

Report from
PARLIAMENT HILL

By Mike Chong
MP Wellington/Halton Hills



This is the second in a three part series on agriculture.

The previous column pointed out that Canadian farm incomes have dropped dramatically in the recent years, especially in non-supply managed sectors of farming.

What are the causes? One problem is that our farmers have inherently higher input costs than other jurisdictions, especially in the developing world. We have higher standards, from more stringent food safety standards to stricter environmental controls, and higher land costs, especially in Ontario. These all create higher baseline input costs for the Canadian farmer. Another problem is depressed commodity prices, a result of the "green revolution" - the massive increase in global agricultural output due to new technologies. Yet another problem lies in the fact that European and American governments provide greater subsidies and support for their farmers than do we.

Some say that the solution is for more productivity. My guess is that the greatest productivity gains have been had. No other sector has increased its productivity over the last 50 years like agriculture. Any additional gains would probably not be sufficient to compensate for the drop in farm income and could likely only be achieved through even larger farm operations, leaving no room for the family farm.

Others say that the solution is to move to freer trade by eliminating import restrictions, let the cheapest producers prevail and allow the marketplace to determine what food will be sold here. The problem with this is that U.S. and European counterparts may not honour these trade agreements.

Witness what happened with the unjustified U.S. pork countervail duties that were applied to Canadian pork, or the recent border closure to Canadian beef, or the current woes in our softwood lumber industry. You cannot have freer trade if one of the two parties to the deal will not abide by the rules.

But even if freer trade was agreed to and the rules followed, our farmers would not necessarily have a level playing field as they would still face higher baseline input costs than other jurisdictions. They may also still face low commodity prices. This could all lead to even greater Canadian consumption of foreign foodstuffs to the detriment of domestic production.

Last year, governments in Canada made \$6.3 billion in profits from gambling, double the amount that Canada's farmers made. There is something inherently wrong with the setup of things when governments make twice as much from gambling, as those who put food on your table make from farming.

We have presented many of our farmers, especially those in many parts of Southern Ontario, with a Faustian bargain: Keep farming and make so little money that you have to take one, or even two off-farm jobs to pay the bills, or sell your land for great profit. Given this choice, it is a wonder that many farms still remain.

Standard contract key to farmers supplementing hydro says former MP

BY MAGGIE PETRUSHEVSKY
The New Tanner

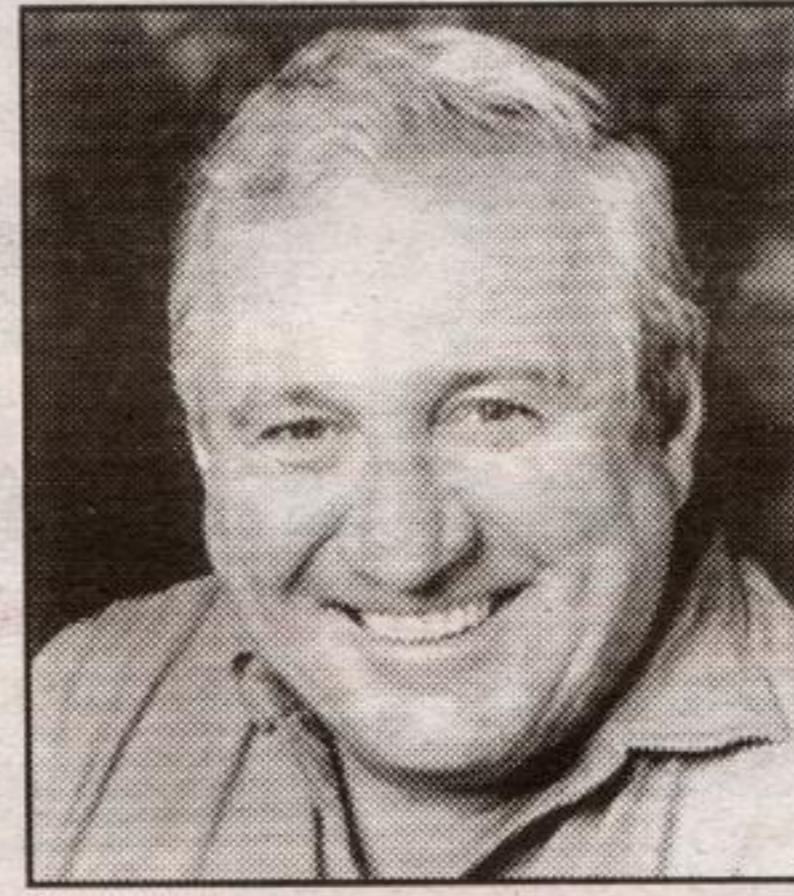
Provincial acceptance of a standard contract for generating electricity is the key to getting farmers into supplementing the province's hydro production a former politician says.

Julian Reed, former Halton MPP and MP, is now Special Advisor on Renewable Fuels for the Ontario Ministry of Agriculture and Food.

Reed says he has spent the last few months working on a standard offer contract for electricity generation. This contract would set the price producers would be paid by the government for power they generate and feed into Ontario's power grid.

If the price is realistic, Reed believes it will encourage farmers to use assorted methods from biodigestors, to wind plants and small water power plants to generate their own power supply, and pass on any surplus to the province's power grid. But the price has to be in line with production costs for the producers.

Net metering already became law in Ontario last December, he points out. That means people who have their own power sources can run their metres backward and have their consumption calculated once each year. They will then pay the difference between what they used and what they produced and contributed to the provincial supply.



Julian Reed

"If you produce as much power in a year as you consume, then you pay nothing," he says. This offers individual producers the security of creating their own supply without having to go off the Ontario Hydro grid.

Efforts to establish wind power production in Ontario is "very spotty", Reed notes. Manitoulin Island, Wolfe Island, some places along the shores of Lake Huron and Lake Erie have windmills in operation but there hasn't been a lot of widespread interest in the technology.

Germany found an interesting way to address the issue, he says, when its politicians ran into fears that clusters of wind farms would be established which would disrupt the vistas.

There, wind generation was opened to all farmers regardless of opposition. Then for the next five years, the government paid these operators 15 cents U.S. a kilowatt for whatever they generated. At the end of that time they determined whether it was more or less than the farmers were spending to generate their power and adjusted the rate accordingly.

The scheme has worked in favour of wind power and prevented the clustering of the mills.

In Ontario, availability of wind is fairly localized. But there should still be room to make wind technology work, he says, and he is hoping an atmosphere will be created where farmers feel comfortable to put up a wind power plant.

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