

HANSARD

NOVA SCOTIA HOUSE OF ASSEMBLY

COMMITTEE

ON

RESOURCES

Thursday, February 18, 2016

COMMITTEE ROOM

Dairy Farmers of Nova Scotia

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Resources Committee

Mr. Gordon Wilson (Chairman)
Mr. Terry Farrell (Vice-Chairman)
Mr. Stephen Gough
Mr. Bill Horne
Mr. Derek Mombourquette
Hon. Pat Dunn
Mr. John Lohr
Hon. Sterling Belliveau
Ms. Lenore Zann

[Mr. Keith Irving replaced Mr. Terry Farrell]
[Mr. Brendan Maguire replaced Mr. Bill Horne]
[Hon. Alfie MacLeod replaced Hon. Pat Dunn]
[Mr. Eddie Orrell replaced Mr. John Lohr]

In Attendance:

Ms. Monica Morrison
Legislative Committee Clerk

Mr. Gordon Hebb
Chief Legislative Counsel

WITNESSES

Dairy Farmers of Nova Scotia

Mr. Andrew McCurdy, Chairman
Mr. Brian Cameron, General Manager



House of Assembly
Nova Scotia

HALIFAX, THURSDAY, FEBRUARY 18, 2016

STANDING COMMITTEE ON RESOURCES

9:00 A.M.

CHAIRMAN
Mr. Gordon Wilson

MR. CHAIRMAN: I call the meeting to order. This is the Standing Committee on Resources. I am Gordon Wilson, your Chair, MLA for Clare-Digby.

We're going to be having a presentation today from the Dairy Farmers of Nova Scotia, welcome. I'd ask the committee members then to introduce themselves.

[The committee members introduced themselves.]

MR. CHAIRMAN: I just remind everybody to have their cellphones off or on vibrate - off preferably. The washrooms and coffee can be found outside the door. In case of emergency we will exit out to the Granville Street entrance and then proceed down to the Parade Square.

I'd like to remind members and witnesses to wait to be recognized, for Hansard purposes, so they can make sure we get it recorded properly.

I'd like to welcome Mr. McCurdy and Mr. Cameron. The floor is yours.

MR. ANDREW MCCURDY: Thank you very much for this opportunity. I'm the Chair of the Dairy Farmers of Nova Scotia and my General Manager, Brian Cameron, came with us. We have a short presentation to provide you today and we'll go through that. It's our first time through this presentation so we'll take it as it goes and start with that.

As you can see in the outline, this is what we're going to try to cover - who we are, a bit of the overview of what the industry looks like, a bit of explanation of supply management and where we're going, what our opportunities are, and what we can hope to accomplish.

In 2001 we went from the Nova Scotia Milk Producers Association to a marketing board, the Dairy Farmers of Nova Scotia. We are under the Dairy Industry Act, that's an Act of the Nova Scotia Government. We are organized and led by farmers. We're fully funded by our farmers. Our authority comes through the Natural Products Marketing Council and Liz Crouse, the General Manager of the Natural Products Marketing Council is our government rep. The minister has the option to appoint one member to our board, she fulfills her role very well. You guys should be proud that we have such a good person on our board, she's fully engaged. It's a positive board to work with.

To give you the scope of the size of our industry, there are 220 members within our organization, current farms. We employ a lot more than that. The board, the group works on national committees, provincial committees, it's a very dynamic group. We sell and buy all the raw milk in Nova Scotia. We set our farm gate prices. It has evolved over time. Brian and I had that discussion on the way down. To work together with the processors to set the farm gate price was a bit of a struggle at some points but now we have a formula and we're renegotiating the formula this year. We usually negotiate it in three-year lumps. It's based on cost production, it's based on the consumer price index.

We also do promotion. How many dollars for promotion this year - \$2 million from the province?

MR. BRIAN CAMERON: Close to \$3 million of producer funds are used to grow the market through the national promotion activities, and there's about \$100 million nationally that producers spend to grow the market and promote our products.

MR. MCCURDY: Thank you, Brian. We work within the agricultural community, within the province. We work with the Nova Scotia Federation of Agriculture and the largest file that is easy to illustrate is the transportation file that the Federation of Agriculture works on. The rules and regulations that stipulate how we interact with the Nova Scotia highways, that's a very active file for the Federation of Agriculture and that's very interesting to the Nova Scotia dairy farmers.

The Nova Scotia Cattle Producers, we're active within that. Most of our cows when we're done with them end up in the meat supply so we work with the cattle producers. We're probably 50 per cent of the meat supply within the province right now so we're active in that file, and some other files that you hear about, the dead stock service within the government circles - the cattlemen, the federation, the dairy farmers and the hog producers all work together to make sure that those all fall together and work well together.

This slide speaks to pro-action. This is our collectively national program. We work together. We started with milk quality and that is dealing with making sure that the highest quality milk is in our tank. It's some HACCP-style implementation of things on the farm. That also speaks to food safety - we know where our cows are, where our medicines are. The cows are well looked after, well fed.

Traceability - we are starting to implement this in the next two years in animal care. Traceability means that we will know where the cow was born, what barn she has gone through as she lives her life, and where she ended her life. It will be all in a federal, organized data bank. Every animal in the province will have a unique identification and every cow in the country will have a unique identification, and that will be all traceable.

Animal care speaks to how well we look after the environment that the cow lives in - not so much animal abuse. The better we look after our animals, the more production we get out of them, the better profit margin we can have, so it should be a win for us and it should be a win for society in general. These are all win-win for the industry.

Biosecurity - this speaks to disease outbreaks. We haven't had a really close disease outbreak in Nova Scotia but BSE was the one that happened out West and it sort of affected Canadian markets. This speaks to that.

Environment - it will probably be five or six years before we see that one implemented. I'm confident that the Nova Scotia dairy farms are well on our way because of the work that the Nova Scotia Federation of Agriculture did with our environmental farm plans so that will dovetail very well into this. If you ever hear of ProAction or if you see a little blue cow - like Brian and I both have our pins on - you know with confidence you are drinking a 100 per cent Canadian milk product, so that's all part of that.

I told Brian when he threw this slide in that I said I've never seen that; very interesting. This speaks to the milk sheds within the Province of Nova Scotia. I produce milk just outside of Truro, in Old Barns. Before I came this morning I milked 120 of 130 cows - I had to get staff to finish so I could be here on time. We are in the heart of the one in Truro - the Shubie-Milford area is a big, big milk shed. There are some in the Valley, there are two farms left in Yarmouth, a little bit over in the South Shore in the Bridgewater area, along the north shore and Antigonish, that's where my wife's family is from, and a bit in Cape Breton.

Some of the highlights in there - 40 per cent of the provincial farm gate revenue is from supply management. We're certainly the lion's share of that; 65 per cent of the herds on milk recording, the industry measurement, productivity measures, litres per cow per year, over 9,300, and I would say that's above the head average.

Let me give you a scope of how big the farms are; we average about 90 cows and 175 million litres of milk.

This is sort of an overview of supply management within Nova Scotia. As we stated earlier, we've got 220 dairy farms. They're producing 175 million litres of milk annually. The average cow size is 80. This is an older slide so that's why the number is down, it has crept up. Of those 220 dairy farms, 600 full-time employees and \$267 million of farm gate sales with all these four supply-managed commodities put together. So we're a very significant part of agriculture within Nova Scotia.

Slipping more to the national and how we are organized; in the 1970s they started supply management and it has evolved very much over time. Where we are today, we have three pools within the country: the western milk pool is organized sort of by themselves; the P5, which is Ontario, Quebec, the Maritime Provinces; and Newfoundland and Labrador. Currently Newfoundland and Labrador and the P5 are in negotiations to join those two pools. The concept is we share all the markets within our geographical region, we share all the revenues and selective costs - transportation and promotion are the big ones.

Nationally, special class pricing is something we share together. Special class to me means classes of milk that we use to balance the system, because not all milk produced today is consumed today. Products like skim milk powder and butter in blocks can be stored and brought back in to use at a later date within the processing industry. Those special classes are the ones that we balance the system because we have to have production matched with consumption annually, not on a day-to-day basis.

Our three-legged milk stool, and this is what it was all founded on. Before it was started it was a roller-coaster - prices were up, consumers didn't have milk; prices dropped, there was too much. They're in no particular order, they're all equally important. As a dairy farmer, I need a fair return on my time and my effort and my capital. I need control at the border so I know what's coming in so I can measure it and work within it. I can't produce more than the market needs because then it falls apart. So we have production controls, we have a fair return to us, and it is a very good system.

I have to back up, probably the reason it's significant within agriculture to have a supply-management system - I won't speak to the feather industry but dairy, we're harvesting milk which is a by-product of pregnancy. Gestation for a cow is 282 days, so I can't turn the switch on to get milk tomorrow, I have to have a pregnant cow. She has to have a calf, then I can start harvesting milk. For me to manage milk production based on supply and demand is very difficult. I have to do it collectively within the province, within the country, so I can manage that. The biological process that we do so everybody can have healthy dairy products at their table is quite a complex thing.

So, because of all that, we want our consumers to have high-quality dairy products in their grocery stores, in their convenience stores or wherever they buy dairy products. To have that we have to have a stable supply. The processors need a stable supply so they can supply to the consumers with a stable supply. There was a lot that happened in the 1970s to get this, at the provincial level, at the federal level, to make it all work.

Supply management is important for the consumers. They have dairy products in their grocery shelves consistently, all the time, and it's at fair prices. Dairy Farmers of Canada has done many studies over the years, and in the last one I saw that the prices the consumer pays for a basket of dairy goods in Canada is competitive across the world. We are probably not the lowest but we're a long shot from the highest. Some of the other countries - you would think New Zealand would have cheap dairy products in their grocery shelves - fluid milk in New Zealand is more money than it is in Canada today. You will see us compared to the United States, which is the most logical one because we're the closest trading partner, and you can probably find flyer prices of whole milk in the United States cheaper than in Canada but that's one item. If you compare the whole basket of dairy goods within the international context, consumers are well treated within Canada.

Our processors: I can produce all the raw milk in the world, but I need a processor to make sure it gets to market. Our processors are big but they still need stable milk and we provide them with high-quality milk. It comes in trailer loads to them and it works for them.

Our rural communities: I stated earlier it was 600 rural jobs in Nova Scotia in the dairy industry. If you look at our support beyond that, we're a vibrant industry. I think of one of my suppliers, Truro Agromart, they just invested \$3 million into a new structure, hard assets, they're going to be here for 40 years. My tractor dealership, they've got a sign up on the highway that they're going to build a new dealership. I know my vets, my bankers, electricians, contractors - if you want to build a barn this summer you probably couldn't find a qualified contractor in central Nova Scotia because I know they're all booked. We do support a lot of rural communities beyond what the direct jobs are within the thing.

The producers: I can predict my income months in advance because it is so stable. That makes my business very good. We're not getting rich but I have enough to feed my family every month, I have four kids and a wife. It's stable, it's good for us. At the end it's good for the government because we are providing economic activity in rural Canada, our consumers have good products, and we have a processing industry that also has good jobs in Nova Scotia.

To give you a sense of the whole industry and where Nova Scotia fits in the pie, we produce 2.2 per cent of the national milk production. The heavyweights in the industry are Ontario and Quebec, and they create for an interesting dynamic if they don't agree.

The trend on this graph is the significant part, it's 15 years of data. We've got 10 per cent in the last five years, so 2 per cent growth year over year. I know some of my fellow farmers have fulfilled the 10 per cent and some are like, I can't keep up, we just keep growing faster than we are. That's causing real infrastructure dollars happening in our industry: people building barns, and people adding additions and adding land. This is good for our industry, this is good for Nova Scotia.

MS. LENORE ZANN: Sorry did you say 10 per cent growth?

MR. MCCURDY: Yes, 10 per cent growth in the last five years - 2 per cent per year.

I don't know who drew this cow but I always love it, we get the map on my Holstein cow. Nova Scotia is not quite represented well.

Trade challenges - CETA and the Trans-Pacific Partnership. They haven't been ratified yet; they will be ratified, if I was a betting man. The impact is not completely known. We have some idea of the scope so CETA alone would wipe out our Nova Scotia industry completely. Nationally it's about 2.7 per cent of what we produce; that's quite a hit. The TPP is bigger than that, probably close to 4 per cent, with a longer implementation. So we'll see what that all lands.

We are also in the crux of fine-tuning our industry. Because of these deals and other deals, we are fine-tuning how we price our milk to our processors. Our processors need some more infrastructure. With the growth that we've had in the last 10 years, processing capacity is challenging, maxed-out. There are opportunities for some more growth there so we're working towards that.

Because we're supply management, we produce milk in our communities for our locals so we are a local food success story. You drive by my dairy farm and you go to town and you buy my milk. That happens every day, in all communities.

The big three processors are 80 per cent of the market. That is creating challenges for the producers when we're at the national tables because they have the same clout that is happening at the retail sector. The reason the processors have consolidated is because the retailers have probably forced them, as much as anything. We heard in early February that consolidation internationally is not done yet.

The regional and national pooling will continue and probably strengthen. We currently have 10 provincial marketing boards nationally and we have 10 provincial governments that can have the authority of those marketing boards. If I was a processor, I could divide and conquer. If I could get a stronger national voice, it would make my discussions with the processors easier. So our opportunity for us, as producers, is to strengthen what we do together. That will require governments to come with us because we have to play at the national table.

As I speak, the retailers have put the squeeze on our processors and the processors don't mind telling us they feel the squeeze, so it happens.

Our ProAction talks about food safety and food quality, and that's our social contract with the Canadian public, to deliver wholesome Canadian dairy products for our Canadian consumer.

As things evolve, smart people prevail and I think our dairy farmers are as smart as anybody. They will find new ways to do what they've always done and squeeze a little more out of the system so we will be competitive in this industry going forward. We will find a way so we will get there. The marketplace keeps changing but we will get there.

Are there any questions or dialogue?

MR. CHAIRMAN: Thank you very much, I'm sure we will have a few. Actually, I'm going to ask that by 10:50 a.m. if we could wrap up questioning for a few - I don't think we have a lot of committee business. Before we start, I want to also mention that my son was an independent for Farmers for six years so, as he was my son and I was probably his investor, I got a very good education into the industry myself from that perspective. I can understand some of your discussions when you mention about retail versus production, he was in the middle of that.

I have a speakers list - Mr. Maguire.

MR. BRENDAN MAGUIRE: I have a couple of questions; I'll do one and then come back around. I wanted to know - first of all, thank you for the presentation. There has been a lot of talk federally and nationally and internationally on the TPP so I just wanted to know, is there a positive or negative impact? Do you perceive a positive or negative impact on the industry in regard to the TPP? Also, with milk produced outside the Maritimes, milk produced in other sections of Canada and also in the United States, is there a difference in the production chain and what is introduced into the milk? Would we notice a difference? A load of questions.

MR. MCCURDY: Thank you for that. I have to thank the Province of Nova Scotia for being very supportive of our industry. I was able to go to Atlanta at final negotiations of the TPP deal. The networking we did there with Minister Colwell and Liz Crouse and Deputy Minister Kim MacNeil - we met with Minister Fast and other industry stakeholders. A very worldly experience for a dairy farm boy from outside Truro. I went, we were heard and I thought we did some good work, so yes, the Province of Nova Scotia has supported us and we thank you for that.

Will you see a difference and how big - we don't know because we don't know all the details. We have some idea of what will come in and how it's classed but there are a lot of unknowns yet, so yes.

The difference in products and supply chains, yes, you are buying local food when you buy it in Nova Scotia grocery stores but there are certain products that are only produced in certain plants. You may be buying a dairy product that is produced in central Canada because that is the most efficient place so you are buying product - if you're buying full baskets of dairy products, you're buying dairy products produced outside of the province right now.

Outside of the country, I have some ideas but I don't think I'd like to comment too deeply at a high level. I think most of my colleagues that are dairy farmers produce high-quality food wherever they are. They have different regulations that govern them, and are they the same as the regulations that govern me? Most likely not. Did you want to add anything to that, Brian?

MR. CAMERON: Maybe just to pick up on the second question, if that's all right. You had asked about difference, I think I heard in your questions, in the way the milk is produced or the quality of the milk, and you mentioned outside Canada and the U.S. I expect most of the members are maybe generally aware that there's a growth hormone that's allowed for use in the United States but it's illegal for sale or use in Canada, and it's called bovine somatotropin, or bovine growth hormone - it goes by a few different names. It's an injectable hormone that increases a cow's milk production by roughly 10 per cent.

In the early 1990s Health Canada ruled that it was illegal for sale or use in Canada - this growth hormone - and that continues to be the case today. However, it is allowed to be used in the U.S.

One of the questions that has been asked of us relative to TPP and opening up borders and maybe dairy products coming into Canada from the United States is what about this growth hormone that's in their milk and their cows? Is it okay to follow that line of - is that what you are . . .

MR. MAGUIRE: Yes, absolutely.

MR. CAMERON: Okay. When Health Canada evaluated the use of growth hormones in Canadian dairy herds they looked at two aspects: they looked at the human health and safety aspects of dairy products produced with milk from cows treated with growth hormone - so the human health aspect. They also looked at it from the animal side - what impacts did it have relative to this higher level of milk production and the way the animals needed to be managed?

In that evaluation, Health Canada determined that all of the science at that point on the human health side was there was no concern from a human health standpoint for any of us to consume dairy products produced from cows that had been treated. However, from an animal health standpoint, because they produced higher amounts of milk, they required more management, higher levels of nutrition to support that, and from that standpoint it was not in the long-term best interests of our industry to adopt that practice. So it was on the animal health side that they declined the use of and made it illegal for sale or use in Canada.

So fast-forward to today and we're thinking TPP and American dairy products possibly coming into Canada under that deal - again, once it's ratified and put in place. On the human health side, Health Canada said there was nothing wrong, there weren't concerns there. I think we understand when that argument comes back that on the human health side,

Health Canada has ruled that it's not an issue, so therefore the use of growth hormone on some herds in the U.S. states would not be an impediment for free trade of those dairy products in Canada.

MR. CHAIRMAN: Mr. Orrell.

MR. EDDIE ORRELL: Thank you for your presentation. The question I'm going to ask - you said that milk produced on your farm is probably consumed in the Truro area. I know when I drink different brands of milk there are different flavours to that milk. I find with Scotsburn, Farmers, Baxter's or whatever, there's a different flavour to it. Where is your milk produced? You said it's local. Is it local as in the Valley or in Cape Breton or in Amherst? Local in the farm industry is anything they can bring in within 24 hours on a tractor-trailer, which gets us to Ontario or slightly beyond. So how can I be guaranteed that it's your milk that I'm drinking when I go to the grocery store and pick up a two-litre of Farmers milk - because I'm a fan of buying local if we can do it.

MR. MCCURDY: Thank you for that. Because I am close to a major transportation route, my milk has many options, places to go. The processing facility in Hammonds Plains is the Agropur facility. The fluid product and all other products that are produced out of that facility will be from milk that's close to there, but one of the big jobs that Brian Cameron and his staff have is buying the raw milk and scheduling where it goes because not every processing plant receives milk every day. So my milk could go to Hammonds Plains; it could go to the Scotsburn ice cream factory in the Truro Industrial Park; or it could go to the Agropur facility in Salmon River and be made into butter and skim milk powder.

Where my milk goes when I see it turn out the driveway, I have no idea. He may. There is a dairy processor in Cape Breton so there's certainly a milk shed that supplies that, but I know on certain days a week that that milk turns around and goes in a different direction.

We have a milk movement obligation within the P5 national pool, as the P5 pool grows the market, because the population base is within central Canada. Most likely that is where more dairy products are required. So if the pool grows by 1 per cent, I get 1 per cent production, but that 1 per cent is spread across the 220 that requires milk to be shipped to Ontario and most likely processed in Ontario. So we have an obligation as a marketing board to ship out so much milk also. Right now we're about 330 million litres a week, is it? Go ahead, Brian - technical, I get out of the way. (Laughter)

MR. CAMERON: It goes back to the slide that Mr. McCurdy showed about pooling and sharing markets so when there's market growth as he described in Ontario or Quebec or even in Nova Scotia, we share that market growth because we measure it with quota across the whole pool. But the milk needs to go where the processors need the milk.

Our provincial processors are satisfied first so all the provincial processors in Nova Scotia get all the milk they need and in some cases moving milk here and there every day of the week. That's number one. Then we have this obligation that again, for a portion of the milk that our dairy farmers produce, is sort of attached to market growth in another part of the pool, then we move milk around between provinces.

It all speaks, I believe, Mr. Chairman, to the co-mingled supply of milk we call it. It's all milk produced in Nova Scotia and the P5 is subject to the same quality rules. It's tested for inhibitors before it is ever received by a plant, it's tested for antibiotics and would be rejected if there were any in there - very infrequently. It's a co-mingled supply of milk and that's part of what supply management does in marketing our milk. It doesn't matter which farm it comes from, we sort of pool it together, get it to the closest plant because the producers pay to transport it from the farm to the plant so we want to minimize that. Then the processors make their products and then that's again distributed.

You mentioned some different brands, there are different brands in Nova Scotia. I can't speak to the differences in the flavour - you've got to have a pretty good palate to determine that. Again the processing steps that the processors follow are very similar as well.

MR. CHAIRMAN: Just to add to that, I have heard that in the Spring there is a different taste to milk when cows are put out to pasture. Is that true?

MR. MCCURDY: Yes, the traditional dairy farm life was that come Spring, the cows ended up in pasture which is a different diet than the dry hay they had all winter. I think you will find that has been minimized as we have grown our industry.

My barn that I built in 1992 supports all my cows' needs; I haven't pastured a cow since 1992. The feed they receive in June is the same feed they receive in February. But seven, 10, 15, 20 years ago, if you had a very good palate you could pick up . . .

MS. ZANN: Spring milk.

MR. MCCURDY: Yes, you got it.

MR. CHAIRMAN: Mr. Belliveau.

HON. STERLING BELLIVEAU: It is an interesting presentation. First of all, just for a backdrop, there's an interesting figure that I chuck out a number of times - there are going to be 3 billion more people on this planet in the next 30 years. To me, there's a simple equation about supplying protein for those individuals. When you are in the food export business, I think it gets a lot of people's attention. On Page 7, you talked about your total production. I see that has increased here in the last basically 10 years.

In your presentation you suggested if you wanted to build a new barn in your industry there would not be tradespeople in the community to build that this year. I recognize that throughout southwestern Nova Scotia, whether it's a boatbuilding industry or contractors wanting qualified electricians, pipefitters - the point I'm trying to make is, there's potential there to create growth in these sectors and it's obvious also in yours.

My question is, because of your quota structure, is there a possibility about new entries in creating more of your product for the markets? Is that potential there or are we being held back because we're not addressing these simplistic issues of getting tradespeople in place to build the infrastructure?

MR. MCCURDY: Help me clarify your question, please. Are we short of consumer product or short of raw product for the processors to make unique products?

MR. BELLIVEAU: First of all, the Ivany report talks about the need to strengthen rural Nova Scotia and the potential to expand our businesses. To me the potential right here is on Page 7, that production has increased in the last 10 years, there's no question in my mind, that's what I'm observing. I'm seeing that as a potential to create new entries and new growth. Do you see the same thing, and how can that be addressed?

MR. MCCURDY: I forgot to mention when going through my slide, and you jogged my memory, the Dairy Farmers of Nova Scotia has a New Entrant Program and we try to encourage one new farmer every year. There's an application process and it's reviewed and it's a very good program, so we are trying out new farmers in the process.

To speak to the skilled tradespeople to build a barn, the good ones are booked a year in advance. Building barns are not, oh, I think I'll build a barn this summer - it's February. If I was to build a barn in 2017, I would be booking my contractors now and I would be booking my engineers last year, so it's a planning process. I think our skilled tradespeople are there but they're fully employed. We're organized. They move - I know that tradespeople come from the Valley to central Nova Scotia; I know there are guys from Antigonish coming to central Nova Scotia to build our infrastructure.

We are in a good spot, we have our skilled trades that know how to build dairy barns, but they are fully committed for this coming building season.

MR. CHAIRMAN: Mr. MacLeod.

HON. ALFIE MACLEOD: Thank you, Brian and Andrew, for your presentation. Just going back to the palate thing, I've got three grandsons, aged nine, six and three. They call and they say, Pops, bring home chocolate milk. If I bring home one brand they will taste it and say that's not my chocolate milk, and they won't drink it - that's Farmers. Then if we bring home Scotsburn, you can't keep it in the fridge. These are kids who are figuring that one out. I don't understand it, it's all good to me. It's an interesting thing that we always talk about in our house.

My real question is, with Saputo and Agropur coming into the markets and buying up local dairies, and now we have processing being controlled outside the Province of Nova Scotia by these two large companies, has that had an effect on processing in the Province of Nova Scotia, or do you see that it may down the road? I always worry when we have people outside the province controlling some of the manufacturing that takes place and processes that take place within our province.

MR. MCCURDY: Keep buying your grandsons chocolate milk. (Laughter)

MR. MACLEOD: That answers one question.

MR. MCCURDY: And if you buy it and they don't drink it, it still creates sales for me, so that's fine. (Laughter) I'm associated with Scotsburn Co-operative.

MR. MACLEOD: I could tell.

MR. MCCURDY: When Scotsburn Co-operative used to walk up the street and visit the Sobeys group, it was a very congenial meeting. They agreed to get along and do what was good. That ship has sailed. We are in a new reality, we are learning the new reality today, and every day we meet with these people.

I think it's going to happen. Did it happen in 2015 or 2012? It's the way the world is going. I've had some very good, positive conversations with both Saputo and Agropur. They are both unique creatures but they are both businesspeople. I like working with our processors and at the national table there is a lot of fluffing of feathers and strutting their stuff, but at the end of the day we collectively, all stakeholders - government, processors and producers - roll up our sleeves and do what's best for our industry. It all comes back to the biological model because we have to have a steady supply - that's the only way it all works. To have all this infrastructure in place, it has to keep ticking every day. So the slow, steady growth that we received in the last few years is the best way to go. So yes it has changed - we are learning the new way, but we're all pulling together.

MR. MACLEOD: That is the best political answer that we got here today. (Laughter)

MR. CHAIRMAN: The day's not over. Mr. Irving.

MR. KEITH IRVING: Thank you both for your presentation. Two questions - one is a quick and easy one, and I'm always curious about this, especially when you talk about getting up so early in the morning and milking these cows. Of the 220 farmers, how many actually take holidays?

MR. MCCURDY: I can answer for one. March I'm taking my kids to Toronto, but the rest of them? There are all stripes and we all do it a little differently.

MR. IRVING: It's an industry that seems very difficult to take holidays, so anyway, I was just curious about that. When you talk about opportunities of regional and national producer pooling - I want to get a bit better understanding of this pool and the five separate marketing boards. If you could explain perhaps a little bit about the costs of our province to have one marketing board versus P.E.I., New Brunswick, Quebec and Ontario. Is it something that is being considered to maybe combine things or is it something that really needs to be done provincially in terms of individual marketing boards?

MR. MCCURDY: I think Brian Cameron would like to answer that.

MR. CAMERON: It is an excellent question to better understand how these regional pools work and we'll focus on the P5, if that's alright. It's very similar out West with the four western provinces.

Since 1996 - almost 19 or 20 years now - I guess we've had this pooling arrangement. It's a federal-provincial arrangement so the Canadian Dairy Commission signs on behalf of the federal government and each provincial government, including the Nova Scotia Government signs as well, and the five marketing boards in each of the provinces sign.

So it's a federal-provincial agreement since 1996 to do the things we talked about: sharing the market, sharing the revenues. So the producers all get paid the same for their milk components in those five provinces, since 1996; it has been going along almost 20 years now.

We harmonize a lot. We harmonize as many things as we can to kind of gray out the provincial borders and treat producers - it's a producer pool and there are about 10,000 producers in the pool - all the same as best we can. There have been several different initiatives over the years to try to enhance that so that has been moving along.

One of the things that still remains provincial and separate is the delegated authority for us from the Dairy Industry Act and through the Natural Products Marketing Council and it's very similar. There are oversight groups or councils or commissions in all the provinces. That is one of the things, that it's still a six-party agreement - the federal government and the five individual provinces with the signatories within each.

When we looked from a producer standpoint and we've looked at moving maybe on a regional basis - so within maybe the Maritimes, putting our three marketing boards together because our functions are very similar or even at a P5 level doing that - one of the things that frankly gets in the way of that is the provincialism. The fact that provincial governments, including Nova Scotia, have the delegated authority to a marketing board in Nova Scotia to buy and sell the raw milk and license producers and do the things we do.

So I guess like in anything in the Canadian federation, it becomes more difficult when provinces are wanting to put together shared responsibilities, shared authority. What

that really means is functionally we're doing as much as we can among the marketing boards to do things. We're actually developing spending literally millions of dollars to develop a common computer platform to support all the work that our office and my staff do on behalf of the industry. That is shared across all the provinces. So that's one step that we're doing as an example where we're going to gain a lot of efficiency, but to actually put the five together as one, that provincial delegated authority, I'm not going to say gets in the way but it's always a major consideration and we haven't been able to move through that. I'm not sure if that helps to answer your question.

MR. IRVING: That's helpful, thank you.

MR. CHAIRMAN: Ms. Zann.

MS. ZANN: Thanks for that interesting presentation. I live in Truro of course so every time I drive by that great big huge barn, the one in Shubie, I'm always really curious - the lights always seem to be on there. Then of course Scotsburn, I'm very familiar with. I was a little bit concerned when they sold their milk-producing ability - they got rid of that, didn't they? But they switched it over to more ice cream which I believe has more value added for them.

My question is, we were talking, you mentioned about the New Entrant Program. So each year one applicant can - there are several applicants, I take it, but one person is approved each year. So given the parameters around the quota and the new entrants to the industry, are we really talking about growth in this sector or more about managing the industry as a whole? Also, have you talked yet to the provincial government about the upcoming budget and what your asks will be?

It's kind of like two questions rolled into one. First of all, one is about the parameters around the quota and the new entrants to the industry, would you really say that it's a growth in this sector or are we more talking about managing the industry as a whole, as it is?

MR. MCCURDY: Our new entrant has priority access to - I always think of a quota as a percentage of the market. People think of it as other things, but it's my right to produce so many kilograms of butterfat. We are making it a priority within our industry, it's 12 P5? How many P5?

MR. CAMERON: It has actually just recently changed. That's part of the thing that I mentioned before about the provinces working together, so at a P5 basis we will loan a producer up to 16 kilograms of quota. Now a kilo of quota is about equal to a milking cow, just roughly speaking. So if they buy 16 kilos, we'll loan them 16; now they've got 32 so they can milk a herd of let's say 32 cows.

They have that full loan of the 16 kilos for 10 years and they can continue to purchase quota like other producers do, as producers either downsize or leave the industry.

They have that opportunity of going forward for a 10-year window of investing for half of the quota, we loan them the other half.

The loan quota comes from all the other producers in the pool so the quota is the quota is the quota. It's a pie graph we looked at earlier, which grows and shrinks over time, generally grows. Then after 10 years they gradually return the loan quota over a scheduled period of time to the board so we can loan it out to another new entrant.

We've had four producers, new entrants apply and be successful in the five years we've had the program available. So there are four new dairy farms that are milking in Nova Scotia under that program.

I think I'd be remiss without also mentioning about the intergenerational transfer that takes place on our farms. This isn't the only new blood coming into the industry, there's a constant turnover of new generations taking over for existing generations, sons and daughters of parents who have a dairy farm and moving in. We just had our annual meeting in January and I think both Andrew and I were commenting that we both felt quite old there by the young audience that was in front of us. Every year it's not that old either but it's surprising how young the audience is and the new blood, the new ideas that are coming in. Then that leads to some of that regeneration and expansion of the dairy farms. The optimism that's in the industry is quite strong.

MS. ZANN: So are the families that are already existing on top of these one new entrant per year into the industry?

MR. MCCURDY: I'm sixth generation on our land base, so most dairy farms do transfer to the next generation. Some don't, but we keep growing.

If you want to give a sense of how vibrant and young our industry is - at the end of March we have an extension program called Dairy Focus and we'll all be here in downtown Halifax, a very young, vibrant bunch. Very much, the top producers in Canada will be here because I think our Nova Scotia dairy industry is second to none within the country.

MS. ZANN: I would agree with you. The last part of my question was, have you been in touch with the provincial government about the upcoming provincial budget and what perhaps you might be hoping to see in the budget that would help your industry?

MR. MCCURDY: Because we're supply management we are very stable so we don't have a big ask. We have a strong working relationship with the government, with Minister Colwell - he worked with us on the TPP deal. We have a couple of other little things we're working on.

We want a healthy economy so we have places to sell our product and that's important for us, but as for cold, hard cash coming from the government to us, no. It's making sure that I can get my produce to market, my tractor can go up and down the

roadways, make sure my infrastructure - what all rural Canadians need is what's important to me.

MS. ZANN: The other thing is, talking about the TPP, are you and the cattle industry of Nova Scotia worried about what's going to happen? Are you concerned about the industry being squeezed out of the market at all? What is the sense among dairy farmers and cattle farmers in Nova Scotia?

MR. MCCURDY: I will not speak to the cattlemen because that's beyond my knowledge. Personally, I am comfortable I know where we're going to be. Our growth that we've seen in the last 10 years will probably slow as imports come in so that will be a new challenge for me to work within that, but it's a known quantity. So I think we, as the Nova Scotia dairy industry, can work through that and be successful going forward.

MS. ZANN: Maybe a good marketing strategy.

MR. MCCURDY: One hundred per cent Canadian milk.

MS. ZANN: I want chocolate milk - Nova Scotian chocolate milk. Okay, thank you.

MR. CHAIRMAN: Mr. MacLeod.

MR. MACLEOD: Brian, I heard you talking about how young the crowd looks before you when you're moving forward and when you're at the different meetings. I know in my constituency I look back a number of years and I know we had five active dairy farms - today we have one. I'm just curious as to what happens to that quota when these people sell out or get away from it. How does it get redistributed around the province or within the system? Is some of that used for this new entry program? What happens when somebody gets out? Can Andrew buy up all that quota if he wants to? How does that work?

MR. CAMERON: It's an excellent question because the quota is one of the key things within supply management on the farm side. So our board, like other marketing boards, operate a monthly quota exchange. So monthly we have an opportunity for any producers who are wanting to sell a portion or all of their quota to put it on an exchange. Then we have other producers, who are wanting to buy quota to be able to expand their operations, can bid to purchase that.

Nova Scotia is quite unique, certainly within our region and maybe even in our end of the country in that the demand on the buy side is way higher than the supply of quota. That has been the case for years. I've been with the organization for 13 years now and that's been the case for all that period of time.

I say that in contrast to New Brunswick or P.E.I. closest by and maybe even more proportionally with Quebec and Ontario - a very, very high demand for quota. Why? It

probably speaks to the idea that dairy is quite strong in Nova Scotia, we're the number one commodity from a farm gate sales standpoint.

There's a lot of dairy farms around. There has been some consolidation but there still remains to be - and on an agriculture side there are fewer alternatives here than there would be in P.E.I. or New Brunswick or maybe some of the other provinces as a basis, as a general comment.

If a producer decides to downsize or sell their quota, they can do one of two things. They could either sell their dairy farm as a unit - cows, buildings, equipment, land, the whole thing, and quota - to a qualified new entrant; someone who wants a dairy farm, if they can come up with a business plan to make it work, they could purchase that dairy farm so that can happen.

The other option would be to sell the quota, offer it for sale on the monthly exchange, other producers in the province purchase it. Everything is done on a percentage or proportional basis, so producers can bid up to 10 per cent of their quota holdings, each exchange as an example. So big farms, a 300-kilo farm could bid for 30 kilos; a 30-kilo farm could bid for three. It's proportional that way, based on farm size, as is when the quota that is offered for sale, when it's distributed to those farms it's distributed sort of on a pro rata basis, based on the bid, which again is based on farm size. So there is that monthly transfer.

Again, we operated the exchange for quite a number of years. Some months there's no quota offered for sale. We've seen that probably three or four times a year in the last couple of years that there has been no quota offered for sale, so there's no exchange. The demand is still there but there's no quota offered for sale. Other months some comes on and we pro rate or we share it across the farms that are bidding to buy the quota. That's one way of a quota transferring and that's the main vehicle.

The other thing is that the chart that Mr. McCurdy showed of the quota increasing, everyone gets their percentage share of that. Again, on December 15th there was a 2 per cent quota increase so all farms got 2 per cent more quota, based on their current quota holding. Again, we do it on a proportional basis in that way. Does that help?

MR. MACLEOD: Yes. You said a unit, the whole farm - buildings, equipment, quota - could all be sold as a unit to a new entrant. What happens, when you described the program earlier you said there was one new entrant a year, defined, or that's the hope. What happens if you have three farms come up for sale and there was opportunity for the three of them to be sold? Can new entrants be found to do that? I'm just curious because my experience has been, by the way, that most times it's just usually the quota that the farmer wants to get rid of, he usually likes to keep his homestead. I'm just curious as to how that would work if you had more than one full unit available for sale, how would the buyers be found?

MR. CAMERON: A good question. Part of our delegated authority from council is to manage the quota system in Nova Scotia. We have a number of regulations actually that lay out how quota can be transferred. There are sort of two things within that; the dairy farm that I said would be sold as a unit to a new producer, that can happen if it's approved by our board and if they meet the criteria of being a new producer, that can happen as often as someone wanting to sell a farm and a new producer wanting to buy it.

The New Entrant Program augments that with a quota loan to one successful applicant per year. So in your example I think if there were three or four per year who wanted to come in, they would all potentially apply to the board for the quota loan. We have an independent committee that would select one, they would then either purchase their quota on the exchange or they would buy a dairy farm and we would loan them that up to 16 kilos for the 10 years. The other three, if they meet the criteria, could purchase those dairy farms as well. It could be three or two or 10, it could be any number because that's outside of the quota loan program.

MR. MACLEOD: But they wouldn't qualify for the loan quota?

MR. CAMERON: Only one new entrant per year and that's a balance, I guess, that we've reached because the quota is coming from all the other producers and there is that high demand for quota. You try to balance these objectives that dairy farmers have in their business plans.

MR. MACLEOD: Just for clarification for myself - if I was to come off the street and win the Lotto 6/49, and decided I wanted to become a dairy farmer, there is still criteria that I'd have to go through to qualify to be a producer?

MR. CAMERON: Yes, along with the facility - again, because it is producing a food stuff, a perishable product actually because it's raw coming off the farm. The facilities have to meet provincial standards relative to cleanliness and handling and cooling of the milk on the farm. It stays there for two days and it's picked up every other day by a truck. As well, to get set up and get started as a dairy farm.

We have a minimum size. You have to have at least 10 cows to milk and, again, that's more from an efficiency standpoint for relative to milk pickup and production. So there is a number of criteria to be met.

MR. MACLEOD: So we want to make sure we have the right chocolate milk.
(Laughter)

MR. CHAIRMAN: Mr. Belliveau.

MR. BELLIVEAU: Hopefully I can have a couple of slides put up there. I'm trying to make reference to slide number - on Page 7, the Nova Scotia total quota increase. There was a noticeable increase between 2006 to October 15th. I go to the slide on Page 6 -

provincial shares of milk quota. To me, this one here is probably a 30 to 40 years old snapshot of where the industry was and the percentages of each particular province or jurisdiction.

In Yarmouth, Cook's was purchased by a Quebec organization and if you look at that snapshot, my question is if the dairy farmers of Nova Scotia are in a position to lobby for an increase or decrease in quota. When Cook's was purchased by Quebec, does that affect the overall percentages of Nova Scotia's quotas and is there room there for new entries? I'm trying to understand those two slides.

MR. CAMERON: Again, it speaks to a quota, but it also talks a bit about supply management. So I'll start with this one and then if we can go to the other one. Those are current numbers; those aren't old numbers. These are current percentages that each province has of the national milk market. So let's think of this as the pie. That's the national milk market - we have our 2.2 per cent of it and you can see the percentages for the other provinces; Quebec and Ontario having the lion's share. Those percentages are based on historical shares somewhat with population shifts as well. So they might change by the second decimal place over time, but generally those are the numbers - that's our share.

So let's think about it. We wouldn't lobby for a quota increase. That's not what happens within supply management. Everyone would like to have a quota increase, but the whole discipline of supply management and the production discipline is, that pie represents how much milk we need from Canadian cows to meet the Canadian market. So as the Canadian market grows, that pie gets bigger, and as that pie gets bigger we get 2.2 per cent of the bigger pie so we get more quota in Nova Scotia. So through all the biology that Mr. McCurdy mentioned, we try to translate that through to more milk, as do the other provinces. So when that pie grows, we need more milk.

The other thing that can happen is that pie can shrink. As that pie shrinks, we have quota cuts. Well, everyone likes increases but no one likes quota cuts, but that's the discipline of the system. As the pie shrinks, we need less milk and so therefore we do that through a quota reduction and every province will do that. So a pie grows, pie shrinks, based on the national market.

There are a lot of calculations and a lot of math behind determining what the Canadian market for milk is. Typically what's done nationally is we look in the rear-view mirror - we look back at the most recent 12 months - and it's done six times a year so every two months we redo the calculations. The most recent 12 months, how much milk have we needed to satisfy the market. That's the most reliable data we have.

There are forecasts and there are computer models that forecast where the markets are headed, where the production is headed on the farms, but generally we rely on the recent 12 months.

If you think about it, in periods of growth, and fairly rapid growth, this 2 per cent per year that we've been talking about, you're going to underestimate market every time, if you're looking back in the rear-view mirror because you're just basing on the previous 12 months. So within our system we have some flexibility built in. There's additional quota, if you will - we call it growth allowance, allowing for growth - there's an additional amount above the previous 12 month numbers that allow for extra milk to be produced, to lead the market we call it, and have extra milk in the market. In fact, that growth allowance was just recently increased from 2 per cent to 5 per cent for a number of months because we're somewhat playing catch-up with trying to follow that growing market. That's the pie growth, the pie gets smaller in our share.

Now if we look at this slide, if you can follow across from June 2000 on the left all the way through, you can see that this line goes up, it goes down, it goes up, it goes down. So that's the pie getting smaller. This is the Nova Scotia number but if you put Ontario or Quebec or B.C. on there, they would have the same chart because it's the same pie. So there's a period where there was a decrease and then it increased and is very flat for about two or three years there, it was very flat in the middle, and then a little bit of a bump and then very flat and then we're on the up now.

Overall, yes, it's growth but this really - these ups and downs really speak to exactly what I was describing, that pie getting bigger and getting smaller over time, which is again one of the three pillars of supply management: to have that production discipline to fulfill but not overfill the Canadian market as best we can. I'm not sure if that - that's a bit of the supply management theory but that's the way we operate and determine how much quota is needed in the system.

MR. CHAIRMAN: Mr. Orrell.

MR. ORRELL: Earlier, Mr. McCurdy, you talked about the TPP, and probably eight months to a year ago we heard a lot about the TPP and how it's going to affect maybe the imports of specialty cheeses and affect the market that way. Is there a potential for Nova Scotia farmers or Canadian dairy farmers to do more exporting of specialty products, I guess, that we would have or are there speciality products we would have that other countries wouldn't have that we could balance that off with?

I also heard about a compensation package that may be involved for the loss of some certain products. Is that going to affect you overall in a good, bad, or ugly way, or is it just going to maybe flatten out because of different ways of exporting and importing? Or is it known, I guess is the big question?

MR. MCCURDY: Thank you for that. A little bit of clarification: the CETA deal was the one that spoke primarily to cheese; TPP speaks to all classes of dairy products, so there's a little nuance there. It would be very easy to get them confused because they were negotiating back to back. My knowledge of what we can export is limited because I sell raw product and cheese is a finished product, so I'm one step back from the supply chain.

We do have seven cottage processors in the province which would produce specialty cheese. I think they explored what they can export and what they haven't. I don't know the nuances of it. Do you have anything to add to that, Brian?

MR. CAMERON: It's a good question. With the CETA, again, I'm sorry, it's a bit theoretical but the way the federal government maintains border protection and the tariffs at the border is that they maintain what we call tariff lines and tariff levels that would be a tax on any dairy products coming into Canada. For example, for butter it's 300 per cent. If you want to import butter into Canada, you have to buy it at the U.S. price and then pay a 3 times tax to have it come into Canada. So you would think, well, there's no butter coming into Canada then.

The other part of it is, there is, because there's something called minimum access. If you think of a garage door, the tariff is the height of the garage door, but that garage door is open a bit at the bottom - that's our border - and there are 3,200 tons of butter that come into Canada every year. That's 5 per cent of Canadian consumption, roughly. There is 20,400 tons of cheese that come into Canada tariff-free every year - again, 5 per cent of Canadian consumption. So that is what has been set up. We have these tariff levels, but we also have minimum access where it comes in tariff free.

There are opportunities for Canadians to export. We used to export a lot of aged cheddar cheese to the U.K. That market has gone down over time, but there are opportunities for us to export, again, a small amount.

Supply management is a domestically focused marketing program. So we want to feed Canadians first, and so that's where our main focus is. Exports are an opportunity for growth, but they're not the panacea. We want to see about growing that domestic market, but there are some opportunities there.

The final comment, if I may, is when we look at CETA - the European trade deal - mainly on cheese, that 5 per cent access at 20,400 tons, once it's fully implemented will go to 9 per cent, so almost doubled on cheese. That's a concern for us because the markets are growing, but most of that market growth will be supplanted with European cheese coming into Canada and so we may see that part of our market relatively stable over a period of time because of the increase of the imports.

Again, TPP is largely unknown but it's sizeable. As Mr. McCurdy mentioned, it's across all dairy products. We're still waiting to see what the new federal Liberal Government does relative to ratification and if there is anything that comes out of this compensation package that was talked about.

MR. CHAIRMAN: Mr. Maguire.

MR. MAGUIRE: I just want to continue along the lines of Mr. Orrell's questions, and I want to talk about the food security part of it. With potential new products coming in

and the market opening up - I don't have any data, but I'm assuming there are probably less farmers now. Correct me if I'm wrong, but people are less inclined to set up and become dairy farmers than in decades past. Are you concerned with local food security and our products, and are our farmers able to produce enough products here locally to feed Nova Scotia?

Also around affordability, so are they also able to put cheese, milk - the cost of milk has risen a little bit. My children go through about two bags of milk every couple of days and it can get expensive, depending on how much you're consuming. So around affordability too - is that a concern especially with some of the new trade agreements and products being exported and imported into our province?

MR. MCCURDY: Keep giving your kids milk, good for you. Mine drink more. Can we keep up? I mean, the 220 dairy farms in the province today are producing more milk than we were five years ago, 10 years ago - we will continue in that graph. Will it reach a plateau that we can't get any more? Maybe, but I don't know where that is. Research sites like Dalhousie in Truro that study what we do and try to make us better, those guys will keep refining it.

As our farms become more efficient and develop more production, it will continue to be affordable milk because of our pooling agreements and the growth outside our province. I'm not completely positive - I think around 7 per cent of our production within the province is required outside the province. We're producing more than our domestic provincial requirements.

MR. MAGUIRE: Another question I have, which is a different topic, is somebody who has difficulties with dairy products. I've travelled a little bit and some of the countries that I've visited have different standards and different regulations around pasteurization. I found that some of the products that were unpasteurized maybe were a little easier for me to digest. What's the history around that and what are the pros and cons, do you know?

MR. MCCURDY: I'll take a stab at this then I'll give Brian an opportunity to speak also. Raw milk from my farm is not safe to drink. I've consumed that since I was a little boy and my family has also. I know of other farm families that purchase their dairy products from the dairy case in the grocery store, so it is a very personal preference of the risks associated with consuming that product. Other jurisdictions . . .

MR. MAGUIRE: Other countries, like France.

MR. MCCURDY: Yes, have various degrees of human health, on how they want pasteurization done within their milk supply and their food supply. So Health Canada said you will only consume pasteurized dairy products.

Some of our artisan cheese makers would like to make cheese with unpasteurized milk. I'm not sure how they get through or if they choose not to. Do you have anything to add to that, Brian?

MR. CAMERON: Again it's a Health Canada, Canada-wide requirement that all milk is pasteurized. The sale of raw milk - or even giving away raw milk - is not allowed. It is illegal in Canada.

Just picking up on the artisanal cheese, we have one cheese maker who is looking to start doing raw milk cheese in Nova Scotia. The milk isn't pasteurized but the Canadian Food Inspection Agency, which is the government arm that oversees milk processing and milk processing facilities - in federal regulations, there's a 60-day holding period. So they make the cheese - it's a fresh cheese so it's not an aged cheese, but you still have to hold it for 60 days, then they examine the cheese after 60 days to ensure that the quality of the cheese is still satisfactory, then it can be marketed.

That is one opportunity that exists within Canada and again, we have a Nova Scotia processor who is looking to move to that technology with the federal regulations and CFI oversight.

MR. CHAIRMAN: Mr. Orrell (Interruption) Sorry, Mr. MacLeod.

MR. MACLEOD: I don't know how you could make that mistake, Mr. Chairman. (Laughter)

MR. ORRELL: We use the same tailor, that's it. (Laughter)

MR. CHAIRMAN: Mr. MacLeod, the floor is yours.

MR. MACLEOD: Andrew, when you gave your presentation you talked about the industry employing 600 people in rural Nova Scotia, which is a significant amount of people. I just wonder how many of those would actually be graduates of the AC and if the rising tuition costs are creating an issue as far as people going to Agricultural College and getting the fine points of the industry and farming in general?

MR. MCCURDY: Thank you for that. I can comment personally but I mean if you want some hard facts we may have to get back to you. Personally, I graduated in 1990 from NSAC and I know a lot of my contemporaries also have but my father's contemporaries, probably not so much. I'm sure it's all over the map and I have a daughter that's looking to post-secondary education this Fall so I know the cost of post-secondary education is real and I'll be dealing with it personally. We'll have to follow up on that, unless you have anything more, Brian.

MR. CAMERON: Just one other thing to add. You may or may not be aware that the Dal AC, as they call it now in Truro, added a diploma program three or four years ago

- a two-year program instead of the four-year degree in agriculture program. That still continues, and I know because I've been involved in instructing them and taking them through workshops on how to understand quota and milk pricing and that sort of thing. They have a large group of students this year - I think there's a dozen or more in that class that will do a two-year, more applied diploma program than maybe the academic four-year program. Most of them - I guess, all of them, the 12 that I met a few weeks ago - were either from a dairy farm or have worked on a dairy farm and would be gearing towards going back to work on a dairy farm. They're from the region, certainly from the four Atlantic Provinces. There were two students from Ontario because they're shutting down some of the two-year diploma programs in agriculture in Ontario. The Dal AC program is the only game in town in this English-speaking part of the country, and so there were two students there from Ontario taking this program.

It's very much geared towards very practical on-farm, with business, with some physiology and some of the other things they need to know to have them come back on the dairy farms again. Probably go back to their home farm or one that they would work on. We see that as a very positive initiative the AC has taken to bump that up, to try to have that training.

They've also been good at reaching out to our organization and we've co-operated with what the industry needs. It's one thing to set out a program, but when developing the curriculum, talk to dairy farmers and see what they need their staff and managers to do.

MR. MACLEOD: Andrew, do you have anybody on your staff that is a graduate of Dal AC, or are you the complete brains behind the operation?

MR. MCCURDY: I am not the complete brains.

MR. MACLEOD: You said you were married, that's right.

MR. MCCURDY: The wisest decision I made.

MR. MACLEOD: This is being recorded. (Laughter)

MR. MCCURDY: My wife is also a graduate from Dalhousie. I have a staff of three full-time people. I have a mechanic, I have a machinist, and I have a general labourer. They're all intelligent, hardworking people, and we are a team. We sort things out together. I am probably the one who has the most formal education, but I'm certainly not an island. I work with the group I've been blessed with.

MR. CHAIRMAN: Mr. Belliveau.

MR. BELLIVEAU: I am just curious about the - I call it the trans-Pacific agreement, but probably the initials are TPP. You actually mentioned - a couple of speakers earlier talked about the Dairy Farmers of Nova Scotia that is all classes of dairy products.

Can you explain your thoughts and concerns about this proposed trade deal and are you confident that the new government is addressing your association's concerns?

MR. MCCURDY: I assume you mean the new federal government.

MR. BELLIVEAU: Yes.

MR. MCCURDY: I saw a list of all the line items of dairy. We had a presentation from a colleague at our February meeting in Ottawa. I have confidence that the federal government is working on our behalf. It is a very broad-ranging trade deal for dairy. CETA and TPP are new to our industry. The Government of Canada has negotiated many trade deals in the past and these are the first two that have touched dairy.

We were somewhat caught off guard about CETA. At sort of the eleventh hour, somebody made a phone call to Dairy Farmers of Canada and said, by the way, you're giving up some of the cheese market.

We were certainly on the ground floor at the TPP negotiations and working with our federal negotiators and federal politicians to ensure our best outcome. If you were in New Zealand, Australia, United States, they would have said TPP was a failure because they did not dismantle supply management. I firmly believe, from what I heard on the ground in Atlanta, we came out with a very good deal for Canada and for supply management because we only gave up the 4 per cent access. That could have been 12, 15 per cent. If you have that much access we couldn't have managed the system, so we have an allotment, we know where it's coming in. We also know that the federal government worked diligently to make sure that the dairy products that are coming in are going to go into further processing. So if you are a cookie maker and you need butter, that will be a spot for the butter to come in. The Canadian consumer at the dairy shelf will see Canadian butter, it will not see products from other places.

I think we're in a good spot, I mean until we get to the other end, and it's going to take 18 years to bring this into force, time will tell, but I am confident that we are in the right spot going forward.

MR. CHAIRMAN: Mr. Irving.

MR. IRVING: I just wondered if you could expand a bit on the ProAction plan with respect to environment. You mentioned that was kind of the newest of initiatives, I believe, and it was five to six years to implement. What does that initiative entail? Is this making more energy-efficient barns or is it something different?

MR. MCCURDY: There are six items in the ProAction umbrella; environment would be the last to implement. I am currently, for lack of a better word, audited on the first one and in two years I will be audited on the first three. We understand that the

environment portion of that will come in 2023, when I will be evaluated on my ability to meet the environment protocol.

The details are very high level right now so I can't speak to the details very much. But think that I will not pollute, my manure will be spread on the fields to normal operating procedures, disposal of dead stock will be done correctly, fuel storage will be done to acceptable standards, that I am a certified pesticide applicator. Some of those checkmarks will be documented, not so much that you'll see a change in how dairy farms operate, there will be more documentation that we are all meeting similar standards across the country and that we can tell our consumers that this is how milk is produced in the country of Canada, with this whole host of different aspects of how they do things.

MR. CHAIRMAN: I think I've exhausted my speakers' list - I'm sorry, Ms. Zann.

MS. ZANN: Just one other question. Under Section 4 of the regulations that accompany the Dairy Industry Act, it says, "The board of directors has the authority to exercise any of the powers conferred on DFNS by the Act or by the regulations made under the Act." That means the actions of the board are critical for the operation of the industry.

Do you have any problems with the composition or the operation of the board? Are current members happy with it or with the decision-making processes of the industry?

MR. MCCURDY: Thank you for that question. We are elected to the board. The sole role in governance of the membership within DFNS - Dairy Farms of Nova Scotia - is to elect their board. We had some differing views in years past on who was on the board. I would say there were two groups and they were not getting along, so that's some bad history.

We are in a good spot. We have geographically diverse representation on the board, we have age diverse representation on the board. There is thoughtful, thorough discussion on most issues that come before the board but there is also consensus at the end of the day. Do you have anything to add because it's regulations, and Brian spent many hours dealing with regulations and they're almost through a final review?

MR. CAMERON: It's an excellent question because the Dairy Industry Act is separate from the Natural Products Act. The Natural Products Act governs most other agricultural commodities in the province and we have a separate Act for dairy that - one was rolled over from the Dairy Industry Act.

I believe your question speaks a bit to the delegated authority within that and the Natural Products Marketing Council. There are sort of two pools of regulations. There's a group of regulations that the Natural Products Marketing Council hold as regulations under the Act. That's their business, and that generally is from the farm gate out. That is the licensing of processors, the minimum wholesale/retail pricing that's in place in the province for milk, and a number of other standards that are beyond the farm gate.

Everything from the farm gate back to the cows is generally held as regulations by Dairy Farmers of Nova Scotia. So we license producers. There are regulations set out relative to, again, the standards for that dairy farm that it needs to meet; the transfer of the quota. We actually license the transportation companies that haul the milk from the farms to the plants. So there are a number of things there.

That sharing of joint responsibility, again, all under the oversight of council, we feel works really well. We work quite closely with council, as Mr. McCurdy mentioned. Their general manager has been appointed by the minister to our board as a non-voting director. That works very well to have that very close contact - both at a working level but also at a board governance level.

MS. ZANN: Who is the general manager that was appointed?

MR. CAMERON: Elizabeth Crouse. She is the general manager of the Natural Products Marketing Council.

MS. ZANN: I'm the Critic for Agriculture so it's good to know that. So the transition has been smoothed over and things are better now?

MR. MCCURDY: Straight ahead.

MS. ZANN: Good to hear that. Thank you.

MR. CHAIRMAN: Are there any further questions? Thank you both very much. It's a pleasure to have a good-news story come into our committees. It's a pleasure to see the leadership that this industry brings to the province. It's discouraging that sometimes we don't have the media here for these good-news stories that great Nova Scotians are doing and we report on some of the more unfortunate things, but I want to thank you both very much. It's a great message. It's one that we will pass on. Please, closing comments - the floor is yours.

MR. MCCURDY: I appreciate the opportunity to come and present with you today with my general manager, Brian Cameron, and on behalf of my board and my industry, I thank you for the time to listen and understand what we're going through and grasp a bit of our challenges and uniqueness. At this time I'm going to leave you guys with a little milking stool. You guys can all fight over - just don't make it into wood, it will splinter. So thank you very much. Have a good day.

MR. CHAIRMAN: Thank you.

We will take a quick five-minute recess and reconvene for committee business.

[10:39 a.m. The committee recessed.]

[10:45 a.m. The committee reconvened.]

MR. CHAIRMAN: I call the meeting back to order.

I don't believe we have any committee business. The only remaining item is our next meeting, which is March 24th - we've moved it because of March break - from 9:00 a.m. to 11:00 a.m. The witness will be the Department of Energy, ocean tech and tidal research.

I move that we adjourn, and thank you everybody.

[The committee adjourned at 10:46 a.m.]