

# PRINCE EDWARD ISLAND LEGISLATIVE ASSEMBLY



Speaker: Hon. Francis (Buck) Watts

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## Standing Committee on Communities, Land and Environment

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**DATE OF HEARING:** 1 NOVEMBER 2018

**MEETING STATUS:** PUBLIC

**LOCATION:** LEGISLATIVE CHAMBER, HON. GEORGE COLES BUILDING, CHARLOTTETOWN

**SUBJECT:** BRIEFING FROM CAVENDISH FARMS AND ITS LAND HOLDINGS IN THE PROVINCE OF PEI

**COMMITTEE:**

Kathleen Casey, MLA Charlottetown-Lewis Point [Chair]  
Dr. Peter Bevan-Baker, Leader of the Third Party  
Colin LaVie, MLA Souris-Elmira  
Hon. Pat Murphy, Minister of Rural and Regional Development  
Hon. Chris Palmer, Minister of Economic Development and Tourism (replaces Alan McIsaac, MLA  
Vernon River-Stratford)  
Allen Roach, MLA Montague-Kilmuir  
Bradley Trivers, MLA Rustico-Emerald

**COMMITTEE MEMBERS ABSENT:**

Hal Perry, MLA Tignish-Palmer Road

**MEMBERS IN ATTENDANCE:**

Richard Brown, MLA Charlottetown-Victoria Park

**GUESTS:**

Cavendish Farms (Jubs Bristow, Robert K. Irving, John MacQuarrie)

**STAFF:**

Emily Doiron, Clerk Assistant (Journals, Committee, and House Operations)



The Committee met at 10:00 a.m.

**Chair (Casey):** Good morning everybody and welcome to the Standing Committee on Communities, Land and Environment.

My name is Kathleen Casey and I am the Chair of the committee. We have our agenda before us and as I tap the gavel, that means we have gone live. I just wanted to remind you that we are live. Today we have our agenda in front of us and I'm looking for approval of that agenda.

**Mr. Roach:** (Indistinct)

**Chair:** So moved, thank you Mr. Roach.

Today, we are receiving a briefing from Cavendish Farms on land holding in the province and I would like to welcome the group here.

Hon. members, before we get started, I would like to welcome the Hon. Chris Palmer who is substituting for Alan McIsaac today and I know the Hon. Richard Brown, the Minister of Communities, Land and Environment is going to join us as well.

So, today before we get started, I'm going to ask you to introduce yourselves and the district that you're from or the portfolio that you hold just so that our guests before us will – I'm sure they're quite familiar with who you are, but just as a word of welcome I'll start here.

**Mr. Trivers:** My name is Brad Trivers and I am the MLA for District 18 Rustico-Emerald and I'm also the opposition critic for Communities Land and Environment, Finance and Acadian and Francophone Affairs.

**Chair:** *Merci beaucoup.*

Thank you very much.

Colin LaVie?

**Mr. LaVie:** Colin LaVie, MLA for Souris-Elmira District 1

**Dr. Bevan-Baker:** Peter Bevan-Baker, MLA for District 17 Kellys Cross-

Cumberland and the Leader of the Third Party in the Legislature.

**Mr. Roach:** Hi, good morning and welcome. My name is Allen Roach; I am the member from District 3 Montague-Kilmuir and that may be subject to a name change down the road, I'm not sure.

Thank you.

**Mr. Murphy:** Pat Murphy and I represent potato country in Alberton-Roseville.

**Mr. Palmer:** Hi, Chris Palmer; MLA for Summerside-Wilmot and Minister of Economic Development and Tourism.

**Chair:** Welcome everybody.

I think what I'm going to do now is turn the floor over to our guests. I would ask everybody to identify themselves for our Hansard people before you speak. If you could do that a couple of times so they'll be able to attribute remarks said by yourself.

We'd like to welcome back John MacQuarrie – no stranger to the Legislative Assembly.

I'm going to turn the floor over to the group from Cavendish Farms. If you could introduce yourselves and then I'll turn the floor over to you for presentation.

**Robert Irving:** Robert Irving, Cavendish Farms President; been an associate with Cavendish from day one. It's my 38<sup>th</sup> year I've been involved with Cavendish Farms.

**Jubs Bristow:** Good day ladies and gentlemen. Jubs Bristow; Vice President of Agriculture for Cavendish Farms responsible for farming operations and rural product procurement.

**John MacQuarrie:** Good morning, John MacQuarrie and I am the director of environmental sustainability and have been with Cavendish Farms now for a year and a few months.

**Chair:** Thank you.

Hon. members during our work plan we were discussing land holdings in the province and it was suggested by this

committee that we invite Cavendish Farms in to speak about their land holdings and at this time, I'll turn the floor over to you – to the group from Cavendish Farms for your presentation.

**Robert Irving:** Thank you.

Madam Chair, members of the committee, good morning. Thank you for the invitation to appear today. We believe it is very important to consider the broader context facing Prince Edward Island in order to properly discuss land use and land ownership.

As evidence again by the summers near drought conditions – there is significant threats to the long-term sustainability of potato farming on Prince Edward Island.

The future of the PEI potato industry is at risk and I can't underestimate that. We're at risk here today.

I want to really (Indistinct) that – as the largest and single biggest customer for the PEI potato industry. This morning we will urge the committee to consider how government can help ensure the long-term prosperity of Island potato farmers and farming families. I think everybody has a sincere interest to make sure we have healthy farming families here on Prince Edward Island.

I am very proud to represent Cavendish. As I said, I've been associated with the company right from day one, for over 38 years here on Prince Edward Island.

So, our agenda here today will begin by confirming Cavendish Farms' compliance with all *Land Protection Act P.E.I.* measures. We just want to reiterate that here this morning. We will then discuss the importance of agriculture and family farms here on Prince Edward Island.

In our opinion, agriculture is the backbone of PEI's economy. It's also why we believe the future on Prince Edward Island must include agriculture and sustainable land use and we think this is critical as we look into the future.

That will be followed by a look at the relationship Cavendish Farms has with the

PEI farming community – which I think is important you understand what role we play with the farming community – and then we'll look at the broader competitive context that affects the agriculture industry and Cavendish Farms sustainability and environmental initiatives to protect PEI, because we play a significant role here on Prince Edward Island. Of course, at the end, we'll share our recommendations to the committee.

So Madam Chair, if the committee is agreeable, we'll go through with our presentation.

**Chair:** You have the floor.

**Robert Irving:** So first of all, I want to begin our presentation today by reinforcing that our vision for the agriculture industry on PEI is built on the premises that these rich red soils are an asset – and I know they are known worldwide today, the rich red soil of PEI. We believe all Islanders should benefit from the responsible management of this shared recourse.

I want to state up front that we are compliant as an organization, as a company, with the *Land Protection Act P.E.I.* Cavendish Farms are committed to operating in a honest and ethical manner. Cavendish Farms operates within all requirements of the *Land Protection Act P.E.I.* Also, we report to the Island Regulatory and Appeals Commission on an annual basis, as per regulations. As such, all Cavendish Farms land holdings respect the legal limits today.

Agriculture is the backbone of PEI economy and I can't stress that. I mean; the economy here, when you talk about the Island – it's always the agriculture (Indistinct)

As the world population continues to grow, global demand for food and sustainable agriculture will also grow. This is good news for PEI, a province that has a tradition of quality agriculture and has a reputation for quality foods and is called 'Canada's Food Island'.

As one of the Islands most important industries, we need to work together to ensure the agriculture industry is sustainable. Land and good land stewardship is at the foundation.

Our vision for a sustainable industry includes, balancing the economic needs of farmers with environmental well-being that comes from protection and the enrichment of land, while producing food and meeting the needs of society.

As I'm sure most members of the committee would agree; family farms have been an integral part of PEI's history. We need to support and provide an environment where family farms can continue to be successful, competitive and generational.

Land limits developed in 1982 can no longer sustain today's modern agriculture economy. Start-up and equipment costs are higher than ever. Farms need to be able to operate at a scale that enables them to be competitive. PEI residents overwhelmingly agree that agriculture is important to the Island economy. In fact, in two recent separate surveys that were done, 100% of Islanders agreed about the importance of agriculture here on Prince Edward Island.

Despite the strong support for agriculture, we've seen decades of change on the farming landscape. The total number of agriculture operations on PEI has decreased from more than 4,500 in 1971, to just over 1,350 in 2016. Of the 1,350 farms, only 186 are potato farms. This number also represents a steep decline over the past few years. In 1997, there were 460 potato farms and 112,000 acres were harvested at that time. Whereas today, last year, there were 186 potato farms and 83,000 acres harvested. So we've gone from 112,000 acres of potato land down to 83,000.

One thing we'd like to reiterate, we're not saying we need more acres grown of potatoes, it's just how do we get more yield out of those acres that are here today?

And yet, despite the decline, it's the single-largest agriculture commodity in terms of farm cash receipts on PEI in agriculture. In 2017, over 2.4 billion pounds of potatoes were harvested and we are purchasing probably more than 50% plus of those potatoes today on Prince Edward Island, so we are the single biggest customer of potatoes on Prince Edward Island. It has been a mainstay for generations, potato farming, and Cavendish Farms has been a significant player in that.

Potato farming on PEI: New varieties, modern growing practices, changes in equipment and the advent of smart technology have dramatically impacted farming. But, these changes have also impacted the economics of farming. We need to find a way to help farm families be successful and farmers need adequate acreage to spread their costs. They also need adequate acreage to ensure an environmental sound rotation, and the more land that is taken out of production; this makes it more challenging to the farmers.

To be economically sustainable while respecting government goals of three-year crop rotations – which the governments have implanted and have asked our farmers to apply to – family farms growing potatoes need a minimum of 2,100 acres. The reason why we say that, 2,100 acres would allow the farm to plant and harvest 700 acres of potatoes per year. We've come up with this 700 acres per year just because of the scope and scale it takes today to start up a farm and to be in the business in terms of the equipment, in terms of the land costs, in terms of the facilities, are required to be in potato farming.

It's that dollar involvement that the farmer has to have the scale to get the revenue to support the cost of operating a potato farm today. This is critical. As more land is taken out of production, the farms have less chance of getting potato farm land to do the three-year crop rotation which government has put in place. It makes it very difficult for the potato farm here to survive on Prince Edward Island.

Now here we have a photo, an example of how potato farming is changing, and we thought we would bring this to you here this morning just to show you other parts of North America, what is happening with technology and how farming is changing. I'm not suggesting this would ever happen in Prince Edward Island, but it just gives you some exposure of the technology change and efficiency that's going on. This is a photo and a video of a farm operation out in the Washington State area.

I'll just play it here now.

[a video played]

This technology allows two people to harvest 60,000 pounds in four minutes, whereas here in Prince Edward Island, to harvest the same 60,000 pounds it would take 14 minutes and require five people.

The scope and change around the potato farming industry is changing. Again, we're not suggesting that PEI is going to do this, but there is change happening out there and we have to be aware of change in terms of what technology is bringing to potato farming.

Now let's look at Cavendish Farms and our role with the PEI farming community. Just to give you a little history, the site where our plants are located today initially started food processing back in 1962 and at that time it was called Seabrook Farms.

The Irving family got involved with food processing in 1980 and when we purchased the company, which at that time was called C.M. MacLean – as you can see by the bottom photo on the screen here, the site today has grown substantially and includes two large, frozen potato plants, as well as two new potato storage facilities at this site since we've been here since 1980. We've expanded our business dramatically.

To reiterate, the PEI potato industry importance to PEI, and the PEI Potato Board highlighted during its presentation to you on September 6<sup>th</sup>, the potato industry is an economic engine on Prince Edward Island.

The industry directly or indirectly employs over 8,000 Islanders which represents 12% of the total workforce and total spinoffs of over \$1 billion; a substantial impact to the Island economy.

Cavendish Farms' direct impact to the Island is quite significant as well. I can speak to that as Cavendish Farms' contribution to the Island.

As we look at our most recent complete year, we've employed over 1,000 people with total wages of approximately \$50 million. Our local purchases in 2017 were of \$214 million, and our total direct contributions were more than \$300 million and these figures are direct contributions. With spinoffs and multipliers, these have far reaching impacts. When the potato industry

has a good year, the Island economy has a good year.

On top of that, we talk about the economy; we talk about Prince Edward Island exports. The bulk of the frozen potato products we have produced are destined to be exported off the Island. As a matter of insight to the French fry business, just to let you know, it would only take us 16 hours at our plants today in Prince Edward Island to produce the entire volume of French fries for Prince Edward Island for one year – that would be purchased on PEI. So 16 hours, we can produce what we can for the Island at our two plants today.

As a result, Cavendish Farms accounts for 96% of all frozen food exports from PEI. Our products are destined for other parts of Canada, but more important, over 70 countries around the world we are selling the Cavendish brand, the Cavendish product, 70 countries. That is why we need to have product, supply, and quality potatoes at a cost that allows us to compete around the world today. Cavendish Farms is the number one exporter on the Island, which contributes to wealth creation on PEI. Sustainable agriculture is an economic generator that benefits all Island communities.

Today, it's about the farmers and for today's presentation; I believe it's important to keep in mind these economic benefits begin with our growers.

Prince Edward Island farms; we are proud to work with over 83 local farms to positively support their family businesses. I'm personally very proud of our many long-term relationships with Island potato farmers and it goes back to 1980 and many different generations coming through today.

We collaborate with them to ensure best practices, improve efficiency, and a shared commitment to sustainability. I can tell you, they take a lot of credit for Cavendish success. These growers have been supported from Cavendish from day one, and they've grown their farms with us. But again, now with land ownership being questionable, the question for them is: how do they continue passing on that family farm to the next generation?

The benefits of doing business with Cavendish are many. One of the great benefits that processors have brought to PEI farms is stability. Farmers negotiate a contract to establish a guaranteed price, and therefore, are not vulnerable to the pricing changes of typical commodity markets. We know in the fresh market today in potatoes, you have highs and lows year after year, where our farmers can look to Cavendish to being that stability.

Cavendish farms processing contracts are a value asset for farmers. These contracts that we do with farms eliminate risk, provide security for credit agencies, and allow farmers long-term financial and succession planning, especially in today's world. And for government, it stabilized the potato sector, eliminating the need for government-funded financial support. I think that's very important today, that governments know they have an industry that can thrive here on Prince Edward Island and support the local economy.

Let's look now at the competitive context and some of the external factors that impact the PEI agriculture industry and I think this is important. When we export to over 70 countries, we're competing with other regions in North America and around the world. Given our experience, I believe we can provide some unique insights into the broader North American context to better understand the challenges faced by local farmers, as well as the PEI potato industry.

As I am sure all Islanders recall, this summer was particularly dry. July and August were near drought, and this caused significant issues for our farmers. Those without irrigation had tremendous challenges. Two areas that had very good crops again this year include Washington State and Idaho and you can see them on the map there.

It's probably not a surprise then to see that these two states with the most potato processing plants are Washington and Idaho. And that's where most of the industry has built their business around, in putting up plants, is in those two regions. So, we can see that the most processing takes place in the west, and we only have a few plants here for potato processing on the East Coast.

The North American Potato Market News reported earlier this week that this year's Prince Edward Island yield, in terms of pounds per acre is the lowest since 2008. Farmers on PEI face a number of productivity challenges, while most other regions are showing a trend toward improving productivity. PEI's challenges include soil, health, varieties and drought-like conditions in the summer. And again, having the availability of land to do proper rotation is critical to all of those areas. Also, unfortunately, forecast models predict that we can expect more dry periods during the critical growing season and this is a huge risk for Prince Edward Island potato farmers.

To communicate the lack of potatoes here on PEI, I am going to now show you this slide. This slide provides some context to production of French fries at our Prince Edward Island plants and helps illustrate the challenge we faced in securing potatoes for production. You'll know that production has increased at the facilities, which is great news as we continue to employ people here on Prince Edward Island and continue to grow and expand our business.

But this increase volume has its challenges because now we're having to bring potatoes from off PEI. Starting in 2016, we've had to supplement PEI potatoes with potatoes from New Brunswick, and of course last year, we had to import potatoes from New Brunswick, Maine, Alberta and other regions of North America. This year even looks worse. It's the main reason we are diverting potatoes from our fresh business to our frozen business. We just made a commitment recently to get out of the fresh potato market, which we've been in for years, and the reason why we got out of the fresh potato business, was because the lack of potatoes and we wanted to make sure we're able to maintain our markets for our customers in the French fry business. So, we took our fresh potato business and now diverted it into our French fry business. Our place in O'Leary, our fresh plant, we are now shutting that operation down, for the very reason of lack of potatoes.

Now, in addition to focusing on increasing the efficiency of our plants, we focused on environmental sustainability initiatives on PEI, which we know to Prince Edward

Island, are very dear to the Islanders. Environmental sustainability has been important for J.D. Irving since our inception, which is now over 136 years here in this region. We continue to explore innovative new ways to lessen our environmental footprint, and our commitment to environmental stewardship begins with our people.

A great example is the addition of John MacQuarrie to our team. John is here today and I know he brings a lot of great experience here on the Island, and what's great for the environment here. Through his leadership and guidance, we are making, we believe, positive change and are going to continue making positive change. All our employees are committed to having an environment-friendly company organization.

To further reinforce our leadership on the sustainability front, Cavendish Farms is a founding member of the Potato Sustainability Initiative. It includes all major North American processors and customers, such as McDonald's, Sysco and Kraft Heinz. This industry initiative will ensure that our entire industry moves forward with robust sustainability plans and performance measures within our operations and with our contract farmers.

As such, we hold our farmers to the highest standards. In fact, it's written right in their contracts today. We expect them to be environmentally responsible, using healthy farming practices, be good stewards of the land and to participate in the Potato Sustainability Initiative, which we put forward. As a branded food company, Cavendish, we are acutely aware that doing the right for the environment is critical to the well-being of our company.

So, as you can see here, our commitment to sustainability is demonstrated across many different activities right here on Prince Edward Island. Our involvement with the University of Prince Edward Island, we have implemented a new plant breeding program here, as well. We have to recognize environment leadership on the farm. We are now launching our Growing Green Award, which will celebrate environmental stewardship and include a cash reward for the deserving farm. So we are trying to be

proactive more than ever when it comes to sustainability and the environment.

On top of that, a subject that has been front and centre in the news recently has been discussions around carbon taxes and the need to lower greenhouse gas emissions. In 2009, we were the first in the potato industry to put in a dedicated plant to use solid waste material to produce energy in North America. This investment helped reduce our energy cost and helped reduced greenhouse gas emissions. And also, in 2012, we also converted from a heavy fuel system to natural gas. Of course, this was a major investment here on the Island.

Today, our New Annan plants' greenhouse gas emission output is down significantly. Because of these investments, our combined efforts have reduced our greenhouse gas emissions by about 60%, which is something for all Islanders to be proud of and is a Prince Edward Island win here.

Ongoing energy and water efficiency improvements. Over the three years our new Island plants have further been able to further reduce the amount of energy and water required to boost our quality products. The team has reduced energy per pound by 12% and over 269,000 gigajoules per year, which is enough to provide electricity to over 6,000 homes. Also, Cavendish has also reduced its fresh water usage on a per pound basis by 16%.

Our commitment to conservation extends to other initiatives. In 2014, Cavendish Farms and the Province of Prince Edward Island purchased 96 acres of agricultural land in the Barclay Brook area to help protect Island rivers and fish habitat. We recently launched a Bee Pilot Project. This was a cooperative project with a local watershed group to demonstrate the value of creating a bee habitat. Also, we are committed to effectively – watershed management and fish restocking.

Cavendish Farms had partnered with Abegweit First Nation to increase fish production, and broaden its delivery of conservation-based programs.

So again, we're very involved in the environment projects and initiatives here on Prince Edward Island.

Madam Chair, members of the committee, our motivation to be here this morning is simple.

We fear that the family farm on PEI – Prince Edward Island, is at risk. We see the trends and they are alarming. There's global competition, changing weather patterns, low yields and inconsistent quality, increased cost of entry into the agriculture industry and the loss of good agriculture land.

This threatens the very livelihood of the family farm. If farmers are not able to improve productivity, then the Prince Edward Island industry may not be sustainable as additional production capacity comes on-line elsewhere in North America.

Our recommendations to the committee are as follows:

We need to support and provide an environment where family farms can continue to be successful, competitive and generational.

We believe government should consider doubling potato farm land limits. The family farm has evolved – so too, should the rules imposed on it.

We believe that Prince Edward Island can take an evidence-based approach with an inclusive partnership to address farming partnerships like soil health and water management.

We believe PEI needs a collaborative approach to ensure that good agricultural land remains in production and available to farmers. Loss of this valuable land is definitely a detrimental risk to Prince Edward Island potato farming.

We strongly believe that government, farmers and industry at the table together, will be able to identify sustainable solutions to help the industry remain viable in the face of these challenges.

In conclusion, Madam Chair, members of the committee, Cavendish Farms is committed to growth, but we are concerned about the sustainability of the Prince Edward Island potato industry – especially considering these last years of poor harvest.

So, this concludes our formal presentation, so we'd now like to open it up to any questions you may have on the presentation regarding the presentation this morning.

**Chair:** Thank you, thank you for your presentation.

Hon. members, I'm going to create a speaking list and if you could come through the Chair I'd be happy to put you on that list.

We're going to start with Brad Trivers first.

**Mr. Trivers:** Thank you Chair and thank you Mr. Irving for your excellent presentation.

I mean, I don't think anyone would argue with you the benefit of the potato industry to the economy of the Island that it has been providing for at least 38 years, as you mentioned.

My first questions really deal around trying to understand why we need an increase in the volume of potatoes grown, why we need greater yields in order to continue to survive and why is it that the start-up cost for a farm are so much higher – why do we need bigger farms in order to make things work? Because something's changing and you had eluded to the fact that maybe the soil quality is going down so we can't grow as much on the same amount of land. I thought maybe it has something to do with the pricing of potatoes or how that's changed over the years and I was wondering if you could comment further on that.

**Robert Irving:** I think first on the volume, you know – why is the need for the volume? Well, as you can see we've grown our business here, over the years here, quite substantially. When I first came here we produced – the very first year – 50 million pounds of frozen French fries and today we are now peaking at 900 million pounds. We've grown our business year after year and through that growth of course, the demand for potatoes has continued to climb.

I think the message we like to communicate here this morning is that we're not asking for more land in terms of more potato acres grown here on Prince Edward Island, we're saying we're 83,000 acres today. It's how do

we get more per-hundred weight or more pounds per acre grown by each farm so we can get more pounds per acre off the fields. That's where we think the opportunity here is.

In terms of availability of land for farmers is crucial, because government has implemented from an environmental responsible way of three-year crop rotation. In order to apply three-year crop rotation, they have to have the maximum amount of acres to grow this crop. We believe a minimum size farm today on scale is 700 acres per year and that's just due to the cost of the equipment of the magnitude.

Today you're talking three, four, five hundred thousand dollars for tractors and harvesters and planters. This is a massive investment by the farm and they need to get the revenue to be able to support this type of scale and structure.

So, definitely we see land being available to farmers to purchase to grow their farms is critical. When land is taken out of production of course, it prohibits them to get the scale to get the size that they need in order to be successful. This is very paramount today in today's world. I think we all have to be honest, we need successful farmers. If our farmers aren't successful they won't be able to grow crops, we won't have potatoes and we won't be able to run our plants and sell French fries, which we've been able to do up here on Prince Edward Island.

But we seen the last several years now, we're having to go off the Island to purchase potatoes and that's not good for the Island farmers and it's not good for the Island economy to go off the Island to buy these potatoes. We want to buy them here on Prince Edward Island.

**Chair:** Brad did you have another question?

**Mr. Trivers:** Yes I do, yes thank you.

I think what I'm hearing from the general public and what I kind of struggle with is you're saying: In order to protect the family farm, we need bigger farms. Which in turn, seems to lead to less farms right? That will allow for that succession planning et cetera. You're also saying that the start-up price

and the price of equipment is much higher than it was before.

But, I'm wondering if you can comment specifically on how the price of potatoes has been changing over the last number of years. What I'm hearing is that in fact, the profit per tonne, I'll use – hopefully that's the right measure – of potatoes is decreasing as a commodity and that's the real reason why you need to grow more potatoes to make the same amount of money and that's why you need the bigger machines and that's why you need more land.

Can you comment on that?

**Robert Irving:** The price of potatoes of course; we sit down with the growers, usually on an annual basis and negotiate our price with the farmers. We've been doing that from day one here. I guess the question – our price on potatoes has risen, but being in the competitive marketplace that we have to sell our goods, our product – as I mentioned to you over 70 countries – we have to make sure our costs are competitive that we can sell in these different countries. Therefore, the challenge is we have to compete with other growing regions. The farmers have to be able to keep their costs in line with these other regions as we compete.

I think we're saying that where the farmers here on Prince Edward Island are lagging is that they're not getting the yield, pounds per acre; and therefore it makes it more difficult for them because other parts of the region are getting say 40, 50, 60 even up as high as 70, 80 thousand pounds per acre. Whereas on the Island, you are seeing on a normal crop year, 27,000 pounds, 30,000 pounds, best up at 40 thousand.

So, that's where the challenge is right now with the farmer, they're not getting the yield – it's holding them back. That's why it puts more pressure on them in terms of revenue per acre that they take off the field.

**Chair:** Brad Trivers.

**Mr. Trivers:** Thank you.

In your recommendations you talk about changes potentially to the *Lands Protection Act, P.E.I.* For example, to increase the – double the potato farm land limits for

example. You say you guys are complying right now –

**Robert Irving:** Yeah.

**Mr. Trivers:** – with the letter of the act.

One thing that we hear about again within the general public, and I think we've talked about it in the Legislature perhaps, is the spirit of the act and the intention and why the land holdings were put in place at the level they are. The idea was to allow as many people as possible to continue to own their own land and not have large, large chunks of land in the control of a few.

I was wondering if both your recommendation, and perhaps even the way you comply with the letter of the act, actually matches what at least I perceive to be the spirit of the act.

**Robert Irving:** Do you want to comment on that, Jubs?

**Jubs Bristow:** I can.

Madam Chair, yes it is, both in the spirit and by the regulation. Our land holdings that we form under Cavendish Farms are fully compliant with the current legislated land limitations. So, if that answers the question – again, we're fully compliant with the land regulations act, whether they be arable acres or non-arable acres.

**Chair:** Brad Trivers.

**Mr. Trivers:** Just a follow-up.

So, do you agree with at least the way I perceive the spirit of the act – and that's probably part of the issue, I mean you could probably perceive the spirit of the act in different ways – that in fact we should have land owned by as many people as possible; a lot of smaller farms instead of larger farms and not large tracts of land and the control of a few – would you agree with the spirit of that act?

You talked a lot about family farms. Would that be something that you would support –

**Robert Irving:** We're saying that –

**Mr. Trivers:** – in your policies?

**Robert Irving:** We're saying that the family farm, in terms of potato industry, now we're talking, because we're the number one customer for potatoes here on Prince Edward Island, is that they have to have scale. They have to have size, and we're saying 700 acres minimum, okay?

If you're going to get that size of farm and if you're going to apply to the government's regulation of a three-year crop rotation, which is the right thing to do for fertility, for soil preservation, for the environment, you've got to then triple that. It's got to be a 2,100-acre farm. Today, the law is 1,000 –

**Unidentified Voice:** (Indistinct)

**Robert Irving:** So, today the single farm is 1,000 acres for a single farm.

We're saying that we have to have larger size scale farms in order to be able to allow the farm to live within the three-year crop rotation, which is applicable to the government. That's the challenge that we're faced with here today, is how do you manage the three-year crop rotation? Which is the right thing to do?

**Chair:** Thank you.

I'm going to go to Peter Bevan-Baker and if anybody wants to be re-added to the list or added to the list, just signal.

Peter Bevan-Baker.

**Dr. Bevan-Baker:** Thank you, Chair.

Thank you for being here today, and I appreciate the presentation you gave us this morning.

One of the first things that you said, Mr. Irving, was that Prince Edward Island is known for its rich, red soil –

**Robert Irving:** That's right.

**Dr. Bevan-Baker:** – it's almost the first thing you mentioned and certainly, red is not really up for debate, but rich is. I'm wondering what you mean when you say: How do you define rich soil and how do you measure that?

**Robert Irving:** I think, number one, if you travel around the world and you talk to anybody who has visited PEI, they can relate to the rich, red soil because they can visualize it. It's here and it's unique.

I've travelled around many areas in the world and visited many potato farms and areas, and Prince Edward Island is unique for that very reason. I don't know where you can see a potato farm that has that rich, red soil, so it's really true and I think that it stands out and that's why we picked the name Cavendish Farms; Cavendish, which is synonymous with Cavendish Beach. We said: Where do we want to have our roots? Where did we want to establish our company? It was right here on Prince Edward Island, and we wanted it to be synonymous with Prince Edward Island.

As we travel around the world, what's Cavendish Farms? Well, go back to Cavendish Beach, and that's where we came up with Cavendish. So our roots always come back, and it's the rich, red soil which is here, and that's why PEI was synonymous for years with its potato. The PEI potato, you know, has built a brand here. That's why we've always wanted to relate back to our roots here in Prince Edward Island.

**Chair:** Thank you.

Peter Bevan-Baker.

**Dr. Bevan-Baker:** Thank you.

I understand the, sort of, romantic notion of the uniqueness of our soils here and that they are, from a visual perspective, very special and to a certain extent, do form the character of this Island, I absolutely agree with you on that. But, I'm speaking specifically about the richness of the soil and how we measure that.

One of the challenges that you have on page 19 of the presentation you just gave, the top PEI challenge is soil health. To me, the richness of the soil is synonymous with soil health and one of the measures of soil health is organic matter, soil organic matter, and I'm wondering whether you feel that those – when I asked the question about the definition of rich soil, what do you think of that, I'm wondering what you imagine to be – you say that we have a challenge here with

soil health, what do you mean by that and how do we measure the health of our soil?

**Robert Irving:** I think, on soil health, to put the right fertility back into the ground, the organic matter; you have to have proper crop rotation. You can't constantly grow potatoes year after year in your field. You properly want to put the right organic matter back and in order to do that – and as the government has asked our farmers to do – is to do a proper three-year crop rotation, which is the right thing to do.

So, we grow potatoes one year and then we grow other types of fertility-type crops, whether it be grains, hay, putting organic matter back into the ground to give you that (Indistinct) soil and that is paramount. If we're going to do a three-year crop rotation, the farmer, he needs the amount of land to be able to do that, to scale up.

Does that answer your question?

**Dr. Bevan-Baker:** In part, yes.

**Chair:** Thank you.

Peter Bevan-Baker.

**Dr. Bevan-Baker:** Thank you.

You've mentioned a number of times, Mr. Irving, about the importance of the three years and that regulation within the crop rotation act and I agree with you, I think it's absolutely paramount.

There have been recommendations made over the year that that be a very strict – strictly enforced, and that there be no exemptions, no exceptions to the three-year rotation. But, as we all know, many places there are exceptions made to that and although three years is the regulation in place, that's in reality many farmers, particularly potato farmers or those that use potatoes in their rotations, will use less of a rotation than that and that's part of the problem that we have with soil organic matter.

One of the things that we have here on Prince Edward Island is a long-term study showing the organic matter in our soils from tip-to-tip and the picture is not optimistic.

**Robert Irving:** That's correct.

**Dr. Bevan-Baker:** The soil organic matter generally – there are exceptions to this, but generally, it has gone down across the Island

So I'm wondering what percentage of your growers have exception to that three-year rotation and actually grow in a two-year rotation on occasion?

**Robert Irving:** Again, I don't know, Jubs, have you got the exact, but it's quite high I would think.

**Jubs Bristow:** I can answer that.

Madam Chair, I think what we need to be careful of when we start defining three-year or two-year rotations, is that it's what's in the rotation that becomes really important. If we're working at building soil health, there are many two-year rotations that would be far better for soil health and far more beneficial than a three-year rotation.

For example, if you're running a potato and hay rotation or a potato and a cover crop rotation on a two-year basis versus a potato, corn and beans rotation or potato, beans and barley rotation, what's going to be defined as a rotation that is going to build soil health. It shouldn't be defined by three or a two-year, it should be defined by what is in that rotation because, primarily, the objective is to build and improve that soil health.

**Robert Irving:** But, I think – but your point is there are farmers that are not doing a potato and two other crops. As you said, there's two and five types of crop rotations and that's a challenge today.

I think it's just because farmers do not have access to land to be able to do the proper rotation, and I think that's one of the (Indistinct), how do we keep land in agriculture so they have access to be able to do the proper rotation?

**Chair:** Thank you.

Before I go back to you, Peter Bevan-Baker, I forgot to mention that our presenters have to leave at 11:00 a.m. sharp. So if you have a pressing question, you may want to make sure that you get that question in. Peter?

**Dr. Bevan-Baker:** Oh my gosh, I have so many pressing questions. So I will try to tie in the answer you just gave with – one of the reasons that farmers are growing corn and beans as a rotation crop with potatoes, is because the profitability in potatoes –

**Robert Irving:** Cash.

**Dr. Bevan-Baker:** – has now become so, so –

**Robert Irving:** Yeah.

**Dr. Bevan-Baker:** – marginal, that they need, they can no longer afford to plant those forages in the intervening years. We talked –

**Robert Irving:** If (Indistinct) don't mind (Indistinct) –

**Dr. Bevan-Baker:** Yeah.

**Robert Irving:** I think that's one of the challenges here. Potatoes are the cash crop here on Prince Edward Island in terms of trying to generate revenue. What we need here is more alternative crops that give the farmer cash that he can count on to have a sustainable farm and that's one of the challenges.

Because you go to other regions, they have other crops that they are more sustainable in in terms of crops. It's just not just one year out of three where they can get cash out of a field.

**Dr. Bevan-Baker:** So, potatoes have traditionally been the cash crop here on Prince Edward Island, but as you all know, the profit margins on potatoes are pretty thin everywhere, particularly, on Prince Edward Island.

The latest figures I could get my hands on are that the profit margins – and this is 2013, five years ago – on Prince Edward Island was 1.8%. Across Canada, the average profit margin was over 6% and in New Brunswick it was 6.5%.

Those profit margins on potatoes here on Prince Edward Island are considerably less than they are in the rest of the country;

again, part of the problem why we have this forcing into different rotations.

Other aspects – and I want to tie this into sustainability because sustainability is not just environmental, it's also economic.

**Robert Irving:** Yes.

**Dr. Bevan-Baker:** And we have farm debt here which has risen over the last 10 years considerably, from 600 million to over \$800 million now on Prince Edward Island. That's farm debt on Prince Edward Island.

And net farm income – of course, farm receipts are one way of measuring the success of a farm, but really, net farm income is what's most important, and net farm receipts have gone up 25% since 2013, but in that same time there's been a steady decline in net farm income. Actually, from 2007 until today, net farm income is actually half of what it was in 2007.

So on a sustainability basis, both economically and, I would argue, environmentally, I agree with your comment that the family farm on Prince Edward Island is threatened. The concern I have is that you have made the suggestion this morning, and it was the same suggestion you made to the Ralph Thompson commission back in 2009, was that we double the limits.

In other words, that we continue on the path that we have gone on with fewer farms, bigger farms, and you're saying that that's going to lead to sustainability, whereas all of the statistics suggest that a smaller number of bigger farms is actually not leading us to sustainability at all. Can you talk about that apparent –

**Robert Irving:** Yeah, and I think in putting it in simple terms, business-wise, you have the revenue side and you have your cost side. Of course, the difference between your revenue and cost is your margin. I think what's happened with potato farms here on PEI, the ones that we do, their challenge is they're not getting the revenue that they need per acre. Okay? The challenge is they're not getting the pound, the yield per acre, and therefore they're not bringing in the revenue.

That gets back to the fundamental challenges that we have with supplement irrigation, not having water, because if you have drought conditions like we've had the last several years, the potatoes is not giving the yield. I was down in Alberton, down in O'Leary area, and the farmers down there are just hanging their heads low because they've had two years now where they haven't been able to get the yields and the revenue out of the fields.

At the same time, they're growing just small, round potatoes, so their contract doesn't compensate them for small potatoes. We pay on a certain quality type potato, and when they bring in the small potatoes, they don't get the proper compensation or revenue for it. Then also the soil, as you alluded to, because of the condition of the soil, its hurt the yield due to different types of diseases that they're encountered here.

So I really believe it's a fundamental challenge that we're faced here. Can it be addressed? Can we get the revenue up on the farm to help them to grow their income? We really believe it can be done. We've tried to take initiatives and we know there are certain challenges we have to deal with here on the Island, but again, I'd like to – you know, and put out in collaboration, how do we collaborate with all parties here to find the solution to help the farmers?

Because we know, as you say, the farmer's income has to be sustainable. If it's not, they're not going to have a farm; and that's not healthy, I don't believe, for Prince Edward Island long term.

**Chair:** I have Brad Trivers, Colin LaVie and Allen Roach, and we're coming to time, but I know – I'm sure the presenters, if we wanted to following the departure of our guests, maybe what we can do is –

**Robert Irving:** Well I think what we do to be fair here, let everybody –

**Chair:** Okay, perfect.

**Robert Irving:** – ask a question and –

**Chair:** Brad Trivers.

**Mr. Trivers:** Thank you, Chair.

I'm glad you just brought up that point about irrigation, because that is something that I hear about a lot, both from farmers and from people in general.

One thing that we've seen is test wells at places like Baltic this year at lower levels than they've ever seen, and we see big holding ponds going in. We see multiple small wells that are feeding the holding ponds, and it seems that pipes are being run to pipe them across fields and under roads and this sort of thing and people are very concerned.

I was wondering if you think that there really is a way that we can irrigate responsibly and still provide the protection for our water that Islanders really, absolutely need. It's really a necessity to protect our water going forward.

**Robert Irving:** John, do you want to (Indistinct)

**John MacQuarrie:** Absolutely, and we agree with everything you've said. The reality is that when you look at the holistic numbers for PEI, we believe that there is water that can be used to irrigate potatoes; but that's not – by extension that does not mean that virtually every field on PEI can be irrigated.

That's why we developed a proposal that we presented to government back in April that combined UPEI, that combined the rivers institute, agriculture Canada, three watershed groups and ourselves to look at: Can we put some science around investigating the potential for irrigation on PEI? Because we're not saying it can be done everywhere. In fact, we know that every field can't be.

What we're saying is – and it was part of our presentation – there is a way forward where we can collect the evidence to really determine how can irrigation be done sustainably in PEI. So that was a proposal we developed and put forward. I think it's a logical approach.

**Chair:** Thank you.

Colin LaVie.

**Colin LaVie:** Thank you, Chair.

I'll just keep it short out of respect for time, and thank you for coming in.

Mr. Irving, you said you had a shortage of potatoes. There's 186 farmers on PEI. How many of them farms contract with Cavendish Farms?

**Robert Irving:** I think there'd be (Indistinct) –

**Jubs Bristow:** There's currently 83 –

**Robert Irving:** Eighty-three.

**Jubs Bristow:** – potato farmers contracted with Cavendish.

**Colin LaVie:** Eighty-three contracted, and is that 83; are they 100% contract? Everything goes to Cavendish Farms?

**Jubs Bristow:** Some of them would have non-contracted potatoes that they would sell either as seed or as processing, as, sorry, fresh table potatoes.

**Colin LaVie:** So out of 186, you're only getting 83 farmers. So if you could get them other 100 farmers, would that be enough potatoes?

**Jubs Bristow:** Certainly if those growers were willing to grow process potatoes, that would be an option; but those growers are either growing seed potatoes or fresh table potatoes or the new little potato company growing mini-potatoes.

So the processing sector is not the only sector absorbing those potatoes on the Island. There's a fresh table market sector, seed sector and this new little potato sector that's absorbing those potatoes.

**Colin LaVie:** So out of 103 they're not all seed growers.

**Robert Irving:** No, no, no.

**Colin LaVie:** So you –

**Robert Irving:** No. They are fresh market, and again, fresh market, they have their market, their costumers and they have to supply the fresh market, so they committed to that. But we have developed the relationship over the years with growers,

and the growers have been with us for many generations, at least 83 today.

**Chair:** Thank you.

Allen Roach.

**Mr. Roach:** Thank you, Chair.

One of the agenda items that has come up here and has been asked at previous committee meetings that we have had, is the availability of land on Prince Edward Island, should a new farmer arrive and want to get into farming, or should a farmer, let's say, who only has 1,500 acres wants to expand. I don't know who is best to answer that question, but in experience from Cavendish Farms, do you have any idea of what land would currently be available for either new farmers or farms who wish to expand? Do we have a shortage of farmland?

**Robert Irving:** Yes, you do. Yes, you do, and that's a concern because as more land is taken out of farming production, of course that just tightens up the available land. This is a fundamental challenge that Prince Edward Island is facing here. I think the Island has to decide the future of agriculture. Where do we want agriculture to go here, in Prince Edward Island? I think that is the fundamental question. And these land laws that you are looking at today and paramount about: Do we want a successful agriculture future on Prince Edward Island or not?

**Chair:** Thank you.

Allen Roach.

**Mr. Roach:** Now, as a follow up to that, we talked about it a number of years ago, that we had 112,000 acres of land –

**Robert Irving:** Yeah, of potato farming, yes.

**Mr. Roach:** – of potato farming that was being used and we are now down to 83,000 acres. So there is roughly 20,000 acres of potato land, maybe it is not being farmed as potatoes today, but has that land grown into trees, or is it available, should anyone want to – I guess what I'm getting at is if the Province of Prince Edward Island said today: We five new farmers that want to come here, and they all want 2,100 acres, is

there actual land out there that can be turned into potato land? And if there's not, what happened to 20,000 acres?

**John MacQuarrie:** Can I touch on that?

**Irving:** It's okay, go ahead, John.

**John MacQuarrie:** Just to make a point that when we were growing 112,000 acres of potatoes, that is the reason we brought in the *Agriculture Crop Rotation Act*. That is because people were not rotating very good and we used to talk about the potato snow rotation. It is not that that land has gone of agriculture; it is that that was a period of the poorest rotations of the potato industry. And quite frankly, some of the issues we are dealing with around soil health now are because we had too many acres of potatoes and poor rotations and we are suffering from that legacy today.

So, it's not that the land is gone, it's those are the times of poor rotations, and that was the genesis of the act.

**Mr. Roach:** Well, Chair, if I recall, wasn't it several, and I'm going to say, maybe probably go back 15 years ago, when we couldn't use all of the potatoes that we had grown on PEI? And we were burying them?

**John MacQuarrie:** That's right.

**Mr. Roach:** They were plowing them.

**John MacQuarrie:** Yeah, I can speak to that one directly.

**Mr. Roach:** Great, I want to hear that, thank you.

**John MacQuarrie:** Yes, we did. And that is why we had a slide there to talk about the benefits of the Cavendish Farms contract, because in those years, when we were snow blowing potatoes and burying potatoes because there was no market, we weren't doing it for processing growers. That was the fresh industry, so that was the years when fresh industry farmers are going on speculation; they don't know the prices they are going to get, they don't necessarily know if they are going to get a market. And those were usually disastrous poor potato markets, high production, so the government paid

farmers to destroy them, but we have never done that process since.

**Robert Irving:** I would like to add that.

Since I have been here, I don't think we've ever turned away farmers from their contracts. We have always obliged in taking the contract. So if a farmer had 10 million pounds, 20 million pounds, we have always run them through our plant. And I think that brings stability to the agriculture community that we are talking about here. We've always honoured our contract with farmers.

**Chair:** Great.

Mr. Roach, we are going to end there, thank you.

**Robert Irving:** He's got info

**Mr. Roach:** If I could –

**Chair:** Okay, just trying to respect your time –

**Mr. Roach:** If I could –

**Robert Irving:** Oh, I know.

**Chair:** It's okay.

**Mr. Roach:** Sure.

This is something that will go back to something that someone else mentioned earlier. One of your recommendations is that we increase the amount of acreage that goes to the farmer, instead of having 2,100 or 700 acres, they could have 1,000 acres of potatoes coming out of the ground in 3,000 acres. If we doubled it, or even did 25 per cent increase – and I guess I'll pose this question to Mr. MacQuarrie: Where would you find the land to do that?

**John MacQuarrie:** Well, I'm not the expert on this, but I think there is a disturbing trend, in terms of the numbers of farmers declining. And something that we notice is that a lot of the farmers that we work with don't have succession plans. And that's a disturbing thing. So my concern is that there are farmers today who may not carry on as an entity and what is going to happen to that land? And if they sell that land to the highest bidder, it doesn't necessarily mean the land

is going to stay in agriculture. So potentially as people decide to they are not going to continue to farm, land will be available, but if its lost agriculture that's a bad thing.

**Mr. Roach:** Okay.

**Chair:** Thank you.

Hon. members, join me in thanking our presenters today.

If there are any further questions that we may have, if you could forward – if you have some pressing questions – please forward them to the table and we will make sure we get them to Cavendish Farms for them to answer them for us.

But, join me in thanking Cavendish Farms for coming along and presenting to our committee today. We appreciate the time and we appreciate members, your questions that you asked. We all know there's nobody around on this side of the table that knows the importance of the potato industry to the Prince Edward Island economy. So, thank you for your time and enlightening us as to the work of Cavendish Farms. Thank you.

Hon. members we will allow our presenters to leave the floor and then we will come back in about a minute to reconvene our meeting. We will recess for about a minute.

[recess]

**Chair:** We are going to reconvene our meeting, thank you.

As I did say, if there are any questions – I know you had some pressing questions – but if there's any questions that you have for the presenters who were just here, please forward them to the table or through the clerk and we'll have them.

I have Richard Brown on the speaking order and then Brad Trivers and then we are doing to continue on with our committee work plan.

**Mr. R. Brown:** Thank you Madam Chairman.

We heard from the Irving corporation today that land issue is a big issue and that if PEI wants to remain as an agricultural

community it's going to have to take steps towards protecting agriculture land and I think everybody in this house – I know there's a lot of members of the farming associations that are of the same opinion. I did commit to asking IRAC to do a review of the *Lands Protection Act, P.E.I.*, non-residents corporation ownership.

So, I want to table today a letter that I've sent to IRAC requesting that Madam Chair.

There is a part in that letter that says: staff has done a tremendous amount of work – preliminary work, for IRAC in order to speed up there process here. So, I'll table that letter. Hopefully that IRAC will have the report done in some time. Then we'll have them in to make a presentation. I think everyone in this room and farm organizations, also, are saying that PEI is under a lot of pressure from converting land from agriculture land to other uses. The more we do that, the more we pressure our agriculture industry. So, I'd like to table that and I want to thank some of the organizations that have pushed extremely hard for that to be done, especially the NFU and their tremendous amount of work. I will be working with those organizations.

The preliminary reports – we would prefer to wait until IRAC completes its report and then we'll do a combination report to the committee and then we can proceed on from that in terms of – okay, some of the requests have been made today, some of the requests of other organizations in protecting farmland here on Prince Edward Island, we can have a logical approach to coming up with some of the suggestions they made and definitely hear from the public. I'd like this committee to take a part in that, hearing from the public in terms of: where do we want the future of PEI, where do we want the future of agriculture here on Prince Edward Island.

I believe and I know each and every member in this room, and each and every member of each party, believes we have to have a farm base and as Mr. Irving has said, you know – without a farm base there's a lot of economic impact to it. I look forward to working with the committee in coming up with solutions.

Thank you.

**Chair:** Thank you. Brad Trivers.

**Mr. Trivers:** Thanks Chair.

I just wanted to raise a point of procedure. Maybe I missed the memo or the announcement, but I didn't realize the witnesses were leaving at 11:00 a.m. before I started my line of questioning and I apologize to the other committee members if I sort of you know – hogged the time. I had assumed we'd been able to question them for at least a couple of hours.

I feel like we waited a long, long time for them to come before the committee and really, we were sort of shut down when we needed to ask more questions of them–

**Chair:** Yeah, thank you.

Sorry, and that could have been something I could have solved at that the beginning. I forgot to mention it at the beginning. I was informed before the meeting started they were on a time frame and I forgot to mention it at the beginning, so my apologies for doing that. Then when I realized I forgot to do it, I mentioned it to the committee so sorry about that. But, we can always invite them to come back and we can also submit questions to the table and forward it to them and they would answer the questions for us – written questions.

My apologies I neglected to tell you that at the very beginning and when I realized it, I informed the committee.

The hon. Chris Palmer.

**Mr. Palmer:** Thank you Chair.

I have a question and it really relates to the presentation but I don't know if it was really – I don't know if I just need to ask that of those presenters or it can be a question to this committee, because this presentation to me seemed to be – and the potato industry in general on PEI – seems to be a balance between economic and environment.

From the economic standpoint and the exports that come from a place as Cavendish Farms and I know Peter and I disagree on this and we've talked about it many times – about the importance of exports in PEI. My position is the more exports we have leaving

PEI, the more new money we can have coming in PEI the better for the economy.

And I know again, Peter has suggested before, that if we can focus more on internal trade inside of our province that we'd be better off.

My questions is around where does that – currently we export about three billion dollars worth of product off PEI. So, I'm wondering: how would we replace that?

The very interesting part that Mr. Irving had said is their plants can produce their entire – the demand for all of PEI, in 16 hours, which is staggering for me.

If we were to follow along with, kind of, just produce what we need locally, which would be more of a position from a century ago, I guess: what do we do with that extra capacity? And what happens with the investment and what happens with the labour around those things? So that's the economic side.

The environmental side is: how do we protect PEI because we all know that is important environmentally and how do we balance the economic need with the environment need? So here's the question to the committee: Is there enough environmental work being done – enough environmental science being done – to be able to really understand what we have for water and what we have for soil health and what we can do to increase soil health and what rotation crops we could have that would further enhance the soil.

I guess the short version of it is: Are we doing enough environmentally to understand the business of potato farming and all farming, that we can make sure that it's sustainable because maybe there is some research, some science, that we can get involved in that can find new markets for some of those potato farmers so they can make money in their off-years from potato production and on the land.

I think as Mr. Irving had said, some of these farms will make money on their potato land but the other land they don't – it's a replenishment of the land so they can make money on potatoes again later: Is there enough investigation being done on the

environmental side to help identify some of those crops that could make a positive impact on soil health? But also, put some money in the pockets of farmers so they're not as reliant on just the potato side of it.

I guess from the big picture here: is there enough science being done here that we can balance these two things which is the environment and the economy? I don't know if that's something that this committee can push somewhere else or put it on a work plan to have other people to come in and present, or what the output of that could be. Certainly that seems to be the challenge and the balance that we have here is between the economy and the environment.

**Chair:** Mr. Trivers.

**Mr. Trivers:** Thank you Chair.

I mean yes, it's a balance between environment and economy and increasing the yield in the number of acres we already have because it seemed to be the main point they were making. Also increasing – doubling the amount of land corporations they're allowed to own in order to – so they can adhere to crop rotations.

I think MLA Colin LaVie made an excellent point in his line of questioning: when we have 186 farms that are producing potatoes and only 83 of them are actually sending potatoes to Irvings, means there is more capacity there that could be sent to meet their needs. There's a reason why they're not doing it, right? I think that's one of the things that I'm hearing from farmers, is they feel pressured to rip out hedge rows. They feel pressured to increase the yield, because that's where their contract is with, with Irving, and we're seeing some farmers are simply moving away and choosing not to pursue with those processing potatoes.

It's the potato business itself, and that's where I was trying to go with that line of questioning about the pricing. Has the price actually decreased? What we're finding is that competition outside of Prince Edward Island has a better per-yield crop of potatoes, but the input costs for everybody is rising. That's why PEI is losing. That's essentially what the Cavendish Farms presentation was saying.

In terms of what you're saying about getting more evidence-based data and scientific data to talk about crop rotations as well as irrigation, I would agree with that. I think that – I sat on the agriculture fisheries standing committee up until recently, and that's something that's been talked about a lot there. I would encourage, maybe, that question to be sent to that committee.

These guys were brought in to talk about land ownership and the question that I want to bring to the committee is what we really feel the spirit of the *Lands Protection Act, P.E.I.* is. That was something I brought up in the line of questioning and it's something I hear a lot. You may be adhering to the legal letter of the act, but are you adhering to the spirit? What do we feel the spirit of that act is? I threw that out today as we don't want to have large, large pieces of land that are in the control of a few.

I think the spirit of the act was we want to give many, many people the chance to own smaller pieces of land. I'm going to throw that out there and ask the committee what your opinions are and see if maybe that's something we should nail down before we talk further about land ownership.

**Chair:** Thank you.

Peter Bevan-Baker.

**Dr. Bevan-Baker:** Thank you, Chair.

Well, I appreciate, Chair, your explanation as to why the meeting was cut short today but I had many questions that I would have liked to pose. We've been waiting exactly a year for Cavendish to come in here to present following the motion that was made November the 1<sup>st</sup> last year. It was a real disappointment to me that half of today's time was taken up with what was a very substantial presentation, absolutely, but it allowed the seven members of this committee only 30 minutes to ask questions and I don't know what their pressing engagement was, but I imagine that coming before a legislative standing committee is a pretty high priority for anybody, so I'm very disappointed that we didn't have an opportunity to ask further questions.

Such simple questions, and we didn't even get to this. Today we were talking about the

*Lands Protection Act, P.E.I.* and ownership of land, and nobody asked how many acres does Cavendish actually own currently and how many acres does your company control? Very simple obvious questions that I got lost in all of my notes here.

I would like to move that we do ask them to come back and that we don't wait a year for that, so that all of the unanswered questions that I have, and I suspect other committee members, that we're able to do that.

I've got used to sitting on this side of the House and having Green Party policy misrepresented by people and I really – Chris, to suggest that the Green Party thinks that we should stop all exports is just an absolutely ridiculous misrepresentation of what I have said in this House and what Green Party policy is, and I just can't sit here and not respond to that. It's a balance of meeting local and regional and exports. I hope you understand that and that you don't do that again.

Thank you, Chair.

**Chair:** Thank you.

Hon. members, I think we are all in agreement that we extend another invitation for them to come back and again, my apologies. I was informed. The clerk was just informed prior to the meeting that they had a time limit. She mentioned that to me, and I just forgot to tell you. That's – sorry for that. I did try to keep the questions. I usually do four to five questions and move on to somebody else and then go back, and I tried to do that and then realized. So, my sincere apologies.

I think we are all in agreement that we'll extend another invitation to the group to come back.

All in favour?

**Mr. Roach:** Aye.

**Some Hon. Members:** (Indistinct)

**Chair:** All good? Thank you.

Also, with regard to Chris Palmer's suggestion that there be some investigation into the balance between economics and

environment and the science behind all of that, I know Emily was taking some notes during that so if we could put together a question – are we in agreement that we add that to the work plan?

**Mr. Trivers:** Chair?

**Mr. Roach:** Chair?

**Chair:** Mr. Trivers.

**Mr. Trivers:** Yeah, in my response, I think we need to look at the work that the Standing Committee on Agriculture and Fisheries has already done because they covered a lot of that already and had witnesses come in. Maybe not enough of it, maybe there is a role for our committee to play, but maybe let's just touch base and look at the witnesses they've had in and the ground that they've covered.

I know, in particular, when it comes to soil conservation there's been a lot of talk about that and I know there are other members of this committee that sit on agriculture and fisheries currently and perhaps they can either refute or support that.

**Chair:** Thanks.

The clerk is going to talk to that.

**Clerk Assistant (E. Doiron):** So what I'm hearing is that the committee is in agreement to send a letter to the Standing Committee on Agriculture and Fisheries kind of summarizing what we discussed today and maybe what we've heard, and send them a note to see what their progress is on that work on that committee.

**Mr. Trivers:** I would agree with that.

**Chair:** Everybody in agreement with that?

**Some Hon. Members:** (Indistinct)

**Chair:** Thank you.

Mr. Roach, do you have a question?

**Mr. Roach:** Yes, I do.

This will go back to some of the conversation, some of the answers we got today when they talked about trying to

increase the yields. I think if I read the table correctly, when they're talking about increasing yields in many of these other locations, they do have irrigation. During drought season, they irrigate and of course the potatoes just – that's where you get your capacity when they get the water, when it's required.

That's where they can increase their capacity from 27 to 40, to 50, to 60. That's where they're getting the high yields in those other areas. And I, like others, had a number of questions and I wanted to explore that so I look forward to doing that.

One of the things that we're challenged with on Prince Edward Island, and these tables are challenged with it, are the high-capacity wells. We know that, currently, there's a moratorium and that is in place and is to be maintained until scientific information is available from UPEI. As I understand it, that study is due in 2021.

I wonder would it be possible to have someone come in and talk to us a bit more about water, water tables, so that we have, at least around this table, a better appreciation of where we are currently and what the effects would be. I just feel that would be good for this table and perhaps we could even invite UPEI or ask them by letter to give us an update on where their study is at the current time because that's where they're going to get there. When they say they want to get a bigger yield per acre, that's where they're going to get it.

**Chair:** Mr. Roach, can you clarify if you're thinking about inviting UPEI or the department or both?

**Mr. Roach:** Well, I'd like to see us at least have the department in to lay out water, water tables, groundwater and all these sorts of things and where we are on PEI with that. What is the actual availability of water?

I would be satisfied with a letter to UPEI just asking if they could provide us an update on their study and how it's progressing and whether it might be done early and those sorts of things.

**Chair:** Thank you.

Mr. Trivers.

**Mr. Trivers:** Thank you, Chair.

I think that is a good idea, to get an update. When Robert Mitchell was minister of communities, land and environment, the department did come in and did talk specifically about that and the different measurements they take and where that's made and all of that is published to the web and all these sorts of things, but it would be great to get an update.

I think, of more concern to me is right now it seems like, once again, those regulations or that moratorium is actually being skirted because we see these big holding ponds. We see multiple small non-high-capacity wells that are feeding the holding ponds and they're being piped underneath roads into all different fields. In fact, in many cases irrigation is taking place, which hopefully is increasing yields, but at the same time, based on the implementation of the *Water Act*, and we're still waiting for the regulations on that, we don't know if we're protecting our water, and our water supply and our table and it's in contravention.

I think if the department comes in, I want to find out from them how apparently these holding ponds are being built and this irrigation is taking place, actually, in contravention of this moratorium on high-capacity wells

So I would add that, as well, to the line of questioning if we bring in the department.

**Chair:** Thank you.

Is everybody in agreement with that?

**An Hon. Member:** Sure.

**Some Hon. Members:** Yeah. (Indistinct)

**Chair:** Minister?

**Mr. R. Brown:** I think I'd like some – being the minister I'd like some recommendations and some thoughts from the committee on what Brad has already brought up, because the committee is representing the people of Prince Edward Island and the department represents. Yeah, I think it would be a good idea if we could and I'd like a recommendation back from the committee in terms of the ponds versus wells. If we're

going to have ponds why don't we just leave it under the ground and bring it up. I'd like some recommendations on that yeah.

Thank you.

**Chair:** Thank you; very good.

Brad Trivers.

**Mr. Trivers:** I think the department should be prepared to talk about the impact of these holding ponds on the water table right now. I mentioned to our witnesses earlier today that I've heard that the levels in a well – test well in Baltic are at the lowest levels than they've seen in a long time.

So, I'd like to substantiate some of that by getting the actual facts from the department. Again, along with what Mr. Roach was saying to see where we're at right now: have we seen our water levels declining? Where are we at? All the data's there, the department has all the data; I think they're in a good position to present it to us.

**Chair:** Thank you. Mr. Roach?

**Mr. Roach:** That's exactly –

**Chair:** Okay thank you.

**Mr. Roach:** – what I wanted to get to that point –

**Chair:** Thank you.

All right we'll add those to our work plan and thank you.

**Mr. R. Brown:** Should be a good winter.

**Mr. Trivers:** I have another item for the work plan if that's okay.

**Chair:** Well, let's move now to number four which is review of the committee work plan and I'm going to turn it over to our clerk, Emily to ask for clarification or bring us back to our work plan.

**Clerk Assistant:** Sure, so the committee does have two invitations currently out to the Island Regulatory and Appeals Commission. One, asking for briefing on its responsibilities regarding the *Lands Protection Act, P.E.I.* and then another on its

briefings on its responsibilities regarding the *Rental of Residential Properties Act*.

So in speaking with the chair and CEO of the commission, they were just looking for some direction from the committee of what the committee would specifically like to have, and that will help them kind of come up with their briefing, because as I said, both topics are quite large topics and cover a wide variety of things. So if the committee has any clarification on what they would like to hear, then I can pass that back along to the commission and they can prepare to meet with the committee.

**Chair:** Thanks.

Brad Trivers and then Peter Bevan-Baker.

**Mr. Trivers:** Thank you Chair.

So, when it comes to – I'll speak to the second part of that, the rentals for example. What we're hearing and I've heard from people directly, is that the act allows landlords to do renovations and evict their tenants in order to do the renovations and after the renovations, the housing is not there; they can't afford it anymore.

So, that's something I would definitely like them to speak to. On the flip-side of that, what I hear from landlords is that if they have somebody who is living in their property who they know is destroying the property, essentially, they can't evict them. So they say: maybe I'll do some renovations then I can at least get them out, right? But they sit there and they have to watch their property be destroyed.

Along that lines as well, I've had people suggest to me that the same people are actually moving from property to property and destroying property after property and I would love to hear IRAC's prospective on that and any suggestions they have to improve the legislation.

**Chair:** Thank you.

I have Peter Bevan-Baker and then I have Richard Brown.

**Dr. Bevan-Baker:** Thank you Chair.

I'll start with the *Rental of Residential Properties Act* as well. About 10 years ago IRAC made a long list of recommendations – amendments to that particular act. A standing committee a couple of years later endorsed those recommendations but nothing was ever done.

So, I would like IRAC, today, to say: Are those recommendations that were made 10 years ago, are they still applicable? Do you feel that the act as it exists today – and Brad brought up one of many in my opinion – problems with the act as it stands today, but are the recommendations they made 10 years ago still applicable? Or, do they think that that we need to start again with an entirely new act? So that would be my line of questioning on it.

**Chair:** Okay.

**Dr. Bevan-Baker:** In terms of the *Lands Protection Act, P.E.I.*, a couple of recommendations from the Thompson report, number 12, is that the provincial government continue its practice of regular cooperate land inventories and I appreciate that the minister table the document today regarding exactly that.

**Chair:** Excuse me Mr. Baker.

**Dr. Bevan-Baker:** Yeah.

**Chair:** You're more than welcome to have telephones in the audience, but they can't disturb the proceedings so I would ask you to please turn your phone off.

Thank you.

Mr. Bevan-Baker.

**Dr. Bevan-Baker:** Thank you Chair.

There is a requirement – statutory requirement – for them to produce that inventory on a regular basis. I'm not sure, I know one was scheduled in 2010, I don't believe it ever happened – I don't even know if we've ever had one since then, so that would be one question that I have, that Thompson recommendation –

**Chair:** Excuse me, I'm going to have to ask you to leave the room and take your phone out outside.

**Unidentified Voice:** I have no trouble shutting it off, I'm sorry.

**Chair:** I'm sorry Mr. Bevan-Baker.

**Dr. Bevan-Baker:** That's quite alright Chair.

A second line of questioning – I will have many – but a second particular line of questioning is on another recommendation of the Thompson report number 24, which suggests: that transferring the authority from Executive Council to IRAC to make the final decision on LAC permits and all of those changes. I mean, if you see the Orders in Council, 90% of them are to do with the *Lands Protection Act, P.E.I.* and a recommendation in the Thompson report – and I'm not sure if IRAC recommended this, too, as I said earlier – is to cut that out and leave that final decision with IRAC to make that decision final and binding.

So, I would like to talk with IRAC to see if they still feel that that's a good idea, as recommended in the Thompson report.

**Chair:** Thank you.

Mr. Brown.

**Mr. R. Brown:** First item on Brads comments about landlords using the reno-  
evict method of converting their properties. My district, in particular, is under an extreme amount of pressure for that. I've got a number of my constituents that are being evicted for renovation purposes.

Although we want good quality stock apartments and living units in Prince Edward Island, we have to find a solution to that. One of the things I think we should be doing is – if a landlord is renovating, the unit that he is renovating, the person basically still owns that apartment, or not owns, but is renting that apartment, will go to a temporary apartment and then be allowed to go right back to that apartment. It's really, if I'm renovating an apartment, that's my apartment and you shouldn't be evicted under that because it's your apartment, you move out for awhile, the renovations get done and it's your apartment back. I think that's a thing a thing we should take a look at right away, and it is an issue. Airbnb is a big issue.

I had a constituent over to IRAC at an appeal hearing for them; I have a lot of constituents. The landlord has to verify the renovations and the costs to the renovations and then take that cost and then IRAC can use that cost to, I guess, adjust the rate. Now, we don't know and the particular case I was involved in, the landlord was sent back to say: if you're going to evict this person you have to file the proper paperwork and what your renovations are going to cost, how long they're going to take and how's it going to affect your rate. I think we have to tighten up the rules along that area too.

Because again, I believe the apartment – the unit is the current owner of that or the current renter of that apartment and they're just being temporarily being moved out to be moved back in at a later date and the cost adjustment to their rent, should be the cost adjustment that the repairs put in to the place. Do you get what I'm meaning? You can't say: I'm going to paint a wall and the rent is going to go from \$500 to \$1000 because it just doesn't justify it.

I hope that this committee can take as quick as possible because it's an important issue, not only in my district, I'd say it's an important issue in a lot of districts.

As for the *Lands Protection Act, P.E.I.* – I thank Peter for bringing up ((Indistinct)) and the committee. We can have IRAC here but I'd rather prefer to, if the committee wants to wait until they get their report done. We've done a tremendous amount of work in the department for IRAC in terms of land ownership and they have that information now.

IRAC was busy during the summer – I know people are going to criticize me for not getting it done earlier – but IRAC was busy all summer with amalgamation and getting that done.

I think November 5<sup>th</sup> is going to be a great day for Prince Edward Island and rural PEI in terms of our rural municipalities. So the department was instructed to do some of the preliminary work for IRAC, now that they have it, we hope to have the report back, or IRAC has the report back to me, which will then be presented to the committee at an acceptable time to this committee.

Thank you.

**Chair:** Thank you.

Mr. Roach.

**Mr. Roach:** Thank you Chair.

I guess also, with respect to the rental issue, and I agree, but I think there has to be – somehow we have to make sure that when people are being evicted because there's a renovation, I think there is a line between renovation and maintenance –

**Mr. R. Brown:** Good point.

**Mr. Roach:** I think there is an expectation that any land owner, if you have a rental spot that you're renting out, that you're going to go in there every five years or 10 years, or whatever the case is, and hold your end of the bargain up in cleaning the place up, and painted up, and put any new amenities, whether it's a new toilet that has to be replaced or whatever. You can't just say: it's a renovation and I'm going to raise your rent. There is routine maintenance that's required to be done, and I think that should be taken into consideration.

Now, I think that one of the main things that we want to see from this committee, is that – and MLA Trivers eluded to it as that – I think we want to make sure that the people who are renting are being treated fairly, and that the people that are investing in rental properties that they're investment, and I understand that that's protected.

I think it is imperative that we have a look at the act and I think that's what our focus should be coming out of this, is that we're going to try to ensure that any recommendations that we make are going to ensure those two things. If we stay focused on that, then hopefully we will be able to achieve what it is we want to achieve out of this committee, on that particular issue, about rental.

**Chair:** Thank you.

Mr. Trivers.

**Mr. Trivers:** Chair, so on the land ownership front, minister Brown (Indistinct) – I agree if IRAC is considering information

that has been brought to them by the department, we should wait until they have a chance to really look at that and consider it before we really question them on it.

I was wondering, Chair, if the minister would mind providing that information to the committee for review.

**Mr. R. Brown:** Yeah, and –

**Chair:** Minister Brown.

**Mr. R. Brown:** The work that's been done – I take advice from the committee – I prefer that IRAC verify and we come in with a total report (Indistinct) verified by IRAC, and if you don't mind, I'd like to keep the document that I sent to IRAC with IRAC until they come back to verify it. I don't want to come in here and then IRAC comes back and says: there are some adjustments that have to be made or errors made. You know, let's come back with one report that both agree on and then to the committee, if you don't mind.

**Mr. Trivers:** Well what's –

**Chair:** Mr. Trivers.

**Mr. Roach:** I'd recommend that report.

**Mr. R. Brown:** What's the time frame on that you're thinking of? I know, you know, in the political landscape, time may be of the essence here.

**Mr. Trivers:** I hope we'd be (Indistinct) January.

**Mr. R. Brown:** January?

**Mr. Trivers:** Yeah.

**Mr. R. Brown:** Okay, that's acceptable to me.

**Chair:** Emily, I think you've been taking some pretty extensive notes there. Do you need any more clarification?

**Clerk Assistant:** On this stuff, I think I'm clear. What I'll do, what I usually do is circulate an email outlining all the decisions that were made on these topics, so far.

**Chair:** So, I think Emily is going to go back to IRAC with some of the recommendations from the committee. Is everybody agreeable to that?

**Clerk Assistant:** Thank you.

**Clerk:** Once we see your note.

Mr. Trivers.

**Mr. Trivers:** Yes, so, in regards to the work plan, I wanted to thank the minister for bringing back some information that was sent out to the committee about non-resident ownership. It really dealt with applications for subdivisions and this sort of thing.

I think it's important when we're considering the *Lands Protection Act, P.E.I.*; we have a really good picture of non-resident ownership on the Island as a whole. And I do recognize that may be data that's potentially difficult to put together. One of the pieces of information that was brought back, was a list of data attributes that collected against property IDs and we have community name, municipality, special planning area, existing land use, existing land sub-use, child property ID and parent property ID.

Perhaps the request wasn't specific enough, but I'm assuming that every property ID is actually tied to the personal information of the owner, and we can actually tell whether the owner of that land lives on PEI as a resident or as a non-resident. That's the sort of information I'd like to get. Not just for land ownership over five acres, not just for waterfront ownership over 165 feet. And I'm not talking about digging into the personal privacy data, if that's what the discussions are going on over there. I'm talking about a high-level; a row up of information, so we can get a really good idea of the percentage of land on PEI that is actually owned by non-residents, right now. And I think that will go a long way to inform any recommendations we have for the *Lands Protection Act, P.E.I.*

**Chair:** Thank you.

Minister Brown, did you have an intervention?

**Mr. R. Brown:** This is what's great about the committee system here, that discussions like this can go on, and it's great.

One of the big questions is, as Brad has said: the connection between the land *Registry Act* and the land assessment act – I think he is right. We should be looking at some way of combining those two together. There are instances where the registry is updated and the ownership is not on the property tax side.

People can own land on Prince Edward Island and there is no – I can give you a deed today and transfer land; I don't have to register it right away. I think that that's a good suggestion that we – and IRAC is looking into that to say – one of the requests of IRAC is saying: Look, how can we better between the *Registry Act* and the assessment act? Because the assessment act does identify non-residents, where the property tax bill goes, but sometimes people can just put a PO Box here on Prince Edward Island and still live in New York State.

So that's the kind of stuff that we have to verify, and that's the kind of information that I hope to be coming back to this committee in January, to get the specifics of what is non-resident.

**Chair:** Thank you. Mr. Trivers.

**Mr. Trivers:** Well, I mean, thank you minister for that. And just to clarify, I mean, they could put a PO Box number now, but there is many that hopefully won't be, even if we get a snap shot using the data we have. And again, I thank you for the data that you did provide. That is not as reliable, as you know, because it's based on applicants, as opposed to what actually happened. But, anyway, I don't know if there's a way to easily provide that data, you know, outside of waiting for IRAC to come in to talk about land ownership in general.

**Chair:** Thank you.

Before I go to Mr. Roach, Emily has a question.

**Clerk Assistant:** Oh, sorry, I guess that's what I was wondering. If the committee wants to send that request to somebody now, or if its –

**Mr. Trivers:** I can talk to (Indistinct)

**Chair:** Thank you.

**Clerk Assistant:** Oh, okay.

So moved.

**Mr. Trivers:** That would be great, thank you, minister.

Have a great day.

**Chair:** Thank you. Mr. Roach.

Thanks, everyone, for your input.

**Mr. Roach:** Yes, with respect to the land ownership and deeds and that sort of thing. There is a requirement by law, that when land is transferred, whichever lawyer is looking after that transaction, they are required to fill out a form and verify on that form the home address of the individual that's purchasing the property.

The Committee adjourned.

**Mr. Trivers:** But we have information.

**Mr. R. Brown:** (Indistinct) former finance industry.

**Mr. Roach:** So that's a requirement by law, however, it's not always done and a little over a year ago, there was a letter sent to the —

**An Hon. Member:** The lawyers.

**Mr. Roach:** Society.

**Ms. Casey:** Bar association.

**Mr. Roach:** Bar association here on Prince Edward Island, reminding them of that obligation.

**Chair:** Mr. Trivers.

**Mr. Trivers:** That's great to hear, because if we have the data, whether the data is 100% clean or not, or 100% up to date, let's take the data we have, and let's get a picture to understand the amount of land that is owned by non-residents right now, regardless of the size of the land.

**Chair:** Thank you, everybody.

Is there anything else about our work plan for discussion? I think we were just looking for information on the two letters that went out to IRAC. If there isn't any farther discussion on our work plan, I'm looking for motion for adjournment.

**Mr. Roach:** Motion to adjourn.