; research costs, education funding,

PST. A new one on the block is that the consumer wants quality assurance programs; however, she is not prepared to pay for it and I cannot pay for that extra cost in getting it there. Somehow, we have to convince consumers that they have to pay more than 10 percent of their disposable income for food in Canada if we are going to survive.

Finally, I would like to say it is positive to see all parties co-operating in this process to get the attention of the Prime Minister, because I truly believe that is where the problem is. It is at the highest level of Canada. We must find a speedy solution to this problem for Manitoba's grains and oilseeds producers.

Again, I thank you for your attention. Certainly, I look forward to continuing to work with you and all parties to attempt to achieve a solution for this for all of Manitoba. Thank you very much.

Mr. Chairperson: Thank you, Mr. Newton.

Ms. Wowchuk: Thank you, Mr. Newton, for your presentation. You have covered a wide range of issues. The one I want to focus on is you said: We must realize that the solution may still be five to ten years down the road. Then you talk about the need of an immediate fix.

I wonder if you would share your ideas on what the immediate fix would be. I know that we were talking about short-term funding, where we are looking for \$500 million from the federal government. I wonder if that is what your short-term fix is, or whether you have any ideas of what kind of program we would need to get our farmers through this next 10 to 15 years down the road that you are saying is there, in order that there does not have to be the amount of effort put into ad hoc programs and looking for support.

Mr. Newton: Well, I guess I believe that in the short-term we need a large infusion of cash. There have been all kinds of numbers thrown out tonight, and I am not going to dispute any of them. I think they are all in the ballpark.

I guess what I am saying is we have to, in the foreseeable future, be at a level of support

that is much more comparable to what the Americans are giving, than what we are presently receiving. The differential is just far too large. There are a lot of graphs on your Web site and Agriculture and Agri-food Canada to back all that up. I guess it appears that the world trade talks probably are not even going to start for three more years, maybe four more years. So, we have to get there. I guess to me the solution obviously is cash, at some point, to get there. If I want to change my operation, I need cash. I have not got it.

Ms. Wowchuk: Another point that I want to just talk about briefly, Mr. Newton, is you have supplied a chart that is, as you say, on many Web sites, and it is showing the difference between what the net income is versus where the total gross farming seeds are. The margin gets wider and wider as we go along. A good part of that is input costs that have increased in price over time. We had a previous presenter who talked about how we had to look at reducing input costs. I wonder, in your farming operation, have you looked at how input costs can be reduced, and are there suggestions that you can make on that discussion about land set aside and other alternatives? What would your view be on how producers can move toward reducing some of those input costs?

Mr. Newton: I think there is probably many different scenarios. It depends on each operation. I guess everybody has to look at what benefits they are, in fact, getting from it. I guess one of the big ones for this year in the grains industry is nitrogen fertilizer. Everybody needs to take a real look at that curve. At what point does diminishing returns set in? It is at a different point than it was last fall. That impacts yields. We have to look at those balances.

* (00:50)

I guess the other side of it is we do have a small hog operation. That manure is much more valuable now than it was 10 years ago. Certainly, we have changed our practices in how we spread it to get a higher value for it. Each operation is going to look at it. We have gone to less tillage to use less fuel. So everybody has to look at what they can do, and that depends on the operation.

Mr. Cummings: I would like to get your opinion, if we are going to have any opportunity to have an impact with our federal government. A number of producers have said to me, and it might even be borne out when we look at the graph that you have presented here.

It would appear that if you look at the province, regions of the country, and the agricultural totals, that it could well be that there is a severe misunderstanding at the senior levels in Ottawa, not only politically, but perhaps even in the administration, that when you start talking about the whole agricultural industry, the growth and value, the growth and net worth, is not reflective of the problems that some segments of the industry are having, particularly the grain and oilseeds sector.

I wonder, given your work with the farm organizations and your own knowledge and interest in maintaining as free a trade as possible, do you believe that that is an area we have to focus on in convincing federal people that they need to deal quickly, on a short-term basis, or how can we make the problem more understandable to Ottawa?

Mr. Newton: I am not sure there is an easy answer to that one. As I said, there is no silver bullet. I guess all we can do is continue to try. I guess Mr. Chrétien appears to understand the difficulty that Bombardier has to compete with export subsidies from Brazil. He seems to have a much more difficult time appreciating what we have to compete with against the Americans. I do not know how we do that. I guess you are in that political game too. We are going to have to find some way of getting his attention. With what has gone on in the last three months, and still to come out last week and say there is no more money, that is not the federal Ag Minister anymore, it is now the Prime Minister of Canada saying there is no more money. I guess I find that unacceptable, and I hope you do too. We will just have to keep trying. That is all I can say.

Mr. Cummings: I just wanted to get a little bit more from you on that thought because it seems to me that the segment of our agricultural industry that is in the most trouble is not being understood. I just want your opinion, if that view

is shared by you, or is this an opinion that I have formed perhaps based on all the information.

Mr. Newton: I do not think there is any doubt that society has no appreciation of the money that goes through our hands in a year, as that graph shows, and how little we retain. They see the \$200,000 tractor or \$200,000 combine, and they say, well, what is your problem, you have that big asset. In the first place, probably the bank owns 50 percent of it at least, but it is also a price I have to have for doing business. If I do not have that, I cannot cultivate or sow 20 acres an hour, 25 acres an hour. That is part of the efficiencies that we have got. Everybody else, to build that thing now, gets their piece of the pie. I pay the end price.

Again, I do not think society has a realization of the money that flows through our hands, and the risk that I show you in that graph. I do not know how we get that out to them.

Mr. Chairperson: Mr. Gerrard, with one last question.

Mr. Gerrard: You have put a fair bit of thought into this countervail issue, and there is a problem, unless you have got a recognized natural disaster of paying dollars out on an acreage basis. If we are going to provide the dollars to farmers in terms of \$40 to \$60 an acre, what is the best way to do it?

Mr. Newton: I do not have the solution with me tonight. I guess I come back to my comment. I think we have a lot of expertise, not only in the farm population and the people that we deal with, but also in the professional people that you employ in government.

I guess I would come back to my argument, I do not think you have turned them loose with their creative abilities on how we can meet these program guidelines. The Americans and the Europeans are masters at taking a trade agreement and seeing how much money we can shoehorn in underneath it and meet our obligations. Canada just plays the Boy Scout role and says, well, I cannot do this, so I will not do anything. We have got to change that.

I guess I firmly believe we have the talent already employed by both levels of government

to develop these types of programs. It is not going to be easy, but I am convinced it can be done. We need to turn them loose and forget about the Budget item for a change. Let us design a program to meet the needs and then see how we can finance that need. That, I realize, is a big change for government. But agriculture in western Canada, and maybe in Ontario, as well, is probably at stake right now with that issue.

Mr. Chairperson: Thank you very much, Mr. Newton.

I would like to call Ken Duchanan, the Reeve of the R.M. of Louise. After Reeve Duchanan, it will be Art Cowan. Am I pronouncing your last name right, Mr. Duchanan?

Mr. Ken Duchanan (Reeve, R.M. of Louise): Yes.

Mr. Chairperson: Good. The floor is all yours.

Mr. Duchanan: Thank you, Mr. Chairman, honoured members of the Standing Committee on Agriculture. I feel so privileged to come and make a comment or two here tonight.

I would like to express my concern that there have been as many cuts as there has been to agriculture over the last 30 years. This has many serious effects, not only for the actual farmers but also for the many industries that support agriculture down the chain of the system. The seriousness has come as far as affecting our rural communities, be it local businesses, schools, hospitals, et cetera. The depopulation of the rural areas increases a move towards finding a living in other ventures that may give a better standard of living. I am sure you have heard this before. I may be repeating what others have already said tonight. I know I have.

How are Canadian agriculture and ag industries going to compete with our neighbours to the south, namely, U.S.A., as well as the European Common Market? Just last week, I listened to a Canola market on a Langdon radio station, 1080. They quoted a price delivered to Altona, Manitoba, of \$7.35 U.S., which in our

dollars is over \$11, probably closer to \$12, just about twice what the Canadian farmer is getting.

The Canadian farm picture cannot continue on this way unless we want our agriculture to become fully in the hands of large conglomerate or corporate farms and companies. This will escalate the price of food to the consumer, as large corporations will then have total control. I hope the Government can or will see fit to sit down and try and work out something that will keep this from happening, or else we will lose our rural communities as well as the way of life that we know.

* (01:00)

I am not against change. I believe in change, and we should work at change in a way that it enhances the environment and the society that we live in. Our agricultural industry has to be sustainable, and there needs to be a return on investment and labour which will allow this to happen.

The railways have been changing. For the better? I really question. Our forefathers built the best system for moving heavy, large loads of bulk commodities. I do not believe going to a trucking system, as they are doing in many areas, is the answer. Our roads were not designed to carry this number and weight of traffic, and to upgrade the road system is almost beyond reason. We already have a system that surely could have been changed to make it work better, namely, the railways.

In our area, we have a good rail line, but it is prohibitive to use it as the union seems to have to taxi the railroad men back to Brandon and then bring out another crew to La Rivière as they have put in their eight hours on a one-way run. To solve this, the elevator system has switched to large high-through-put elevators at Killarney and another one at Morden, both approximately 80 kilometres either way, even though we have trackage in good shape in our area. I am saying this just to show the increase of truck traffic in our area. This has added costs both through loss of taxes from the elevators and added costs to municipal taxes through road upgrades plus individual costs to producers through fuel, time and extra trucking costs.

As expenses continue to escalate, we will see fewer and fewer people on the farm and agricultural industries as more people leave for better jobs and salaries in cities or other provinces. I strongly believe that we do not want to lose our communities if it is at all possible to work something out.

When I went to university many years ago, they stressed the fact that one must intensify. Today the people who are in the know are saying diversify. I believe we have to diversify but also be very intensified to make agriculture profitable. I also believe we need to work at a system that can be sustainable, economical, environmentally and socially sound.

I strongly encourage you, the Standing Committee on Agriculture, to try and convince our Prime Minister, Jean Chrétien, and his Government to try and work with you, the Association of Manitoba Municipalities and, in general, the agricultural communities to make this a better system for Canada as we at the grassroots know we cannot be sustained at this style of cut, cut.

Thank you for the opportunity to express my views on behalf of the R.M. of Louise.

Mr. Chairman: Thank you, Reeve Duchanan.

Mr. Ashton: I just want to ask the question, in some of your comments on the transportation side, certainly I know the increased truck traffic is putting pressure on our roads. I know that as Minister of Transportation. I know it is putting a lot of pressure on the R.M.s. That is one of the reasons we agree with AMM to divide the grading the roads program with the federal government between the municipal and provincial road system.

I just want to ask what specifically the impact is in your area, not strictly your R.M., but what kind of impacts are you seeing on municipal roads as a result of some of the changes we have seen in the last period of time?

Mr. Duchanan: We have had to build some roads up, and it is very costly. Our road structure, they have been built with elevator graders in the '50s. It is topsoil that has made our

road. They are not built the proper way, where they would strip the black soil off and use clay. They just built a grade. So you put a lot of heavy traffic on it, and they just do not stand up without a lot of cost.

Mr. Chairperson: Mr. Penner. I was not sure if you were raising your hand, or just bouncing your pen on your head.

Mr. Jack Penner: That, too, Mr. Chairman.

Mr. Chairperson: It is that time of the night. You are excused.

Mr. Jack Penner: Thank you very much. I think, sir, you have just demonstrated something that few people pay attention to, and that is the strength of the American LDP program and how it impacts our product and our economy in this province.

When you look at the LDP program, I believe the target price for soybeans is \$4.79. You add the additional oil that Canola has to that price, and that tops up the Canola price above the soybean price. That gives you the American price for Canola. That Canola can be delivered to the Altona pit. They take the Canadian price; the LDP pays the difference. Therefore, they end up with \$7.35 U.S. for their Canola. That will keep those guys producing and let me just add that I would suspect that they will double their Canola acreage in North Dakota this year. That is simply based on that.

I would ask you: How do you see our governments react to this when we present this kind of a case to our Prime Minister if and when we could ever jointly gain an audience with him? Do you think he would respect that Canadian farmers must be given equal access to those kinds of programs to give us a balance on a North American market?

Mr. Duchanan: Mr. Penner, I believe he has to be sensitive to some things. I do not think he has written western Canada off. I do not take that. I would sure fight for our country on that. Does that answer your question?

Mr. Gerrard: To follow up on the \$7.35 U.S. Canola price, was that being advertised on the

U.S. radio as the price for delivery in Altona, because the farmer who actually delivers it would only get much less than that from the company in Altona?

Mr. Duchanan: Yes, it was quoting both the price of Altona and also the price of Velva, North Dakota, give the two prices. I really had to question it. I went to the elevator, our local Paterson elevator, and I said: What is wrong here? He filled me in. He said that is what they get with their backup government money. We cannot compete with that because, there is an auction sale, who is there? The American dollar is there buying against us, competing against us. We are kind of in between a rock and a hard place.

Mr. Chairperson: Thank you very much, Reeve Duchanan.

Mr. Duchanan: Thank you for the opportunity, Mr. Chairman.

Mr. Chairperson: I call Mr. Art Cowan forward. Mr. Terry Drul, you are on deck.

Mr. Art Cowan (Private Citizen): I do not have a written presentation, but it is good to be here, Mr. Chairman, and Ms. Wowchuk, the Minister of Agriculture and panel members. As I know, you know we did not get word that this meeting was going to take place until, probably, I heard this morning. I just jotted a few notes down. I am going to have to be quite careful about what I say because Larry only lives about four miles from me, not far enough away to be able to get away with anything.

I would just like to fill you in a wee bit on my background. I have been farming for a long time, farmed with a couple of sons and a son-in-law in order to try and make our farming a little more efficient by sharing machinery and that type of thing. We farm as a unit, really, and I think we have tried to do what our governments have been trying to tell us to do over the last 40 or 50 years. To start off with, everybody should be more efficient, so you buy more land. So we did that. In the '80s, we had quite a problem in our—by the way, I had a difficult question to answer this morning when I said I was going to try to make a presentation. The girl said: Is it

going to be as reeve of the municipality, or is it private citizen? That was a pretty tough one that early in the morning, so I decided I will be a private citizen, but being the reeve for 24 years, I am sure it is going to kind of come into my conversation.

* (01:10)

Anyway, we got our operation running fairly good, because a lot of our neighbours got caught in that high interest rate problem that we had back in the '80s, and they were casualties because they were leveraged out further. The ones that were leveraged out the furthest died the quickest.

That was in the '80s, and here we are now 20 years later still in a crisis. It has not got much better all the way through. In the early '90s, they were suggesting we diversify. So, along with a couple of other partners, we built a plant to process and handle fees at a local siding where the elevator disappeared from. So we market peas and lentils and sunflowers around the world now. That was a pretty good deal when the price of those commodities was probably almost double what they are now.

That brings us back to the problem of the freight rate is actually a big player in the marketplace. Once it becomes more than about 10 or 15 percent of the value of the product that we are exporting, it puts us at a real disadvantage as far as competing in the world market is concerned.

As you know now, with the freight rate from our station to Vancouver is about \$43 a tonne. So it is far more than 10 to 15 percent. It is actually almost 30 to 35 percent of winter wheat in our area, to get it to market, get it to the ocean.

I consider our most level playing field competitors are the Australians, but they have a large advantage over us in freight rates because they are within a very short distance of the beautiful ocean-going port all around their island. The Americans, they are not competing on a level playing field at all. We feel a camaraderie with the Australians because we are

at least fighting, again, fairly evenly, except they have an advantage over us.

I have been over in the Middle East trying to sell peas and lentils into North Africa and Saudi Arabia, all through the Persian Gulf area. There are a lot of hungry people over there. We are probably third choice in the marketplace over there. Turkey feeds North Africa and that Middle East area, whereas we come in after Australia, because Australia has the next best freight advantage to be a part of that world marketplace.

I would like to take the conversation just slightly further than what do we do to prop up our farming community. The problem is much bigger than that. There are hungry people all over the world. To prop our farming community, I think what we need to do—and I do not really like it because of these hungry people. We need to cut our production so we can get some upward pressure on the market. I think the set-aside is something to look at, something that could be sold to the other people in our community, because it is something that is going to preserve our land-base five generations from now, or 500 years from now.

If we exploit it by going back to say black summer fallow or something like that, which is, if you own your property, a cheaper way to produce, but it mines the soil. So I think there is a way to sell some of that to the taxpayers and the voters of our country, but I do not like that because there are hungry people out there. So somehow I have to get them something to do. I was in Cairo, and they are standing around there, they do not know what to do. They really do not. They do not beg. They try and sell you a little trinket of the pyramids, and you can only see the pyramids, you know, maybe once in a lifetime. So as bad off as we are, certainly we are a way better off than they are, but somehow they have to get some industry so they can earn some dollars and buy some of our products that we can sell cheaper than anybody else in the world.

I have certainly been rambling around here, and I do not know how to kind of wrap it up. I am sure people are getting tired of hearing me talking. Now we have come through that, and we are getting into—the problem with the freight

means that you have to go to a higher value per tonne of product. In order to absorb the freight, you have to be able to put that on a \$400-a-tonne product instead of \$150-a-tonne product or the percentage is a way out of whack and it just will not support it.

So that means we have to get into either chickens or hogs or beef and turn it into meat. I can see that Manitoba is probably the worst place in the world to export grain from, but probably the best place in the world to raise hogs. That brings us right around full circle, and we are now trying to develop a hog industry in our municipality. I am pleased to say that it is being reasonably well received, along with the requirements that the stewardship of the soil is bringing forward. It eases people's minds that they are not going to be polluting their water and all the rest of it, which is something that has to be watched very carefully.

I have had some discussions with the Minister of Agriculture (Ms. Wowchuk) and the Minister of Transportation (Mr. Ashton) in regard to a feed mill that is being proposed in our area. One of the things that I think the provincial government can do—and I guess that is what I am actually here lobbying for is to make sure that they provide the infrastructure that will support these types of industries, that we can try and revitalize our local community—I think it fits right in to your plan for rural Manitoba to diversify and try and attract some industry into your area. We have lost both our elevators so this is an effort to replace them. Hopefully, it will bear some fruit.

I do not know where that leaves me as regard to subsidies, et cetera, but I know there is going to have to be some cash put into the communities in the short term. There are a lot of people who are hurting out there, as everybody who spoke before me has indicated and given you all kinds of numbers to validate their comments. Mine is more of a general overview, and hopefully it is accurate.

Mr. Chairperson: Thank you, Mr. Cowan. You have to admire a guy who tries to sell peace in the Middle East. *[interjection]* Oh, peas. That is my lame attempt at humour today.

I have Mr. Ashton to begin.

Mr. Ashton: Well, I know my own connection—actually we already supply about 80 percent to 90 percent of the lentils to Greece, which is a very big consumer of it, so I know we are getting it over there. Unfortunately, we do not use the Port of Churchill to ship it over there, but that is another issue.

I actually wanted to focus in on a couple of points you raised. Certainly, I appreciate on the road access side, we have had discussions on that. I appreciate you raising that up, but I also wanted to focus on sort of giving the broader focus tonight on your comments on freight rates. What really struck me is we have a general trend downward because of efficiencies in terms of freight rates. But it seems to me that what you are saying is despite that trend—perhaps because of the increased pressure that the farm sector is under, lower prices, et cetera—it is actually not necessarily taking up a lower portion of the cost of production, if anything, maybe going the other direction. So you may see sort of, ironically, lower costs but a higher percentage of what you are shipping going to transportation costs.

I am wondering what your view is, for example, on running rights. I know we are currently involved in the CTA process. OmniTRAX, for example, has been looking at running rights. Some of the other issues that came out of the Ostey-Kruger process, which were, I think, our position and, I think, the position of the previous government were basically focussed on providing greater efficiencies that would benefit producers. Not that there are not efficiencies in the system, but our concern being that they not strictly go to the companies. So I wonder, what is your view on a lot of those CTA issues?

Mr. Cowan: Well, thanks for the question because it is an important one. I would just like to give a little preamble, because we tried to put together a deal with a company out in Mexico a couple of years ago when the previous government was in power there, and we found out that we could not get oats to Mexico competitively with anybody else in the world. We found out that even if we were in North

Dakota, that it was \$2,000 Canadian cheaper to get oats to Chihuahua from North Dakota than it is from Menteith, Manitoba. It is a little bit more competitive, that is why the oatmeal plant is over at Emerson. There is an exporting system there, and that is connected through the BNSF is it, Burlington Northern, and they take oats down that way. So that puts them in a \$2,000-a-car better position than it was for us in western Manitoba.

Even when we went to Bottineau to try and make a deal that we would source the product out of Manitoba and deliver it to Bottineau and load it, we were not competitive with the ocean freight coming in to Mexico from Australia, actually. If Finland had a big sale on through the EU, then they bought some from there, and they were looking at about 5 million bushels of oats a year. So to talk about the North American Free Trade, it does not work, not north and south. I do not know if that answers it.

* (01:20)

I guess maybe back to that, with the joint running rights, we were hoping because our rail line which hooks on to Burlington Northern in southeastern Saskatchewan at North Portal I think is the name of the place. We were wanting them to bring cars up on the CP line. Well, the CP just laughed at us when we suggested that. We had several meetings with the provincial government and CP over that and CN. CN actually, I have to say, did try and put something together, but it did not work.

I just want to say that it was going to be a joint venture with a group—Lido is the name of the company out of Mexico. We had some very interesting meetings on that.

Mr. Chairperson: Let us see if Mr. Maguire has a tough question for his neighbour.

Mr. Maguire: Thanks for coming in tonight. I know how much difficulty those of us in our area went through seeding in 1999, and I do not think anybody went through more difficulties than in our area, except if they did not get it done at all in some places.

I would like you to reiterate or to say, it would be the first time these folks have heard it, in regard to the kinds of difficulties that you went through seeding the crop in 1999, and in particular, the mechanism that you used to seed a lot of wheat. Just to show the difficulty of what farmers tried to go through in order to make sure that there was a crop in the ground in 1999, and then secondly, to answer the question that I have asked a few others tonight: Do you agree that the flood of 1999 is a separate disaster from the overall low-commodity prices that we are dealing with around the table, and if we were going to Ottawa should we be trying to get something out of them for that, as well?

Mr. Cowan: I guess the second part of your question first, so I do not forget it. They are certainly different, separate issues; but the '99 flood, of course, compounds the problem now because the people were not in as good a shape due to the '99 problem, so they are linked in that regard. But they definitely are separate issues. Just a little further on what we tried. Well, everybody struggled to try and get some seed in the ground that year, and we did our share of struggling. I do not know. Nobody is likely very interested. We just dropped a couple, every other shank off our air seeder to try and lighten it up so we could get on the field at all and we sowed probably a couple of thousand acres of wheat in two-foot wide rows and were able to get some seed in the ground. We wished afterward, once the program came out, that we had not bothered trying. It did not work. Well, it worked fine, but it did not pay.

Mr. Gerrard: You had mentioned some success with the development of the hog industry around your area, and I am just interested in the impact that has had on local businesses and school populations and so on.

Mr. Cowan: Well, it has generated about 14 jobs. Now there is a 3000 sow-hog barn. There are four nursery barns and two quality control barns in the area, and that has generated, I think it is 14 jobs in total. Plus there are some other benefits to it, because they can hire snow removal, and that type of thing, so some of the local farmers do some custom work in that regard, as well as the manure that is spread now and injected into the ground is certainly a

valuable asset to the farmer that is close by. I think, generally speaking, there are some of the people who drive, but I do not know how much actual economic activity it might generate in the area. I know there are 14 jobs, so that is 14 jobs there did not used to be.

Mr. Chairperson: Mr. Penner, with a quick question.

Mr. Jack Penner: Art, thank you very much for the presentation. I am interested in what you were relating to the oat export and your access to proper transportation. There is no question at Emerson, CN and Burlington Northern being merged, but that has given a significant advantage at the Emerson port for the export of goods at Emerson. However, I am somewhat miffed that if you loading containers at, for instance, Bottineau, you would not be able to get the same rates if you transported by truck to Bottineau and loaded containers at Bottineau. Is that not correct?

Mr. Cowan: The freight rate from Bottineau was approximately the same as the freight rate from Emerson. That is what it is. Actually, North Dakota, the freight rate to Mexico is the same over the entire state. It is not from point here; it is the entire state.

Mr. Jack Penner: So if you could somehow make rail connections out of your point to Bottineau the rail freight out of Emerson or Bottineau would be the same into Mexico.

Mr. Cowan: Yes, that is right. It is the same. That is why the facility was built at Emerson, because they take advantage of that freight advantage.

Mr. Chairperson: Thank you very much, Mr. Cowan.

Mr. Cowan: Thank you.

Mr. Chairperson: For the information of the committee, No. 34 on our list, Mr. Ray Redfern, spokesperson for the Rural Disaster Recovery Coalition, has opted to leave a written submission for us and not do an oral presentation.

I would like to call Mr. Terry Drul to the microphone, please, followed by Mr. Walter Finlay.

Mr. Drul do you have a submission to be handed out. *[interjection]* Thanks. You can proceed, Mr. Drul.

Mr. Terry Drul (Private Citizen): Thank you. Ladies and gentlemen, I think it is good morning now. I would certainly like to thank the committee for agreeing to travel outside the city. I think it is critical that you listen to rural Manitobans on this issue, and that there is input from people who normally do not present or do not have a chance or access to committees.

What I have is a little different perspective on this issue, and I think that what I want you to try and do is kind of think about this issue a little bit differently than it has been spoken about or thought about tonight.

Firstly, just a personal perspective: I run a small mixed family farm. I have two sons, one who wants to farm, and I need my wife's off-farm income to survive, of course. I have agri-finance trying to repossess my farm machinery right now with an application before the Farm Machinery Board. I went through Farm Debt Review last summer with the same creditor with no solutions. They would not agree to anything. The main cause of this has been because AIDA has taken two years to pay out, and with these delays in receiving payments creditors are getting tired of waiting. They can obviously see no hope in this, and I think this is happening to a lot of people where creditors are simply moving on assets because they cannot see any hope or any future down the line.

AIDA, of course, has been a total disaster. This has been repeated many times tonight. I think that the programs and delays have forced me to really scramble, and I am almost bankrupt at this point. Now we are going to have a terrible time trying to put any kind of a crop in this year at all. I think that the problems with governments trying to design programs and the delays with these programs have forced virtually hundreds of producers in my position, the same as I am, that really are not going to be in any position to even put a crop in this year.

I think the main thrust of the committee should be to realize that the federal government is really deliberately and systematically destroying family farm agriculture. I think this is not by accident; this is not by a fluke or just by uncaring. It is by design. I think that the plan is to remove at least one third of the farmers off the land, especially the small and what they call inefficient producers. I think this agenda was started back in the '80s when several government reports stated that there were too many farmers. That too many people were trying to make their living off the land. That we did not need that many producers, and it was going to be cheaper for governments to simply see people go out of business. That these could be run more efficiently on larger operations.

These trade agreements and the World Trade Organization have speeded up this process, as our federal government cut support to farmers quicker than other countries, of course. The point was to end family farm agriculture and to move to huge corporate farms, large hog factories, feedlots and huge corporate landholdings. The ultimate goal, of course, is corporate profits and control of food and food production. When corporate control takes over, food prices will be much higher.

* (01:30)

This is the corporate agenda, and the Chrétien Liberals are fully involved, supportive, and actively endorsing this agenda. Thousands of farm families will be displaced, rural communities will disappear and rural Canada will be a much different place.

The move to tear out rail branch lines, small wooden elevators, is all part of this consolidation, and the next round of trade talks could see Canada lose the Canadian Wheat Board and our supply management system for dairy and poultry. That is the next step. Large transnational corporations working through large groups, like the Trilateral Commission, are making this happen and this is why Chrétien will not put more money into the farm economy unless it is for an exit program for farm families to leave the land.

The new Canadian farm income program is just a joke, another disaster. No solution to

income crisis, but a way for governments to bail out and say: here, we are doing something about it. Here is a program, here is money we are putting into a program, and it is just a cop-out by governments to say that they are doing something about it. It really does not address the issue, and does not address the problem.

The administration costs for programs are also a factor. AIDA has cost at least \$100 million in administration so far, and it is money that has largely been wasted. Producers like myself are still waiting for money for 1999.

Now, this committee, and I think the provincial government have to show some leadership and support farmers, and realize that the Chrétien corporate agenda to destroy family farm agriculture has got to be stopped. You are either going to stand up for rural Manitoba, or let the family farm and the way of life die completely. That is your choice.

The Manitoba government should never have signed on to the CFIP program. I think they should never have committed money to it, and they should have stood with Saskatchewan and other provinces and said to the federal government that this is not a solution to the problem. I think some of this kind of leadership from provincial governments would have forced the feds to relook at this whole situation a little bit differently and would have forced the hand of the federal government to do something about the situation rather than provinces just automatically tying on and saying: We have got no choice.

I know it was blackmail, but still the Province should have shown some leadership and said these programs are not going to work. They are not going to work, so let us have some real solutions. We are not going to accept these programs and commit any money to them.

The long-term solution and, of course it has been mentioned many times here tonight, the only solution is a cost-of-production price for farmers. The federal government must legislate a cost-of-production price for all farm produce as a minimum farm price. Without a fair price that covers our costs and leaves a margin for profits, farm families will continue to leave by the

thousands. Governments must step in and support farmers or else family farm agriculture will disappear. Prices based on the cost of production is the only way to directly support farmers whereby everybody is equal and if you produce you get paid. Not only farmers will prosper but the whole economy. You put the dollars into the farmers' pockets, and it is money that is generated seven trade turns in the economy and money that is put right throughout the whole economy.

So here is the rub. Are you for us or are you against us? Are we going to look for real solutions or are we going to let the federal Liberal government empty western Canada and destroy family farm agriculture? That is the question, and that is my presentation.

Mr. Chairperson: Thank you, Mr. Drul.

Ms. Wowchuk: Thank you, Mr. Drul, for your presentation. I listened to you talk about the agenda of the federal government and the desire to remove family farms. I have to say that I agree with your comments, because, in discussions that we have had with the federal minister, he will pull out those charts of farm income and take that certain sector and say, well, you know, these farms are not profitable, how can we keep on supporting them?

They do not have a real vision of the importance of the family farm to western Canada. So I agree with you that there are real challenges there with regard to the federal government and their commitment to the family farm. Thank you for your presentation. I am going to let somebody else ask questions now.

Mr. Drul: I do not think there was a question there. Obviously you are right, exactly. I think this was what they decided a long time ago, that a segment of the farm population has to go, and it may as well be sooner than later. They are not going to commit any money unless to an exit program to get farmers off. I am convinced of that.

Mr. Chairperson: Obviously, Mr. Drul, you were paying better attention than I was.

Mr. Maguire: Thanks, Terry. I have never been one to really believe much in conspiracy

theories, but your last paragraph pretty well hits it on the head. I go back to a couple of speakers ago. Mr. Newton was speaking. I made a notation here that the federal government's goal is not another national energy program, but it appears to be to remove farmers from the land, and more so in western Canada perhaps than other areas.

So I guess my comment is that your comment here, it hurts. What we are fighting for here is to make sure that we do not let another national energy style—that was an oil crisis. This one, I see, is a farm crisis. It is an agricultural issue. It is comparable, in my mind, in some forms.

That is why your comments here are so pertinent at this particular time. Are we going to let the federal government empty western Canada and destroy family farm agriculture? Nothing could be more pertinent to what we are here for. I would agree that you have made the pitch here in regard to the change, and the kinds of programs that we have gotten long-term need to be improved.

I do not see—or maybe I missed it, Terry. Can you just give us your feeling of what we need for the short term, the immediate message?

Mr. Drul: The immediate cash injection I think I did mention in my presentation because it had been mentioned many times here tonight, but I think that is pretty obvious. Most producers here have said that losses of around \$60 an acre are pretty easy to justify, and of course we have got to see a big chunk of that money back or there are many producers that will not even be able to put a crop in this spring. I think in a lot of cases it is already almost too late. A lot of farmers are going to have a hard time just getting out on the land.

Mr. Jack Penner: Mr. Drul, you made the statement that the minister should not have signed on to the new program, the CFIP program. This might surprise you a little bit, because I am going to come out in defence of the minister on this one. I wonder what your reaction, Mr. Drul, or what you think the farm reaction might have been if the minister would have come back to Manitoba and said, sorry,

there is no program, there is nothing, we did not sign it, and that is because we do not believe in it.

I am convinced she would have come back empty-handed. There would not have been any kind of program, because I think the federal government were convinced that this was what they were presenting, and that was that. It was based on a formula that they had obviously cooked up.

So what do you think the response would have been of the Manitoba agricultural producers to the minister?

Mr. Drul: Well, I think a lot of farmers would have cheered, because I think they wanted to see the provincial government take a stand. They have seen all this blackmail from Ottawa and a lot of these programs, AIDA and all of this kind of stuff. They wanted to see this stop. I think it does not really matter if you are not going to put sufficient funds in now and you are just going to choke us slowly, whether you choke us now or you choke us later, you know what I mean type of thing.

* (01:40)

I think the producers would have applauded the minister for having some guts and standing up and saying, hey, if you are not going to do the right thing, we are not going to go along with the wrong thing, and we are certainly not going to put any money into it from the province, the provincial point of view. I think a lot producers are looking for leadership in this whole area. That is what they would have seen in the provincial government, especially if Saskatchewan had also stayed in that situation, because Saskatchewan also signed on. Of course, they stayed out of it a little bit longer than Manitoba did. If the two provinces had been able to convince to not sign on, I think it would have been a stand that farmers would have cheered because they want to see some leadership from their provincial governments.

Mr. Jack Penner: First of all, I think that is probably correct; however, I doubt whether it would have changed much, because I think the other eight provinces were agreed to sign on to

the program, including Alberta, and that, I think, put Manitoba and Saskatchewan in a very difficult position.

However, I also found some of your other comments interesting in regard to eliminating much of the population in western Canada. I am not sure whether I am totally convinced that Canada has actually banked upon a program in similar nature to what New Zealand did; however, my concern is that some people in Canada are actually buying into the success of the New Zealand initiative to do away with subsidization in this country. It worked well from a government perspective, extremely successful, but from an agricultural perspective, a pure disaster. I say that if the federal government is really intent on applying that kind of a process or program to ensure that we put farmers on their own feet, I think you will see them walk a long mile, and we will in fact have an Australian outback.

Can you see whereby the Americans and the Europeans and other countries would keep on subsidizing their producers to the extent that they are now, and can you see Canada not going into a similar type of program and having an existent rural community in western Canada?

Mr. Drul: Well, I do not think, unless our federal government is willing to step up to the plate, there is any way we can keep an industry at all. There is no question about that. If they are not prepared to put the dollars into it and to subsidize the industry, support the industry, whatever word you want to use, we are obviously not going to be able to retain the family farm system at all. I think that is pretty obvious.

I think what the Government has bought into is the fact that corporations are ready to take over. I think the corporate agenda where you have got the large hog barns, the large feed lots, the large land holdings, this is what they have bought into. This is where they figure the efficiency is and the profits are and that these little producers no longer are needed. I think that is the common thinking there. It is not really a conspiracy theory. It is the facts. It is the way they are looking at it. It is not the way we look at it, but it is obviously the way they are looking at

it. I think that is what they are prepared to go through—whatever it takes. It really does not matter because politically they do not have a price to pay out here. There is not much Liberal support out here, so they do not have a price to pay politically to see this happen. It could happen in a very short time.

Mr. Ashton: I find your presentation very interesting. What struck me, as I listened, was if you were to have talked about cost of production a number of years ago, you would have been very much dismissed even by a lot of people on the farm side. I remember debates in the Legislature, and there was derisive reaction to debates that used to take place at our conventions, that being the basic principle. I think it shows how far the issue has come when there seems to be a clear consensus that that is where the issue lies. I find it interesting that no one is really questioning your basic analysis. I do not think it is a conspiracy theory. If anybody has not seen the concentration that is going on in terms of corporations, I mean, we have not seen this for a century. We are seeing it just on the transport side. The proposed CN-Burlington merger, for example. Are we going to see a CN-CP merger—the kind of incredible pressure the Wheat Board is under from, once again, corporate interests.

So I am wondering really whether it is a conspiracy theory or it is just a theory and that maybe part of what we need is to not just react strictly to the symptoms but try and figure out what the underlining disease is. I think, by the way, with the national government it is the same thing. I am not sure it is necessarily targeted against western Canada, but I do not think this is seen as any different than an automobile plant shutting down in Ontario. I think that was, you know, very evident in the way they treated the fisheries in Newfoundland. It was an inefficient plant in a branch plant that had to be shut down.

As you can see, I agree with, I think, a lot of what you are talking about, but how do we get that message out even in western Canada, because I still am not sure that a lot of people in western Canada have got beyond the symptoms and tried to figure out what the real root problem is.

Mr. Drul: Well, that is a real problem. I think that what you have got to convince people of is that this Government is systematically doing this. When we are hearing presentations tonight where people are saying, well, let us go to Ottawa and let us make this and this type of pitch, I do not know if there is any point in going to Ottawa, quite frankly. We might want to go to Ottawa, but, realistically, what is the agenda in Ottawa?

I think what I am trying to make in my presentation is that, you know, realistically what is this Government trying to do. I think that is the message we have got to get across to the people. Even you as a provincial government have to get that message and say, hey, this agenda in Ottawa is contrary to what we want to do, the deliberate destruction of a way of life and the family farm agriculture that we stand up for.

That has got to be coming more out of the provincial government and out of government ministers saying that this agenda that is being pushed in Ottawa is completely contrary to what we want to see happen. I think it is important to educate people that this is not happening just by accident or by neglect, this is by design, and we have got to start talking as a provincial government and as ministers that this is what is going on and that probably things are not going to change but get much worse.

Mr. Chairperson: Mr. Smith, with a quick question.

Mr. Smith: I appreciate your presentation, Mr. Drul. Terry, the actual number that you threw out was \$60 an acre. You have listened tonight, we have heard from \$40 to \$60 to \$70 an acre, and you know in our resolution that we have asked for a minimum of \$500 million in assistance. Do you have any thoughts on that number in the resolution?

Mr. Drul: Well, I think it was low. I think the number was low right from the beginning. I think a lot of our farm organizations and everything else, Keystone Agriculture Producers, were using a low number right off the bat. I think that is where it came from, those original numbers of what losses were. When some of the grassroots farmers were doing some

of the research, Murray Downing and some of that group—you start looking at our losses through 1999 and 2000, that is where our losses are. We are losing somewhere between \$60 and \$70 an acre as actual loss. That can be justified and documented just based on Manitoba agriculture figures as money that we are losing per acre.

So that is the kind of number we want to use. This \$500 million I think is a wrong number to use. As farmers we need to recoup those losses in order to be able to even seed a crop in 2001. A number of presenters tonight have justified and documented them quite easily, those losses. That is what we should be talking about, the farm losses, because I think if we got that figure across to the public and to the federal government more than a big number because that is kind of hard for the general public sometimes to get their head around. It sounds like a large amount of money, but when you start saying, okay, farmers are losing \$60 an acre and this is what it costs to produce an acre of wheat or an acre of Canola and these are the kinds of costs that they are facing and costs of increases that they are facing, it is pretty easy to justify that we need to recoup a big chunk of that loss or else we cannot stay in business.

Mr. Chairperson: And we just have enough time for a question from the minister.

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Ms. Wowchuk: Since my voice gave out on me on the first one, I am going to try it again. Terry, you talked about governments not having a vision or thinking about the family farm. I am going to take the opportunity to send you a copy of a vision statement that has been developed by the department and producer groups across the province. In that, for Manitobans and for our Government, the family farm plays a very important part in the viability of the rural community.

But you had said that you did not think that we should sign CFIP and that we should have held out like the Saskatchewan government did. Saskatchewan and Manitoba both held out a long time trying to get more money. It ended up being maintained at the level rather than losing money

to other provinces. If we would not have signed up, we would have put at risk our crop insurance program, our NISA program, and the other programs that we have. It was not just about CFIP. Also, it was on the recommendation of a safety net committee. After all the discussion that happened, the safety net committee recommended that we sign on. So would you have also put at risk all of those other programs that are important for protection of risk for our farmers?

Mr. Drul: Rosann, it is time to take a stand. That was the stand, and you did not take it. That was the time to say enough of this crap from Ottawa, and that is what you should have come back to the producers and said. Farmers would have been cheering in this province if you had done that. You might not have been able to hold out for very long. I realize the blackmail. You were between a rock and hard place. There was no place for the provincial government, and the federal government knew they had you. But you still should have made the stand, and particularly if you could have talked Saskatchewan into coming along. I think, even if the two provinces had held together, probably it would have been very difficult for any length of time, but I think it was important for the Province to make a stand and say that this is not going to work. As soon as you sign on, the pressure then comes off the federal government, and they say: Well, everything must be fine out there. We have got our provinces all on-side; we have got a program; we are not going to commit any more money. This problem is taken care of. This file is looked after. We do not have to worry about it.

But, if you had forced their hand and said, hey, we are not going to sign on to this kind of blackmail and come out to the producers and said this, this is not right, this program is not going to work; it is still going to force thousands of farmers off the land; we are not going to get the kind of money out of Ottawa that we need to save this industry, you would have got a lot of support and a lot of cheers from Manitoba farmers.

Mr. Chairperson: Thank you very much, Mr. Drul.

I would like to invite Walter Finlay to the microphone representing the Southwest Lobby Group, and Mr. Warren Ellis is on deck.

Good morning, Mr. Finlay. The floor is all yours.

Mr. Walter Finlay (Southwest Lobby Group): Good morning. I would like to thank everybody for allowing our group the opportunity to present our thoughts on this issue. It is our belief that there is a subsidy problem in the U.S. and Europe that is affecting Canadian farmers to a large degree.

We, however, also believe that the severe flooding in 1999 in southwestern Manitoba has had a far greater impact in this 3.2 million-acre area. Prior to 1999 many farmers were diversifying into hog barns, larger and newer cattle operations, small-farm businesses and different crops. The natural disaster effectively stopped this diversification. This area has, because of a natural disaster, moved from a state of growth to a state of survival. Small-town businesses are closing largely because of this natural disaster. In the town of Souris alone, 13 businesses have closed since 1999. Accounts receivable are very much higher at ag-related businesses and sales are down considerably at others. Farmers and businesses are not only facing low commodity prices, they are still dealing with the devastating flood of '99. In 1997 the Red River area had their flood of the century. The federal government was right there with different programs to aid producers for loss of input, payment of diking for future problems, cleaning drains, et cetera.

We received none of these programs. Now we must be fair and say that most of the money did not come out of the agricultural budget, in fact very little did, but a 50% payment on loss of input was received, and they still got their crop in and off. That was a federal election year, so was the year 2000, but government failed to acknowledge the problem.

We believe that if a farm or any business has financial difficulties caused by poor management practices they should be on their own; however, when financial difficulties occur because of natural disaster, they should be fully compensated for costs associated with that natural disaster. People in this area should not be expected to carry the costs of this large natural disaster on their own. In other disasters of this

magnitude, governments have acted quickly and appropriately in compensating victims, not in this case.

There is in place an agreement between the federal and provincial governments, the DFAA, that is used to share costs in natural disasters by all of Canada. This agreement is in place because it is believed that an area affected by a natural disaster cannot and should not be forced to suffer the devastating financial and social burdens on its own. In cases where the disaster did not fit the program, both levels of government came to the workable solution to compensate the victims. Why not in the case of 1999?

We have been told by the federal government that other programs are in place to cover our costs: AIDA, NISA, et cetera. These programs and others are greatly appreciated and did indeed inject some needed monies into this affected area. They, however, fell far short of all associated costs of this natural disaster and also, in the case of AIDA, came nearly two years after the fact.

We are still suffering a shortfall of \$85 million to \$100 million in this 3.2-million acre area from 1999. This shortfall should and can be quickly resolved by the two levels of government. This disaster should not be conveniently swept under the proverbial rug because of the subsidy issue. The lingering economic and social burden caused by this natural disaster should not be borne by the people in this area but by all Canadians, as has been the case in other natural disasters of this magnitude.

Thank you again for the opportunity. We urge that you carry this message forward to the federal government and bring this issue to its conclusion.

Mr. Chairperson: Thank you, Mr. Finlay.

Mr. Jack Penner: Mr. Finlay, in 1988 the Swan River area experienced a disaster similar to what you experienced in 1999. In 1998 the provincial government went to Swan River—I think there were four ministers who flew into the Swan River area—and the decision was made at that

meeting in Swan River, and that was within three days of the disaster occurring, that the Province would step up to the plate and make the decision, do the repair costs and compensate the people for the losses that had incurred. There was no question about who made the decision. It took us better than five years of negotiations with the federal government to get the federal share, but we eventually did get it.

The second one was when the Interlake fires were prevalent in the same year, the same principle applied. We toured the area. We looked at the damages. We said we must pick up the costs. The Province made the decision. This has been the case in virtually every disaster that we have experienced, yet when we approached the minister in charge of the DFAA program, who is sitting right at this table, he constantly walked around that issue, and he has said: This is a federal program. This is a federal responsibility. The federal government must come to the table first.

Therefore, Mr. Finlay, I want to ask you: Do you believe that this current Government should have acted and stepped up to the plate and offered the assistance to the farmers and then should have gone to the federal government later on and tried to collect as we did previously?

Mr. Finlay: In all fairness to the present Government, they were new on the job. We were new at this job too as to trying to find out who to approach and how to approach them. We felt it only fair to them to give them time to get their feet wet, whatever way you want to put it, and after that time we have approached them a number of times. As far as whether they should have come to the table immediately with a solution, it would have been great for us. Who would deny that? Like I said, they are new. I am not going to defend them totally. I am not going to say that they were right or wrong. What I am saying is that what we want to see is some kind of compensation.

Mr. Ashton: I am somewhat surprised by the way this discussion is heading because in June of 1999—I did not want to get into the politics of this so I will leave out the name of the party, but we were not in government—there was \$72 million that was put forward at that time, 50 of

which was creditable under AIDA, 20 of which was stand-alone money. So what I do not understand here is how you can argue one way against what you did because in 1999 the previous government did the appropriate thing and put in the \$72 million, 20 of which was stand-alone.

The federal government, even though there was \$20 million on the table, has not responded to that, and in fact they have declared it a disaster. I know this is no surprise to you, but I think there is some confusion here. All they have covered though is the \$18 million which is property damage. I get back before, and I wanted to ask the question based on information that has been uncovered by the member of parliament for the area which showed that the federal government had an analysis from its own people basically what we were saying all along.

* (02:00)

I say "we" collectively. I always felt this was something that party difference really did not matter on. We basically said the same thing in government that the previous government did. In fact the former minister is sitting here too, so we have a collective thing on this. It is the same thing you said, which was: Yes, it is a disaster, it should be eligible under DFAA and should cover things like weed control, which was not covered, and fertilizer, applied fertilizer, which was not covered, and forage restoration and hay, which was covered out of the provincial program and was not creditable under the 90-10 cost sharing under DFAA.

What I wanted to indicate and ask you in this sense, because once again Mr. Penner was talking about waiting four or five years. It took me eight times before I could get a meeting with Art Eggleton. After that meeting I have written to him indicating, even though this is the year 2001, outlining all the stuff I just talked about, that we feel once again there were costs that were not covered in 1999 that should have been covered under DFAA.

I am wondering if you would say, at this point in time, it is still worth pursuing because we certainly felt it was. I have been down in Ottawa with the Minister of Agriculture. I met

with Vanclief, Axworthy and Duhamel. I met with members of all political parties. I know you have done the same thing, Eggleton, the same thing.

But, if there is any doubt, and this is not just for the small group of us who are still here tonight but for the public record, just in case Art Eggleton was to read this transcript, I would like to answer the question with it is still an issue and still something that the feds should give consideration or DFAA because we certainly do not think it is a dead issue.

Mr. Finlay: Yes, definitely pursue it. I think the disaster of 1999 is one of the major reasons there were so many presentations here tonight calling for \$40 to \$60 to \$70 an acre. 1999 was the one that did the crippling blow. It was not the low commodity prices on it alone. It was not the subsidies out of the States or out of Europe. It was the 1999 flood that put most of the producers where they are and that is in big trouble.

If you can get the information out of the NISA accounts for southwestern Manitoba, I would think you will find that they are drained or virtually drained. NISA was not designed to look after a major disaster like this.

Mr. Gerrard: Walter, thank you. We went to Ottawa together to see what we could do not all that long ago.

An Honourable Member: Three questions in a row again.

Mr. Chairperson: Just before we continue, Mr. Gerrard, the practice all evening has been that I try to spread it around to all the people involved. What I have done the last couple of times and got caught at was doubled up on questions from, in one case, the Member for Emerson (Mr. Jack Penner) and in one case the Member for Thompson (Mr. Ashton) and found that we ran out of room at the end for everybody who wanted to get in on it. What I have done on this particular set of questions is I have taken a question from the Member for Emerson, then went to the Member for Thompson, and the Member for Emerson is on the list. It is Mr.

Gerrard, Mr. Maguire and then Mr. Penner. I hope there is no problem with that approach.

Mr. Gerrard: Walter, just because I think it is important to be able to document figures, you use a shortfall of \$85 million to \$100 million. There has been agricultural aid in various forms go into southwestern Manitoba. There is still a very significant shortfall. Does that come from adding up where things stand?

Mr. Finlay: That has come from adding up the cost of clean-up. For instance, I put more hours on my swather last fall swathing cattails than I did swathing 500 acres of Canola. There is loss of inputs, fertilizer, chemical that AIDA, if you qualified, did not cover because of—well the negative margins were only covered to 70 percent. Of that, only 60 percent was covered by the federal government. So we were covered at negative margins at only 42 percent.

So it is just a combination of things. That is why the shortfall is still \$85 million to \$100 million.

Mr. Maguire: Walter, for the minister of highways' concern about not being able to get meetings with Minister Eggleton, I was going to say he should have taken you along with him. We managed to get one. I am being facetious there, Steve. To his credit, the Liberal member here with us, Doctor Gerrard, was able to get that meeting with us and with the prime groups that went down at the end of February. I think that the Leader of the Liberal Party here himself would indicate that we did not have any more satisfaction than you did as far as coming home with cash.

My point here is that there is another group that was going to present tonight as well. It is Mr. McNabb and Mr. Thompson. They represent, from knowing them before in presentations, a group from the Minnedosa area. They left with us a package that I would urge all members to read and look at. If you will go through it, you will see that the \$85-million number that Walter, Mr. Finlay, here has come up with is exactly the same—a separate group of farmers have come together from two presentations and come up with the same dollars to be sought in this whole

exercise, just to bring the area back to par of being \$85 million.

I think you have done a good job, Walter, of explaining what made up those costs and how you arrived at them. I think that I particularly, because of the work I have had to do on this issue, appreciate your being here tonight and your presentation and your succinctness in being able to put it forward as a farmer that was impacted from the area. Thank you.

Mr. Jack Penner: I think, Mr. Finlay, what I was trying to get at before, if this provincial Government in Manitoba was really serious about lending a hand to the southwest area disaster of 1999, and everybody agrees it was a disaster, they could have taken the 50 percent, their portion, and paid it out to the farmers. That would have been a start. I think that the federal government would have matched that funding if they had chosen to do it. They, however, chose not to do it. Therefore, the farmers in the southwest area have received virtually zero on flood compensation, and they should have, they should have been compensated.

I think the minister has constantly risen in the House and said the federal government has to step up to the plate first before the Province would come in. *[interjection]*

Mr. Chairperson: Mr. Finlay, did you want to get into the middle of this?

Mr. Finlay: Politics really is not my game. I am a farmer. I am a farmer at heart. I am through and through. I would just like to thank Mr. Gerrard and Mr. Maguire for going down to Ottawa with us and the help they have done, and I am really happy with the input we have got from the provincial government, both in opposition and that is in power. I really do think there is something else that should be done though. You have got businesses going down like they are; 13 in Souris; Elkhorn, 5 out of 7, I believe, have closed their doors. When you have impact like that and it is directly related, something has to be done. Melita is a ghost town.

Mr. Pitura: Mr. Finlay, I was just going to ask you. This committee has adopted a resolution

unanimously, and we are proposing to take this resolution forward and, based on the presentations that we have over the four days of meetings, we will hopefully come up with unanimous short-term recommendations or report and a long-term solution to the agricultural situation in Manitoba.

Would you have any recommendations as to what we as a Standing Committee on Agriculture could be doing to champion the cause?

* (02:10)

Mr. Finlay: Just one thing is the last 500 million that was announced from the federal government. It was announced as a grains and oilseeds program and yet it was split on the safety net formula. It was split on grains and oilseeds production. I do believe that Manitoba and Ontario would have got roughly an equal share or very close to. As it is, Manitoba got just over 10 percent and Ontario got roughly 20 percent. If you are going to take this forward to get another 500 million, I would stress very hard that it is put on production, not on safety net formulas.

Mr. Maguire: Mr. Finlay, you just used the terms, and I have to defend one of the communities in my constituency, you said that Melita is a ghost town. There are 42 houses for sale. I have used that number in the House before, and so has the Member for Emerson. I have to caution you that the businesspeople down there do not want to make the community sound in any worse shape than it is. I think seriously they did have 2000 people on Friday night and 2000 people in the community on Saturday night at a most successful rodeo and trade show that took place in the community over the weekend. Some of the businesses there are thriving; they are striving to thrive, if you want to put it that way. They are going through hard times, and they have had to adjust and change more than probably many of us on our own farms have.

So I just wanted to set the record a bit straight that not everybody is full of doom and gloom out there. There is cautious optimism, but reality checks are in place. Let us not write it off yet. Thank you.

Ms. Wowchuk: Just on the \$500 million that was allocated for the safety net practice. You had indicated that it was targeted for grains and oilseeds. I want to say to you that it was the federal government that divided it up on the formula but then each of the provinces was able to make the decision on how it should be targeted. In Manitoba we said that it should be going to the grains and oilseeds sector where the hurt was the greatest.

My question to you is: Are you saying it should not have been here in Manitoba, that it should have gone somewhere else? I just did not quite understand what you were saying there.

Mr. Finlay: What I was meaning was that with the federal government, I was there when Mr. Vanclief made the announcement, and he announced it as a grains and oilseeds program. What I was meaning was if it was put out as a grains and oilseeds production across Canada, that Manitoba would have got roughly 5% more money out of the \$500 million. That is what I was meaning. Ontario would have gotten 5% less, which is a big swing in dollars. It would have made a lot more benefit to Manitoba. So if you are trying to get another \$500 million, I would say it should be to do with production rather than the safety net formula. If you can get it divided up that way. Do you understand what I am saying?

Mr. Chairperson: Thank you, Mr. Finlay.

Is Mr. Warren Ellis here to make his presentation from the Manitoba Canola Growers Association? No. The reason I ask is that Mr. Ellis left a presentation for us. If we had been meeting tomorrow, he would have made the presentation in person. If we were not going to meet tomorrow, he would just leave it as a written submission to be added to our collection here tonight. So with the leave of the committee, can we accept that submission? That is Mr. Warren Ellis, Canola Growers. Thank you.

Ian Robson. Mr. Robson will drop to the bottom of the list and be called later. Renske Kaastra, Manitoba Women's Institute and Manitoba Sustainable Agriculture Association. Have I got the pronunciation of your name?

Ms. Renske Kaastra (Manitoba Women's Institute and Manitoba Sustainable Agriculture Association): Renske Kaastra.

Mr. Chairperson: Renske Kaastra. Ms. Kaastra, it is all yours. Pardon me. Do you have a submission to be distributed?

Ms. Kaastra: No, I am sorry, I do not.

Mr. Chairperson: Okay, proceed.

Ms. Kaastra: Due to lack of time, I just made a few notes for myself so I could be jumping a little bit over the place.

We support the Government of Manitoba's motion for additional federal government funding as a bridge financing until such time there is a long-term vision in place for Canadian agriculture. Setting parameters within which all farmers can work as is best for them. In our long-term vision, plans and our goals—and I talk to many women, mostly women. I can tell you from experience, most women that are my age or older, even a little bit younger, are totally fed up with the situation and are ready to quit. We work our butts off, and we have not much to show for it.

Some of the words that keep popping up: level playing fields. There will never be a level playing field due to geographical or climatic differences. Man-made rules, laws, et cetera, may be able to synchronize those, but this will be hard and a long process, and we do not have the time to wait for this to happen. Canada has to create its own solutions.

On subsidies, the countries that heavily subsidize the farmers still have many problems. The farmers now cannot live without subsidies. Most monies, when we pay a lot of subsidies, they go to the input costs. Land prices rise, land rents rise, machinery dealers can charge for what the market will bear, et cetera. An example is in Austria, you get \$700 per hectare for growing grain. This is mostly done by people that have full-time jobs, do not want to have cattle, because that is too work intensive, but they do have grain on the weekends and holidays and cash in 700 bucks a hectare.

Germany: my brother-in-law gets \$500 for beef cow per year. They move from intensive to extensive agriculture. He can only have 1.2 animal units per hectare. He gets paid \$500 a beef cow per year. Without that money, he can close his doors. He cannot make a living, so they are totally dependent on it. So it is a pipe dream for us to think that they would do without.

Unless you live in Holland. It is a different story there. Three-quarters of the meat production in Holland is for export, and the story that the Dutch people will fund their farmers all the way through is an oldwife's tale. The generation that lives now and pays taxes, they never experienced hunger like we did, and they want to get rid of the farmers. They make life miserable for them.

The young farmers. The Canadian farm population is aging and young farmers are not entering the field. That has been mentioned many times tonight. Terry Drul's theory that the Government wants to get rid of the farmers? Well, it will be just a matter of time. Give it 10 more years, and we will not be here anymore. Like I am 58, two more years and I am going to quit. Until there is a realistic rate of return, all the loan programs in the world are not going to help to get young farmers going. With that, valuable knowledge transferred from generation to the next will be lost forever.

I will be a devil's advocate here. There has been a lot of talk about cost of production today. If there actually was a cost of production in Canada, what do you think would be our output of grains? Where would it all have to go? Are you going to send it up North and freeze it for the next 100 years? I mean, it will be horrendous amounts of grain. So you have to ask yourself the question: do we need a quota system, or, like was suggested, pay on the first so many 1000 bushels a realistic price so people can make a living and whatever they do with the rest is up to them? Do we go to lower-input crops? Like in the olden days, there was no fertilizer. We used manure. Okay, yes, maybe even your returns were not lower. Who knows? It is all the kinds of things that each individual farmer should look at on their own operation.

* (02:20)

On our operation, when we came 22 years ago to Canada—and I must say I am a Canadian farmer by choice. I love the country. I have great respect for all the Canadian farmers to tough it out in this harsh climate, with a growing season of 95 to 105 days. The first thing we did was seed all our gumbo land to alfalfa pasture, and we went into cattle. Forget about the grain business.

Another problem, and I know, I have your book here; I have read it. I know you have touched on some of those problems in the areas that I am talking about—is urban-rural awareness. We need the support of the rural-urban people. There has to be a bridge built, but rural people cannot do it all by themselves. More agriculture has to be put in the school curriculum. We tried at our local soils and water group in Russell. We did pilot projects with student exchange with Winnipeg, and if it had not been for our co-ordinator knowing personally a principal in a Winnipeg school, it would have never gotten off the ground. It did turn out to be a great success. We had an exchange of 10 students from Winnipeg to Russell, and vice versa, at no cost to them with a 4-H grant. But there was no interest from the city. The initiative came from us, and there was no response.

Co-operation of government agencies, and I mean at all levels. There needs to be a central data storage for easy access for all the conservation groups, conservation districts. In the Russell area, we did deep-soil nitrate testing, then we wanted to do surface-water testing for which we could not get money because it is too expensive. We did manage to finish a well-testing program, and it was all because of the feedlot that is going to be there, the hog barns, et cetera, to look after our clean water. When we could not access this information ourselves, we tried to get it from other groups, and I was basically told: take a hike.

The history. Like was mentioned before, we should learn from our history. I am originally from the Netherlands, and you all know it is pretty intensive agriculture there. With the foot and mouth disease, they are scared stiff it is going to come in the southern part. We are 10 million hogs. The country is one-fifteenth the size of Manitoba, with 16 million people, plus

these 10 million hogs in one area. Then forget about all the rest of the animals. Now they are going back to extensive, basically farming made impossible.

This is a warning to all farm organizations. Get off your butts. Unite, because you are going to lose the battle because what I tell you next you might laugh at it, but this is reality. The Minister of the Environment wants to pass a law restricting farmers to 35 decibel noise between 7 p.m. and 7 a.m. This is to be enforced by the municipalities after a complaint is received. This will pit neighbour against neighbour. You cannot even have a feed truck bring feed into a yard or take grain out. This applies only to the farmers; nothing about the airports or the trains or other industries. Not a mention of it.

There was talk tonight about food tax. It is an idea to look at. Collected monies could also go to at least part of creating an income; it could go to R & D and environmental programs. Talking about environmental programs, we have to start with the tax credit program in Manitoba. KAP is talking about ALUS. Our conservation group is all in favour of these, and we would like to see it expanded.

We think society at large has a role to play in preserving the countryside. It is not only up to the 2 percent of farmers that are still out here. I think it is just too much to let us do it all. We work. We work off the farm; we work on the farm. Then we are supposed to have clean water, clean air, environment of wildlife, and have the birds and the flowers and everything for them for nothing. It is not the right way to go.

We should stop squeezing production out of every acre there is. The land will still be here if needed in the future, and I think there will be a role for the Canadian Prairies to supply food in the future when I look at what other countries are doing to their land. We should be conserving our soil and water, instead of exporting it for next to nothing and subsidizing it on top. The general public should help defray the cost for good stewardship of the land. We should have set aside preservation of critical lands to recharge areas for aquifers for water, and have a land-use map and plan in place for Manitoba.

There was talk tonight about taxation. We talked about school taxes not being fair. There was not much talk about income tax rules. They should be changed for self-employed, not only for farmers. You could have high income in one year. You have to pay taxes on it that one year. You should be able to spread it out over other years where you have lower income. There are also no provisions for the loss on invested capital, when you have no return on your investment. That should be taken into consideration. Some may say, well, this is impossible because we do not have any money anyway. But I think people should be able to make voluntary RSP contributions because low-income people are never able to build any RSP money whatsoever.

We had a lot of talk about statistics tonight. In '74, we had \$7 billion gross farming income, \$2 billion net; in '97, we had \$27 billion gross, and still \$2 billion net. So what did it help us? These are not even the same dollars. We are producing more and more, and we are losing more and more all the time. Vanclief says 270 000 farmers in Canada; 30 percent have below \$10,000 gross income. He is not worried about those. Well, he should be happy that they are there. Who wants to live out in the country, have an off-farm job, and come home and look after the farm and probably sell whatever he produces at his own expense? As far as I am concerned they should have a tax break: 30 percent between \$10,000 and \$100,000 gross, and then the other 30 percent that are over \$100,000.

You could have a farmer with cattle right now who makes \$100,000 gross, and by the way, the second category, he thinks that is the problem area, you could have a cattle farmer with \$100,000 gross like I know some do, and they have \$50,000 net right now. They make more money than the guy who sells a \$1 million, who is in the grain business, because his expenses are probably higher than his income right now.

As far as I am concerned, farmers do not want subsidies. We need an economic environment for all farmers, and each one can decide what works for them within this framework and that is why we need a vision in

Canada and we should try and lower the input costs like we mentioned quite often tonight. Because if you subsidize, the input costs will just rise. It is the same thing when you had a drought in southern Manitoba years ago and you subsidized the freight to haul hay bales down there. The bales shot up from \$20 to \$40.

Personally, I do not think we have too many farmers. The so-called bad managers have left a long time ago, and if the exodus continues, only the top agricultural soils will be farmed. Forget about the parkland areas when the next cattle low cycle comes and for soil preservation we need cattle and face it, cattle are good converters of something that is for every other purpose totally useless, and make it into protein.

As far as I am concerned, we better not talk about diversification. I am not talking about like the ethanol plant. Those are good ideas but for an individual farmer to try and push him to even when he is on the brink of extinction to make him diversify into something else which he did not learn, which he does not like. He likes to farm. Like quit doing that. Enough studies; we need action.

Mr. Chairperson: Thank you, Ms. Kaastra.

Ms. Wowchuk: Thank you, Ms. Kaastra, for your presentation on behalf of the Manitoba Women's Institute. You talked about just having learned about the meeting at a very short time and did not have time to make a written presentation. I apologize for the short notice. We are trying to get these meetings done as quickly as we can, and it was our intention to have the meeting here in Brandon at the end of the week. However, because of committee members not being able to participate, we moved it to tonight. So that has been one of the challenges.

I want to ask you on subsidies. You talked about the producer would much rather get their money from the marketplace, and I agree with you on that and the need to reduce subsidies. Is it the position of the Women's Institute that subsidies should be eliminated? Is that a long-term position, and are you in support of having additional short-term finances put in place to help you get through the crisis?

Ms. Kaastra: We are in favour of financing farms to get through the crisis. After that, do you want to keep doing that year after year? Nothing has changed from last year or the year before, and unless there are major world disasters, grain prices are not going to change. Farmers should derive their income from what they produce, and we need a Canadian-made program to make it viable. Like I said, through paying maybe for the first whatever you produce at a realistic price and whatever else you produce that is world market price. Europe is not going to get rid of subsidies. Maybe in 10 years when the East Bloc countries join, and it would be too huge an amount of money to be invested by going into countries like Poland which is totally agriculture, when they join, when they have to pay all those people subsidies. It would be totally unrealistic. I do not think the taxpayer will put up with that, and right now the German agriculture minister already declared that she wants to put most of the agriculture money in Germany into organic farming or low input farming.

Mr. Gerrard: You had commented a little bit about the effect of foot and mouth disease as a threat in the Netherlands at the moment, and just because I think even though there is none at this point in North America, that it is clearly a concern in the current environment where people are travelling as much as they are. I wonder whether you would comment about additional measures that should perhaps be taken in Manitoba, just to make sure that we do not get foot and mouth disease in this province.

Ms. Kaastra: As you know it is highly contagious. It can stay on your luggage and your shoes for a couple of weeks even. I went to a seminar, and the vet told us if you take dirty shoes, as long as there are organic matter on them, and put them in a plastic bag and seal it for 10 weeks, the virus will still be there after 10 weeks. So the main thing that I am worried about is all the visitors from abroad, and that they should be well informed. A friend of mine phoned the other day from Holland, and she said her neighbours could not get a visa to visit the States because they are from Holland. They had 25 reported cases at that time, so the United States is not letting them in. Canada, I know, will not do this. So they should be very well informed at the airport or even before at the

travel agencies, and what I am really worried about is farmers coming over to look at farms here. That is my main worry.

Mr. Chairperson: I have Mr. Faurschou with about two minutes left.

Mr. Faurschou: Thank you very much for your presentation. It is obvious that you have had experience in varied areas of the world. The contributions that we have heard for programs as the Canada Pension Plan and the RRSP program are based on income, and when one does not have any income, one can make no contributions. Could you elaborate just a little bit on what you consider would be an appropriate way to address this as far as low income or no income?

Ms. Kaastra: Well, as you said, it is based on your income, but there are people that, you know, get by with little money, less money than some other people, and if they wish to do so and save some money, we should be able to contribute to that, into an RRSP plan or to the pension plan if they wish so, not exceeding the maximums that are standard anywhere. That is the way I would think that would work. People would be able to save and otherwise would be totally unable to.

Mr. Chairperson: We have time for more question—Mr. Gerrard, I had cut you off before—if it is a quick one.

Mr. Gerrard: The presence of foot and mouth disease in the Netherlands and the cases there, what impact has that had on the value of the livestock and the ability to sell it.

Ms. Kaastra: First of all, BSE started it all off. Everything over 30 months has to be tested which costs \$100. One case in 40 000 tested positive. Every animal in the Netherlands from birth on has to have two ear tags. As soon as it is born, you have to report it by telephone to a central communications system. The tag is lifelong with the animal, so you cannot make it disappear. It is there. It has to be in the pasture always with two tags. Those animals, you see, are all trucked away and incinerated. Before foot and mouth, already meat consumption was way down; prices went way down. Then foot and

mouth hit, and there is a total stop. No movement of animals, right up until now. No movement of animals, no markets, no butchering, nothing.

*(02:30)

My mother always sends me newspaper clippings, and two brothers were farming a quarter of a mile apart. One place was dairy; the other one had young animals and where the calves were born and a pregnant cow was taken to the other farm. The law was no cattle trucks on the roads, even a brand-new one from factory. No cattle trucks on the road, no exceptions, but he was just going from, you know, one place to the other like he always did. The people stopped him that were inspecting the roads. Many country roads were shut down anyway; schools were closed; agriculture schools were closed; and, after much discussion, the animal was shot right then and there and then incinerated.

Mr. Chairperson: Thank you very much, Ms. Kaastra.

I would call Reeve Jim Penner of the R.M. of Wallace.

Mr. Maguire: Mr. Chairman, while Mr. Penner is coming forward, one of Ms. Kaastra's comments was that they had a rule put in place that allowed 35 decibels of noise level between 7 a.m. and 7 p.m., and I guess probably 35 decibels is about the amount of noise you hear in this room right now. It is not very much.

Ms. Kaastra: It was 7 p.m. to 7 a.m.

Mr. Maguire: Mr. Chair, 7 p.m. to 7 a.m. Just to make the point that is not a lot of—you cannot go anywhere.

Mr. Chairperson: Not a lot of noise.

Mr. Penner, do you have copies of your—

Mr. Jim Penner (Reeve, R.M. of Wallace): No, I do not.

Mr. Chairperson: Okay. Reeve Penner, the floor is yours.

Mr. Jim Penner (Reeve, R.M. of Wallace): Thank you very much to the Standing Committee in Agriculture for this presentation at this unreal hour of the morning. You have had a lot of good presentations. They have been profound and succinct and to the point. At this time in the morning I do not think I can match any of those, but I will try to give a few comments as they come to me, not only from tonight's discussion, but also from other discussions I have had in the community.

As a reeve, I am very concerned about what is happening in the rural community, and particularly I am concerned about what is happening to the people in the community. It is because of the people that we actually have community and have government, and people are our most valuable asset. So I do want to address some things as it relates to that. However, I recently had an opportunity to travel to Ottawa with a group of farmers, and I do have several observations that I would like to make this evening, particularly because of some of the discussion that has taken place here already tonight.

One of the comments about the Liberal government's commitment to the farming community particularly as it relates to the smaller farms, family farms, whatever name you want to give to it, the reality is that they do not see them as viable, and that is not a myth. We were meeting with Vanclief in his office and with him he had about four or five of his close aides alongside, those who, I guess, were the authors of many of the programs that over the years have come down to us. A number of the farmers gave some very pointed questions to these individuals, and they were very sharp. At one point I had my wife with me in that meeting, and at one point she caught on to something and she said: What are you telling us? Are you telling us that the small farms are no longer viable?

The answer directly from one of the representatives there was, yes, that is right. What size farms then do you consider not being viable? They said 1500 to 2000 acres. They really do not want to put any programs for those kinds of farms and put any money into it. That came to me as a surprise, as a shock. I did not

know that that kind of mentality existed. It was a real eye-opener for me.

We also met in the office of Paul Martin, and we discussed, and some of the farmers had some of the same facts and figures that were presented here this evening. At one point one of the other farmers asked: Has anybody been in this office and shared with you these kinds of numbers, these kinds of figures? Has any farmer been here before and done this? The answer was, no, we have not had this kind of discussion in this office before. That was a surprise to me too. I figured for sure the Minister of Finance would have heard some of these figures and would have known the kind of devastation that is happening out in the rural communities.

My 13-year-old son was with me in Ottawa during that week. As our young lady earlier was speaking, it brought to mind some of the exact same things that he as a 13-year-old came up with. We were meeting with the NDP caucus. At one point, they must have spotted him in the group, so they asked some specific questions to my 13-year-old son about what his view on the farming was and what his friends were saying about what was happening in the community and whether they were interested in taking over Dad's farm or being in the rural community. His answer was, no, we do not want to stay in the rural community. We are going to leave. Our friends are saying: We want to move to the bigger cities; we are going to move to the U.S.; we are going to leave. My son is sincere in that. Earlier before that, he told me: Dad, if I ever even think of farming, kick me. This is what he has told me. He is my youngest son, and I have other children as well. I will not talk about that.

Another point. One evening we were meeting in Ottawa, and there were members there from all parties, and M.P.s, and they were talking different things. At one point, my son—and he was not sitting with me; he had come in later, and he was sitting on the other side of the room—finally raised his hand. He had a question, and he said: How come you can send money all over the place, to different places around the world, and it comes so quickly and you just do it, and you will not give any money to the farmers? That was, to me, a very pointed question. He was making his observations.

When we were in Ottawa, we met with many M.P.s on all sides of political party. I do believe that they listened to us, that their ears were tuned to us. I can remember one night when, in the hotel lobby and around all over, different M.P.s were sitting with different farmers, and they had papers out. They were going over numbers, and they were discussing, and there were probably about five or six different groups. I really believe sincerely that the members there from the different parties were truly listening to what the farmers were saying. Probably, if these M.P.s, had any kind of persuasion, or power, or the ability to make decisions, probably they would have responded with some pretty good programs for us.

What I found out in Ottawa was that really these people have really little say, or no say at all. They can listen as much as they indicated they did, but it really did not seem to make any impact. It seems to me that the power is in a very, very small group. The individuals who hold the purse strings are again a very, very small group. It is to those people that we somehow have to get through. I believe probably it is the Prime Minister and a very, very small clique. You probably know much better than I do who that very small clique is. That is to whom we have to communicate.

Mr. Tom Nevakshonoff, Acting Chairperson, in the Chair

Another observation I made while I was in Ottawa, and I indicated to you some very, very pertinent and good discussion, but all of a sudden bang, partisan politics came in. The whole discussion just completely fell apart. I want to say to you here even this evening: Do not let partisan politics get in the place of such an important issue such as rural agriculture and rural communities. Put that aside. You can deal with that on other issues. I want you to communicate that also to the federal government. We cannot stand to have partisan politics get in the way of the issue that is before us. The industry is too important to us as a community, it is too important to Canada as a whole, to allow this to put a stop to what is happening.

At stake, of course, as you heard this evening, this very important issue is, of course,

the whole rural viability, the economic viability of the community. At stake is the rural depopulation, and we could go into that for a long discussion. At stake is the family farm. At stake is the emotional stability of our community, of our rural families, stress beyond levels right now that is almost indescribable. Back when the rural stress line first—the first go-around with rural stress line—I was part of that from the initiation and served as a counsellor on that. It was a difficult time back then, but it is nothing compared to what we have today. It is a crisis. In fact, as discussed this evening, it is a disaster out there in terms of what is happening to the families and to the stress level and the attitude that exists in our community, and I could go on. In fact, the term tonight that was used that we are in denial is a very accurate word to use. We, indeed, are in a state of denial.

* (02:40)

Unless something is really done immediately by the provincial and federal governments, the future landscape of our community, of our farms, and of our family, will forever be scarred. Some are even saying disappear, I am not sure, but for sure, be changed forever. So I challenge you, I encourage you, and I thank you for this opportunity, but I certainly do challenge and encourage you to really work on behalf of the Manitoba rural community and let the federal people know what the situation is like. You have heard it tonight, and I do not have to repeat what they have already said. Thank you very much.

Mr. Nevakshonoff: Thank you, Reeve Penner. Questions? Honourable Minister.

Ms. Wowchuk: Thank you, Mr. Penner, for your presentation. You also have outlined how serious the situation is and the need for support. I look to you for your comments on whether you believe the \$500 million that is being proposed in this resolution is adequate to meet the needs, and also what you believe should be the shape of a long-term safety net program. People have talked about cost production formulas, and certainly that is something that we have talked about for a long time. Do you think we could bring in a cost production formula in this environment that we live in right now with the

free trade agreements that we have? Do you think that kind of program would be acceptable, or would it be countervailable?

Mr. Jim Penner (Reeve, R.M. of Wallace): Thank you very much. First of all, I think that what we heard this evening is that the \$500 million is just not going to be enough. I am hearing that, and I believe that is true. We will have to take another look at that, and understand that your motion does allow for you to revisit that and take another very serious look. I think you have already received a lot of information tonight that will answer that question for you.

In terms of a long-term agricultural policy—and we need that; that is what has been desperately missing in the whole agricultural scene in Canada for many, many years. I do not have an answer for that. I do not know what nature it should take, and I have some fears that, if we are going to only worry about the cost of production, we have a problem, perhaps, of overproduction. So we have to watch that as well. Some kind of set-aside program will have to be part of that as well. It is not going to be a simple solution. That is another thing I found out when I was in Ottawa. It is easy to identify the problems. To come up with the solutions is much more difficult.

Mr. Ashton: Thank you, Mr. Chairperson. I appreciate your comments on Ottawa. It is funny for me. Ever since I was elected, I have had people ask me all the time: "Oh, you are off to Ottawa again." I would say, "No, it is Winnipeg." There is a lot of confusion, but the last year, I could actually answer, "Oh, yes," because I have been down about a half a dozen times, a lot of it related to disaster issues and other issues on the Transportation side. I actually ran into a delegation from the southwest one time. Last time, it was the farm lobby. Your perspective is just bang on. It is quite an experience being down there. What I found frustrating sometimes was exactly what you are referencing. The fact that you could talk to people from all parties, and they would agree with you. You knew, though, that the people you were talking to were not making the decisions. So I really appreciate that.

I am just wondering, because it is funny, we can argue back and forth about getting meetings with ministers—to be fair, I have actually had very good working relationships with other federal ministers. It seems to be different personalities. From your experience, because what I really valued from the people I talked to down there, and the farm lobby in particular, was that for those who serve in elected office at the provincial level or municipal level, I think sometimes we tend to forget that we fall into a kind of patterns and protocols. Sometimes you need to break out of that. What is your suggestion on how we can access, it seems to me, Chrétien himself, because after talking to all these sympathetic federal ministers, I know it is not the ministers who are pulling the purse strings on this? Do you have any suggestions after having been to Ottawa how we can get through to them?

Mr. Jim Penner (Reeve, R.M. of Wallace): I wish I had the answers for that. I really do not know. Initially, I thought that we are talking to some pretty important people. We are talking to the chairman of the Liberal ag committee. We talked to the Chairman of what they call the parliamentary secretary to the Minister of Agriculture, and we are talking to some people in places of power. Really, they were not. Yet they indicated to us—the secretary to the Ag committee said: Well, I promise you, every caucus I am going to bring this up to the Prime Minister. Whether he does or not, I do not know. That was his commitment to it.

How to penetrate? I do not know how to do that. I really do not. It was my first experience in any kind of lobbying on that level, at least on the Canadian scene. I was surprised that it was so hard to get into that inner circle, to break into that crust, that these individuals would not be able to even do it on our behalf.

If even those elected officials have a problem getting into that, or really addressing it, how much more of a problem is it for those of us who do not have that kind of clout. So, I do not have an answer, long or short.

Mr. Maguire: I know as well, in your experience as Reeve of the R.M. of Wallace, that you have seen a lot of the agricultural crisis, and you have articulated that here this evening. Your experiences in Ottawa are valuable. To put things in perspective, that size of 1500 to 2000 acres, the average size farm is still 785 acres. They are talking double that and not being viable. That is a big concern.

You have articulated some of the needs in reply to the minister's question here on some longer-term needs and the immediate needs. Having come through the real wet area as well, where you farmed in '99, can you suggest anything that would be beneficial, as a result of the flood of '99, to compensate for that particular disaster?

Mr. Jim Penner (Reeve, R.M. of Wallace): I would think that probably for us in our area, the biggest part of the disaster was the fact that we actually went in and seeded a lot of that land, and it has been indicated here too. We would have been much better off had we not seeded the land. That really set us back. That is where we really got hurt. Those crops were a disaster. It was indicated here tonight that it will be years and years before we ever recover that, if we ever recover from that.

Mr. Maguire: That was why I think the Minnedosa group and the group that I was with with Mr. Finlay, Gerrard, and others earlier this spring indicated that what was needed was an acreage kind of payment for that particular disaster, being a natural disaster, over the broader base that Mr. Finlay had talked about earlier.

It really is not fair to just say we will do another program on the unseeded. Do not get me wrong, it got a lot of people through that situation to where they are today. But that kind of a package should be on the acres that were seeded, should not have been seeded, and were not seeded, I guess, if you look at it. Just to be fair.

I heard today earlier that maybe we needed to use a more broad brush approach in regard to that particular disaster. What would be your comments on that?

Mr. Jim Penner (Reeve, R.M. of Wallace): I would concur with that wholeheartedly.

Mr. Jack Penner: Mr. Penner, just one brief comment and question. I will go back to 1988 again, when the Province made the decision to repair the damages in the Swan River area. It was finally the Premier and Prime Minister in direct discussion that got the job done. That is how the settlement was made. It was one to one negotiations. I know they met once in Winnipeg and they met once in Ottawa. I am not sure that that might not have to be the case in this whole agricultural economic situation, that in the final analysis we might have to involve the premiers and the Prime Minister in a premiers conference to arrive at a solution on this. Maybe it needs to be a western premiers' conference with the Prime Minister. I think that is what we as a committee might explore.

I wonder whether you, as a businessperson and as a reeve, might have a view on how the AMM could become involved in a more significant way as an organization. They are a fairly powerful organization, from a provincial standpoint, in trying to bring that issue in a more meaningful way directly to the Premier of our province. I think they have a relatively open door to the Premier, and whether you think that that might be useful.

Mr. Jim Penner (Reeve, R.M. of Wallace): I think there is a point there. Again, whether it is provincially or federally, to get into that inner circle, what is it going to take? No doubt, federally to get to that point it may take that the premiers, together with you as a Legislative body, all-party body, together with the mayors and the reeves of the communities, altogether insist and probably even physically go to Ottawa and get to speak to the right people and sit with them until they understand what the situations are like in our areas.

* (02:50)

Mr. Chairperson: Thank you, Reeve Penner. Your time has expired. Your comments are much appreciated. The next person on the list is Mr. David Rolfe. I will be calling Mr. Rolfe's name a second time before we conclude.

The next individual on the list is Mr. R. S. Chapman. His written presentation has been previously distributed to the committee.

Mr. R. S. Chapman (Private Citizen): I certainly appreciate your indulgence. I am really late. My submission is very short, as you can see. I call it Farm Crisis Observations.

I am not really actively farming now. Our son-in-law and daughter have taken over the farm. I do a certain amount on the farm, but not very much. I have been farming since 1949, so I have some experience.

You will see that first farm income equals gross returns minus costs. I just thought that was the way I would approach it. As everyone knows, costs have risen dramatically. They must be lowered, if possible. I am just going to leave it at that, as far as costs are concerned. I am going to dwell on the other side.

Gross return or grain prices have not risen proportionately to the costs. Surpluses have kept prices of grain and oilseeds down. Let us attack the problem of surpluses or perceived surpluses. The market system is too sensitive to so-called surpluses.

This is very short. This is really abbreviated. I am just going to read what I have.

Why not store these surpluses for a while until they are needed, and perhaps use some of these abandoned elevators for the storage? Somehow, we need more order and control of our production and marketing.

There is still considerable capacity for over-production, globally, in the foreseeable future. I just noticed, I think it was last night, in the *Manitoba Co-operator* that Argentina could double its acreage of crop production, which is already 26 million hectares, so that is quite large, I thought.

It is the global picture we have to see. We have to try to work out a system of food production in that context. We have to think globally. There is no doubt about that. The world is so much smaller than it used to be. I am sure that is correct.

Producers have to organize, go to Ottawa, pick up sympathetic government officials, and go around the world to talk to producers and governments to solve this problem.

That is very short. I just worked on this this afternoon. That is my thinking, that every time I listen to the market reports, I hear maybe the weather is a little bit better and the price goes down. People are still afraid there are surpluses. I think it is partly our market system, price-setting system, that is at fault. I really think we have to get better control and organize production and get away from these surpluses.

I know it is an idealistic sort of approach, but I think that producers—and I think it is producers, farmers that have to do it because they are the ones that have their livelihoods at stake. I think the governments, and perhaps the economists, know the situation. They have to get together and make it a global sort of solution.

Mr. Chairperson in the Chair

We have to co-operate with other countries. I think this is a longer-term solution. I know it is not the immediate solution. I think that maybe that is the root of the problem, that we have to see if we cannot have a more controlled sort of style and not have the surpluses and not have our prices going down, trying to produce less in cost production.

Mr. Chairperson: Thank you, Mr. Chapman.

Ms. Wowchuk: Thank you, Mr. Chapman, for your presentation. Thank you for having the patience to wait this long to make your presentation. You talked about surpluses and the need to reduce those surpluses. Earlier this evening, we had many presentations on the need for a cost of production.

I would like to ask you if you feel that a cost of production formula is a solution, or if a cost of production will encourage more production, and add to the surpluses that you see as a problem.

Mr. Chapman: I think it will just add to the problem. If first you can see an opportunity for profit—I know that is what we do at home, at

least our son-in-law would certainly be doing this—he would just go out and put more fertilizer on and try to make a few more dollars.

I really think that—I did not mention this in the submission—but I think we might find our wheat board pretty valuable yet. I think that maybe it is an instrument for more control of production, with the quotas and so on. I know that would not go over too well with a lot of people. I think maybe the wheat board—there is a place for it.

Mr. Maguire: Thank you, Mr. Chapman. I noted that you underline the word surpluses. I appreciate the fact that you talked about received surpluses, because at times—and we are sitting right now with some of the lowest wheat stalks we have had in a long time. The wheat prices are still \$2.00, even on high protein, from where they were in 1996. We need to be cognisant of those kinds of issues as well.

I do congratulate you for staying here until three o'clock in the morning to make sure that you got these comments on record. Thank you.

Mr. Chapman: Thank you for staying.

Mr. Chairperson: Thank you, Mr. Chapman. You do indeed win the prize for outlasting everyone else. Congratulations.

An Honourable Member: Whether the Chair likes it or not, we are going to clap.

Mr. Chairperson: I will call the people who have dropped to the bottom of our list. From this afternoon, Maxine Plesiuk and Leonard Gluska. From this evening, Bob Radcliffe, Perry VanHumbeck, Glen Franklin, Ian Robson, David Rolfe. Those individuals will be invited to join us at a meeting that we will have down the road at either Beausejour or Winnipeg.

That concludes the list of presenters that I have before me. Are there any other persons in attendance who wish to make a presentation? That concludes the business before the committee this evening. I would like to thank all the members of the public and the members of the committee for their participation this evening. Good night.

COMMITTEE ROSE AT: 3:00 a.m.

**WRITTEN SUBMISSIONS PRESENTED
BUT NOT READ**

To: The Standing Committee on Agriculture

Re: Public Review, Monday, April 23, 2001, Keystone Centre, Brandon, Manitoba.

My husband and in-laws asked me early this past weekend if I would be submitting anything in writing to this committee, and I will admit I had mixed feelings about doing so.

I, like almost every other young farm wife, work off the farm, but did so even prior to meeting my husband and moving from Brandon to the small southwestern Manitoba community of Baldur.

My parents raised me and my sisters to believe in the value of hard work to get the basic necessities in life and the occasional luxury. My father worked as a farm labourer most of his life, supporting a family of six on the meagre wages he would have been paid. When the farmer my father worked for scaled back his operation and laid my father off one year prior to his 65th birthday, ill health forced my father to turn to welfare. We never discussed it, but I am sure it was a blow to his pride knowing he was unable to himself provide for his family the year prior to starting to collect a well-deserved pension.

So pride prevents me from asking for a government handout while quoting statistics related to farming, of which I am certain this committee is already aware. I simply want to put yet another pair of human faces into the bigger picture of the current farm situation.

When I met my husband, I had never really experienced farming first-hand. When we first met in the spring of 1996, Henry asked me if I wanted to come along for a ride in the combine to get the flax off. My first thought was: If you had to date a farmer, did you have to choose one who did not even know how to farm? No one combined in the spring. Well, that was my first lesson in real life farming. Do not ever expect anything to go exactly the way you had expected.

I chose to move to Baldur and continue a 212-kilometre round trip commute to a permanent full-time position in Brandon, and have done so for the past four years. Farming, at the time, seemed a viable enough enterprise. Why would Henry have done it for so many years if it were not viable? But I now question how someone can keep doing something, putting their entire heart and effort into it, if they continue to operate at a loss. I ask Henry this question as well, but he is usually at a loss for an answer except to say that it is something that he loves doing, and he is simply not ready to give up.

We both thought it would be nice someday for me not to continue the commute to Brandon, but lately, that seems less and less an option. There are perhaps other things I could do closer to home, but they either pay less, or would start out on a casual, part-time basis—a hard risk to take when your partner is already in such a high-risk venture. Perhaps we could take that chance and get by, but one is always hesitant to leave security to rely on the most unreliable of industries.

The income I bring in pays for my own debts and responsibilities, as well as for the extras and unexpected expenses that may arise.

I admire my husband for the efforts he has made to diversify, but wonder when he will ever reap the benefits of this diversification. From an idea he came across at the fall fair in 1999, Henry and his brother-in-law, with the help of their fathers, made that idea a reality one year later. But at what price? He listened to everyone telling him to diversify in order to sustain his farm operation, so he chose to get into something he knew—hogs. The only way to see a profit was to approach this on a large-scale basis, and this past December, a 5 200 feeder barn was up and running, but not without a battle seemingly every step of the way. Was going into even further debt worth the struggle to get to where he is now, which essentially is not that much further ahead? He and his brother-in-law have far more work to do, yet loans, interest, and operating costs prevent them from turning a profit for a number of years to come.

As a farm wife, I sometimes feel I bear the brunt of it all. Up at 6 a.m., five days a week, to

get to a job in Brandon, and home at 5:30 p.m. or later, depending on which farm or home-related errands need to be done that day. Then an evening of keeping track of farm and hog barn related bills and records, and worse yet, contending with a husband who feels constantly stressed to the limit.

I hear it all the time, how we need to do something to keep our young people in our communities. We all received a Government of Canada brochure in the mail with various phone numbers and Internet addresses—the federal government's attempt to keep rural Canadians connected to and in touch with their government in Ottawa. I request that this committee convey to the federal government how very much a need there is that Ottawa also keep connected to and in touch with the needs of rural Canadians by listening to the rural communities they serve.

Respectfully submitted,

Cindy Desrochers

* * *

Good evening. My name is Doug Ramsey. While since 1999 I have been a faculty member in the Department of Rural Development at Brandon University, I have also had the opportunity to live in five provinces over the past eight years. It appears that leaving home communities is becoming the norm for my generation and for those following mine. My purpose in making my presentation this evening is to express my concerns about the future of rural Canada.

My comments are based on my area of research, impacts of policy and economic condition on rural communities; experiences living in three Atlantic Canadian provinces; desire for a stronger federal role in regional support and development; fear for the future of the farm on the prairies, and for rural Canada generally.

Whether a rural community is based on an ore imbedded deep within the earth's crust, a stand of trees rising from the side of a mountain, fish schooling on the continental shelf, a military base out on the frontier, land that provides us food and other agricultural products, or even a

tourism industry that has been developed based on those wanting to see these resources (past and present), rural Canada remains largely resource dependent. And all are to varying degrees affected and impacted by external political and economic forces that are beyond their control.

These issues and forces stretch from coast to coast. Their resolution will always be, in my mind, affected by Canada being the second largest country in the world with a population that fits into the State of California, a jurisdiction smaller in area than Manitoba. This issue always reminds me of a quote by Finn Olsen of the European Community in a lecture during my first semester at university: "Canada is like a small family living in a large castle on a small budget with big bills."

So with crisis and impact comes response. I have two responses that I feel the federal government needs to take a lead role on in ensuring the preservation of a viable farm population and farm communities on the Canadian Prairies.

1. Short Term Strategy

July 2, 1992 is forever etched in my mind. John Crosbie, the then federal fisheries minister announced the closure of the northern cod fishery in Atlantic Canada: 50 000 fishers and 60 000 plant workers put out of work, perhaps definitely. As put by the Newfoundland premier of the day, Clyde Wells, this closure, along with related closures of processing plants, was the equivalent of Ontario losing their entire auto industry. Quickly, economic impacts trickled down to fishery-related industries and other businesses in fishing communities. The saddest part was realizing that the small fishers had been warning the experts for decades about the impending annihilation of the resource.

The federal response on that day in 1992 was to announce what became known as "The Package." While it may have been poorly designed and there certainly was waste with some undeserving people receiving payouts, this was a crisis response. And along with it came retraining opportunities. However, the flight of young people from rural Newfoundland, and Newfoundland altogether, began. In total,

between July 1992 and May 1994, the package totalled \$912 million. Then another \$1.9 billion was announced after further fishery closures took place in 1994. In total, almost \$3 billion in direct payments, not including resources allocated through transfer payments and agencies such as ACOA and HRDC.

"The Package" was a response to the loss of a resource, and therefore economic livelihood. On the prairies our ability to grow and raise agricultural products is still here. However, farmers continue to be at the whim of globalization, corporatization, and climatic uncertainty. Yet we can be sure that Kellogg's and Cargill and the entire infrastructure that gets their products to the shelves will always get their take.

I call upon the federal government to realize the comparison between the loss of a way of life in Newfoundland to the future of family farming on the prairies. The federal government has the opportunity to save a livelihood, rather than simply mitigate the economic impacts of losing that way of life. To this, I do not wish to prescribe an appropriate level of financial support to address the current crisis. I leave this to the standing committee to assess, calculate, and take to the appropriate offices in Ottawa. I only suggest that the committee use the moratorium in Atlantic Canada as an example when suggesting they have the opportunity to intervene before the means for continuing a way of life and economic activity are taken away.

2. Long Term Strategy

Returning to Newfoundland, while there were many detractors (Canadian Taxpayers Coalition, Reform Party, et cetera) to using public monies to develop the Hibernia offshore oil industry, that development has resulted in Newfoundland moving from being a "have-not" to a "have" province. Along the way, for every dollar that Newfoundland makes from Hibernia, most is returned back to Ottawa in the form of reduced transfer payments, a regional development success story.

Realizing that farmer bailouts cannot continue in perpetuity, I would like to offer a longer term strategy which offers the potential to

ensure not only the economic viability of the farms but also the ecological sustainability of prairie agriculture and ecosystems; a strategy that would be opposed to regional development support in Canada, developing a land set-aside program offers great opportunity for prairie farmers.

The prairie landscape has been drastically altered throughout the twentieth century, and while the Manitoba government should be commended for renewed support for these landscapes with the announcement of new conservation districts and in establishing the Livestock Stewardship Panel, an environment that loses its diversity and resilience is one that is fragile and vulnerable to variability in, among other things, weather and climate.

I propose that the Manitoba Government, through the agricultural and environmental ministries, explore with the comparable federal departments the possibility of developing a land set-aside program similar to that in the U.S. Great Plains. Such a program could be based on watershed structure and include the preservation of sloughs, wood-lots, and shelter-belts, as well as the re-introduction of native prairie flora, and with it fauna.

Priority could be given to those farmers facing economic hardship or uncertainty who can illustrate the fragility of their farm landscape.

While we need to be aware of the FTAs, NAFTAs, GATTs, and WTOs, whose corporate models are blurring national and state boundaries, we should recognize that the U.S. government has successfully implemented its land set-aside program on the Great Plains since its original response to the damage caused by the 1930s drought and depression (Dust Bowl). This is not considered a subsidy to agriculture.

Voluntary programs exist through provincial, federal, and non-governmental agencies and organizations on the prairies. One of the problems with these approaches is that they tend to be ad hoc, piece meal, and short term. I am suggesting that a federally sponsored and funded program that provides an annual financial contribution to prairie farmers who take certain

lands out of production would ensure the economic viability of the remainder of their operation and the ecological sustainability of a fragile ecosystem. And, who knows, as a by-product of reduced production, prices may just go up.

I suggest that declaring the Prairie Farm Rehabilitation Administration (PFRA) as the lead agency and using the Prairie Agricultural Landscapes Program (PAL) and Permanent Cover Program (PCP) as implementing frameworks, the federal government has the opportunity to preserve the environment and a way of life on the Canadian Prairie.

As was stated by a farmer to me last spring, why should 1 percent who provide food to the country also be required by their own volition to be the sole stewards of the environment that provides that food for the remaining 99 percent? To this point, the program becomes an equalizer of responsibility for environmental stewardship across the country, not simply a subsidy to individuals in one region.

I suspect if you asked Canadians whether they would be supportive of such a program, particularly if ensured the viability and sustainability of the prairie farmer and farm, if not simply ensuring their box of cereal will be on the shelves, the response would be positive.

In closing, please accept these two possible solutions as connected, with the short-term solution ensuring that there are people left on the farm to be participants in, and beneficiaries of, the long-term solution.

Thank you for your time and attention.

Doug Ramsey, PhD

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Wayne Solas – Twin Valley Co-op

Thank you, for allowing me to represent Twin Valley Co-op. I am one of 11 directors on the Twin Valley Co-op board.

Twin Valley is a Western Manitoba rural retail co-operative. We have service centres in

Rosburn, Birtle, Miniota, and Elkhorn. Twin Valley serves the area with grocery stores, lumber outlets, and agro sites that supply fuel, chemicals, fertilizer, farm hardware, and animal health to our members. We also custom apply fertilizer and chemicals.

Our trading area from north to south is 80 miles, and from east to west it is 60 miles.

Twin Valley has a membership of 2700. Our sales for the last fiscal year, which ended November 30, 2000, were in excess of \$24 million.

Twin Valley Co-op, throughout the years, has seen economic downturns in the rural economy. We recognize that the current downturn is the worst we have experienced. Farmers' production costs have completely spiraled out of control. Low grain prices have also compounded the problem. There is a very sober mood of pessimism and hopelessness in the countryside. Our greatest resource, our children, watch the mental and financial anguish that their parents are experiencing, and they are expressing over and over again that they do not want to take over the family farm.

The federal government has come through with \$500 million for Canadian farmers. That is not nearly enough. Twin Valley Co-op fully supports the Manitoba Government for asking for more financial aid for the farmers of this province.

Wayne Solas

Thank you for the opportunity to speak to this committee. My name is Gordon Bartley. I have farmed with my brothers for 40 years as a partnership until three years ago when we incorporated. Our farm is diversified with a 150 cow-calf operation and 5500 acres of cropland, and we are not going to survive without federal and provincial help immediately. Out of four families involved, only one person, my middle son, is farming with us.

We cannot produce food below the cost of production. One does not need a college degree

in math to understand that, when the cost of production is \$200 per acre and the return is \$150 per acre, there is a deficit of \$50 per acre. One does not last long, as we all know.

We also give away a tremendous amount of money to our elevator systems. Does anyone realize exactly how much? Recently we hauled 15 000 bus. 2CW wheat within 14.5 protein. After cleaning, freight, handling tariff, and CWB adjustment factor, we left \$18,122 in the elevator. On a 100 000 bus. contract this works out to \$122,000. All charges should be passed *on* and not *down*.

In order to survive, we need \$170 per tonne for wheat at the elevator. Also, the previously mentioned costs must be paid by the purchaser (the elevator company and CWB) and not the seller (producer). I believe this would neither affect GATT nor Free Trade rules. It is not a subsidy.

During the previous crop year our fuel bill went from \$48,000 to \$63,000 due to the sudden increase in the price of fuel. Our land base was unchanged. In the fall of 1999, NH3 (anhydrous ammonia) was 16.4 cents per pound, payable October 2000. In the fall of 2000, NH3 was 21 cents per pound, payable October 2001. Today (spring of 2001) NH3 is approximately 35 cents per pound. Why? Who do we pass this increase along to?

We have a perception problem with the non-farming communities. When they see a \$200,000 combine, a \$150,000 tractor and \$120,000 air seeder, the perception is: "There must not be a problem there." They have no idea what is financed nor for how long.

The consumer has the impression that doubling the farmgate price for grain will double their monthly grocery bill. That is not the case. To increase the price of wheat by 100 percent (from \$3.50/bus to \$7/bus) would only result in the price of a loaf of bread increasing from 3 to 5 cents.

Farming is a business, and like any other business, we need to be allowed to make a *fair* return on our investment. This is all we ask.

We are told how much we will pay when purchasing parts, groceries, supplies, et cetera,

and how much we will receive when we sell our products. At the moment the spread is in the negative, a no-win situation.

We need to educate the non-farming citizen as to what is involved in the agriculture industry. We all are Canadians and must appreciate and respect each other. Bigger is not always better in agriculture, but fair is fair. We simply wish to be treated with the same respect as any business in this country and to be allowed to make a reasonable and respectable living while working hard to produce the foods that feed the human race. Thank you.

Gordon W. Bartley

* * *

My name is Dennis Rogasky, councillor and farmer in the R.M. of Strathclair. When our forefathers came to the country, they came with a vision, to build a great nation. The agriculture sector, being of great economic viability at the time, provided a stable building for the infrastructure of the country. Agriculture has since changed. Since I started farming in the R.M., agriculture has been in a changing state. When I started, I came to make a living, raise a family and contribute to the local area. Then the grain prices started depleting. Government programs began declining and started the average producer seeking off-farm income, leaving confusion and extra unnecessary problems in the hearts and homes of all producers. Do you really think it is healthy to put in a rural farm stress line? That in itself says that you have a problem, and it is also saying that it has been recognized. In our municipality, we have seen the loss of a high school, elementary school, community centre, rail line abandonment, two grain elevators and a third to come. With those losses, and few people, we cannot keep up our social economic well-being. Other small businesses, which in turn employ our youth and encourage them to stay in our area, do not exist anymore.

I started in council in 1992, at that time with a population of nearly 1500 people. Now nine years later we are struggling to maintain 1000. That is scary. When you think about it, federal and provincial funding is based on population.

Agriculture has been in a crisis for some time now. We recommend the Manitoba legislation to enact upon the critical situation. It is time to tell our decision-makers we need to take a good look at how we, as part of this agriculture sector, really do contribute to feeding the nation and the world. Our council has been supportive on the agriculture issues by sending delegates to Ottawa to speak with our members of Parliament, and other representatives of the agriculture sector. Grassroots has been trying to deal with this problem, but with the issue being of national, even world-wide, importance, it is time to face the problem and allow agriculture to be a viable part of the Canadian economy.

Aside from our current programs, AIDA, cash injections, et cetera, I would like to speak about farm fuel. There is an excise tax charged in the price of fuel being 10 cents a litre for marked gas and 4 cents a litre for marked diesel. I understand the Government places fuel tax on user fuel to go to the highways budget. I commend the provincial government for putting their share back into the roadways, but question the amount the federal government puts back into the roads. When you place a tax on fuel for the purpose of agriculture, that could be money that is left in the hands of the producers. Our producers are faced with escalating production costs. I ask the Government not to tax these farm fuels. In my small mixed family farm, this tax amounted to \$2000 last year, money which could have helped us immediately.

Dennis Rogasky

* * *

My name is Tim Rogasky and I am here to exercise my views on how agriculture has become such a problem right across Canada. I was raised on a family farm, and I know the values and have seen how making a living from farming is not the answer. I have seen farm families being raised just off the farm, but know other sources of income are needed merely to make the farm even operate.

As a youth, I have been faced with the decision of making a career choice, and seeing not much future in farming. I have been forced elsewhere. For me to even consider staying in

the rural area, agriculture has to turn around, because without it, there is not any reason to live out of the city environment. It starts with agriculture to create jobs, which turns up other jobs, which may attract young people like myself, to consider a position in the agriculture industry. I implore our government to really look at this situation and resolve it so that our youth can have a future.

Tim Rogasky

* * *

Good evening. I am Diana Glenn. I was asked to come and try to explain why this is a crisis that needs to be addressed immediately. As a Grade II student in Strathclair, I live a life absolutely, completely reliant on agriculture. I live on a farm that costs us money to run, with no income. Is it fair we pay money to grow grain and raise animals? In most professions, work follows with profit. Both my parents have to work off the farm in order for us to keep it running. It is a lot of extra work that does not come close to paying off.

If every farmer were to leave their farms for an income capable of providing a health standard of living, who would grow the food? Canada is the world's number I producer. That is an important role. I do not think it should be underestimated. We have the land to prosper from, so we should not live as lower class citizens in our dwindling communities because we are "farmers."

I am at an age where I need to choose a school to go to and a profession to work towards. I cannot go to school and take an agriculture-related course and just move back home to farm. There is not enough money to raise a family unless other income is available. As with almost all the youth today, you are forcing us out of the option. If we are not around as future farmers, who will be?

The population of the agricultural industry may only be a fraction of Canada, but if you were to classify the different groups of people, like the petroleum producers in the west, the Maritimes on the east coast, and the more populated Ontario, who would you put at the top

of your list in importance? Well, petroleum is worth a lot. After all, it is not renewable, right? Those factories in Ontario ship out a lot of valuable goods we all use. I guess that makes a lot of money too. But are those things crucial for living, I mean, being able to walk and talk? No, food, shelter, and water are. All those people would really miss the food, meat, and true barley malt beer if we took it away. Is that what we need to do before we are recognized? What would Mr. Chrétien say if all producers just stopped production for a year? It would hurt us a lot, yes, but it would definitely hurt the economy of Canada much more. It would be quite sad to see more hungry people in the world.

After this year, when most farmers cut back on production, there will not be as much to sell away at a cheap price. The social and economic well-being of so many people living in a small town in Manitoba is completely dependent on agriculture. I am not sure, but you should be aware of the trend or the path we are on. It is a fast downward spiral. It is a crisis in the lives of many important Canadians. If it is not addressed immediately, Canada as a whole will pay the consequences.

Diana Glenn

* * *

DRRC—Rural Disaster Recovery Coalition

Unfinished Business

The attached position paper developed in the summer of 1999, is still relevant as the excess rainfall disaster that impacted southwestern Manitoba (and southeastern Saskatchewan) has not been fully, or even adequately, addressed by government.

The impact has been to thrust an additional economic hardship upon those farmers affected. The income shortfall caused by commodity prices has been, in fact, secondary to the reality of a production shortfall in 1999. There were also significant additional operating expenditures to restore farmland and replace crop inputs.

It is commonly observed by those affected, that the AIDA payments and other support

programs did not adequately respond to the income loss. It must be noted that the 1999 AIDA program in Manitoba provided only a federal dollar component of "negative margins", which would result in approximately net of 42% payment of this negative margin, which was, in fact, a reality in many farm income statements in 1999.

The Coalition has worked with many other groups to provide information to enable a positive outcome. Many levels of government have supported the principle of this issue. However, there does not seem to be any further activity towards a solution from the federal government, and the province of Manitoba has been unable to close on a compromise with them.

There is, therefore, a need to continue to press for a responsible solution—a solution that provides compensation for lost inputs and restoration of farmland. We look to government to support a disaster that is not effectively covered under regular farm safety net programs.

Finally, it is essential that there be a review of government disaster compensation programs starting with DFAA. It is imperative that there be a clear set of guideline rules that ensure that a disaster such as 1999 not "fall through the cracks" again. This was a natural disaster. That should not be expected to be covered under regular agriculture budget expenses.

This is not just a farm issue. Its fallout has devastated many parts of our entire Westman community. The small towns have experienced severe economic losses that threaten their very future and deserve our support too.

Our coalition calls on both federal and provincial levels of government to do the "right" thing here and restore the faith of our communities in the principle that if the need is obvious, it will be recognized as an investment in our future.

Rural Disaster Recovery Coalition Position II

Cost Share on Announced Program

Areas of rural Manitoba subjected to excess moisture in the spring of 1999 received welcome news on June 28, 1999, when Manitoba Premier

Gary Filmon announced a support package for affected acres. The package included:

- \$50 per acre on unseeded acreage (\$25 from AIDA)
- \$75 per acre for forage restoration (\$25 from AIDA)
- \$25 per acre for pasture/hay lands
- eligibility date for the custom seeding program retroactive to June 1, 1999

This commitment will help many of the producers most severely hit by this disaster to cover some of the financial demands they will face to remain in business for the coming year.

The Coalition recognizes that any funding for compensation through the AIDA program is cost-shared 60/40 between the federal and provincial governments, and that further commitment from the federal government through programs such as the Crop Insurance program was discussed. However, there must be a realization that this problem is not exclusive to agriculture. It is a natural disaster which will take its toll on a large proportion of Manitoba's rural economy. As such, it needs a much broader and more comprehensive solution than we can reasonably expect an agricultural portfolio to address. The existing agricultural safety nets of AIDA and NISA and Crop Insurance do not have the design scope to respond to this magnitude of disaster. The Coalition again calls on governments to recognize that reality, and to dedicate to the problem the same resources (from outside the agriculture budget) it would commit to any other natural disaster in Canada.

Supplemental Compensation Measures

There are a number of measures which we ask governments to take to further alleviate the financial burden on the rural economy, which has been so badly damaged by this situation:

I. Business Recovery Support

The Coalition is calling on both levels of government to cost-share a program which will assist rural businesses and farms to meet their fixed cost commitments while production is reduced or eliminated. A provincial task force was implemented to

seek input and make recommendations on the most effective program design to facilitate rapid economic recovery. The report of the task force was to be submitted in mid-August 1999. The coalition supports this initiative, and proposes that the recommendations of the task force should form the basis for the program to be cost-shared by the provincial and federal governments, to address the needs of rural business.

2. Disaster Financial Assistance Agreement Compensation

The coalition believes there are a number of areas of compensation which could and should be funded under the existing Disaster Financial Assistance Agreement. These include:

a) Compensation for Lost Value of Inventory

There are a number of ways in which inventory values have been affected due to the excess moisture. Certainly, one of the primary losses was the lost value/effectiveness of fall-applied herbicides and fertilizers. Especially where the acres were not seeded, the fall-applied fertilizer was completely lost through leaching and volunteer plant growth before the next crop could be sown. Likewise, the effectiveness of herbicides, which have a limited effective time span, was lost. Even where acres were seeded, the excess moisture has resulted in greatly reduced effectiveness of the inputs. The coalition is calling on the governments to compensate for 100 percent of fall-applied inputs where acres were not able to be seeded, and 50 percent of inputs where the acres were. Full compensation must also be extended to other types of inventory value losses, such as:

- loss of value of livestock, which had to be sold due to adverse pasture/feedlot conditions;

- loss of value of inputs which were not used (e.g., seed grain which had to be sold on the open market, or which was treated and not used; inoculate which will not be viable after a year); and
- loss of inventory value in any businesses other than farming, if that loss can be shown to be caused directly or indirectly by the excess water and unseeded acres.

b) Restoration/Maintenance of Productive Land Condition

Volunteer growth of grasses and weeds on unworkable acres continue to pose a threat to land productivity for the next crop year. Producers incur costs to destroy the excess growth of the spring, and to continue to maintain the land until the next crop is planted. Section 25 in the private sector portion of the Disaster Financial Assistance Guidelines states, "The guidelines provide that eligible costs shall include restoring farmland to workable condition where practicable." The coalition maintains that the cost of controlling weeds for the coming year is a cost of restoring farmland to workable condition, and, therefore, should be eligible under DFA.

There were areas of land which were under 3-4 feet of water, and which had no means of escape. Expenses were incurred to drain these areas if they were to be returned to a productive state for the next crop year. Again, the coalition believes that cost should be eligible under the DFA as a cost of restoring farmland to workable condition.

c) Compensation for Property Damage

The ongoing presence of high moisture levels is having a detrimental effect on buildings, and particularly, on basements, where seepage and consequent mould is becoming a serious problem. The coalition asks that this

type of damage be included within the definition of structure damage under the Disaster Financial Assistance Agreement, and thus be eligible for compensation.

d) Support for Transportation of Straw/Hay Supplies

A shortage of acres planted to cereal grains could result in a shortage of straw for livestock bedding/feed in a number of areas of the province. If wet conditions persist, there could also be a shortage of hay. Feed freight assistance will be needed to transport straw and hay supplies into the affected area. Such programs have been established in the past, and a program of similar design would be effective.

3. Employment Support

Many business operations may have no alternative but to reduce manpower costs by laying off staff, with the resulting loss of wages and reduction of cash flow to the rural economy. The further concern is the loss of important skills and experience when professionals are forced to move outside of the region to gain employment. The coalition recognizes and appreciates that Human Resources Canada has been working to expedite access both to work-share programs to enable businesses to retain their staff, and to unemployment insurance benefits for those employees laid off as a result of this situation. Job reductions in rural communities, where there are often few employment alternatives, will continue to be a concern, and we encourage government to continue to seek ways of ensuring that rural employees are able to remain in their communities until productivity and jobs are restored.

Mental Health Resources

The Westman Branch of the Anxiety Disorders Association of Manitoba reports its busiest June in five years. Some communities and churches are on suicide watch, as residents view their financial situation in despair. While

the recent announcement of support did much to relieve the pressure rural communities are facing, the inability to plant a crop on more than one million acres, along with the plunging commodity prices for those areas which were planted, will take its toll. The coalition calls upon both levels of government to commit the same resources to this crisis as it would to those events where people's homes are threatened and lost. The loss of one's livelihood is equally devastating.

Conclusion

Many communities, businesses and farms in Manitoba are facing a bleak year. Without significant additional assistance from government, and recognition that this disaster is not limited to agriculture, the rural fabric in these areas will look much different a year from now. There will be "For Sale" signs at the gates of family farms, and plywood covering the windows of rural businesses. This is a natural disaster, an "Act of God." It is therefore both the role and the responsibility of governments to commit the needed resources to ensure our communities can survive until the effects of the disaster have been overcome.

Yours truly,

Ray Redfern
Rural Disaster Recovery Coalition

* * *

Presentation from the Manitoba Canola Growers Association
to the Standing Committee on Agriculture

Good evening ladies and gentlemen, my name is Warren Ellis, and I am a producer from Wawanesa, Manitoba. I am also a seed retailer and currently Vice-President of the Manitoba Canola Growers Association (MCGA). Before I begin my presentation, I would like to thank members of the Standing Committee on Agriculture for taking this time this evening to come to Brandon and listen to rural Manitobans.

Canadian farmers face a number of challenges, whether it be world markets, weather, the pace of globalization, environmental concerns,

or consumer concerns about the food they eat. Front and centre now however is farm income, particularly in the grains and oilseeds sector.

Farm Income

Farm income from the sale of grains and oilseeds was down 11 percent over the past year, going from \$1.428 billion to \$1.268 billion. Canola receipts in particular were down 17 percent in Manitoba. This represents nearly \$200 million that has disappeared from our rural economies, \$200 million that will not be spent at the local grocery store, equipment retailer, or hardware store.

In addition to losing the jobs that are created by these kinds of businesses, our rural communities continue to lose these opportunities to employ their youth. Young people from rural areas do not see a bright and prosperous future in rural Manitoba, and have since chosen to apply their skills elsewhere. Youth provides the vigour, enthusiasm and vitality that drives any industry, including agriculture. According to Statistics Canada, we lost 21 200 farmers last year. If we cannot provide a positive situation on the farm for young people to return to, it is very obvious our industry has little chance for survival.

Foreign Subsidies

Much of the low commodity prices in grains and oilseeds can be attributed to overproduction in other parts of the world brought on by massive trade distorting subsidies.

In 1997, for every Canadian dollar spent on farm support, the Americans spent \$2.06 and the European Union spent \$2.14. Canada spends .78 percent of its GDP on agricultural support, while the United States spends 1.07 percent of its GDP on agricultural subsidies. There simply is not a level playing field in terms of world agricultural subsidies.

Currently a Canola producer in Manitoba can receive between \$5.90 and \$6.00 for a bushel of Canola. An American producer who delivers to the same crushing plant located in Altona, Manitoba, will also receive between

\$5.90 and \$6.00. The American producer can however apply for additional funds through the Loan Deficiency Program and garner an extra \$1.50 to \$2.00 per bushel. Manitoba producers simply cannot produce their products at a low enough price to compete with this type of subsidy.

High Input Costs

In addition to the concerns regarding subsidies, Manitoba producers are facing the double whammy of record high costs for crop inputs. The cost of putting fuel into tractors, combines and other farm equipment, for example, went from 37 cents per litre to over 50 cents per litre for the crop year starting in 2000. If you consider this added cost over the size of today's large grain farms, you can see the depth of this crisis.

One of the major inputs to produce a crop is of course fertilizer. With the rising cost of natural gas, which is one of the main components of nitrogen fertilizer, the cost to producers for their nitrogen requirements has increased in some cases by more than one-third. In some cases, nitrogen has gone from 30 cents per pound to 45 cents a pound. On a thousand acres of Canola, this would be an additional \$12,000.

What do we do?

These two issues, the rising cost of inputs and low commodity prices, are the main cause of the crisis in the grains and oilseeds sector today. The question is what do we do about it?

Level Playing Field

First and foremost, every effort must be made to create a level playing field between Canada and its major trading partners. Manitoba grain and oilseed producers are some of the most technologically advanced in the world. Modern conventional agriculture has allowed us to produce our products in one of the cheapest, most efficient and environmentally sustainable ways possible. Biotechnology has given us the ability to produce products like Canola at a lower cost than ever before. I am extremely confident that if a level playing field were ever

to be reached, Canadian producers would be highly competitive in the global marketplace. It is apparent, however, that any reduction in agricultural subsidies will be a long and slow process that will take many years to accomplish, if it is even a reasonable goal to be considered at all.

Equal Support

In the meantime, several things can be done to lessen the impact of foreign export subsidies on Manitoba producers. First and foremost, Canadian producers must be supported to the same extent as our major trading partners, the U.S. and the E.U.

Canadian producers cannot be expected to single-handedly compete with the treasuries of entire nations. Although government support rose in Manitoba last year, the majority of it came through ad hoc payments in the spring of 2000. Meanwhile, payments under the AIDA program, a supposed cornerstone of the Canadian Agricultural Safety Net system, were only a fraction of what producers were led to believe. Only \$426 million was paid out, compared to the \$1.3 billion promised over two years when the program was announced. Support must come through programs that are efficient, dependable, easy to access and available on a yearly basis.

Taxes and User Fees

In addition to equal support to our trading partners, governments on both the provincial and federal level can greatly reduce the load on producers through a reduction in user fees and taxes. Taxes are a major portion of any producer's costs each year.

In Manitoba, entrepreneurs are forced to pay PST on new farm buildings, unlike our neighbours in Saskatchewan. Dropping this tax would encourage further investment in rural areas and increase opportunities, while reducing the burden on producers.

Closing

In closing, I would like to thank the committee for its attention this evening. I am

hopeful that I have given you some things to consider in your plan for agriculture on a provincial level, as well as some ideas to carry forward in your negotiations with the federal minister.

Warren Ellis
Vice-President
Manitoba Canola Growers Association

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Today we are here to talk about a farm crisis. This problem has not just happened, but happened over the past 20 years. There are two easy ways of solving the problem.

1. Reduce all input costs by 50 percent to 60 percent, starting with farm machinery on down. This will not happen because the four major pharmaceutical companies that produce our crop protection chemicals will not stand for that, and neither will our four or five machinery companies, or our four or five grain companies. These companies have a monopoly over us farmers, which means control over our Government as well, because this is where the Government gets their campaign funding from.
2. The second way to solve this problem would be to double all our grain prices. If this is done, we need a cap put on all input costs. The reason why I focus on input costs is very simple. These large corporations make millions of dollars of profit every year from us farmers. Let us take malt barley, for example. Every bushel of barley makes 354 bottles of beer at \$3 per bottle in the bars = \$1062, buying that same beer by the dozen = 29.5 dozen x \$16.20 = \$477.90. If we are lucky, we will get \$3.25 for that bushel of barley.

Now let us take John Deere. They sponsor a Nascar race team to the tune of \$30 million per year. They also own a PGA golf club, the best in the tournament.

Corporation greed has allowed these companies to be able to do these things. The money has all come from farms.

We, as farmers, have a way of maybe dealing with high input costs. The way is by wholesale purchasing, not retail purchasing. The problem with wholesale purchasing is getting these companies to deal with us. They want small groups, so they do not lose control. I belong to a group called "Farmers of North America" (FNA). These companies do not want to deal with us because of our size. We are almost to 4000 members now. One year ago FNA tried to tender one-half million litres of glyphosate herbicide. To our chagrin, not one of the 14 chemical, wholesale, or grain companies that were offered the chance to tender took it up. Fertilizer and fuel manufacturers have also refused to do business with us as well. These requests were all put forward as cash sales. Why would these people turn down a sale? My answer as a farmer would have to be that competition is not alive and well in the farm supply business.

One spokesman for Dow Chemicals was quoted as saying: It is not in our best interests to bypass traditional distribution and thereby bypass all benefits that traditional distribution brings to a manufacturer like ourselves.

Now, I have no idea what that statement means, nor does anybody else.

Now let us move to Monsanto Canada. Roundup originally retails in Canada at around \$8.35 per litre. The same product in Brazil is \$3.60 Canadian funds; in Australia, about \$5.00. Monsanto controls the movement of the product around the world very carefully. Monsanto's plant in Argentina, for example, is only allowed to sell to a limited number of countries in the region. Why? Control enters my mind.

Last Wednesday afternoon I phoned Garry Brolund, a farm business rep for Monsanto. I asked him if Monsanto would be interested in selling 150,000 litres of glyphosate. He asked: Who is this for? I told him Farmers of North America. His reply to me was that Monsanto Canada is not interested in selling to FNA now or in the future. I asked him why. He told me that it is Monsanto Canada's policy, and if I wanted more information, I was to phone Monsanto's office.

Governments are saying that we cannot force these companies into dealing with you. Cannot or will not? I think it is will not because these are money people. The money people of the world run the world. If we allow these few money people to control food, we all lose. This is what these money people want. We have to stop this.

There are ways our Government can help us today. Drop all taxes we pay like PST, gas tax, federal income tax, fuel tax, tire tax, hospitality tax, tobacco tax, royalties, permits, entertainment tax, room tax, duty, air-condition tax, licenses, provincial income tax, property tax, school tax, GST, alcohol tax, just to list a few. Maybe it is time our government tightened their belts too, because we, as farmers, can no longer afford to keep you living in your ivory towers.

Let us touch on how many farmers we have lost. These figures are provided by Statistics Canada. Alberta lost 11 200 self-employed people in the field of agriculture, which is a drop of 19 percent from the 1999 level. Saskatchewan lost 6400 farmers, a 12 percent decline. Manitoba, 4500 fewer farmers, a 16 percent drop. That is a total of 22 100 farmers. I do not know if this would tell you that maybe we have a farm crisis, but it tells me that this industry needs changes. We farmers are the hardest working people anywhere, yet we cannot make a living at it.

Let us get back to the input side of things again. Again, I will go back to data put together by Statistics Canada and CanSim.

In 1971, agriculture in Canada went from an \$8 billion industry to a \$28 billion industry in 1997, 26 years later. Farmers have been held at a \$2-billion net profit, regardless of the commodity prices and government subsidies.

All advances in technology and farm management practices have not been a benefit on the return on investment of the farmers.

Farmers have moved from an average of 25% return on investment in 1971, to an average of 6 percent in 1997. My question now is: What is our government going to put in place to stop this old trend of rising input costs and prevent it

from happening next year? How about wholesale purchasing?

In short, what I am saying is our federal government does not care about farmers. Multinational companies only care about corporation profits. All we farmers want is to be able to make a reasonable living. So either input costs have to be cut by 50 percent to 60 percent, or grain prices double with a cap on input costs.

Oh, yes, before I forget, I would really like to thank our Government from the very bottom of my heart for adding another \$50 tax onto me for my five farm trucks that I need to do my work with. Total value of my trucks is about \$25,000. You guys are not better than the chemical companies that I dislike with a passion. What happened to the fuel tax that was supposed to be for road repairs?

Bill Cochrane

* * *

Re: The Standing Committee on Agriculture,
Brandon, April 23, 2001

L. J. (Roy) Stevenson, Mayor, Town of Rivers

There can be little doubt that a process with its genesis in the early part of the last century, along with new factors, is having a devastating effect on the fabric of life in rural Canada today. The Industrial Revolution, which has just now caught up with the farmer, in conjunction with pressure from large multinational corporations, government inaction and other natural and man-made factors, along with producer expectations have resulted in rural depopulation that is accelerating in an exponential manner and may well see the end of rural Canada as we know it. Can we stop the process that has such a head of steam and do we really want to?

Today's producer is very efficient and can work an area of land that would have been impossible 75 years ago. Large multinational corporations are pressuring these producers into ever larger configurations. Natural disasters such as the wet conditions of 1999, floods and/or droughts and the continued support by the U.S. and European governments for their own

farmers' financial well being, is depleting producer equity and driving our farmers into bankruptcy.

Our provincial and federal governments, through their inaction, and by their lack of support for the local infrastructure, are taking an active role in closing down rural population centres. Many rural communities have died and if we continue on the current path we will see the disappearance of many more. The fact that producers, themselves, cannot find common ground and seem unable to agree on a program to alleviate the problem is a great cause for concern.

There are many examples that can be used such as the removal of support for rural sports and recreation infrastructure. This results in citizens going further and further for these outlets and bypassing the local centres that once supplied these services. The lack of support for infrastructure that currently exists and the continued ignoring of the need of support for infrastructure adds to the problems faced by rural centres. Roads are essential to the rural landscape, and the repair and maintenance of them is necessary to our economic well being.

On April 19, 2001, the R.M.s of Daly, Blanchard, Elton and the town of Rivers travelled to Winnipeg to meet with the Minister of highways to discuss the recent decision to impose restrictions on our RTAC Highway No. 25. This is the first time an RTAC highway has been restricted. We had a good meeting with the minister, but in later conversation with the bureaucracy, we were told that the loss of business in our area would not have a negative impact on the province as those businesses would merely relocate to a place that had good roads. This was a chilling statement to hear, and we were placed on alert.

All of the above is merely anecdotal. There have been many hearings. Most often nothing comes of them, but we must continue to try. Our provincial government has not appeared to be supportive of rural Manitoba, but the presence of this committee leads me to hope, and hope is all we have.

The real question is what can anyone do? Across the board acreage payments are necessary and successful to alleviate the distress

of a disaster. However, the problem that we are facing is not a one-shot disaster but an ongoing problem of skyrocketing production costs and low-commodity prices. We also fact the problem of huge production subsidies to the U.S. and European producers that Canada cannot match. We cannot afford to be placed in a position to have our production countervailed in the world market, and our competitors do not fear this action. Support must not be seen as an unfair subsidy and therefore countervailed according to World Trade rules. Can there be a way to do this?

During the course of these hearings you will, hopefully, hear a number of suggestions. May I offer my own humble one? Since I have no expertise in the field of the free trade legislation, I cannot tell if this is allowable or not, but perhaps a form of this may be workable. The problem is rural depopulation due to the fact that a farmer has great difficulty earning a living. I would like to suggest that we devise a form of guaranteed income for each economic unit. This would be a farmer and all dependants, a corporation, partnership and any other form of grouping that can be envisioned. These would pay a form of insurance premium and Canada could guarantee that some portion of the enterprise would give those involved enough income to live on.

Perhaps the first 5000 bushels of wheat would be purchased for a price that would ensure the farmer \$5 per bushel net income over the average cost of production. This would net each economic unit \$25,000 for living expenses. The funding for this could be generated by a small tax of 5 to 15 cents per loaf of bread, which would generate enough money to cover this. We do have a cheap food policy in Canada and our competitors such as the U.S. do not. You may need to devise different systems to accommodate the diverse agricultural producers in Canada in order to encourage them to stay on the farm and be a full partner in our economic well being.

* * *

Submitted by: Mr. Gordon Thompson and Mr. Robert McNabb, Minnedosa Focus Group

GROUP'S GOAL AND PURPOSE

- To create an awareness that in 1999, southwestern Manitoba suffered a greater natural disaster than the 1997 Red River Flood
- To prove this geographic area suffered an event experienced only 1 in 150 years
- To maintain the economic viability of southwestern Manitoba
- To secure a government commitment to share in the resulting losses

The Situation

- May rainfall exceeds 500% of normal
- Result – Unprecedented unseeded acres
- Crop yields down dramatically
- Producers economic reality
- Present safety-net program inadequacies

Estimated Crop Production Losses

\$ per Acre

COMMODITY	WHEAT	BARLEY	CANOLA	FLAX	OATS
Operating Costs	106	99	154	99	84
80% Crop Insurance Margin	106	82	154	98	76
Margin	0	\$17	0	\$1	\$8
Fixed Cost	52	52	52	52	52
Labour	15	15	15	15	15
Loss	\$67	\$84	\$67	\$68	\$75

Unseeded Acre Losses

- Fertilizer 10
- Chemical 5
- Fuel 4
- Taxes 5
- Insurance 2
- Rent 0
- Chemical Burnoff 25
- **TOTAL \$51**
- Unseeded acres payment \$50
- Loss on unseeded \$ 1
- Fixed Costs \$67
- **TOTAL LOSS \$68**

Why Should This Area be Treated as a Natural Disaster?

- The U.S. government declared a natural disaster in the area below southwest Manitoba
- Pressures on this region to adapt to recent freight rate changes
- The financial losses in this area exceed those experienced in the regions previously declared disasters, e.g. Red River Valley
- The income loss is stagnating the entire economy

Impact of Shortfalls

Assumptions:

- 3.4 million acres
- Average fixed cost lost \$60 per acre
- Average farm size 1000 acres

Based on the above assumptions, 3400 farm families in southwest Manitoba will lose on average \$60,000 per farm.

Southwest area's loss would be \$204,000,000

Solutions

- Recognition that a disaster did occur
- Recognize the need for an injection of cash to the region soon
- Commit to putting in place a procedure to deal with such an event in the future
- A recognition that AIDA does not address the losses of a disaster
- Resolve the counteracting effects of AIDA and crop insurance

Program Conflicts

	50% Crop Insurance	80% Crop Insurance
Revenue	\$ 68,000	\$110,000
Eligible Costs	\$108,000	\$114,000
Margin	\$ -40,000	\$ -4,000
Reference	\$ 30,000	\$ 30,000
Margin Payment	\$ 44,800	\$ 29,680