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**COMMITTEE: STANDING COMMITTEE ON AGRICULTURE, FORESTRY &
ENVIRONMENT**

Thursday, February 12 , 2004

SUBJECT(S) BEFORE THE COMMITTEE:

Honourable Kevin MacAdam will make a presentation on the hog crisis; followed by a presentation by the PEI Hog Marketing Board

NOTE:

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COMMITTEE Wilbur MacDonald, Chair
MEMBERS PRESENT: Hon. Mitch Murphy
Wilfred Arsenault
Andy Mooney
Eva Rodgerson
Fred McCardle
Richard Brown
Ron MacKinley

MEMBERS PRESENT: Hon. Robert Ghiz

STAFF: Marian Johnston, Clerk of Committees.
Wayne MacKinnon, Department of Agriculture

STANDING COMMITTEE ON AGRICULTURE, FORESTRY AND ENVIRONMENT
Thursday, February 12 , 2004
1:00 p.m.

Guests: Hog Commodity Marketing Board -
Willem de Boer, Interim Chair; Leza
Matheson- Wolters; Jim Doyle; Eric
Artz; John Earl

Tape No. 1

Wilbur MacDonald(PC)Chair: We'll call our meeting to order. We understand that the Minister is at the Potato Symposium and we're attempting to see where he is right now. We may indeed go—the Hog Commodity people are ready, I presume.

Ron MacKinley(L): He's out doing a new ad.

Wilbur MacDonald(PC)Chair: Maybe so, we don't know. Anyway the first item on the agenda is the approval of the agenda. Okay, moved.

Unidentified Member: Moved.

Wilbur MacDonald(PC)Chair: Moved and seconded, we don't need a seconder. So I have a letter. I wanted to read part of it and the rest of the letter will be attached to your next notice of meetings because it's a fairly long letter. But I want to get a point across because, and this letter is from Peter Verleun from Montague and he addressed it to the Standing Committee on Agriculture and he goes on to say he's a beef and hog farmer.

"To begin with beef—last July I sold a big steer. This steer graded A1 carcass at 905 pounds of meat. I received \$500 instead of the \$1500 from a large meat packing plant. I also received \$660 from the BSE subsidy. This is, of course, tax dollars," he says. "As for pork, I have received \$105 for a full grown hog. A recent trip to the grocery store showed the cuts from a pig being sold for \$665. This is a markup of \$550."

As you know there is. . . what's the word I'm looking for, of a hog, there's different cuts and you can go to the grocery store and add it up, I guess.

"I often send my pigs to a local butcher. It costs

less than \$100 to transform a pig into neatly packaged chops and roasts that would look good on any store shelf. Why do the super efficient big business packing plants need \$550 to do this? Beats me. If someone on PEI processed one pig per week at \$550 it would be considered a good paying job."

Now I suppose he is saying that the grocery shelves would be all the difference but of course we know that's not quite true. The packing plant is in there. So I will have the Clerk attach that letter to our minutes of this meeting today so that everyone can read it in full.

Richard Brown(L): Thank you very much.

Wilbur MacDonald(PC)Chair: What I wanted to read was the difference between what the farmer received and what the consumer pays for pork and it's very much part, I believe, of what our discussions are here, why is there such a difference and where can that be changed is one of the issues we may have to discuss. Since the minister is not here I'm going to call upon the PEI Hog Commodity Marketing Board and Willem de Boer, Interim Chairman of the PEI Hog Commodity Marketing Board is going to give us his . . .

Marian Johnston(Committee Clerk): They're all coming to the table.

Wilbur MacDonald(PC)Chair: Oh, they're all coming to the table. Okay. We also have representatives of the Income Crisis Committee, Leza Wolters, Jim Doyle, Eric Artz and John Earl. If all of you would like to come forward, that's five. If there's anybody else you can take your chair with you. I would advise you that in order to have your microphone turned on you must address the chair although I see one on already. But if you want to speak, address the chair and the gentleman over here will turn your microphone on, okay. So Mr. de Boer, do you want to lead us off?

Willem de Boer: Mr. Chairman and Committee Members, thank you for the invitation to come before the Standing Committee on Agriculture,

Forestry and Environment. My name is Willem de Boer and I am the Interim Chair of the PEI Hog Commodity Marketing Board. Recently the Board struck an Income Crisis Committee to closely look into the situation we find ourselves in today. Committee members include Guy Cudmore; Marc Schurman; Mary van den Broek-Grant; Walter Clark; Jean Clark and Garry Renkema. And joining me at the table are Leza Matheson-Wolters—she's the chair of the committee and she's also the new Hog Board member since yesterday—besides me is Jim Doyle; then you have Eric Artz and at the other side of the table is John Earl.

As we all know by now agriculture is in a big dip, due partly to BSE, the rising Canadian dollar and worldwide oversupply. Though the hog prices are higher now than in the devastating winter of 1998-1999, this time the hurt is much bigger. In 1998-1999 there was still equity left on most of our farms. After experiencing low prices over the last five years there is hardly any or no equity left on our farms today.

Even in the last five years the industry kept investing, mainly in the herd health and environmental side, like manure storage, composting facilities for dead livestock and a clean out strategy. This in the expectation that there would be better years ahead. This did not materialize. To save our existing family farms it is critical that there is a short term financial assistance available soon. Today's session, it is hoped, will lay a foundation of information for upcoming public hearings on the present hog crisis.

I would like to thank the Income Crisis Committee for their work on behalf of the industry and would like to give them the floor now to read the rest of the brief.

John Earl: First of all thanks for your time. My name is John Earl. I farm in Kingston with my wife and three children. We have a current crisis going on. The word *crisis* is probably overused in today's world but there is no question that Island agriculture and the hog industry more specifically is in a period of financial loss and uncertainty. This decline is owing in part to BSE, the rising Canadian dollar and the subsidies provided to our American and European counterparts.

In the past 12 months Island pork producers received approximately \$7 million less from the market than it cost them or us to produce the pork. This means that over \$135,000 per week, if you do the math, didn't go into producer income, and allowing for spin offs, just under a million dollars a week is missing from the Island economy. That's a lot of money. Although it's true that hog prices are higher now than in the devastating winter of 1998-99, this time around the hurt is worse and the industry is, it's in danger of collapse. In 1998-99 most of us had equity on our farms but after experiencing low prices over the last five years there's no equity left and we're all facing very dismal prospects. We need immediate financial help and the truth of it is the alternative is more bankruptcies this spring and an inevitable slide that will spell the end of the hog industry in our province, Prince Edward Island.

Eric Artz: The Economic Importance of the Hog Industry— The hog industry is a vital part of our Island agriculture. From the earliest days of settlement the humble hog has been called “the mortgage maker”, a commodity which farming families could always rely upon from year to year even though historically the hog industry has gone through five-year cycles of high and low prices. Farms on Prince Edward Island produce approximately 200,000 market hogs per year. Using a break-even price to the farmer of \$150 per hog shipped, annual farm gate receipts for the industry total about \$30 million, with an additional spinoff value to the Island economy of \$210 million. In addition, the present day packing plant employs a hundred people full time and has an annual payroll of about \$4 million.

Hog production also directly supports numerous local businesses including feed companies, equipment dealers, fuel businesses, building material suppliers, construction and insurance companies, professional firms and financial institutions. Several representatives of these businesses are with us today to impress upon the committee the importance of the hog industry to their businesses and the over all economy.

Hog producers support other segments of our agriculture community in the purchasing of feed grains which allow potato producers to receive value from their land during rotation years. They consume liquid byproducts from the dairies and potato processors which otherwise would have to

be disposed of at an expense. And they provide manure, a natural fertilizer that greatly reduces dependence on chemical fertilizers. Without question the hog industry contributes significantly to the economy of Prince Edward Island and hog producers and their families are valued members of the rural community.

Leza Matheson-Wolters Hi, I'm Leza Matheson-Wolters. I would echo that we thank you for allowing us to appear before you today to read this report.

A Progressive and Innovative Industry—In spite of ups and downs the hog industry has continued to move ahead in a progressive, innovative and responsible way. Let me provide a few examples for you.

The PRO PORK initiative have been in place for about ten years. Initially there was a financial incentive of \$8.00 per hog for those animals that met a selected quality criteria ensuring a more consistent product for the market place. As a result of the program's success and with the encouragement of producers, PRO PORK, currently known as S.Q.U.I.P. (Swine Quality Improvement Program) has been retained as an incentive in the Canadian Quality Assurance program at a level reduced to \$2.25 per hog.

The industry continues to work to develop more value added products to obtain a greater return from the market place. In collaboration with the PEI Food Technology Centre new products like the tasty potato wrap and pork nuggets have been developed and are now ready for commercial production.

The innovative work of the PEI FOOD TRUST also hold much promise for the Island's pork industry. The mission of the Food Trust is to promote and help bring about greater sustain ability in food production by recognizing and balancing economic, environment and social needs. Summerside Farms Pork is the first product developed by Food Trust—a product with positive health characteristics that demands a premium price in the market place.

Prince Edward Island has one of the healthiest populations of hogs in the world adding to the value and reputation of our product. Moreover the industry adheres to the Canadian code of Practice

on the care and handling of pigs, demonstrating the industry's commitment to animal welfare. With the growing demand worldwide for healthier premium pork products and associated technology the Island is ideally suited to capitalize on changing trends and markets.

Island hog producers are forward thinking and do have an eye for the future but that same future is threatened by financial instability, shrinking incomes and eroding equity.

Jim Doyle: I'm Jim Doyle and we farm in Auburn.

Immediate Help Needed—Prince Edward Island's hog industry is in serious financial trouble and will not survive 2004 without immediate additional help from government. Short term solutions to chronic long term problems are no longer adequate. It has been identified by our industry that the new CAIS program will not be of benefit to us. This is due in part to it being based on the past five years which have been the worst years in the history of the hog industry. The current Bridge Loan Program, for example, encourages hog producers to keep farming but it also depletes the equity that they have in their operations making it difficult or impossible to purchase equipment or maintain their properties.

Our hog farmers run efficient businesses. We produce top quality products and we are environmentally responsible and we contribute significantly to the agricultural industry in this province as well as to the overall economy. But we are also discouraged as we are operating right now on negative margins. One of the questions that we are often asked as farmers is, "well, if you are in this tough a shape, then why not get out?" Well, we leave you with this. We are now drowning in our debt, our farms are worth nothing and our families are tired and unfortunately the only way that we can quit farming is to go bankrupt. We can no longer be expected to grow and market food well below the cost of production, to jeopardize what little financial assets we might have by continuing to participate in a volatile and unpredictable industry, one based on a cheap food policy and insufficient supports. As representatives of PEI hog producers we are calling upon both provincial and federal governments to assist and provide financial relief to our industry and to put in place measures to

better ensure its long term stability and survival.

We thank you for listening to our concerns today and welcome any questions that you might have.

Wilbur MacDonald(PC)Chair: Thank you very much. We'll open it for questions from the members. Who will be the first? Richard Brown?

Richard Brown(L): Thank you very much. I was quite impressed by your presentation today and I commend you for coming forward. I know it's hard to discuss your business problems in public and this is a public forum and I know that it takes a lot out of a person when they're facing the problems you guys are facing and you're looking for assistance or you're looking for the help of the community to help you out here.

I guess one of the things I've got here is you've discussed here about government's approach or society's approach—value-added. You know, we've been working on years and years of value adding our products here on PEI and getting more value for the products but all that work seems to be going, not to the farmer, but as the letter indicated earlier today going to the big stores and the big packing plants. So all the work we've done in value adding here, you've seen basically none of all that work. Is that correct?

Eric Artz: That's correct.

Richard Brown(L): One other question I guess is the, what will the Nova Scotia decision to only buy their products only do to us on PEI here. Premier John Hamn has announced that he has a program now in Nova Scotia that he's going to ask his institutions and anything the government buys to buy locally. What will that affect us here on Prince Edward Island? Is there any indication?

Eric Artz: Well, it's hard to know I guess. It could backfire on us. I guess it's a good thing to buy all local products and we can certainly provide the people with that but we're also, have excess pork out there that needs to go to Nova Scotia or New Brunswick and how would that work.

Richard Brown(L): You'd rather see a Maritime procurement agreement.

Eric Artz: I think, yes, you'd have to look at more as a Maritime issue, like, you know. Certainly it

would be good for us to get rid of it all here on PEI. That would be great but . . .

Richard Brown(L): One other question, Mr. Chairman, then, prices have been seen to go up I guess. Somebody was telling me there the other day they're up to \$1.40 or \$140 and, you know, things are turning around. Are they turning around?

Eric Artz: That's hard to know. Your guess is as good as mine. It's been, two weeks ago I guess they started to move up slightly but for how long. The trend seems to be that it might be good for two or three months of the year and then it's more downhill from there. You know, the good doesn't outweigh the bad and that's what we're into today. The last five years have been more lows than highs. Otherwise we would have been not in this position here today.

Jim Doyle: I'd just like to add a comment or two there to Eric's. That, you know, while you're right it has gone up for the last two or three weeks, it's still over the long term, even the short term when you look at the future markets, there's just absolutely no price there, no profit in the price at all. It's right back in the basement again in the futures.

John Earl: Talking about Mr. Hamn and everybody talking about buy Maritime, buy PEI, whatever, it's a great idea and I'm sure it gets great headlines and stuff but how's the money coming back to the producer. Ronnie wants to, say legislate 20 per cent shelf space for Island products. I think it's great but how's that money getting back to us? Nobody's gone that far and all the money's being spent on advertising and we're thinking about doing all these promotions, the minister is and that. I think it's better spent right now going to the primary producers and then work on those long term things.

Richard Brown(L): Yes, I'd have to agree.

Ron MacKinley(L): Well, you mentioned me there. I was talking about the new kill plant that's coming on stream. When a new kill plant comes on stream then we will have a mechanism in place that we can supply that local beef in the stores. Right today you'd have to bring it in from Ontario or Better Beef. But once we get that new kill plant and 20 percent shelf space in the stores and I was

hoping that Hamn and Lord would pick up on it because I use the word 20 per cent, not a hundred percent. Because if they picked up on it their cattle are going to be going through the plant that's owned by the Maritime provinces and in order to go into like a hospital here at the Queen Elizabeth—I remember we were the first ones, when I got elected first in '85-'86 I couldn't believe it, but even our jails were buying meat from outside the province and I was able to negotiate to get local beef into the jails but I couldn't get it into Queen Elizabeth Hospital. At that time they managed to get it turned around and we did. We had Island Meat Packers owned by Errol Ford and them and Canada Packers or Garden Province Meat out here and they were federally licensed. So if you go into a nursing institution or hospital they want it to come from a federal license where the jail, it didn't come from, it came from a provincial license. So if we get that new plant, once it's rolling, New Brunswick, Nova Scotia, that's where their beef line is going to be and I'm sure that—what it should work—I was hoping it would work all across. How many hogs are produced in Nova Scotia, do you know?

John Earl: I don't have a number.

Willem de Boer: Around 200,000.

Ron MacKinley(L): Two hundred.

Willem de Boer: The same as we have on the Island here.

Ron MacKinley(L): And how many hogs are produced in New Brunswick, roughly?

Willem de Boer: The same as us, 200,000.

Ron MacKinley(L): 600,000. So are we sufficient in Atlantic Canada, counting Newfoundland, in the hogs, or are we not sufficient? Have we got surplus hogs?

Unidentified Member: No. We need imports.

Ron MacKinley(L): So we've got to import. So let's say our pork goes to Garden Province Meats and then it goes over to Nova Scotia to be butchered. So if you could get the whole thing. Like from a politician's point of view and a farmer it doesn't make sense that hog prices are set, to me, by somebody down in Chicago when we're not

sufficient in hogs here in Atlantic Canada. But as a jurisdiction and a province we only have a jurisdiction in what we can do here and I was hoping that the other governments would start picking up and I think what you'll find out is some of the governments have talked, well, we want to do this but they haven't looked at how they could do it. Number one, if they go into the hospital over in Halifax I'm sure they're going to want federal inspected meat rather than provincially inspected meat. So I think this is where the Premier of the province could get together with the other premiers. It's not really for me to speak.

So that's why I brought that up was that we're not sufficient in beef—PEI is more than sufficient in beef. We produce 80 per cent of all the beef in Atlantic Canada here. So just think what you could do if you got 20 per cent from Sobeys and Atlantic Superstores on the shelves and then you get that in New Brunswick and it kept growing. Like this is, that's not a short term solution. That's a long term solution. But to get it on there. The same thing with hogs. If Atlantic Canada, including Newfoundland and Labrador, can use the hogs why should be getting prices dictated from Chicago? Why couldn't we have our own Atlantic Canadian prices here? You people are expected to pay all these high taxes. You're expected to pay—the new environment regulations and everything—like you talk about these manure pits. You might have got a small grant, some of you. Some of you mightn't. But you still got to pay the tax on it, the property tax, you got the maintenance of them and also you had to put a good share of your own money in. So the farmers have met all these environment regulations and more than other provinces.

Like I was watching last night, in Saskatchewan, the beef cattle are still in the brooks. They were showing a story on Saskatchewan and it was just showing what a great place to farm and everything. The cows are running in the brooks. Here, you're not allowed it. That costs you more money. But what government's got to do, it's got to be PEI government and in New Brunswick and Nova Scotia. Then they've got to get together and put the thing together and that's, we're going to have the beef plant here which is going to be a good help and if you listen to, the only ones that are using support of the major superstores is Co-op Atlantic has spoken, Atlantic Canadian Beef, Atlantic Canadian Pork. They're the Co-op

Atlantic's.

But another problem we have, they don't have as many stores and people are buying Atlantic Super stores from them and they're buying through a computer from western Canada. For instance if you look at . . . Leza, how much would your power rate be for your operation in a year?

Willem de Boer: I've got a mid-sized operation and it's around eight or nine hundred, \$900 a month.

Leza Matheson-Wolters: Yes, that would be.

Ron MacKinley(L): So you're looking at \$12,000 roughly, a mid-sized operation. You do your own feed milling and stuff like that. All right. So that just went up about 16 per cent once the government got rid of the cap on, remember the Maritime Electric. So you're paying 16 per cent more for your power bill here than your counterparts are paying in New Brunswick and Nova Scotia.

Richard Brown(L): Twenty-seven.

Ron MacKinley(L): Yes, 27 because you were paying 10 before. But anyway, that's just one thing. If you look at your fuel bill for highway diesel, highway gas. You use trucks to truck your pigs and everything. The government here put on an extra two cents a litre plus I hear you're going to put another cent a litre on it. So that's 15 cents a gallon on your fuel here that you're trucking your pigs back and forth. If you look at your trucks, you haul your grain from the fields or your manure, everything. You don't get your GST rebate of the whole thing. You pay 10.7 per cent to the province here. And whether we like it or not I know from my own farms, it's the \$500, \$800, \$900 bills that are really, when you start making out them cheques that's what's taking you down. The big issues are bad, we know that. Like your basic feed costs. But also this is going back into your farmers, then your grain farmers. I see barley has gone up. Barley was \$110 out of the fields, it's about \$150 now. You know, it could be the scarcity of barley. All this cost is going up and that's one place government can look at.

And that's why I brought up about the . . . I wanted to get something going and that's why I did it. I wanted to get the issue out there and that's why I

come up with the resolution. I did that a year ago and the government turned it down. I come back with the same issue, now all the Maritime provinces are talking about it. But I felt at that particular time that I didn't have the authority or the Legislative Assembly didn't have the authority to say what Nova Scotia and New Brunswick should be doing but I was hoping if we could get it going then the premiers of the provinces, they have this premiers group where they could work on this and it would be Atlantic Canada. But from a legislation point of view here in the province I kept it to the Legislature of PEI where we have authority because when you're in debate and trying to get it going you could get somebody up and say well, you can't go in and tell the premier of New Brunswick to do this or the premier of Nova Scotia. Well, that's correct. But it can be worked on at the top level.

Tape No. 2

Wilbur MacDonald(PC)Chair: Eva?

Eva Rodgeron (PC): Yes, I was wondering. I notice in starting out you talk about short term assistance. Do you have any suggestions as what that would be like?

Leza Matheson-Wolters: I think what the mandate and intention of this paper that we've brought forth today is just to lay a foundation and give you a flavor, if you will, for what the crisis of the industry is in. We, as you're aware, will be going before this committee again in public hearings and at that time we will be presenting a developed strategic plan and in that will probably be three or four if you will, both short term, long term solutions that we would probably put forth for you to entertain as a committee to make recommendation to your minister.

Eva Rodgeron (PC): Okay. That was my second question, on the second last paragraph was to put in place measures to better ensure long term stability and survival. So you'll be coming back with something on that.

Leza Matheson-Wolters: That would also be a part of the strategic main paper at the hearing. Tomorrow we are having a 2004 Island Pork Conference and the mission statement on that particular conference is to go with the producers and have small group think tanks so when we

develop the strategic plan it comes straight from the producers at large and so we will be developing a working paper and the end result will be a strategic plan that we will present to you at the hearing.

Eva Rodgerson (PC): And these hearings will be completed when?

Leza Matheson-Wolters: I think that's up to the committee here today to decide on when that will take place. In conversation with your Clerk we're kind of aiming for around the 25th of February if everybody is in agreement to hear. But I think that's really your decision to make but that's where we would hope that would go.

Eva Rodgerson (PC): Okay, thank you.

Wilbur MacDonald(PC)Chair: Mitch?

Hon. Mitch Murphy(PC): I just want to pick up on a couple of points that Jim made in his remarks. In the third paragraph, Jim, you talked about the new CAIS program and I guess my question is along this line— I think nobody is disputing the fact that reference margins have been depressed over that period of time—I'm just wondering if you've had any conversations with the Canadian Pork Council. Because despite what Mr. MacKinley would lead you to believe the crisis is all across the country, just not on PEI, the depressed prices for pork. So have you talked to your national organization with a view to making a suggestion perhaps that they might consider something under a new CAIS program such as instituting a reference margin instead of using, you know, the reference margin that was in place? Because prices have been depressed for such a period of time that using the real reference margin doesn't help anybody. But perhaps if they could come up with a way to calculate, you know, a reference margin, a profitable reference margin it would make the CAIS program perhaps a little more attractive to farmers. That's just one thing that, you know, might be suggested to take place.

I guess my other thing is that, I guess the minister is going to come but I had a question for him just on negative margins. I guess my other concern is, and I'm not arguing, something has to be done in the short term or you don't have people around to look for long term solutions. But I always wondered when I was there, how do we as an

industry, given the economies of scale that we have, the number of animals that we're producing, about 200,000 per province, you know, continue to compete in the, really North American market, in hogs? It seems that what has been happening is that when the price starts to go up, you know, it's close to being back to the cost of production, but when it goes up because of the way the system is structured, companies are vertically integrated, production soars. It's almost like the retailers drive the production to depress the price and keep their margins tighter. So I think part of our thinking here in the long term has to be, and it's not a bad suggestion that Ronnie made, looking at using regional markets, although there are some issues I'm sure they can be overcome there as well, but how do we in the long term ensure some viability in the industry if we don't change, you know, the commodity treadmill that we're on?

Jim Doyle: You're kind of thinking that here on PEI, are you suggesting that we become more vertically integrated?

Hon. Mitch Murphy(PC): Well, maybe in the industry. I'm not suggesting we do in the market place.

Jim Doyle: I don't think that will ever fit the provincial landscape here, to become more vertically integrated, because what we've actually done in the last six or seven years is there has been several large, relatively large operations by all standards, spring up and, you know, they're probably as efficient as any of the large scale operations away because, well, I'm involved in one and I guess we've traveled pretty well three-quarters of the way across Canada looking at large operations and I don't think ours is any different than the other few models that are here on PEI but as far as productivity goes we stack right up with anything in Canada.

Hon. Mitch Murphy(PC): No, that's not what I meant. I guess what I meant by vertically integrated is that right now, you know, we're fairly independent producers represented, you know, through the Hog Commodity Marketing Board and most of our animals and stuff are being processed at GPM. What I'm talking about is expanding our partnerships in the food chain to perhaps going out and like the beef people have done, looking to secure a retail partner in that relationship where, you know, perhaps contract prices and things can

be negotiated, you know, beforehand. So we're not necessarily just producing our hogs to go on to that commodity market. A retail partnership is formed that becomes part of our marketing chain and we become, take a step up on the ladder from the food distribution system. That's all I'm suggesting.

Willem de Boer: If that has to happen then Garden Province Meats has to have meat processing and that needs an awful lot of money to get the processing going. They're going to start a de-boning line within a couple of months so they can do something but to really go into what you say, that should be into the processing business and the big super stores that I heard, they only want to talk if you talk about a tractor-trailer full of meat or pork chops or loin roasts and those things.

Our scale is then a little bit small again to do that again. Garden Province Meats needs money then to expand or get processing in place and I think that's the only . . .

Hon. Mitch Murphy(PC): I guess I'm just asking the questions that in the absence of changing what we're doing in terms of marketing, you know, producing that commodity, you know, do we have a future in the hog industry continuing along that track or do we have to change that track in order to be successful? That's my question.

Willem de Boer: I think it should be more then, that all the three provinces should stick together and get something out of that instead of only the Island. Because I think the Island is, it's 200,000, it's a lot of meat but still compared to the big slaughter houses it's not a lot. But I think you should do more combined with all three of them and get something out of that.

Hon. Mitch Murphy(PC): And just in relation, have you talked to the Canadian Pork Council about, you know, bringing something forward, you know, to all levels of government on this?

Willem de Boer: No. You're talking Pork Council. The Pork Council, you just mentioned, we talked about them to go after that to see if they can get payment stopped or whatever. That's a Crown Corporation and there are other things that we talked to the CBC about to get things done and one of the things they mentioned was the benchmarks and we would like to see some benchmarks in there too. So from the last 15 or

whatever, it always has to be attached to something else else but it's not going to work for us. This is going to hurt us. It's a five year average, I mean mine is really low and all of them around the table is low. I only got, out of the hog program, only once money too and . . .

Hon. Mitch Murphy(PC): Any encouraging signs from the Pork Council or where are they in their state of talks?

Willem de Boer: I didn't hear anything further from the Pork Council.(Indistinct) It's all still in negotiation.

Hon. Mitch Murphy(PC): Thank you.

Wilbur MacDonald(PC)Chair: Andy?

Andy Mooney (PC): Just a couple of points I'd like to put out. Ronnie is talking about the resolution and everything he had for it. Well, I was at the meeting with the minister on two or three occasions with the other ministers of agriculture in Atlantic Canada and Kevin had been promoting the three Atlantic provinces working together because we're a net importer of hogs and this is where Nova Scotia has spurred off. It's basically from these meetings and they agreed in principle that they'd like to pursue it.

As far talking 20 per cent shelf space, the bottom line, potatoes, hogs, beef, it's all in the same boat. Ivan Noonan with the Potato Board basically talked with one of the large chains in Ontario and asked can we pay you to give us so many feet of shelf space from now until the end of April and the answer was no. The bottom line is they're taking their directions from head office and even the large chain store managers are not allowed to even go out to coffee with any of the sellers any more. It's all handled through one, you know, one office. And in talking with McCains basically they're saying, like the large chain stores, they won't be pushed or bullied. Basically they've just said point blank they'll go to the US and buy, you know, because they don't have to buy here.

The bottom line is, and I'll defend to the high heavens the minister promoting people shopping locally and trying to get local products on the news every evening or just before the news, because the bottom line is the only thing that's going to get this damn Sobeys and Superstores to start buying

is if the people in Atlantic Canada put the pressure on them and boycott them or do something until they start selling Atlantic pork and Atlantic beef. Other than that they're not going to do it because they're money motivated and in my mind I really don't think Atlantic Canada means a hell of a lot to them. You know, it's the almighty dollar and until people start coming forward and putting pressure on, I don't see there being any changes. I, honest to God, don't.

And even Maple Leaf were asked by the Atlantic ministers, you know, what's their long term support for the hog industry and their answer was plain and simple—we're here to support the industry as long as we're making money. And it's big business again. You know, you can bounce up on a soap box and go on but the bottom line is unless the people in Atlantic Canada want to support our farms and the bottom line is even on hogs and beef, with this US Farm Bill they put in, where the US government is supporting their farms in the US, we can't compete. And the large processors are saying that it's not as simple as selling everything in Atlantic Canada because when a hog is killed it's broke down and there's sections of the hog that's shipped all over the world, New Zealand, different spots and there's certain sections that stay here. So they're claiming that it's based on, in order to compete with the US in New Zealand and Japan, different places they're selling, then they're basing their prices on a US hog, is what they're coming out with. I'm not defending them. I'm just saying it just doesn't seem as straight forward as the Honourable Member from North River makes it out to be.

This is going to be a hell of a battle and when we're going against US farms that are propped up with the US Farm Bill and they've renewed that farm bill that's poking more money in. Unless our federal and provincial governments step to the table with a long term plan to support farms the same as they're doing in Europe and the same as they're doing in the US, we're going to have one heck of a time because I guarantee you'll be back here every year. That's not putting a pretty face on things but that's a realistic look at it. There's going to have to be something done for the long term. For the short term it's not going to do much.

Wilbur MacDonald(PC)Chair: Ron?

Ron MacKinley(L): Yes, thanks. Getting back,

we're talking there, Murphy was talking, Mitch was talking about I didn't understand the price was bad all over the world. If he had of been listening I mentioned the price was based in Chicago and that sets the price for hogs here and I think that's wrong. That's what I was talking about. And if you look at the futures you're quite right. The futures go up to as high, I think May, June, to a \$1.50 something a kg then they drop right back down again and when you get into August, September maybe \$1.38 or \$1.26.

Unidentified Member: Went down.

Ron MacKinley(L): Yes, it dropped back. So the long term it doesn't look good going by the futures. So that's just to explain to Mitch there. He couldn't have been listening there when I mentioned that. Going on to Andy Mooney there, when he sits down with these chain stores, him and the minister and that, there's more than sitting down and drinking coffee and talking to them. What you got to do, is you start demanding. You told every farmer that they can't plant here or they can't do this and potatoes isn't on the board here. We're talking hogs and beef right now and we're not talking shelf space for potatoes. We're talking hogs and beef.

Andy Mooney (PC): (Indistinct)

Ron MacKinley(L): It's not the same. Now, just listen. Mr. Chairman, would you do your job. He's not supposed to interrupt me.

Wilbur MacDonald(PC)Chair: Go ahead.

Ron MacKinley(L): So anyway, the thing is this, we legislate the price of gasoline. We legislate the price of power. We do everything. You needn't think that Sobeys and Atlantic Superstore are going to pull out of Atlantic Canada with all those millions of dollars. No way because they're going to make money. And if they pulled out it'd be another story when they were doing it. In other words we've got to start getting tough with the chain stores. And all I can do is talk for PEI. I'm not talking for Atlantic Canada because I don't have any jurisdiction. But when you're sitting there why didn't you say that we regulate gas, we regulate everything else, we tell you the speed you can go on the road. Everything is regulated except the grocery stores so maybe that's what we should be looking into. The 20 per cent shelf space was

hoping to get that in a long term plan. The consumers then would demand more shelf space. Like, you know, if you got 20 per cent in.

A lot of consumers, including my own wife, doesn't realize when she's goes in to Atlantic Superstore or Sobeys that she's buying western beef or vice versa. I mostly buy at Gas's or I buy up at Bobby Clows. But people are busy today. There's a lot of two in families working and these are why these stores are doing so well. They have such a great convenience, there are large parking lots. All the growth is around Charlottetown, Summerside. Just look at the new electoral reform. That's where your general population is. That's where the stores are putting all this money in. They're coming in and they're remodeling all these stores every so many years. That's because they're making money is why they're doing it. So you need politicians that are going to get tough with them, not just sit down and drink coffee with them. I mean, listen to him.. You got to start demanding it. And that's where it is. It's not simple, nothing's simple. But this is what we've got to do.

And these taxes, if you look at New Brunswick and compare hog producers in New Brunswick compared to here there's quite a bit of difference. They can produce a hog over there because they get their PST back on their buildings and everything. If you go into the CAIS program, what they're trying to tell you here, Mr. Murphy, Mr. Minister of Finance, is that hog prices have been low for the last five years. So they're not going to be a major drop in their average, if I stand to be corrected, that's what you're saying. That's why you wouldn't qualify for the CAIS program. If you had of had hogs up to \$1.85 or six for a couple of years, then you had the program, then it would work. But that's why it's not working, Mr. Minister. Now you were in on negotiations dealing this up, funny your advisors never told you that it wouldn't work for the hog producers. Like you were there as Minister of Agriculture. So what it is . . .

Unidentified Member: (Indistinct)

Ron MacKinley(L): Well that's how it works. They had five bad years, Mr. Chairman, so if your price is \$1.40 for five years and you're losing money, your cost of production is \$1.60 or \$1.64, well you're not going to get anything out of that CAIS program because your average isn't down. They didn't have this ups and downs. Where the

normal cycle is you got maybe so many bad years and then some good years. So that's basically why the CAIS program is not working for the hog producers.

Andy Mooney (PC): Plus the bottom line . . .

Ron MacKinley(L): No, I've got a question there for Leza. How many, when was the last time that hog prices were high enough that in this new CAIS program, like if they went back on a ten year average would that help for the hog producers or one of you people could answer that?

Jim Doyle: Yes, certainly a ten year average would help because we did have a couple of good years. I think around '95 and '96 were reasonably good years. So that would make a bad situation better.

Ron MacKinley(L): So if we went back five years, plus if you go back say another three, take in those years. Under the CAIS program, really in a commodity like that that's how it should work is get some good years in there. You can't, see governments and I'm not sticking up for the federal government either because they're in the same boat. They just want to talk and study everything and hope it all goes away. But under the CAIS program there's people that were figuring this program out. There was provincial people and there was federal people. Vanclief, I guess it was, Speller's there now. There's all these experts that are there figuring this out. Well, they must have figured it out. I don't think they're stupid. They must have figured out that the hog industry wouldn't qualify for dollars when they did this program or somebody wasn't doing their job, either provincially or federally or it should have been brought up. And maybe in the hogs, assessment should be made back for the last, you know, eight, nine years and get the price up because the thing is just not working. Leza?

Leza Matheson-Wolters: I think one of the points that you're making there is well taken as well Mr. MacKinley. The bridge loan at prime plus one per cent, when that came in, I believe it was back in '98, the first bridge loan, there was farmers being able to take. If you look at the inherent wording of Schedule A of the bridge loan, it says it would be paid back by March 31st, da, da, da. And then it was extended. Well, back in '98 when the price increased a bit we were able to pay back the

bridge loan with the interest. So there was no rebound time because the way the price is set in order for repayment schedule we had to pay that back. So when the price was up you're paying your bridge loan back. So there's no rebound. You don't have any extra money because you're paying your bridge loan back. And that's exactly—we're in worse shape now—\$40,000 most farms and more are into the bridge loan. So even if you say the price is coming up to \$1.45 and your break even point is \$1.50 it would have to go \$1.60, whatever in order to start paying back your bridge loan. You're still not having any money in your bank account. So I mean if you look at the CAIS program you're looking at negative margins and that's how you're going to, you know, look at it. It's a vicious circle and it's not working.

Ron MacKinley(L): And just another point before I wrap up. Andy Mooney mentioned potatoes there. Well, beef and hogs I see, and I'm a beef producer myself, we don't have hogs, we used to, but I see on my son's farm beef and my brothers and that but the thing is we are not sufficient in those. We don't produce enough to supply Atlantic Canada including Newfoundland and Labrador. So potatoes are another issue, that's another issue. We're talking hogs and pork and beef here where potatoes it's another story. We're over efficient in potatoes and we've got to export them off market. So just so the Chairman knows what we're talking is pork and beef.

Wilbur MacDonald(PC)Chair: Wilfred?

Wilfred Arsenault(PC): Thank you, Mr. Chair. A question to any one of the guests we have here. How much pork is coming into Canada? Is it all coming from the US? Can someone also speak to what extent the US is subsidizing the pork producers?

Willem de Boer: We have hardly any hogs coming into Canada. Canada exports 60 per cent of its.

Wilfred Arsenault(PC): What per cent?

Willem de Boer: Sixty. And your next question was, your second question was?

Wilfred Arsenault(PC): Second question, yes, American subsidies to the industry.

Willem de Boer: We didn't get (indistinct) but what they told us is we had a \$15.00 advantage, feed advantage on the States, and we now have a \$5.00 disadvantage on the States. So that's \$20.00 in the last couple, I don't know what period it is, but I mean it went down from a \$15.00 advantage to a \$5.00 disadvantage and I mean that's a big thing. The dollar exchange did cost us, the rising dollar, because the price is set in the States, did cost us the last year. It's costing us at the moment \$20.00 a pig. \$7.00 to BSE, this year. They consumed more beef because of the whole, because of the pressure on the people and the support of the beef so they ate more beef and you can only eat so much so you have to skip something else so they skipped pork and then it cost us around \$7.00 per pig.

Wilfred Arsenault(PC): So consumption went down by what percentage?

Willem de Boer: I don't know the percentage but what the Canadian Pork gave us the numbers \$7.00 a pig, this summer it was or last summer it was. At the moment I think consumption of a hog goes up again. But last summer it was \$7.00. And that worked against us because of oversupply but they also shipped a lot of live hogs into the States from Canada and that created an oversupply in the States again because they could get them cheaper over here. So they bought them over here, slaughtered them over there. More pigs over there. That brought our price again down \$8.00 a pig because the Canadians shipped too much pigs and they tried to stop that a little bit but it's a vicious circle again. But all those things added up. I mean, it's \$7.00, \$8.00, it's \$20.00 and then the feed costs, I mean and the federal government doesn't do anything about the subsidizes, what's going on in Europe and in the States. I mean we never can compete. It's going to be awful tough. We can try to cut some prices but I mean you can only go that far and that's all.

And something about the numbers of the pigs, there were 200 in each province and last year the numbers in Nova Scotia and New Brunswick went down around 11 per cent so they are down already and we still stayed at 200, I think we had 210 or something around there and we need that too to keep our plant going. If the plant gets less than 4000, let's say 3500, they don't have the throughput any more and they're going to end up by laying off people or not even existing any more.

So we need that too to keep us going but at the moment going we've got two farmers going out of business, two hog farmers that's known and there are 4 pork farmers at the moment in front of the Debt Review Board so I mean there's a sign that it's started and we have to stop it otherwise it's going down hill fast.

Wilfred Arsenault(PC): Thank you.

Wilbur MacDonald(PC)Chair: Could you explain just a little more about the negative compared to the United States? Is that because of the new Bill that was passed last summer?

Willem de Boer: As far as I understand it was the Bill.

Wilbur MacDonald(PC)Chair: Can you people find out what the subsidy is in the United States for a hog?

Willem de Boer: We can ask the Canadian Pork Council if they want to give out the numbers.

Wilbur MacDonald(PC)Chair: Okay, we have on our list after Wilfred, Andy.

Andy Mooney (PC): Just again one thing I'd like to make awful clear. I mean Ronnie wants to talk about putting legislation through to force Sobeys and the Superstores to sell all Atlantic pork and beef, I think that's a wonderful thing. But I think the only reason it's not going to happen is because there's a whack of legalities involved in it. And as far as the committee, just to prove my point, I'd like for the committee to ask somebody on trade to come before the committee and find out if that's even possible.

Wilbur MacDonald(PC)Chair: Could I just, we have Bob Perrin coming in February 18 on trade. We have the Canadian Council of Grocery Distributors, February 19; Canadian Meat Council, February 19th; representatives from the major grocery store chains—that is not completely yet on the 19th. So we do have the grocery stores and the Meat Council coming in and I hope, you know, your questions will be ready for them.

Andy Mooney (PC): The other thing, I mean, the honourable member mentioned that they can produce a hog cheaper in New Brunswick. Well,

I don't think that is correct either because we're the only province in Atlantic Canada that is self sufficient in grains. Nova Scotia and New Brunswick and Newfoundland have to import grains which is about \$20 or \$30 a ton on their trucking. The only advantage that they have is they have a few more buyers because they're close enough to Quebec, the Du Breton—is it Olymel out of Quebec that is buying—which is giving them a bit of an advantage where we just have the one buyer here. But the bottom line is I farm myself and we're taking a hammering on potatoes so I know. It's the same, whether you're losing money on potatoes or losing money on what commodity it's still losing money so the bottom line is I'm a hundred per cent behind farms but the bottom line is until you address a subsidy going to the farms in the US and a subsidy going to the farms in Europe when we're not getting subsidized that's a problem and the bottom line is you have to educate people to go after Superstores and Sobeys to support Atlantic farmers because they're sure not doing it now. Co-op Atlantic, they're promoting Summerside pork and Atlantic Tender Beef and it's second to none. You know in any flyer you pick up from Sobeys and the Superstore and take a look at it, you know, it's Canadian beef, like you ask them the question and it's all Alberta.

Leza Matheson-Wolters: Just for clarification there you say that you have to encourage the public to support our local farmers and Atlantic products. How would you encourage that would happen if we're not encouraging that we actually sell our own products?

Andy Mooney (PC): Well, the bottom line is unless the public come forward and demand it from the Sobeys and the Superstores why are they going to do it. They're financially driven right now and the bottom line is unless there's something to put a hammer over them to force them to do it and the only thing is if the consumer stops going in their store and goes to a store that's supporting the farmers from Atlantic Canada. That's the only thing they realize is their bottom dollar, as far as I'm concerned.

Tape No. 3

Leza Matheson-Wolters: But do you encourage that to be a tripod effort, if you will, between the national level, the provincial level and

also the consumer to put pressures on the grocery stores, not just the consumer or the industry which it affects.

Andy Mooney (PC): Certainly. But the bottom line is, all I'm saying is if there's legislation we can put in that's great but I just don't think it's possible from what we're hearing. We'll know fairly soon but the bottom line is if the consumer demands something they're going to get it. And I know there's consumers, I've got relatives that live in Ontario and friends up there. They've gone to stores and asked why is there no PEI potatoes, why is there no, certain products? The bottom line is they're telling them well, they had crop failures on the Island or they had problems. They're just making up any damn excuse whatsoever. The bottom line is until consumers start demanding they're not going to budge.

Leza Matheson-Wolters: I agree with that but I think that's why we're here today is also to raise awareness in the public but also to look for the assistance in short term, long term solutions from the government of the day.

Andy Mooney (PC): And I agree a hundred percent because I think unless you address the subsidies that are going to our competitors, which are US and European farmers, it doesn't matter.

Leza Matheson-Wolters: It's just not one solution.

Andy Mooney (PC): That's right.

Wilbur MacDonald(PC)Chair: Richard? No, Mr. De Boer, do you want to make a comment?

Willem de Boer: Richard can do it first if he wants. He was first.

Richard Brown(L): First of all, you know, blaming the Americans for everything, look America is going to do what America wants to do. Okay. Take them off the plate. That's what I'm saying. Forget them. Let's do what we can do ourselves. Never mind trying to change the US because the US ain't going to listen to PEI, bottom line. And they're in an election year down there and if we think we can take them on in an election year we're crazy. We got Tom Dashiell and those guys down there want to do everything to get

themselves re-elected so for us to think we're going to change their minds, number one, that's out of the question.

Number two, we have Sobeys in Canada here. Its head office is in the Maritimes here. Has anyone contacted Sobeys and said, look, why aren't you doing, why aren't you labeling PEI or Maritime products on your shelves? You asked the consumer, you want the consumer to buy Maritime beef or Maritime products. Well, if they go in the store and it's not identified as Maritime, how are they going to buy it? You know, have we got a labeling program. No, we don't have a labeling program. That's one of the ideas we said. Get the stores to label our products. This is Maritime product. If you label Maritime product I assure you Maritimers will buy Maritime products but there's no opportunity right now for them to do it. They go into the stores, they can't identify it and that's maybe why the stores are saying we don't want labeling laws. But we've got labeling laws to tell us how much trans-fats in everything. We've got labeling laws to tell us what's in tobacco and all the packaging but we don't have it for food, where's it made. The United States wants to do it so why don't we start doing it here.

Number three, Mr. Chairman, this is not only a farm issue here, like you heard the other day the food banks are now talking about the increased demand they're having from people that are not getting jobs on the farms any more. So it's not just only the farmers that are being affected here, it's the whole of PEI. My question is, it's simple, you talk about the bridge program. I understand there's a \$3 million cap on it, you're reaching that cap and should we extend it, should we put more money into it, should we take—I understand where you're coming from when you say about your balance sheet. Any bridge financing from the Lending Agency has to go on your balance sheet as a liability thus reducing your equity. I understand that, I'm an accountant. And I understand what a bank is looking at when they're seeing that. They're saying you've got no more equity left, you know. Maybe there's an idea there that maybe we just take that money and write it off. I'm not opposed to that. Maybe we take that money and government may say look, on your balance sheet that doesn't have to be shown as a liability when you go to the banks. This is unsecure money, we'll unsecure this money. We'll get it back at some future time. Maybe that's an

option for you.

But, you know, my question is—the Minister of Agriculture, now doing great advertising and everything but nothing on about the farmer, just how wonderful he is. The Minister has indicated he's going to have a Round Table next month, he's going to have a symposium in the fall and everything. Will you be around for those events? That's my question to you. Will you be around for them or is he just wasting his time and should be get some—how urgent is the problem and can you wait a couple more months or another year before we look at it?

John Earl: (Indistinct)

Richard Brown(L): Yes, I did.

John Earl: (Indistinct) gone out before Farm Debt Review, that's how critical it is.

Willem de Boer: If you want to know my own situation the bank told me last year if you don't make any improvements this year we're going to foreclose. And I didn't make any improvement this year so I'm anxious what he's going to do when . . .

Richard Brown(L): He's going to get you all around the table, let's have a little chat, get me through the federal election.

Willem de Boer: And something else that I would like to bring up is, if there's like two farmers going out of business, four farmers in the Debt Review Board, I don't know how many acres are coming on the market. These are acres coming on the market that will somehow, somewhere put the price down per acre. So all the equity on all the farmers is going down from 2000 to 1500 or whatever. So don't forget that either. That's really important. It's not in here but I mean that's one (indistinct) told me that. I mean that's really important too. And another thing what I still think, we talk about economics and it's really good but I also find, as said over here we are tired and I think the human side of it we mustn't forget.

Richard Brown(L): Burned out.

Willem de Boer: I mean it's really hard on all the families. It's not a job for them, it's a living and that living is gone and most of the people—it's not

myself because I'm only here nine years so it's a little bit different for me—but most of them are raised on a farm, live on a farm. It's not that they only lose a job, they lose a house, they lose everything. Perhaps they're allowed to keep the car and the furniture or whatever but they're going to lose, the rest they're going to lose and that's going to hit hard for a lot of people. I mean that's what a lot of people, where it has to come from, the human side of it is really important in my opinion, too. Economically we have to live from it, I mean the human side we mustn't forget about it either and if we can solve some things like that with short term solutions I would be really happy to see that.

Richard Brown(L): And Mr. Chairman that's what I've been stating all along is that, you know, I know we're getting into these rules now that says we have to wait for the Legislature to open, we can't make interim reports but I think we can make interim reports. I have no problem meeting as much as possible here to get this solved and put out an interim report as soon as possible. Because if these guys go out of business, let's face it, I'm a city boy, it's going to affect the city and I'm looking out for my constituency and I think we all should look out for our constituency. This is a problem

It was reported in the paper last week also, these are the lowest prices since 1926. That was the Depression years, you know. And that's really where the Depression started, with the farmer. I know people are going to say well, he's really off on a tangent now but, you know, you can think what you want to think but we have a problem. I think this committee should meet, should come back with an interim recommendation. I believe we should have a recommendation right now today saying that the government should increase its cap on the \$3 million on the bridge financing program, allow the farmers to at least take it off their balance sheet, you know, until we get this problem solved. Because you've heard, time is a wasting, farmers are going out of business. If we allow this to continue we're going to have nobody at the meetings and at the symposiums that are set in the Fall. I think this is an urgent issue we should address right away and the faster we can do it the better it will be for this Island for all the people of Prince Edward Island.

Wilbur MacDonald(PC)Chair: Robert?

Hon. Robert Ghiz(L): Thank you very much. You mentioned that you produce about 200,000 a year here on Prince Edward Island and are you selling most of that 200,000 now or is there a lot that you're not selling?

John Earl: It's all sold.

Hon. Robert Ghiz(L): All, it's all being produced.

Willem de Boer: It's all been produced, 200,000 and it all goes to Garden Province Meats. We don't think any pig leaves the Island at the moment.

Hon. Robert Ghiz(L): Okay. And then you talk a lot about there's usually there's a trend there where there's five good years and then five bad years and you've been basically surviving off the five good years. Is that how the trend's been?

John Earl: As Leza said before pre-1999 it might be a 18 to 36 month trend. Since '98, '99 it's been 60 month or five year trend and that's our problem. We just haven't been able to get back up. It's really stretched out far. This is brutal what's happening now. Before we'd go 12 months at \$1.50 and then you'd get six months at \$1.80, back to \$1.50. We've been 60 months probably averaging \$1.15, 20 and our— an example, Farm Credit, when we cash flow to build a barn we have to base it on \$1.54. That's the average over the last 15 years and we've been getting \$1.20. It's not really hard to figure out.

Hon. Robert Ghiz(L): So if it stays the way it's going right now then everyone's going to go out of business basically because it's costing much more to produce than you're actually getting.

John Earl: Yes, that's the bottom line.

Hon. Robert Ghiz(L): That's the bottom line. Now when you get into—so if things do not improve basically what we're going to try and do as a government but also as a society is either find a way to get you through the short term until the prices improve but if that doesn't happen, then we basically have to find a way to either subsidize the industry or find a way to produce at a lower cost. Those are basically the answers.

John Earl: We can't do it at a lower cost. Richard is right and you have two—the scenario is, yes we believe in long term solutions and we'd like

to work with it. That's the long term perfect thing, let's all work together. The fact is we're near going broke. I don't like being down here talking to anybody. I'm embarrassed. But we're going broke. All these people here, there's feed companies, there's producers, there's farmers, we're going broke, that's it. We need help.

Hon. Robert Ghiz(L): So we need a, basically a short-term solution even before this Agriculture Round Table starts looking at long term solutions.

John Earl: We won't be here at the Agriculture Round Table.

Hon. Robert Ghiz(L): You won't be here for the long term solution is what you're saying.

John Earl: And once we go, the plant goes. Maple Leaf is a money driven company. I'm not anti-packer, don't get me wrong. I think we have to work with the packers but in saying that, Willem said they depend on a through put of 4,000 hogs per week to be efficient. A fellow up west just packed in. He had 200 sows and I don't know if you guys understand these numbers, that's 4,000 pigs a year not going to the plant. Another fellow just packed it in—this is recently in the last couple of months—that's 250 sows, that's 5,000 pigs not going to the plant. If this plant goes to 3200 you're not going to have us here, you're going to have 100 people with well paying jobs saying where's our plant. It's just going to be a real downward sliding spiral. If you have any questions on that. I hope that's understandable. But that's the way it's going. You're going to lose the farmers, you're going to lose the plant, you're going to lose the taxes I paid last year or we paid last year and we're going to be living in Sherwood in an apartment, which, quite frankly, I don't want to do.

Richard Brown(L): Next to an empty plant. That's where the plant is, Sherwood. They could turn that into apartments.

Wilbur MacDonald(PC)Chair: Are you done Robert?

Hon. Robert Ghiz(L): Yes but I think what we just discovered from this is we have to come up with a short term solution here and waiting for this Agriculture Round Table just doesn't seem to make any sense right now. It might for a long term solution but for short terms solutions because we

just heard they're not going to be around for that Round Table unless we do something.

Wilbur MacDonald(PC)Chair: Well, I just indicated Robert that we're meeting on February 18th and 19th. We're meeting with the Canadian Meat Council, the Council of Grocery Distributors, Agriculture Canada, representatives of major grocery stores. So we're meeting with all the ones in the industry within a week to ten days so we have to meet with them before we can even, no use of just going off on a tangent. No use going off on a tangent right now until we meet with them.

Richard Brown(L): No. Can we commit to a report by the end of February?

Wilbur MacDonald(PC)Chair: I wouldn't be a bit surprised.

Richard Brown(L): Thank you very much. I know you're concerned.

Wilbur MacDonald(PC)Chair: Andy? Let's get back to the issue here.

Andy Mooney (PC): Yes, getting back to the issue, Mr. Chair, and I just want to make the point, the minister's having ongoing meetings with the industry and with the Atlantic provinces on this issue. Richard Brown basically come across the table stating that we can't take on the US on election year because they're subsidizing the farmers. Well, I don't want the US to stop subsidizing their farmers because their farmers should make a living too. What I think is our producers should be subsidized to the same level. Because it's not going to help you fellows if the US cut their Farm Bill and their farmers are starving as well. We have to get all our farms making dollars.

The bottom line is when you look at it, basically right now even the federal government, they've just announced they're thinking they're going to have a \$7 billion surplus and when you look at the boondoggle with the Sponsorship Program where they put millions and millions of dollars around, if something like that was put towards the farms and they put a long term sustainable program in place. You need short term solutions for now because I don't know how you folks are sleeping at night, to tell you the truth. But you get a short term deal

that's going to help you over the next six months or year, whenever that's up you're going to be right back in the same boat. You have to start looking at a long term deal and that has to be some type of farm subsidy. And that's all I have to say on it.

Wilbur MacDonald(PC)Chair: Yes, Ron?

Ron MacKinley(L): I think Richard probably hit the nail on the head there when he talked about the \$3 million fund that's there now. If, for instance we lose 70 per cent of our hog producers the government's not going to get that money back anyway. It's gone. And as Leza said or you people said, if that money wasn't on your balance sheet as money owing then the banks would have another look at you for a short term solution, would they not?

Willem de Boer: They'd look at it differently at least and maybe raise your bottom line from 145 up to 155 or something and then at least you keep your cash flow going. Depending on the feed prices stay the same for pork but you don't what happens over there.

Ron MacKinley(L): So that could be one term solution there is if the government, for instance, it would have to be discussed but if they forgave that \$3 million or put it off the balance sheet because it's money you're not going to collect anyway. And then there's all your feed mills. If you lose your feed mills, look at all the people working there. Like you talk about the jobs. There's Garden Province Meat out here where there's 80 or more good paying, really good paying jobs. If you look at the feed mills and the feed mills are concentrating on the hog industry because that uses the most, like a lot of barley and that. And then's there's a whole ricochet right down to the potato farmers growing the barley or whoever grows the barley so it's machine operators.

You know, for instance, Mitch, you guys lost \$7 million preferred shares in Polar which was a lot of jobs too. But this is another industry here that, for instance, if that was just as Richard suggested put off the balanced books and later down the road maybe you could pay it back. I don't know if that would happen but that would help for a short term. How long would you think that would help, like the industry? We're only talking short term fix here but how long would that give you a breathing space for?

Leza Matheson-Wolters: It would depend on the prices in terms of helping with cash flow.

Ron MacKinley(L): Well, the price, let's say the prices stay where they're at. Because if you look at the futures they don't look good. You go up to \$154 or five in May or is it June?

Willem de Boer: You didn't take off the, you took off the margins there too? Our margins, besides the two, have to take off, plus or minus. That does no good.

Ron MacKinley(L): No.

Jim Doyle: But certainly if that bridge loan was written off it would be a help to some producers but there are producers today that have a line drawn in the sand or a date on the calendar that says unless this thing is turning around either through the market place, and I don't mean on a short term bridge basis, on an ongoing basis or governments step up here, that, you know, March 31st is their last day in business. And that's it, you know, they just can't keep going.

Ron MacKinley(L): What percentage would you put on that state?

Jim Doyle: It's hard to say, six week percentage. You talk to these guys, you know, you'd be looking at maybe 10 per cent, 10 to 15, 20 per cent. But who knows, it could be a lot higher. Depending on the outlook, you know, once they get there.

Richard Brown(L): But once one starts the rest will just the hell with it. I may as well go too. If my buddy is going I may as well head in too.

Identified Voice: Could lost the plant.

Jim Doyle: And the plants gone.

Ron MacKinley(L): Well then if you lose the plant you're in big trouble.

Wilbur MacDonald(PC)Chair: Okay, I guess we have all the questions being asked. You people indicated you were ready to come back February 25th with the plans that you have. Okay. And I think it's important that we hear them before we make any decisions, that's for sure. Mitch?

Hon. Mitch Murphy(PC): Just a point, it's helpful too—well, I'll just speak for myself—it's helpful to get these as much before the meetings if we can. It just gives you an opportunity to go through them and perhaps call a few members that are on the committee. I know for example, Marc Schurman called me yesterday, I think he's down in Souris. Anyway he just wanted to go through the submission. But anyway I never got it until this morning. So if we could have it just a couple of days beforehand it's beneficial when you sit on a committee to have it early.

Richard Brown(L): Mr. Chairman, just one more comment, a couple of meetings ago the Minister of Agriculture sat here and I asked him, I said these people are putting their reports together, will the Department of Agriculture help them out.

Wilbur MacDonald(PC)Chair: They have. Wayne has been in touch with them and will continue to be.

Richard Brown(L): No, but I mean the Department of Agriculture, their people down there.

Wilbur MacDonald(PC)Chair: Wayne is Department of Agriculture. Mr. MacKinnon, right here.

Richard Brown(L): And have you been working with these groups? Well, I called the Deputy Minister, who never got back to me by the way. If he treats me that way I'd hate to see how he treats the farmers. You know what I'm saying, somebody in his . . .

Wilbur MacDonald(PC)Chair: You have been in touch with Wayne, have you, whoever? Wayne, just comment on that.

Wayne MacKinnon: Yes.

Wilbur MacDonald(PC)Chair: He has. Okay and he's available for you people if you want some help in drawing up or whatever issues you want to talk to him about.

Richard Brown(L): Wayne can draw on any resources in the department also.

Wilbur MacDonald(PC)Chair: Oh, yes. That's

not very hard to do. Sure. Anything you need from him just contact him. Fred?

Fred McCardle(PC): I'd just like to thank you people for coming in today. We do realize that all agriculture is hurting but we do know that your commodity in particular is getting it worse than the other commodities. The beef boys had a good run at it before the CAIS program was established and half of the potato crop is contracted. So we do know that you're in the commodity that is hurting the worst. There is good resolve to help you. I don't know if that will come quickly enough. But thank you for coming in today.

Wilbur MacDonald(PC)Chair: And I just want to come back to February 25th. Is that the date that we're setting for you people to come in with your plan? According to—we have 15 individual hog producers—are they part of your group or are we going to have 15 individual hog producers come in here?

Leza Matheson-Wolters: I can answer your question but I just want to make a point of clarification with Mr. Murphy's suggestion that the documentation be submitted prior to. It is usually the intention of the committee that the document will be submitted for your pursual so you would have adequate questions and documentation. I do concur with that statement. I guess I would just caution the committee as well on terms of a public hearing that the documentation would be handed in for submission after the read for your pursual and then it would be up to the committee to make the number of copies for the committee members here. Because of the volume and the multitude and the broad spectrum or gambit, if you will, of the presentations that will take place, or at least we're anticipating, that that would not be able to be facilitated. So I just wanted to make that clear around the table in terms of the public hearings.

Wilbur MacDonald(PC)Chair: So am I understanding then that there's 15 individual hog producers coming in with you on that day?

Leza Matheson-Wolters: In conversation with Marian Johnston what I had asked where there was a public notice went out in the paper that the deadline would be February 10th for submissions. Because of scheduling problems, February 13th which is tomorrow, we are having our conference. The mandate is, not to reiterate, but of that

conference is to formulate not only the strategic plan but walk them through what the hearings would look like, who could write their presentation for them and take names to make presentation for the public hearings. In addition to that we're having a concurrent session for the business sector and we will be walking them through what the presentations would look for. The mandate of that is how our current crisis or ongoing crisis, I guess, has affected their institution or their business and we will be taking names tomorrow for those that will make presentation before this committee. So if you could stay that question I would be contacting on the 16th, per our agreement with Marion, with the names and number of presentations that would go before this committee.

Richard Brown(L): Mr. Chairman, maybe like Wayne, maybe you can coordinate everything through him. They've got tons of photocopiers . . .

Wilbur MacDonald(PC)Chair: As far as making briefs here though you coordinate through Marian.

Richard Brown(L): No, but they could prepare their briefs and get everything ready and then your photocopying or anything like that, the Department of Agriculture, there's all kinds of photocopiers down there. There's all kinds of things down there. There's all kinds of board rooms. I think we should put anything they need at their disposal.

Wilbur MacDonald(PC)Chair: We can photocopy things too.

Leza Matheson-Wolters: Sure and I think that's a very valued effort because in the days of financial constraints even photocopying sometimes can be expensive, I guess. But in terms of just the particular one print document from that particular institution, business or producer I think we can handle getting the one report and submit it to you at the time of presentation. I don't see any coordinated efforts of those presentations being handed in prior to. If you're looking today, the 13th we need, 16th we put in the names and the 25th we present.

Wilbur MacDonald(PC)Chair: Okay, so on February 25th we're going to meet with the hog people. Okay.

Richard Brown(L): Thank you, Mr. Chairman.

Wilbur MacDonald(PC)Chair: On February 25th, at what time? 10:00 o'clock?

Marian Johnston(Committee Clerk): It will be up to the committee. What would they like to do?

Wilbur MacDonald(PC)Chair: 1:00 o'clock okay. What date is February 25th?

Leza Matheson-Wolters: I think if we have that many presentations we're saying around three minutes per presentation.

Wilbur MacDonald(PC)Chair: Oh, well, that's not bad.

Leza Matheson-Wolters: So just do your time.

Wilbur MacDonald(PC)Chair: So let's meet at 1:00 o'clock on February 25th, which is what, a Thursday?

Leza Matheson-Wolters: That's correct.

Ron MacKinley(L): Is that when you're going to present your plan for us?

Leza Matheson-Wolters: That's correct.

Ron MacKinley(L): Will you have enough time by February 25th to get a plan together.

Richard Brown(L): Wayne's a good fellow.

Jim Doyle: We have to.

Leza Matheson-Wolters: If we don't, we won't have any plan to present.

Ron MacKinley(L): Well, like if we had we could extend it for another week or something.

Willem de Boer: This is the (indistinct) plan. We had to update it.

Unidentified Voice: What date did you say?

Marian Johnston(Committee Clerk): The 26th, which is a Wednesday. Wednesday, 1:00 o'clock. I'll put out a notice.

Willem de Boer: Thank you for the invitation. (Indistinct)

Wilbur MacDonald(PC)Chair: Appreciate you coming. Thank you very much.

Tape No. 4

Wilbur MacDonald (PC) (Chair): I received a note from the minister saying he was unable to come. He's at the Potato Conference and wants to know if we want to reschedule him or what should we do? Do you want to reschedule the minister or do you want to. . .?

Hon. Mitch Murphy: I think we should reschedule because I know that he's been doing some work with the industry and they've agreed on some of the things. I don't know the details. They haven't come forward yet but I know they were working on what Richard was talking about today. So I'd like. . .

Wilbur MacDonald (PC) (Chair): Okay, when do you want to do that?

Hon. Mitch Murphy: Well whenever we meet again. I think the committee should be updated on this.

Wilbur MacDonald (PC) (Chair): Pardon? Yes, let's hear from the clerk.

Marian Johnston (Committee Clerk): I just passed out the response to the ads and at the last meeting, the committee gave me the go ahead to start scheduling people into the next two meetings which I have done. So the 18th is booked as far as the time that I had allotted. We could extend that meeting or start it earlier to accommodate the minister if that's what the committee would like.

Wilbur MacDonald (PC) (Chair): We have a little problem too. If you notice at the bottom of the page, Garden Province Meats will provide a written brief. That's not what we want, is it?

Unidentified Committee Member: We want them here.

Wilbur MacDonald (PC) (Chair): The general manager is out of the country, February 16th to March. . .

Richard Brown (L): (Inaudible)

Wilbur MacDonald (PC) (Chair): Is it possible to get him before?

Marian Johnston (Committee Clerk): No, he has left, Mr. Chair.

Wilbur MacDonald (PC) (Chair): Oh, he's left now?

Ron MacKinley (L): When's he back?

Wilbur MacDonald (PC) (Chair): Well, we'll have to. . .

Marian Johnston (Committee Clerk): March 8th.

Ron MacKinley (L): We'll wait till March 8th. We'll get him.

Marian Johnston (Committee Clerk): Do you want to invite him for after March 8th?

Wilbur MacDonald (PC) (Chair): Yes.

Hon. Mitch Murphy: What about the written briefs? When will those be available to committee members?

Marian Johnston (Committee Clerk): I have one on file right now. I could make you copies right now if you want them. . .

Hon. Mitch Murphy: No, I don't mean—I'm just asking out of curiosity. Like I see Food Trust got one, Brendon Flood. . .

Marian Johnston (Committee Clerk): . . . I'll put them in by the end of February and that includes the Food Trust. Mr. Flood has given me his brief.

Hon. Mitch Murphy: Okay.

Ron MacKinley (L): Before we get from Sobeys and Atlantic Superstores, did they send in. . .?

Wilbur MacDonald (PC) (Chair): She's having a little trouble there.

Marian Johnston (Committee Clerk): I'm having some. . .

Ron MacKinley (L): Subpoena them.

Marian Johnston (Committee Clerk): . . . I've been in touch with their industry representative, Jeannie Cruishank from the Canadian Council of Grocery Distributors and she's given me her word that she will be here and she will have a representative from each of the chain stores with her. I don't have the names at the present time.

Hon. Mitch Murphy: What's her title?

Marian Johnston (Committee Clerk): I have it here. She's the Vice-President, Atlantic Region of the Canadian Council of Grocery Distributors.

Richard Brown (L): No, that's not Sobeys, that's not Sobeys.

Marian Johnston (Committee Clerk): That is the industry group of the retail stores.

Richard Brown (L): We want Sobeys and the Atlantic Superstores.

Eva Rodgeron (PC): She said she'd bring their. . .

Marian Johnston (Committee Clerk): She did tell me that. I have an e-mail that says that.

Eva Rodgeron (PC): She said she'd bring them

Marian Johnston (Committee Clerk): She did say that.

Hon. Mitch Murphy: Mr. Chair?

Wilbur MacDonald (PC) (Chair): Yes, Mitch?

Hon. Mitch Murphy: The other question I had, Mr. Chair, was that I don't know if the Competition Bureau of Canada has an office in Atlantic Canada or not, but if towards the end of this here, I'd like to have some of them available to appear before the committee because it's starting now all across the country and perhaps it's started here. But I see the Minister of Agriculture in Alberta yesterday announced, she wants an investigation on what's going on between the farm and the retail sector. So it's starting now, so you know, like I don't understand it well enough but it seems to me that

the price that the primary producer is getting—it's in that letter that you read.

Wilbur MacDonald (PC) (Chair): Yes, that's why I mentioned that letter.

Hon. Mitch Murphy: Okay, compared to what happens at retail, you know, there's 5, 6, 700 per cent difference, you know, and with the consolidation in the grocery sector in Canada, it may be interesting for us to understand why that happens, why it's allowed to happen.

Wilbur MacDonald (PC) (Chair): Could we have Wayne do some, could you do some work on that, Wayne? Like here, what is the cost to—we know what it costs to sell a beef steer. (Inaudible)

Unidentified Member: You'd want to bring in (Indistinct)

Hon. Mitch Murphy: He's a good guy, very sharp, but I don't want to be questioning him on the *Competition Act*. I'd like to have somebody who understands it, who makes decisions about it be available to appear here. And the other thing too, I think it does is that it sends a message to the retailers that this committee asked the Competition Bureau to appear here. It sends the message out that we're darn determined to get to the bottom of this.

Wilbur MacDonald (PC) (Chair): Okay, that's a good question. Wayne has just passed me a note saying that the House of Commons Standing Committee has asked, requested the committee to appear before them, or investigation to investigate that. That's fine. But let's us do the same thing.

Unidentified Member: Bring them here.

Wilbur MacDonald (PC) (Chair): Wilfred?

Wilfred Arsenault (PC): Thank you, Mr. Chair. We have about half a dozen presentations on the 18th and the 19th?

Wilbur MacDonald (PC) (Chair): Yes.

Wilfred Arsenault (PC): What time of day are we planning to start this?

Marian Johnston (Committee Clerk): On the

18th, we agreed that we would start at 1:00 o'clock and I'm expecting that the final presenter will finish up by 4:45. It will take the afternoon to get through those presentations. On the 19th, we said we would start at 10:00 o'clock. I've allocated basically two hours in the morning to have the grocery people in front of the committee. Break for lunch and then come back if that's what the committee would like to do and then have Agriculture Canada and the two producers. Another choice would be just to work right through and break at 1:30 or so.

Ron MacKinley (L): This Canadian Council of Grocery Distributors, those are the people that represent the grocery stores.

Marian Johnston (Committee Clerk): Yes, it's their industry group, yes it is.

Ron MacKinley (L): Yeah, that's their association.

Marian Johnston (Committee Clerk): Yes, it is.

Ron MacKinley (L): They're not going to get into saying—they're not going to answer—like if I come out to them and say, listen, we want 20 per cent shelf space at Sobeys and Atlantic Superstores in the province. They're not going to be able to answer that.

Hon. Mitch Murphy: So we make a comment on. . .

Richard Brown (L): That's right.

Ron MacKinley (L): They're the spin doctors. They're going to spin that. They're the spin doctors. I heard one of them on the radio there not too long ago.

Richard Brown (L): Took me to pieces.

Ron MacKinley (L): Well you just weren't briefed enough before you went.

Richard Brown (L): But I'm getting there, Ronnie.

Ron MacKinley (L): Yeah, you're getting there quick.

Wilbur MacDonald (PC) (Chair): But in all

fairness. . .

Ron MacKinley (L): (Indistinct) three million today.

Wilbur MacDonald (PC) (Chair): But in all fairness, Marian has said that this lady will have representatives from Sobeys, the Atlantic Superstore and Co-op. So. . .

Hon. Mitch Murphy: I think I agree with Ronnie, what we would like, to have a person here that we can ask that question to and get an answer.

Wilbur MacDonald (PC) (Chair): That's right, absolutely.

Ron MacKinley (L): The Co-ops going to say, well we're using Atlantic beef and we've started this program and that's what we want to know. We know what they're going to say before they do it. If you listen to FM Radio today in Nova Scotia, whoever the guy with the killing plant over there, he's not federally inspected but he was explaining out the rules over there too, that there's no federal—there's a slaughter plant in Nova Scotia but there's beef to go into those (Indistinct).

So I knew what the problem we had here before so—but he was explaining this and what he was saying they need a federal inspection over there. But he gave Co-op Atlantic great praise for using local beef. But he was saying that these stores now, they used to be like tailgate or off the trucks, it's not even allowed anymore. It comes from a central office and to get it out there, on yeah. You see they get it—it's all through computers and it's all done—it doesn't matter here if it's Walmart. I was talking to a guy yesterday from North Dakota down at the farm thing and he was at a farmer's place and the dealer just got—the farmer said I don't want to talk to that Walmart again, trying to nickel and dime him down on this. And they're all looking at the money see, and that's their job is to make money.

Like I asked them in at one of the stores in town here, I said how come you're not—how come beef's so high, yet it's cheap in the stores, or to the farmers. And they said, well we're selling lots of it. So that's what they told me. Like I'm not going to use the guy's name. He worked there but he was the manager of one of the meat departments. He

said, well we're selling lots of it. So as long as you're selling it. I know one farmer, I think you told me or somebody—one farmer was taking potatoes into one of the large stores, getting 65¢ and they were selling them out at 10 lbs., \$1.98.

Richard Brown (L): And he was putting them right on the shelves.

Ron MacKinley (L): And he was putting them right on the shelves, yeah, you told us, Richard.

Wilbur MacDonald (PC) (Chair): But isn't the point here though, we kept talking about getting shelf space. It's no good to get shelf space unless the farmer is getting more price for the product.

Ron MacKinley (L): Well, we got to start somewhere though.

Wilbur MacDonald (PC) (Chair): Yeah, I know, I agree.

Hon. Mitch Murphy: The bottom line is this though, it's that farmers are getting shafted all the way through this process. The processor will say we're being squeezed by the retailer. In our markets, margins are so tight, you know, we can't pay the farmer anymore. And the retailer's going to tell us, well you know, it's competition out there and Ronnie mentioned Walmart. It's only going to get worse for the primary producer if the system doesn't change so what we have to affect here is you have to affect the system. You know, it is, it's ridiculous that these fellows here are going under and we're importing pork into Maritime, Canada. So we have to put a system in place that these guys cannot be—they cannot have all the profit taken out of the system. Producers got to survive here. It's a big issue. It's a big issue for the country.

Wilbur MacDonald (PC) (Chair): I think you're right and I think the country is starting to wake up. At least, that's what we're hearing.

Ron MacKinley (L): (Indistinct) is a made in PEI solution. We can't run the country. But then hope the country follows us. Like if you look at this resolution, where it is today and look—you got Hamm talking about buying local. You got Lord talking about buying local. While all the time in my head was as I said earlier, that was like the

Premier's job whether it be Robert or Binns whatever, to get them together. We can't—if we can get a thing made in PEI, let's make it here.

Wilbur MacDonald (PC) (Chair): But we can't—but we also have the problem buying local in hogs. We couldn't eat all the hogs in PEI, that's the other part.

Ron MacKinley (L): But we're talking Atlantic Canada, bring it into Atlantic Canada.

Wilbur MacDonald (PC) (Chair): Atlantic Canada, yeah. Richard, and then Fred?

Richard Brown (L): Just one—right now the general public is behind this crisis, is behind the farmer.

Wilbur MacDonald (PC) (Chair): I think so.

Richard Brown (L): You know, I can tell you in my constituency, in town and that, you know, people are concerned about this and concerned about this in PEI. And they're saying, what is happening? In the ten or 12 years I've been in politics, it hasn't been so much with the farmer. You know, it was always well they're big guys making all kinds of money, why worry about them? Right now, the public is behind this issue. If we do it right and the public gets on board, like Andy says, these big chain stores see it and these big companies will see it and say, well before we played off cheap food and cheap this and the farmer against the producer or against the store owner.

Well the general public right now is not believing that anymore. The general public right now has it in their mind that the people that are making the big bucks here are the big box stores and this is the time that we can apply the pressure in order to reverse that. Otherwise if we wait too long, like one other comment—I notice here in the book that was given out last week or a couple of weeks ago, the top four slaughter plants or those top four slaughter companies in Canada slaughter 89 per cent. That was in 2002, 89 per cent of all the beef. You know, there must be something about anti combines there.

Hon. Mitch Murphy: There's only three of them left now.

Richard Brown (L): Is that right? Like these guys are doing what Microsoft has done. Control the hub and you control everything. But the US government has—went after Microsoft and said, look it, you're too—a problem. You're affecting the whole world here or you're affecting our country. Maybe it's time for us to say. . .

Hon. Mitch Murphy: Like there are—and I didn't quite catch William's answer when he was asked this question—there's hundreds of thousands of hogs that are flowing into Canada every week, weiners and stuff are coming up to be fed out and finished and things like that. So I'd like to—that's why I think it's important that if we're going to bring in the retailers which is a great idea, and the processors, we should have somebody to ask—about in the *Competition Act*. How do you regulate it? How do you look after that, etc? You know, why is the Federal Minister of Agriculture still giving out ministerial permits to bring weiner pigs in from the US?

Richard Brown (L): Good point.

Wilbur MacDonald (PC) (Chair): Would he know that?

Hon. Mitch Murphy: Well he may not but I mean, we'll stick—we have somebody from Ag Canada here that we can ask that question.

Wilbur MacDonald (PC) (Chair): Okay, so when do we get to meet with the minister? We're set up for the 18th and the 19th, unless we bring him in on the 18th. Is that too late?

Unidentified Member: What's the date today, the 12th?

Marian Johnston (Committee Clerk): Yes. The 18th is next Wednesday. We're scheduled to start at 10:00 o'clock. I'll contact the minister's office and see what his.

Unidentified Committee Member: Ten o'clock or 1:00 o'clock?

Marian Johnston (Committee Clerk): I'm sorry, 1:00 o'clock on the 18th, 1:00 o'clock. Ten o'clock on the 19th. I'd like to ask the committee how much time they think they will need with the grocery representatives. I've got two hours

booked out now for the councils to meet and representatives from each store. If you think you need more time than that, I would like to move the producers off to another day.

Richard Brown (L): They're not going to be too kind to us though.

Marian Johnston (Committee Clerk): I'm getting the sense that perhaps I should put those two producers on another day.

Hon. Mitch Murphy: Well I think we should have an afternoon for the grocery stores.

Marian Johnston (Committee Clerk): A morning, we have a morning with them.

Richard Brown (L): You know what I'd like to do, is have a couple of farmers in while these grocers are sitting in the audience waiting to be heard. Have a few farmers first make a presentation of their problems and then get the stores up. Don't separate them. Let's get the two of them together and . . .

Andy Mooney (PC): Farmers first.

Richard Brown (L): . . . see, did you hear them farmers talk? What do you got to say? Turn around and look at them and see what you'll say to them. Let's not—they'd like to have their own day with no one in the room with them and say, oh it's not our fault. It's the farmers' fault.

Ron MacKinley (L): We want somebody (Indistinct).

Richard Brown (L): (Indistinct) thank you, you're doing a great job.

Ron MacKinley (L): (Indistinct) the Atlantic Superstores and Sobeys. Somebody that's representing them.

Andy Mooney (PC): If you have two farmers come down, should have the board decide which two if they want, so they get two crackerjacks.

Marian Johnston (Committee Clerk): The board is not going to have people ready on the 19th, I don't think because of what Leza said. They know they're not ready.

Wilbur MacDonald (PC) (Chair): Ask the Hog Commodity Board to pick out two, one or two for the 19th.

Marian Johnston (Committee Clerk): I've got two already for the 19th.

Andy Mooney (PC): Well even if a couple of these lads come back—just before they came.

Marian Johnston (Committee Clerk): I've got nobody else on the list.

Wilbur MacDonald (PC) (Chair): Well ask them, would you? (Indistinct) might be okay, or Gordie Lank.

Marian Johnston (Committee Clerk): Who do you want me to ask? Bob Harding or. . .?

Wilbur MacDonald (PC) (Chair): Call Bob Harding, say you need two short presentations. Okay? Five minutes each or ten.

Marian Johnston (Committee Clerk): On the 19th, we have to be done by 1:30 because of another committee meeting, the Rules Committee meeting is that day.

Wilbur MacDonald (PC) (Chair): What's happening after?

Marian Johnston (Committee Clerk): The Rules, there's a meeting at 2:30.

Wilbur MacDonald (PC) (Chair): Okay, we'll go right through the dinner hour till 1:00 o'clock.

Marian Johnston (Committee Clerk): If we can until 1:00 o'clock or 1:30.

Wilbur MacDonald (PC) (Chair): We'll start at 10:00 and go right through, if we can, okay? On the 19th.

Marian Johnston (Committee Clerk): On the 19th. We'll start at 10:00 and then adjourn.

Wilbur MacDonald (PC) (Chair): Fred?

Fred McCardle (PC): I think we should be cautious about this 'grow your own and eat your own'. I mean, that's passed around a lot but we're

a net exporter of everything on PEI, especially potatoes. We've had the Quebec and Ontario's markets so long, we think it's our market. Well there's a lot of potato farmers up there would be damn quick to tell you, it's not our market. But I mean, this is—there's a lot of shortsightedness there when we get talking about that stuff because we're a trading nation or we could lose on that one.

Wilbur MacDonald (PC) (Chair): Okay, do we hear any comments?

Wilfred Arsenault (PC): We're not gaining ground if we help one industry and hurt the other. We have to be careful.

Marian Johnston (Committee Clerk): I'll just go over the dates again because we've heard a lot of dates. The next time this committee gets together is Wednesday, February 18th at 1:00 o'clock. We're going to start off with Bob Parent on trade which might answer a lot of these questions. He's a trade advisor to the provincial government and we'll have some producers in that day as well. It will primarily be a day when they're focusing on BSE. I had just a small number of people get back to me on that particular issue and I've kind of clustered them on the 18th.

On the 19th then, we'll start at 10:00 o'clock and I'll be calling Mr. Harding of the Hog Board to ask for a couple of representative producers to come forward prior to the grocery distributors, the Meat Council and the representatives of the stores making their presentations.

I will tell the committee, I have had great trouble getting some cooperation from the stores.

Richard Brown (L): No wonder.

Marian Johnston (Committee Clerk): Yes, no wonder, however, I will pursue that vigorously.

Ron MacKinley (L): Well if they don't come, all we have to do is subpoena them.

Marian Johnston (Committee Clerk): Yes, that is right. I expect that these representatives who come in, will be coming in from off Island. If we wish to issue warrants, of course, we're limited to on Island people, residents, yes.

After that, we have decided we would meet with individual producers from the hog community on the 25th of February and that was a result of our conversations here today with this panel and I will also be pursuing Garden Province Meats, the Competition Bureau of Canada and the minister as well, and to slot the minister as soon as possible.

Ron MacKinley (L): Well what if you have to subpoena the Minister of Agriculture to get him here?

Marian Johnston (Committee Clerk): He is protected by parliamentary privilege.

Ron MacKinley (L): We're going to have to change that rule.

Wilbur MacDonald (PC) (Chair): Could I have a motion to adjourn? Meeting is adjourned.

Marian Johnston (Committee Clerk): Thank you, Mr. Chairman.