



EDITORIAL

Tax Revolt – Gandhi Style

Gib Drury
QFA President

Mahatma Gandhi (1869-1948) was the father of the non-violent protest movement in India during British colonial rule. With his numerous campaigns of civil disobedience, and several prison terms, by leading personal hunger strikes and mass marches, he eventually obtained independence for India and Pakistan.

Quebec agricultural producers are taking a page out of Gandhi's book on non-violent protest to bring about a long-awaited reform of the municipal tax process. Everyone agrees that the current system places an inequitable burden on agricultural producers. Farmers are taxed on their land and farm buildings at the same rate as residences to pay for municipal services such as police,

sewage systems and water treatment. And now, some municipalities are including in their bills such items such as sports complexes, sidewalks and fire services.

To compensate farmers for these additional taxes, the provincial government has traditionally reimbursed up to 70 per cent of the farmers' tax bills through the agricultural budget. The problem is that this reimbursement program is an administrative nightmare for farmers and a goldmine for bureaucrats. Plus, each year it is taking an ever-bigger chunk of the shrinking agricultural budget without providing any improvements to agriculture in the province. The solution is simple. The provincial government should compensate the municipalities directly for the downloaded services they want the municipalities to provide and leave the farmer out of it. They should also take this opportunity to change the basis on which the taxes are assessed. Instead of market value assessments, they should go to "production potential" assessments to get the true value of the land.

Quebec agricultural producers had a campaign this spring called, "We pay our taxes—our fair share," which highlighted the inequities in the current system and was in itself a very Gandhi-style protest; they paid the 28 per cent of the tax bills which was their share up front, and then they paid the other 72 per cent when they received their reimbursements from the provincial government. Unfortunately, the protest only resulted in the reimbursements being made more expediently, with no other changes to the system.

In early December, Quebec's farmers decided to increase the pressure on the provincial government with another Gandhian tactic—denying access to users of snowmobiles and all terrain vehicles to cross their property. This serves as a poignant reminder that farmers grant access to trails that pass over their land as a privilege to recreational users. It is a gesture that farmers have traditionally granted to snowmobile clubs—usually at no cost. Farmers have always paid municipal and school taxes on the land where these trails pass.

Farmers know that withdrawing this privilege may have a detrimental effect on the tourist industry. They are heartened however, to know that many snowmobile and all-terrain vehicle clubs all across Quebec are sympathetic to their cause and are willing to return the neighbourly gesture by helping pressure the government to reform the municipal tax system. If the government drags its heels much longer there will be an unexpected and unintended benefit: we will be taking a small step closer towards achieving our Kyoto obligations of reducing greenhouse gas emissions because all skidoos and ATVs will remain idle this winter with no place to go.

Editor's note: Instead of a regular editorial, this month we are publishing a review of the speech made by the president of the Union des producteurs agricoles (UPA), Laurent Pellerin, during the UPA's 81st general congress.

“Nothing comes on its own” says Pellerin

Laurent Pellerin started his speech by stating that an organization such as the UPA would be nothing without the involvement of its members, as it is *the* basic condition of its existence and *the* rationale behind its effectiveness.

In doing so, the UPA President wanted to acknowledge those who made 2005 a year full of union activities, noting specifically activities that followed the special convention of June 2004. Along these same lines, Pellerin made reference to the opportunity he had in recent months to reveal to producers groups from Western Canada the UPA's secret for driving the producers' cause forward.

“Are you sure you want to pay the price to have an organization such as ours?” he asked. Not the price in money or in contribution, he pointed out, but the price in terms of time, sacrifice, compromise and even sometimes at the risk of hurting their pride. Pellerin added that there were no immediate results, stating that most issues are long, drawn out jobs and that they should not expect overnight results. Later on, cited the municipal taxation issue, which is still not solved despite many electoral campaigns and that won't be solved until producers pay their fair share. This message was directed primarily at the provincial Minister of Agriculture Laurent Lessard whose presence was expected the following day.

Continuing in the same vein, Pellerin commented that among the hundreds and hundreds of producers he sees every year, there were two types of people. The first type, said Pellerin, are those who continually question the use and effectiveness of trade unions, and need to be shown what the UPA has accomplished. “And this year, the results are very positive,” he declared. There might have been scepticism following the special general convention, but the resulting mobilisation eliminated this scepticism, as the accomplishments became a reality. To further prove his point, the UPA President had a brochure in hand showing the accomplishments to date. Second, there are those who believe that these issues would have been solved without the UPA. “How do we go about buying an abattoir from someone who does not want to sell? How do we negotiate a first marketing agreement when the other party does not want one? What do we do to get the government to make the ‘right decision’? Nothing comes one its own. We obtained it because we asked, negotiated and sometimes put our fist on the table,” he stated.

Pellerin thanked all those (producers, administrators, elected officers, staff) who were involved in this mobilization movement in order to obtain better income from the market, the main priority.

He also reminded producers that they were fighting for equity and justice, as the UPA and its affiliates had many decisions ruled in their favour, including three in the Supreme Court, a proof of the merit of the systems that producers took years to build.

“When you leave, do not go and say that Pellerin said that everything is going well,” warned the UPA President. “That is not what I have said. Even though we made some progress in some issues, there is still a lot of hard work ahead,” he added. Pellerin noted a recent survey showing that the level of confidence for the farmers’ future is particularly low, which, in his opinion, is an indication of the work remaining. In these difficult times, what worries the UPA leader most are the proposals that are currently on the negotiation table at the World Trade Organization (WTO), on the eve of the Hong Kong conference set to take place from December 13 to 18. Pellerin voiced his concern over the fact that the ministers have less power due to the current electoral campaign.

Regarding the WTO issue, Pellerin pointed out that farmers have been fair players from the beginning by hoping to obtain some gains regarding the products sold on the domestic market and, on the other hand, more equitable rules for the products sold on the exportation market. “But, ten years later, we are still seeing that the WTO is completely off track,” he complained. Instead of focusing its interventions on the six per cent of the world agricultural products that are traded on the international markets, it is now targeting the remaining 94 per cent that are being traded on domestic markets. “This is not what we wanted,” he added. According to him, the WTO has ended up playing the multinationals’ game.

“Get us out of there because it is not on that basis that we want to negotiate,” Pellerin said to the government. “Get us out of there if you are unable to negotiate using the paragraph of the agreement which talks about the products said to be ‘sensitive’. We are compromising entire sectors of our agriculture without anyone reaping the benefits,” he stated, adding that it would probably be better for the Hong Kong negotiations to fail, which would then allow for starting over again on totally new grounds.

The UPA president believes it is time to ask that agriculture be given the same treatment as culture. According to him, the time has come to recognize the right of countries to adopt agricultural policies preserving their national production and their diversity, otherwise we run the risk of finding ourselves with “local” cheese made with milk powder and casein imported from around the world. Without local agricultural production, we would end up losing part of our identity.

In concluding his speech, Pellerin said, “All in all, as the majority of what we produce is eaten locally, why would we not collectively remunerate our producers properly and develop agriculture on this basis? And if you are ready to change things like you have done in the last eighteen months, the UPA will always be ready to do it with you.”

The QFA on its way—annual general meeting 2005

Andrew McClelland
Advocate Staff Reporter

Over 200 participants filled the Centennial Centre Ballroom of Macdonald College on November 21 as the Quebec Farmers' Association held its highly successful 2005 annual general meeting. Attended by QFA members, Macdonald College students and faculty, as well as representatives of Quebec's agricultural industry, participants spent the day learning from presentations by leaders of the agricultural community and getting informed about the QFA's 2005-2010 strategic plan.

While the morning's activities included an educational program with guest speakers, the afternoon portion featured a thorough presentation of the QFA's fiscal health. QFA members were pleased to hear that the financial health of the association is stabilizing, thanks to the efforts of its staff and assistance from the *Union des producteurs agricoles* (UPA). During his financial report, QFA President Gib Drury spoke optimistically of the future of the organization.

"Following a strategic planning exercise undertaken earlier this year, the QFA has reaffirmed its mission and mandate and has started to implement a new 5-year plan. Our membership numbers are returning to former levels and enthusiasm has returned to our organization," said Drury.

Ivan Hale delivered his executive director's report, informing members that the QFA is expanding partnerships in Canada's agricultural community and is profiting from its relationship with the UPA. "Since the QFA moved its offices from the Macdonald Campus into the UPA building, we have benefited enormously simply by virtue of being in touch with the UPA and its affiliates," said Hale. "We are communicating with other UPA federations with greater ease, and even with outside institutions like Macdonald and Kemptville Colleges."

Hale also spoke of his intention of utilizing the services of the UPA to a greater degree. The annual report spoke about cooperation with the Beef Federation on its greenhouse gas mitigation efforts. Hale said he is looking forward to partnering with the *UPA – Développement international* to raise awareness across Canada of conditions facing by farmers in developing countries.

Participants enjoyed a lunch in the ballroom where winners of the student awards for Macdonald College's Farm Management Technology program were announced. As usual, the presentation of bursaries to recipients of the QFA's Warren Grapes Agricultural Education Fund scholarship was made by Malcolm Fraser, board member for Bulwer. The scholarship provides financial assistance to students from Quebec who are enrolled in post-secondary agricultural or silvicultural studies. The recipients this year were Thomas Ammerlaan, Billy Beaudry, Jennifer Bradley, Kyle Bray-Lebak, Marc Glauser, Sonya Kessler, Kayla McCann, and Charles Perreault.

The QFA board of directors held a meeting during the lunch hour to elect members of the executive for the coming year. For the second consecutive year, the board elected Gib Drury as

President and Chris Judd was renamed Vice-president of the QFA. QFA board member for Shawville, Ronald Strutt, was named to the executive, where he will serve with re-elected executive members Douglas Brooks, Bill Fairbairn and John McCart.

During the meeting, Cindy Duncan McMillan announced that she was stepping down as QFA past-president. A beef producer from Farrellton, Duncan McMillan was a longtime member of the board of directors, and acted as president from 2002 to 2005. Following her announcement, Duncan McMillan was presented with a gift from the QFA board of directors and thanked for her years of work and support for the organization.

QFA members and observers were treated by a series of talks in the morning that set the tone for the annual general meeting's proceedings. This was something of a reversal from the association's AGMs in past years, where the business portion of the meeting was held in the morning with keynote speakers delivering speeches in the afternoon. By all accounts, the change was successful and will be repeated in the future.

Noel McNaughton, a farmer and former CBC television news reporter from Edmonton, delivered the meeting's keynote address. During his lively and humorous presentation, McNaughton enlightened the audience with his perspective on some of the problems in Canadian agriculture and suggested solutions to farming families' most common challenges.

"When I began working in agriculture, I looked around me, and the situation didn't match up with the country I was living in," said McNaughton. "Everywhere I was seeing farmers who felt trapped in their jobs and businesses barely staying afloat. I said to myself, 'If this is agricultural success in Canada, what would failure look like?'"

McNaughton also emphasized the crippling costs of production for today's agricultural producers—costs brought about by an over-reliance on technology.

"We're taught to believe that if we're not using every new piece of agricultural technology then we are not going to be successful," said McNaughton. "That's what I was taught in university, and that's what I believed—until I started visiting some of the most successful, productive farms in the country and found that they weren't using every new gadget on the market."

UPA President Laurent Pellerin was once again on hand to talk about the struggle of meeting the challenges presented by the world's agricultural industry. Pellerin reminded QFA members of the role of organizations in communicating with the nation's leaders.

"You all have points-of-view," said the UPA leader. "It's important for you to share them with your neighbours, and express them to organizations like the QFA so that they can inform our political leaders. Farmers have to speak with a unified voice."

The days' proceedings were followed by a short reception where food and refreshments were provided thanks to the many sponsors who gave their financial support to the annual general meeting.

Field storage of solid manure still in the spotlight

The delegates at the *Union des producteurs agricoles*' (UPA) 81st General Congress were unanimous in demanding the right to pile solid manure in their fields as a means of storage. The resolution also asks the government to produce a "sound practices" guide to be used as a reference for this technique based on scientific research already performed by the Research and Development Institute for the Agri-Environment (IRDA).

The permanent authorization of solid manure piles in fields constitutes one of the UPA's priorities. The Quebec government recognized this technique for existing herds or for an expansion that does not exceed the threshold of 3,200 kilograms of phosphorous per year.

Restrictions on cultivated areas

Another bone of contention this year is the issue of the so-called "deteriorated" basins to which many restrictions are applied, such as those on manure piles as well as the freezing of cultivated areas. Farmers are contesting the studies from the Ministry of Sustainable Development, Environment and Parks (MDDEP) as they are not fully validated by the scientific community. Some producers raised the question of what the government intends to do with the data contained in the phosphorous reports, which could provide a better picture of the addition of phosphorous by agriculture. More than 90 per cent of these reports have been submitted, which represents tens of million dollars in professional fees.

The delegates asked for the end of the restrictions on cultivated areas by setting out guidelines for deforestation according to criteria associated with the agricultural potential and the decrease of erosion. The resolution notes the loss of 400,000 hectares of farmland since 1971 and the fact that the ban on deforestation does not apply to road, residential and industrial projects.

Spray booms

Another controversial resolution surrounds the spray booms issue. The delegates are asking MDDEP not to impose low spraying booms for liquid manure other than pork manure after April 2007 as stipulated in the regulation. The delegates asked that low pressure spreaders be considered, which require a simple modification on the height of the spraying boom. The president of the *Fédération des producteurs de porcs du Québec* spoke out in the session to criticize the idea of once again isolating pork producers and undermining the efforts made to have a harmonious cohabitation with neighbours. However, the resolution was adopted despite this.

The resolutions regarding the environment also aimed at ensuring adequate financial assistance before accepting any new standard, at respecting the \$239 million commitments over five years for the Prime-Vert program while softening the accessibility criteria and the coverage percentage, at lightening the administrative burden for work in watercourses and at obtaining new programs for the composting or the incineration of dead animals.

Bees

Finally, a resolution from beekeepers will be studied by a special committee involving the federations concerned over the use of some seed treatments (Gaucho, Poncho, etc.) considered harmful to bees. The beekeepers would like the federal authorities to reevaluate these products immediately as they make plants toxic for bees.

Thierry Larivière
LTCN 2005-12-8

Unequivocal support for corn producers

Quebec corn producers left Quebec City with the support of the vast majority of the delegates attending the *Union des producteurs agricoles*' (UPA) general congress regarding the imposition of countervailing and antidumping duties on the importation of corn from the United States. Two groups however—the Quebec City UPA federation and the *Fédération des producteurs de porcs du Québec* (FPPQ)—refused to give their support.

The expected confrontation between the animal production representatives and corn producers did not occur during the workshops or the plenary session. The very civil debate essentially occurred between Claude Corbeil, president of the FPPQ, and representatives of cash crop producers, including the President Denis Couture.

A major impact

According to Corbeil, the consequences of the imposition of countervailing duties will be “major” for pork producers and it will be difficult to neutralize them. “Such a measure could increase the cost of feed by approximately \$10 per pork, which would make Quebec producers less competitive,” he declared. He also explained that it would put Quebec producers at a disadvantage because the price of pork is established from reference markets in the United States. Corbeil also voiced his fears that stabilization insurance will be jeopardized or weakened by this measure, not only for pork producers, but also for all those using it. He pointed out that Canadian producers just ended a period of countervailing duties imposed by the Americans, which cost millions of dollars. The FPPQ president also added that Quebec buyers of American corn will be reimbursed should there be the cancellation of the countervailing duties, while those who buy local corn at a higher price would not be. “All Canadian corn producers are putting a lot of energy into defending themselves. It is saddening to see producers tear each other apart in public,” he said.

Other delegates stated that the concerned specialized federations should have solved the problem among themselves instead of resorting to the Canadian International Trade Tribunal or asking the UPA general congress to make a decision.

“It’s an ultimatum for a situation that can no longer continue. We need a solution to the disastrous situation faced by grain producers. It is our turn in 2005,” declared Christian

Overbeck, producer from the Montérégie region. “For the last seven years, Quebec corn producers have been suffering a financial loss of several billion dollars because of the American Farm Bill. The federal government never made the decision of reimbursing Canadian producers despite repeated requests. Neither the producers nor the *Financière agricole* can support the accumulated deficit of the grain fund, which is nearly \$400 million. Producers are now paying more in premiums that they get from the specialized worker salary calculated by the stabilization insurance,” said Overbeck.

During the plenary session, Denis Couture added that “he does not want to cause problems to other producer groups.” He believes that a countervailing duty would bring the price of corn to approximately \$135 per tonne, a price that remains within a 15-year average. “I think it is fair to give ourselves a little boost,” he said. “Our objective is not to obtain a countervailing duty, but a clear policy from the federal government and we will have to work together during the electoral campaign to obtain it,” Couture added. Corbeil said that he was ready to work with the cash crop producers to solve the problem.

Jean-Charles Gagné
LTCN 2005-12-8

Bob Friesen demanding a farm bill to stop the income crisis

To survive their worst-ever income crisis, Canadian farmers should be able to rely on financial assistance similar to the American Farm Bill.

The Canadian Federation of Agriculture (CFA) is asking the Canadian government to inject an additional four billion dollars to prevent many agricultural producers from going bankrupt. “Farmers have been going through hell for too long. They do not want to see the light at the end of the tunnel, they want to be in the light right now,” declared the CFA president. This provoked a warm round of applause from the delegates attending the *Union des producteurs agricoles*’ (UPA) 81st annual congress in Quebec City.

Obviously in fine form even after having a motorcycle accident that saw him out of action for two months, Bob Friesen stated that Canadian producers have just lived the three worse years of the last 100 years. During that time, they had to fight competition from the United States, which experienced their best results in ten years.

According to Friesen, the members of the Canadian Federation estimated the lack of income at \$5.7 billion. The federal government spent \$1.7 billion this year, a record contribution according to him.

“Canadian farmers replied that the income crisis is also a record and that the government should do something about it before it is too late,” he declared.

The CFA officially submitted its farm bill request during the latest meeting of the Canadian ministers of Agriculture in Saskatchewan.

Friesen also talked about the main conclusions drawn from the report submitted by Wayne Easter, Parliamentary Secretary to the Minister of Agriculture and Agri-food. Friesen pointed out that Easter recognizes that the problem is caused primarily by low prices and not by the producers' ineffectiveness. Moreover, the increase of productivity in agriculture exceeds all the other sectors in the country. "We are among the most effective in the world," he declared. Friesen concluded his speech with a few sentences in French. "Let's fight together for agriculture. We must never give up," he said.

Questioned about the next World Trade Organization (WTO) conference, Friesen said he was pleased with the recent proposals supporting supply management adopted by the Quebec and Ottawa governments. In addition, he reassured producers that the Canadian negotiator, Steve Verheul, is well aware of the motion adopted by the House of Commons.

"Canada's problem at the WTO is that the government had not specified the minimum level of the conditions that we are not to go below. The motion recently adopted specified that limit," he said.

Pierre-Yvon Bégin
LTCN 2005-12-8

\$755 million for the grain sector

As expected, the federal Minister of Agriculture, Andy Mitchell, announced financial assistance in the amount of \$755 million for grain and oil plant producers.

Minister Mitchell declared that producers should receive this assistance in six to eight weeks, more likely in the middle of the electoral campaign. Those who are not already registered in the federal government's registry will also be able to obtain the assistance, but it will take a little longer.

The amount sent will be considered as farming income and will decrease in part the amount that would have been received through the Canadian Agricultural Income Stabilization (CAIS) Program.

Classified as an "emergency fund," the purpose of the current program is to assist producers in getting through the current crisis created by low prices. According to Ottawa's calculations, the value of the grain and oil plant production in 2005 is two billion dollars below the last ten-year average.

Other measures will be taken to improve the situation in the grain sector for the coming years. The Liberal government hopes to negotiate a balanced international market and encourage the work of researchers to find new crops as well as new uses for existing grain.

Practically all small grain, corn, soya, beans and a multitude of other grains, such as fava beans, will be eligible for the special federal assistance. The amount of assistance will be calculated on the basis of eligible net sales.

But is it enough?

The *Union des producteurs agricoles* (UPA) salutes the federal assistance of \$755 million for the grain sector, but called it insufficient. According to the federal government's calculations, Quebec's share is estimated at a little less than \$43 million based on the most recent data. According to projections, the deficit of the Farming Income Stabilization Insurance (FISI) fund could reach more than \$300 million this year.

It is the recognition of the link between the American subsidies and the decreasing income of Canadian grain producers that satisfied the UPA and the *Fédération des producteurs de cultures commerciales du Québec* (FPCCQ). "The proposed financial assistance is only a partial solution to a problem that has been going on for years," declared UPA President Laurent Pellerin, who was hoping for stronger support.

The president of the FPCCQ, Denis Couture, qualified the problem as "structural" and asked for significant changes to the Canadian agricultural policy and particularly the Canadian Agricultural Income Stabilization (CAIS) Program, which is not suited for the continual price collapse in the grain sector. A three-year assistance program is hoped for while waiting for the reform.

In addition, the UPA does not believe that the opening of markets at the WTO will solve the problem. Laurent Pellerin pointed out that the liberalization of markets in the last ten years provoked a drastic drop of producers' income around the world.

The call for elections should not jeopardize the financial assistance. Even though a new government could go back on the current decision, no party questioned the pertinence of the assistance to producers. One Conservative party critic blamed the government for not acting sooner.

Thierry Larivière
LTCN 2005-12-1

The UPA's 81st General Congress

The president of the *Union des producteurs agricoles* (UPA), Laurent Pellerin, said he is worried about the Canadian position on the eve of the next conference of the World Trade Organization, in Hong Kong, in December.

The call for an election and the perspective of a new minority government does not bode well. At the time when Paul Martin's Liberal government was defeated in the House of Commons, Laurent Pellerin was meeting the press a few hours before the beginning of the UPA's 81st General Congress.

“Stop defending supply management and start promoting it. We are playing well defensively, now we need some attack,” said Pellerin regarding the Canadian position defended in the current negotiation round. According to the UPA president, Canada must take advantage of the paragraph on sensitive products in the agreement project and determine which products it wants to protect.

“Given what we are currently seeing on the negotiation table, we are not winning one way or the other. We are losing on both ends. Our productions under supply management are more exposed and we are gaining nothing on the products we export. Therefore, what is Canada’s interest in accelerating the process for the signing of an unsatisfactory international agreement?”

Pellerin believes that it probably would be better if the next conference were a complete failure, so that talks could resume on completely new grounds next March. He thinks that agriculture in each country could be protected by an agreement similar to the one on cultural diversity recently adopted by the UNESCO.

“Agriculture and culture are not that far apart. Things are going badly enough in these negotiations. Get us out of there. The boat is leaking and we are going to sink,” he declared. Pellerin is nowhere close to having the same level of enthusiasm as the Canadian representatives regarding the American proposal to reduce subsidies to agriculture. He sees a major problem in reconciling the Canadian position with the American and European proposals. Even worse, the UPA President thinks that rich countries are not seeing the “danger coming from the side,” and that the current negotiation round should favour developing countries. The electoral campaign that is just beginning will not help the situation, as the Minister of Agriculture will be more interested in meeting his constituents. He appreciates the Quebec government’s future participation in Hong Kong. The provincial government is also finding that things are not running smoothly. Quebec has delegated its ministers of Agriculture and Economic Development, Laurent Lessard and Claude Béchar, as representatives.

Quebec agricultural producers have nothing to gain from the current electoral campaign, as the elections will be played in Ontario and not in Quebec where the majority will vote for the *Bloc québécois*.

Taxation

Regarding the reform of municipal taxation, Pellerin remains optimistic that the Minister of Agriculture will take advantage of the convention to announce a solution. If no solution is announced, Pellerin hopes that snowmobile trails will remain closed next winter. “We will have a hard time not calling for a general action,” he declared.

Pierre-Yvon Bégin
LTCN 2005-12-1

Quebec's Minister of Agriculture questioned about farmland protection

The crusade against the waste of farmland came to an end during the speech made by Quebec Minister of Agriculture, Fisheries and Food Laurent Lessard, at the *Union des producteurs agricoles* (UPA) annual convention.

Guy Hébert, a producer who travelled 350 kilometres on a tractor, took advantage of the Minister's presence to hand him the document from the Coalition for the Protection of Farmland entitled "Let's protect our farmland." "I just travelled 350 kilometres on a tractor to deliver a message. In Saint-Constant, we have an exceptional climate, fertile land and farmers that are about to lose 615 hectares of land thanks to your government," said Hébert, referring to the Liberal government's decision to expand Highway 30 into agricultural territory.

Two years after a resounding "Game Over" on the issue pronounced by former Minister of Agriculture Françoise Gauthier, Laurent Lessard was not indifferent to the producers' concerns. But for the time being, the results are the same. In a press conference, Lessard confirmed his government's decision. "I met with Mr. Hébert and I heard his cry from the heart. He is sending us a broader message on the protection of farmland. I fully understand. However, Highway 30 was subject to a long decisional process and the decision was made," declared the Minister.

Strong arguments

Laurent Lessard agreed to meet with the Saint-Jean-Richelieu UPA. The meeting lasted about 30 minutes. "There is not much hope according to the Minister. We came up with all the arguments we could find and we have the feeling that he cares," indicated Normand Gagnon, spokesperson for the group. The former regional president has not given up. "There are still two important steps before the green light is given. The *Bureau d'audiences publiques sur l'environnement* (BAPE) and the Quebec Farmland Protection Commission (CPTAQ) will have to render a decision about the Jean-Leman section, which is directly linked to the road in the agricultural zone," pointed out Gagnon.

"It was a very cordial meeting. The minister was touched by Guy Hébert's tractor ride," confirmed Pierre Caza, Director of the Development, Environment and Marketing Department at the Saint-Jean-Richelieu UPA. The people at the regional federation invited Minister Lessard to see for himself the few kilometres that are missing to complete Highway 30 on Highway 132 as well as the urban dispersion that is threatening farmland in the Saint-Constant sector, where the new Highway 30 is sited to go through.

Julie Mercier
LTCN 2005-12-8

Guaranteed volumes for poultry also apply to Lilydale

Even if the head office is in Alberta, the Lilydale Company must have a guaranteed supply volume (VAG) for poultry bought in Quebec and slaughtered in its facilities in Mirabel. With this decision made on November 23, 2005, the *Régie des marchés agricoles et alimentaires du Québec* (RMAAQ) denies Lilydale's claim of being a buyer from outside Quebec that is not subject to the chicken marketing agreement.

According to Magella Morin, Director of Strategic Alliances, Lilydale will not appeal the decision. "We are pleased that the *Régie* made a clear decision even though it took quite some time," he commented. Morin's chief grievance lies with the length of time it takes to obtain a VAG high enough to effectively supply an abattoir if they only purchase chickens in Quebec. "We can get chickens from Ontario to reach a cost efficient level more rapidly, but everyone knows that it is more profitable to slaughter chickens that are produced close to the processing plant," he added.

Lilydale went to the RMAAQ to have its right to purchase chickens from any Quebec producers recognized by virtue of its status as a buyer from outside Quebec, without having to obtain a VAG, while still being allowed to slaughter the chickens in Mirabel or elsewhere. The *Fédération des producteurs de volailles du Québec* (FPVQ) refused the supply agreements signed with Quebec producers for the period of October 17 to December 9 2005 (A-68) because Lilydale did not have a VAG.

Double status

According to the RMAAQ, Lilydale has a double status, being a Quebec buyer and being a buyer from outside Quebec, because of its slaughtering facilities in other provinces. "Lilydale does not need to have a VAG for the poultry purchased in Quebec and slaughtered outside the province, but it must have one for all the poultry purchased in Quebec and slaughtered in Quebec," declared RMAAQ members. The same rules apply for all abattoirs that slaughter poultry in Quebec.

The RMAAQ stated that by beginning operations in its Mirabel abattoir on June 27, 2005, Lilydale should have known that it would be subject to the law as well as the chicken marketing agreement, regardless of the fact that its head office is located outside of Quebec.

The RMAAQ added that the FPVQ has the right to demand from Lilydale, before the signing of supply agreements, the slaughtering locations that will be used. "As an administrator of the joint plan, the Federation is authorized to demand proof that Lilydale has a VAG for its Quebec abattoir or that the poultry it wants to purchase will be slaughtered outside Quebec." Any producer who signs an agreement with a Quebec abattoir that does not have a VAG are subject to penalties.

Lilydale maintained that once supply agreements were concluded with producers, the destination of the product at the time of slaughtering is not subject to the law in effect in Quebec. "This

proposal reflects a disregard of the marketing rules in effect in Quebec,” said the RMAAQ members, who cited the recent decision of the Supreme Court in the Pelland case.

The FPVQ had recognized the supply agreements signed by Lilydale for two previous slaughtering periods. At that time, Lilydale identified itself as a buyer from outside Quebec, which was valid as the Mirabel abattoir was not in operation.

Jean-Charles Gagné
LTCN 2005-12-1

A win-win agreement for the Colbex-Levinoff abattoir

On January 1, 2006, Quebec cattle producers will own 80 per cent of the Colbex-Levinoff abattoir, the biggest slaughtering and processing centre in Eastern Canada. The acquisition contract—whose total value has not been revealed—was signed on November 26.

“After a year of intense work, we succeeded in negotiating a win-win agreement while developing a business partnership with the current owners,” declared Michel Dessureault, president of the *Fédération des producteurs de bovins du Québec* (FPBQ). In a press conference held in Quebec City, Dessureault indicated that this purchase, made to counter the drop in price caused by the discovery of a single case of Bovine Spongiform Encephalopathy (BSE), will now allow producers to obtain a fair price for their cull cows.

“Since the beginning of the crisis, all of the analysts have concluded that consumers were not necessarily paying less for their meat and that the profit was not evenly distributed along the chain. Despite this and with the producers’ decision to receive a minimum of 42 cents per pound for their good cows during 2005, they received on average \$500 compared to \$375 in Ontario and \$293 in Alberta. At the beginning of 2004, producers received barely \$250 for their good cows. In fact, producers received \$35 million of new money,” he added.

Dessureault also indicated that the acquisition will allow producers to add surplus value to their product and to get closer to consumers by becoming true meat salespersons. He pointed out that the abattoir also provides traceability, and that supermarkets now have the information available to state the origin of the product on the package. The only thing missing is the will to do so and the equipment.

By virtue of a confidentiality clause in the purchase contract, Dessureault was unable to reveal the amount of the transaction. He only stated that producers will have to invest six million dollars through a contribution of \$20 per cow for a period of three years and that *Investissement Québec* will make a \$19 million loan over ten years with the interests being refundable after the fourth year. He revealed that producers have also asked for the federal government’s participation, as they are eligible for a \$5 million contribution from Ottawa.

Apart from the Colbex-Levinoff abattoir, located in Saint-Cyrille-de-Wendover, the transaction also includes a cutting and processing plant in Montreal-North, where 150 people are employed. Two butcher shops open to the public are also included. According to the agreement, the previous owners, the Cola and Dubé families, keep 20 per cent of the shares of the new limited partnership that will manage the operations. The Cola brothers, who did not want to sell, were absent at the press conference.

Marcel Groleau, president of the *Fédération des producteurs de lait du Québec*, stated that his organization always supported the project. In addition, he pointed out that the effects of the mad cow crisis are still being felt by dairy farms. Quebec producers lost an exportation market of 100,000 heifers per year as the Americans found new suppliers.

For his part, the president of the *Union des producteurs agricoles*, Laurent Pellerin, mentioned the tenacity of Michel Dessureault, who was successful in completing a major transaction. “This is a good example of what we can do collectively, and people from other provinces envy us,” he declared.

The minister of Agriculture, Laurent Lessard, declared that producers were able to show the profitability of their project to *Investissement Québec*. “They are able to generate profits to invest,” he stated.

Pierre-Yvon Bégin
LTCN 2005-12-1