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Chair: Mr. Pat Finnigan



Standing Committee on Agriculture and Agri-Food

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• (1400)

[*Translation*]

The Chair (Mr. Pat Finnigan (Miramichi—Grand Lake, Lib.)): Good afternoon everyone.

I hope you're all doing well.

[*English*]

I call this meeting to order.

Welcome to meeting number 13 of the House of Commons Standing Committee on Agriculture and Agri-Food. Pursuant to the motion adopted by the House on May 26, 2020, the committee may continue to sit virtually until Monday, September 21, to consider matters related to the COVID-19 pandemic and other matters.

Certain limitations on the virtual committee meetings held until now are removed. As just mentioned, the committee is now able to consider other matters. In addition to receiving evidence, the committee may also consider motions as we normally do. As stipulated in the latest order of reference from the House, all motions shall be decided by way of a recorded vote.

Finally, the House has also authorized our committee to conduct some of our proceedings in camera, specifically for the purpose of considering draft reports or the selection of witnesses.

Now I would like to outline a few rules to follow.

Interpretation in this video conference will work very much like it does in a regular committee meeting. You have the choice at the bottom of your screen of floor, English or French. When you intervene, please make sure your language channel is set to the language you intend to speak, not the floor channel. This is very important. It will reduce the number of times we need to stop because the interpretation is inaudible for our participants. It will maximize the time we spend exchanging with each other.

I'll ask all of our witnesses to let us know with a nod that they have understood this, just to make sure everything will go right. It looks like everybody understood. If there's an issue, we will help you out.

Also, before speaking, please wait until I recognize you by name. When you're ready to speak, you can click on the microphone icon to activate your mike.

[*Translation*]

Please make sure your mic is on mute when you're not speaking.

We are now ready to begin.

I'd like to start by welcoming the witnesses. For the first half of the meeting, we have joining us, from the Chicken Farmers of Canada, Benoît Fontaine, chair, and Michael Laliberté, executive director.

Next, from the Grain Growers of Canada, we have Jeff Nielsen, chair of the board of directors, and Erin Gowriluk, executive director.

Lastly, from the Canadian Canola Growers Association, we have Dave Carey, vice-president of government and industry relations.

We'll begin with everyone's opening statements. Each group will have seven minutes for their presentation. The Chicken Farmers of Canada representatives can start things off. You can split your time as you see fit.

Please go ahead.

Mr. Benoît Fontaine (Chair of the Board, Chicken Farmers of Canada): Thank you, Mr. Chair, for inviting us.

Good afternoon everyone.

My name is Benoît Fontaine.

[*English*]

Mr. Gerald Soroka (Yellowhead, CPC): On a point of order, he does not have his interpretation set right.

[*Translation*]

Mr. Benoît Fontaine: I think it's working now.

The Chair: Yes, you can proceed.

• (1405)

Mr. Benoît Fontaine: I'm a chicken farmer from Stanbridge Station, Quebec, in the Brome—Missisquoi riding, and I'm the chair of the Chicken Farmers of Canada.

Our industry contributes \$8 billion to Canada's GDP, supports more than 101,900 jobs and generates \$1.9 billion in tax revenue for the government. Canada's 2,877 chicken farmers are proud to raise birds that represent Canada's number one meat protein, in the good times and the more challenging ones—as is currently the case. As is seen across the country, and even across the world, the COVID-19 crisis has left no sector untouched, especially not ours.

Chicken Farmers of Canada was pleased to see the government's announcement on May 5, 2020 in support of the agriculture and agri-food sector, but we need to highlight that these measures do not go far enough in supporting Canadian agriculture and, in particular, Canadian chicken farmers. In order to continue to ensure food security for Canadians, further support for Canadian chicken farmers and processors is needed as we navigate the unprecedented stress and pressures of the pandemic.

Currently, the Canadian chicken sector is seeing unprecedented market conditions as a result of the infamous COVID-19 virus. Food service, which usually represents approximately 40% of the market—so a huge share—has experienced a rapid decline in sales, almost overnight. In retail, there was an initial surge in sales caused by consumer stockpiling, but that demand has now stabilized, resulting in a total demand that is below usual volumes.

What does this mean for farmers? The rapid decrease in food service meant that farmers and processors were left with surplus production for a short period of time. Thankfully, the flexibility provided by supply management allowed our board of directors to quickly react and adjust production for the coming months, hoping to avoid a worst-case scenario of depopulation. On April 14, the board of directors reduced allocation for May 10 to July 4 by 12.6%, and recently adjusted the national allocation for July 5 to August 29 by 9.75%. Those decisions were made to deal with the situation in a responsible way and to make sure the chicken supply was sufficient to meet demand in Canada.

While we have been able to adjust production, that does not entirely alleviate the stresses on farmers and processors during this time. Some processing plants may have to reduce their slaughter and processing volumes of chicken owing to physical distancing requirements, employee absenteeism and complete shutdown to isolate workers and deep clean facilities for longer periods of time.

Processors are working closely with one another and with farmers to redirect birds if and when needed, as was the case in early April in Ontario and in early May in British Columbia. However, there are limits to the number of birds that can be processed by other plants if a plant significantly reduces its activity or is completely shut down. This reduced throughput and risk of plant shutdowns significantly increases the risk of farmers having to depopulate flocks.

Farmers do not take depopulation lightly. In addition to impacting the food supply of Canadians, depopulation means a loss of the flocks farmers have spent time, money and energy raising. It also means a financial loss.

• (1410)

In the event that processors do not have the capacity to process chickens, farmers will have to work quickly with their processors to determine next steps, and at this point in time, they do not have government assurance that the live price of the birds will be covered.

Based on the government's announcement, our understanding is that AgriRecovery will cover up to 90% of the costs of depopulation. This does not address the value of the flocks being depopulated, the administrative burden on the farmer or the lobbying of

provincial governments to provide their portion of business risk management funding.

Throughout numerous conversations with government officials, we have reminded them that, under the Health of Animals Act, depopulation is supported in instances of disease. We are well aware that the act was specifically designed to cope with animal disease, but we believe what the sector is experiencing now—with processing capacity, depopulation and the overall impact on operations—follows the intent of the act and has the same consequences for farmers.

We are disappointed that the government has not looked to this well-functioning model to support the chicken sector in the event that depopulation is necessary.

While the business risk management suite of programs is designed to address fluctuations in income to support farmers in times of need, it does not work for chicken farmers in cases—

The Chair: Thank you, Mr. Fontaine.

Unfortunately, your time is up. That's all the time you had, but you may have a chance to provide more information during the question and answer period afterwards.

Mr. Benoît Fontaine: Thank you, Mr. Chair.

The Chair: I'll now turn the floor over to the next witness.

[English]

We'll now go to the the Grain Growers of Canada.

Whoever wants to take the seven minutes, go ahead.

Mr. Jeff Nielsen (Chair of the Board, Grain Growers of Canada): Thank you, Mr. Chair. Erin Gowriluk and I will split our time, and I'll quickly make my opening remarks.

Once again, thank you for this opportunity to speak in front of your committee today. I am Jeff Nielsen, and I farm in central Alberta near Olds. I am chair of the Grain Growers of Canada, which is a national voice for grain, oilseed and pulse producers through our 15 regional and national grower associations.

To put it simply, we are extremely disappointed in the support offered to farmers to date. The recent \$252-million announcement directed limited funding to select sectors while leaving others feeling totally ignored. Let me be clear: We do not expect to be your main or sole focus right now, but we also do not want to feel like an afterthought.

We do not have to look far to see a different level of support for agriculture in the face of COVID-19. Our direct competitor to the south has offered agriculture a support package that is well into the billions, with \$6 billion recently going directly to crop producers.

For the benefit of the committee, let me give you some background on the state of the grain industry. Certain grain commodities, such as corn, have been significantly and directly impacted by COVID. With a decrease in demand for fuel, ethanol plants are running at a very diminished capacity. We do not expect a return to normal anytime soon. Soybean cash receipts have fallen nearly 40% over the last two years.

I am a malt barley producer. Malt barley demand is down significantly due to the fact that the restaurants and hospitality industry have been affected by COVID, which has naturally decreased the demand for beer. Barley cash receipts are down 21% in 2020 from the same time last year. Malt contracts are being pushed well into the fall for the current crop year, and new crop contracts have been asked to be reduced due to the fact that we currently have an over-supply of malt barley.

Feed prices are very volatile. It's a reflection of what may happen to the U.S. crops and will definitely affect their feed prices. Flaxseed cash receipts have dropped 33% in the last year. Demand for pulses has remained stable, but there is the concern with the lack of container shipping, a problem complicated by the rail blockades this past year, port quarantines and decreased cargo ship movement at this time.

A regular amount of uncertainty is typical for us farmers—we plan for this—but these are not normal times. Recent years have been disastrous for many of us, in terms of weather, rising costs and growing market access challenges. In fact, Canadian farmers were not well positioned going into this pandemic. According to StatsCan, in 2018, farm incomes fell by nearly 21% while realized net farm income fell by 45%.

While StatsCan data from this week shows a rise in income for 2019 for the first time in three years, that does not give an accurate picture of agriculture. Excluding cannabis, which seems to be a new agricultural crop, crop revenues on the national level have decreased by over 1%.

• (1415)

Talking about StatsCan information, this only heightens the concern about our ability to service farm debt loads, which are now at a record high of \$115 billion—an increase of nearly \$30 billion in the past four years. I do not want to overstate this, but in reality our industry is hurting, and while it's not easy for older guys like me to admit, we need support.

I'll turn it over to Erin.

Ms. Erin Gowriluk (Executive Director, Grain Growers of Canada): Thank you, Jeff.

Now, for the good news. We believe there are easily achievable solutions to help farmers and to protect the Canadian economy. We have very specific, very actionable requests for you today.

First, as a sector, we are asking for two critical changes to the AgriStability program. The changes are as follows: Coverage must

immediately be adjusted to cover losses, starting at 85% retroactive to 2019 and for the remainder of the Canadian agricultural partnership; and the reference margin limits must be removed. These two simple changes will give farmers the confidence to keep operating.

As members of the committee know, we are not alone in seeking changes to AgriStability. The fact is that this change is the one that unites essentially all agricultural sectors.

While it is a positive signal that the application deadline for this program was extended, we do not see it inspiring more farmers to apply. Farmers simply don't see enough value in the program to put in the time and effort required to enrol, and unfortunately, an online calculator isn't going to change their minds.

However, we commend the federal government on some of the other business risk management programs for farmers that work well, including AgriInvest and crop insurance. These are success stories and valuable tools for farmers, ones that cannot afford to have funds diverted away to bolster or address the concerns we have cited here today. These programs need to continue to be complementary in nature.

Finally, we understand that the cost of the current program is shared sixty-fourty between federal and provincial governments, and that provincial governments are currently facing their own financial challenges. This is why we are seeking leadership from the federal government on this. We need our federal leaders to renegotiate the cost load.

As we look toward recovery, this is definitely not the time for government to abandon its vision for agriculture as a high potential sector for economic growth in Canada. As stated in the report of Canada's economic strategy tables, Canada has the potential to be one of the top five competitors on the international stage, increasing agriculture, agri-food and seafood exports by 32% to \$85 billion by 2025. This is a laudable goal, and it is one that the entire sector supports. However, it can only come to fruition if Canadian farms remain solvent and are able to succeed.

We are at a crossroads. We can choose to support Canadian farmers now and allow for that potential to be realized, or we can choose to abandon Canadian farmers and lose the vision for a real economic recovery and future prosperity for our farms.

The Chair: Thank you, Ms. Gowriluk. Sorry, we're out of time and have to move on.

From the Canadian Canola Growers Association, we have Mr. Carey, for up to seven minutes.

Go ahead, please.

• (1420)

Mr. Dave Carey (Vice-President, Government and Industry Relations, Canadian Canola Growers Association): Thank you, Mr. Chair, for the invitation to appear before your committee today on your study on the Canadian response to the COVID-19 pandemic. It's a pleasure to be here on behalf of Canada's 43,000 canola farmers.

CCGA represents canola farmers from Ontario to British Columbia on national and international issues, policies and programs that impact their farms' success. CCGA is also an official administrator of the federal government's advance payments program. For the last 35 years we have been providing cash advances to help farmers better market their crops and finance their operations.

Developed in Canada, canola is a staple of Canadian agriculture as well as of Canadian science and innovation. Today it is Canada's most widely seeded crop, and has the largest farm cash receipt of any agriculture commodity, earning Canadian farmers over \$8.6 billion in 2019, which is a decline of \$700 million in 2018. Annually, the canola sector provides \$26.7 billion to the Canadian economy, and provides for 250,000 jobs.

Exports drive canola's success. More than 90% of all canola grown in Canada is exported as seed, oil or meal. There continues to be global demand for canola, but blocked market access coupled with the economic downturn from COVID-19 is putting considerable pressure on farmers. Canola prices in 2019-20 lag the previous year's, and farmers face significant market uncertainty. Continuation of this trend could significantly reduce the canola sector's contribution to Canada's economy, impacting employment and wages. Urgent efforts are needed to restore stability and position canola as a dependable economic contributor to Canada's post COVID-19 economy.

To unleash the full potential of Canada's canola farmers, the following actions are requested from the federal government: opening and diversifying markets, ensuring that farmers have access to risk management tools that are effective, and facilitating global competitiveness through access to innovation.

On the trade side, farmers are well positioned to provide safe, reliable canola supplies, both domestically and to the world, but require a rules-based, predictable framework to grow our exports. Promoting this framework will be even more important to counter protectionist policies post-COVID-19 as countries turn inward and look to shore up their domestic economies. Trade is key to the world's economic recovery, and modernization of the World Trade Organization is essential to ensure that borders and supply chains remain open.

For the canola sector to achieve its full potential, reopening the China market must remain a priority. For canola farmers, China was their largest market, representing 40% of canola exports. It has been over a year since market restrictions were imposed, and farmers continue to struggle with market uncertainty and reduced prices. In 2019, canola seed exports to China were a third of those in 2018, leading to a 26% decrease in export value. The impact of such a large trade disruption has highlighted the need to diversify our markets, and to do so, additional resources are required, particularly in

the Asia-Pacific, to help understand evolving regulatory requirements and to address market access issues.

In addition, launching FTA negotiations with the Association of Southeast Asian Nations and the expansion of the CPTPP could generate new market opportunities and create a more predictable trading environment.

Canada's domestic biofuel market also presents an important opportunity to diversify the canola market, and the upcoming clean fuel standard, or CFS, provides an opportunity to realize this potential.

Canadian canola is a high-quality biodiesel feedstock currently used in Canada, the U.S. and the EU. It has the potential to not only spur economic investment but to lower greenhouse gas emissions. The CFS, which is currently under development, could triple the domestic demand for canola-based biofuels, providing much needed market stability for farmers, increasing value-added investments and making real and quantifiable contributions to GHG reductions.

To leverage this potential opportunity, the government must consider immediate improvements to the regulatory design of the CFS, including providing the necessary demand signal for biofuels by requiring all diesel fuel to contain the minimum 5% renewable content. The current standard mandates 2%. If this requirement is instated in the CFS, increasing renewable content to 5% of the diesel pool would conservatively use 1.3 million metric tons of Canadian canola and reduce GHG emissions by 3.5 million tonnes of CO₂ equivalent per year.

This would represent new domestic demand for Canadian canola that is not subject to trade disruptions, and is roughly the size of the Japanese export market in value. A clear and strong demand signal is critical. The time is now to leverage this opportunity for biofuels to spur economic investment in Canada, with no cost to the government.

• (1425)

Canola farmers need urgent action to improve business risk management programming. Family farms are facing unprecedented challenges and uncertainty due not only to the current pandemic but also to ongoing trade restrictions. Net farm incomes fell 45% in 2018. In Manitoba and Saskatchewan, net farm incomes again saw significant declines in 2019. In addition, farm debt levels continue to increase.

Farmers rely on BRM programs to help manage the risks that are beyond their control. Immediate solutions and focused investment are required to improve programming and provide farmers with effective tools to manage increased volatility and uncertainty that, in turn, will support their ability to contribute to rural communities and economic growth.

The following BRM change is needed immediately: AgriStability coverage adjusted to cover losses starting at 85% of historical reference margins with no reference margin limits.

As we prepare for the next policy framework, CCGA looks forward to working with the government to ensure that risk management tools available to farmers are effective and reflect the risks of modern farming. CCGA requests the establishment of an industry-government technical working group that will allow farm groups to actively participate in BRM data and impact analysis.

It's worth noting that in the last three years, the U.S. government has announced \$47 billion in agriculture support in addition to its regular farm bill and crop insurance programs. To realize our full economic potential, we have to remain competitive in the global market.

On innovation, a science-based regulatory process is the foundation upon which the Canadian canola industry was built. It's critical that the PMRA continue to take science-based regulatory approaches that assess risk on crop protection products, including the final decision on the proposed ban of neonicotinoid seed treatments that would cost the Canadian canola industry between \$700 million and \$1 billion annually.

As part of our stewardship, CCGA collected water monitoring data in collaboration with industry partners, weekly over the spring and summer of 2019, that demonstrates canola farmers are effective at preventing these products from moving into wetlands. The PMRA needs to continue making science-based decisions on crop protection products by incorporating the best available information.

Another important innovation is the advances in new plant breeding techniques, as was identified by the 2018 report from the economic strategy table, the 2018 fall economic update and the 2019 Treasury Board agri-food and aquaculture regulatory road map. These new tools have the potential to create new and better varieties for farmers, consumers and the environment alike. To ensure research and development continues in Canada and to maintain farmers' competitiveness, an enabling regulatory system is required.

In conclusion, we appreciate the opportunity to speak with this committee today. CCGA would urge this committee and all parliamentarians from both Houses to reflect not only on the current challenges that agriculture is facing but also on the support our sector needs to drive the Canadian economy post-COVID.

The Chair: Thank you, Mr. Carey.

Now we'll go to our question round.

We'll start with Mr. Barlow, for up to six minutes.

Mr. John Barlow (Foothills, CPC): Thank you very much, Mr. Chair.

Thanks to our witnesses for taking the time to be with us today.

The numbers that Mr. Nielsen was talking about are certainly concerning when you see the farm income down 45% in 2018 and then another drop last year. It doesn't include what we'll see next year with COVID. We've certainly heard the number of 30,000 for family farms at risk of bankruptcy, and debt levels now at \$115 billion.

Mr. Nielsen, how critical is the situation? As you said, there was difficult financial footing heading into the pandemic. We have seen a real lack of definitive action, something designed specifically for agriculture. How serious is the situation facing Canadian farmers right now?

Mr. Jeff Nielsen: As Mr. Carey indicated, different crops have different effects. It's more noticeable right now with the soybean and the corn sectors. On the other commodities, in terms of canola, we've seen the hit for over a year: lack of market access to one of our key exporting countries. We've seen the effects of the U.S. farm programs affecting some of our prices.

It's hard to really quantify the total damage. I think what we're waiting for now is the other shoe to fall. If we don't have the proper programs in our back pockets that will work for us, that are designed to work properly, then when that other shoe falls we're going to be in serious trouble.

Mr. John Barlow: I think we all would agree that agriculture is an industry we'll be relying on post-COVID to get us out of a very deep financial hole. However, we have a government right now that's asking agriculture to empty whatever savings you may have before it offers any tangible assistance.

There is AgriInvest, for example. Do you have an idea what funds are available in AgriInvest? I would assume that farmers rely on it as a long-term savings program. Do you know what numbers are available in AgriInvest and whether this is a tangible solution to a global pandemic?

• (1430)

Mr. Jeff Nielsen: We've been trying to get data from the federal government on the accounts of AgriInvest. We understand that somewhere in excess of \$2 billion is in accounts being held right now. The thing is, a lot of people use this money. It's a matching program of up to \$10,000. I and all the people I talk to on this program use it. They use it yearly in investing that money in their farm operations. Some people believe they want to use it for the next-generation transfer of their farm to the family.

We're trying to find the right information from that so we can better answer a question like that, Mr. Barlow. Currently, we have a request in to the federal government for this information. We're still waiting for that information to come.

Mr. John Barlow: I understand that you've been pushing for the CEBA to be made more available or to have better eligibility for agriculture to take advantage of that. There has been some movement on that to ensure producers can access the emergency business account, but my understanding is that the information still is not available and some financial institutions still don't have the documentation to allow agriculture producers to access that. Is that correct, Mr. Nielsen?

Mr. Jeff Nielsen: That is my understanding, yes. Currently, the Bank of Montreal has been trying to keep.... My personal account manager, my commercial manager at my branch, sent me a note this morning on that, stating that the proper information isn't available to the Bank of Montreal yet to open any accounts. We do thank the government for the changes made to allow more farm businesses to take advantage of this, hopefully, yet currently we cannot.

Mr. John Barlow: Mr. Carey, you were talking about the importance of global trade, and I think that as we go post-COVID it's going to be critical. We've talked about canola and soybeans to China. We've now seen China put 80% tariffs on Australian barley. Is there any concern—even on the decision with Huawei earlier this week—about what our Canadian relationship is going to be with China? There are discussions already starting on the potential ramifications of Chinese political influence on trade relationships around the world.

Mr. Dave Carey: Thank you for the question.

We have certainly seen China take a strong approach to trade, and doing what it feels is in its best interests of late. I know that in March there was ongoing dialogue between the Canadian government and the Chinese government. The recent court decision, I'd say, is still too new for us to really have any information that isn't available to the public.

Again, the trade concerns the Chinese government has raised are of a technical nature, a phytosanitary nature. At this point, we don't yet see a path forward to resolving that issue. Again, I think it also speaks to the importance of our opening up many potential markets so that farmers aren't reliant on any import market that could have this sort of adverse effect on our exports. This is why we're also looking at more Canadian-made solutions, such as biodiesel, which is key.

Mr. John Barlow: Thanks.

I have time for one last quick question for Mr. Nielsen.

AgriStability is being touted as your tool out of here, but many times AgriStability payments come out two years down the road, while you may be facing bankruptcy. Was AgriStability ever designed for a pandemic?

Mr. Jeff Nielsen: To be honest with you, no.

The Chair: Thank you, Mr. Barlow.

[*Translation*]

Next, we have Mrs. Bessette.

Mrs. Bessette, you may go ahead. You have six minutes.

Mrs. Lyne Bessette (Brome—Missisquoi, Lib.): Thank you, Mr. Chair.

My sincere thanks to the witnesses for their presentations. I want to underscore the essential role each and every one of them plays in maintaining the supply chain and food security.

My questions are for the Chicken Farmers of Canada representatives.

Under AgriRecovery, \$150 million in new funding is being made available to farmers to help them manage the additional costs resulting from the COVID-19 pandemic. In your brief, you indicated that nearly 90% of the costs would be covered.

Can you explain to the committee how AgriRecovery helps farmers?

Mr. Benoît Fontaine: Mrs. Bessette, I should mention that you are my member of Parliament, since I live in your riding. What a coincidence.

AgriRecovery covers a portion of the depopulation costs. As I said, the value of the flocks isn't covered. Michael Laliberté, Chicken Farmers of Canada's executive director, is online and can provide a more detailed and clear explanation, using the right terminology.

Mr. Laliberté, can you round out the explanation pertaining to AgriRecovery, which covers 90% of the costs, as Mrs. Bessette mentioned, but not the value of the birds?

• (1435)

Mr. Michael Laliberté (Executive Director, Chicken Farmers of Canada): Certainly, Mr. Fontaine.

I think you've already provided a good overview.

AgriRecovery helps chicken farmers when they have to depopulate poultry houses. So far, we've been lucky in that we haven't needed to euthanize any chickens, thanks to the efforts of farmers and producers. Nevertheless, the risk remains. Should a major processor shut down because of COVID-19, preventing chickens from being slaughtered, they would have to be euthanized.

AgriRecovery covers only the cost of euthanizing flocks, which is a huge cost. It's a federal-provincial program under which the federal government covers 60% of the costs and the province assumes the remaining 40%. As Mr. Fontaine mentioned, the cost of the chicken—because we are talking about a chicken that would be ready for market—is not covered. It would mean huge losses for farmers if flocks had to be euthanized.

Mrs. Lyne Bessette: Thank you, Mr. Laliberté. I have a limited amount of time.

The federal government is open to AgriRecovery applications, but of course, jurisdictional authority has to be respected, since, as you pointed out, the program also depends on the provincial contribution under the federal-provincial framework.

Have you spoken to the provinces about it?

Can you tell us where you're at in those discussions?

Mr. Benoît Fontaine: The subject has been brought up. Mr. Laliberté is in touch with the directors and managers in all the provinces. They're meeting with the help of the same tools we're using today, Zoom, Teams and such. You're right that there has to be co-operation between the federal and provincial governments.

I know everyone's not at the same point in the process.

Mr. Laliberté, have some provinces already started implementing the program?

Mr. Michael Laliberté: Ontario is the only province that gave us confirmation that it launched AgriRecovery. We've spoken to our partners in all the provinces, and they will be making the request provincially. Thus far, I'm not sure whether the request has been made to the federal government.

Mrs. Lyne Bessette: Thank you.

In an interconnected world, we know international markets open up multiple opportunities for farmers here. It's important to look after our domestic interests while developing international markets.

In your statement, you underscored the importance of fair compensation, with the Canada–United States–Mexico Agreement, or CUSMA, coming into force soon, not to mention the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, or CPTPP.

What should that compensation look like?

Mr. Benoît Fontaine: Supply management encompasses five types of products: dairy, chicken and turkey, boiler hatching eggs and table eggs.

In the dairy sector, I think farmers received direct payments. As for the poultry sector, we've always asked for funding to encourage people to buy Canadian chicken or tax credits to help poultry farmers upgrade and expand their facilities.

Out of fairness, we don't think that funding should be limited to the first year. When it comes to tax credits, our preference has always been that farmers have access to them for a decade or so. A young poultry farmer who starts farming this month, or who started a year ago, won't have the money to make investments at the beginning of their career. This would enable them to start investing in the seventh, eighth or ninth year. We aren't in favour of direct payments to farmers. We want a tax credit or funding to promote chicken products, which all 10 provinces are doing.

Without supply management, Newfoundland and Labrador and Prince Edward Island might have no chicken farmers. Without supply management, the market would not be controlled as strictly. Let's be clear, supply management is an economic solution in rural Canada.

• (1440)

The Chair: Thank you, Mr. Fontaine and Mrs. Bessette.

Mr. Perron, you have the floor for six minutes.

Mr. Yves Perron (Berthier—Maskinongé, BQ): Good afternoon.

My thanks to the witnesses for being here today.

I'm going to stay on the same topic Mrs. Bessette brought up. I hope she won't mind.

Mr. Fontaine, when you were talking about compensation, you were explaining the importance of supply management. The form that compensation should take is well-established. We are all familiar with what you are asking for.

If money were made available immediately, would that give you a bit of breathing room during the pandemic?

The Chair: Mr. Fontaine, are you there?

Mr. Benoît Fontaine: Yes, I'm here. I'm back.

Mr. Yves Perron: Did you hear the question or not?

Mr. Benoît Fontaine: No, I didn't hear the question.

Mr. Yves Perron: If I may, Mr. Chair, I'll repeat my question.

The Chair: Go ahead.

Mr. Yves Perron: Mr. Fontaine, I'm going to build on what my fellow member, Mrs. Bessette, was talking about with respect to supply management and compensation, specifically.

You started telling us how important supply management was, and you told us what you were asking for. Basically, you have some very specific requests that have been well-documented for quite some time. Unless I'm mistaken, the amounts you are seeking in compensation have long been clear.

If you were given access to that funding, to make investments, for example, would it help you at this very difficult time?

Mr. Benoît Fontaine: That's a great question.

Obviously, there's no direct connection between COVID-19 and the compensation we have been negotiating for years. The amounts have been determined. If, however, there were a regulation whereby the compensation were used to encourage consumers to buy Canadian chicken, it would, without question, help Canadian chicken farmers get through the crisis. Programming supports tailored to our sector would also help.

In any case, the amounts paid and the tax credit or other programs will help farmers directly or indirectly. You're absolutely right that that would help our sector, not to mention other tailored programs.

Mr. Yves Perron: Not only would it help farmers, but it would also help society at large, since the impact is being felt in every community. I don't need to convince you of that.

Mr. Fontaine, I'd like to continue talking about the importance of supply management.

Correct me if I'm wrong, but I read articles mentioning that chicken farmers weren't asking the government for compensation for the drop in production they're experiencing because they've been able to manage the situation themselves thanks to supply management. They do, however, need some assurances, since they would incur significant losses if livestock had to be euthanized or they had to depopulate poultry houses, as you said. You pointed out earlier that the AgriRecovery program doesn't fully cover those losses.

Did I get that right? Would you mind rounding out your answer?

Mr. Benoît Fontaine: That is true. The supply management system is there to meet market needs, so that we can feed Canadians. We adapt production every eight weeks in order to respond, for example, to population growth, to increases in tourism during the summer, and to the drop in tourism during the winter. When an event like the Olympic Games is held, production must be increased in a given province to meet market needs.

So we say that, in that sense, supply management meets our needs. Owing to sudden changes in the market in terms of processing and the closing of restaurants, we have taken the initiative to reduce production by 15% in Canada's east and by 7.5% in the west. That has led to product surpluses for factories specializing in food service products.

The second part of your question concerns depopulation. The cost of depopulation is reimbursed at 90%, but the cost of birds who would be thrown away is not covered. The financial stress is tremendous.

• (1445)

Mr. Yves Perron: In that situation, you need the government's assurance that they will be there if something were to happen. So far, you have not heard anything from the government in that respect, right?

Mr. Benoît Fontaine: Yes. You are reading my mind.

Mr. Yves Perron: Excellent.

I will briefly come back to supply management because this situation is, after all, out of the ordinary. I would like to draw the committee members' attention to that issue.

You just bluntly told us, Mr. Fontaine, that supply management protects sectors and that, during this pandemic period, there has been less negotiation on the government side. I would still like this to be remembered and be on the record because it is a major argument.

I assume you would agree with us protecting those systems through legislation in the future in order to avoid further breaches. Would you?

Mr. Benoît Fontaine: I do believe that the Prime Minister has made a firm commitment that upcoming negotiations—be it only with Mercosur or for all other future agreements—no breaches or concessions would be made. At the end of negotiations, supply management has often been a little bonus or a cherry on a sundae—or any other expression you may have heard.

We feed Canadians. That does not mean we are a closed market, as we engage in superior trade with many countries around the world. It is not true that we don't import chicken. We are an open market, but we clearly manage quality and quantity. Canada is a northern country, with very high standards, which we must maintain. I want to reuse the example of the Honda Civic assembled in Ontario and sold at a higher price in Montreal than once it's been exported to the state of New York.

Mr. Yves Perron: Thank you very much for those clarifications.

A piece of legislation will always be stronger than commitments.

The Chair: Mr. Perron, unfortunately, your time is up.

Mr. Yves Perron: Mr. Chair, my time was cut by a minute at the outset.

I have a question to ask.

The Chair: Mr. Perron, your time was readjusted.

I am sorry, but I must move on to the next member.

Mr. Yves Perron: I am sorry for the other witnesses we have been unable to hear from.

[English]

The Chair: We have Mr. MacGregor for six minutes.

Mr. Alistair MacGregor (Cowichan—Malahat—Langford, NDP): Thank you very much, Chair.

It's good to see our witnesses. Welcome to our virtual committee. It's good to see many of your faces again.

I'll start with Grain Growers of Canada.

Since we've started studying COVID-19's effects on agriculture and agri-food—we started back in early May; this is our seventh meeting on the subject—in some cases, it has felt very much like a continuation of our original study on the business risk management programs. We've heard a litany of complaints about how BRM programs are still not working and we need to see federal leadership.

Mr. Nielsen, I'm really sorry to hear that the current federal offers just aren't cutting it. I hope that this feedback is acted upon.

I will continue with what Mr. Barlow was touching on. When the federal agriculture minister says to producers that they need to start accessing these programs and making use of the money that's available in order for her to make the case to her cabinet colleagues that producers need more money, how do you respond to those comments?

Mr. Jeff Nielsen: Thank you, Mr. MacGregor.

It's a challenge. I think farmers are trying to use the programs that are available to them to their best advantage.

Erin made the comment that crop insurance is one of the programs that farmers participate in and really appreciate. AgriInvest could have some work done on it. It could be a tool that the government could use to get more cash into a farmer's pocket. AgriStability, at less than 30% enrolment, has been proven to be a disaster.

To Mr. Barlow's question on the pandemic, had we actually had reforms made to AgriStability, as we've asked to have for a couple of years now, and had reforms been in place prior to the pandemic, they probably could have kicked in and helped. It's hard to be retroactive to anything. We want to be proactive, and that's what farming is. We're a proactive group.

Erin, can you comment?

Mr. Alistair MacGregor: Ms. Gowriluk, you made the comment about wanting to see federal leadership.

If you go to the Constitution of Canada, it's interesting to note that section 95 clearly gives the federal government the authority to make laws in relation to agriculture. With regard to any comments that we need to wait for the provinces, the federal government could actually step in and make the fixes to AgriStability, if it so wished.

Ms. Erin Gowriluk: Yes. We've been calling for some federal leadership. We know very clearly that it is within the agriculture minister's mandate to address AgriStability in particular.

I want to build on a point, if I may, that Mr. Perron made.

I'm not an expert on supply management, but I think it's an interesting perspective that supply management offers a certain level of protection to the sector during times like this. I might suggest that the export-oriented sector is also worthy of a level of protection during times like this. I think that if we had addressed some of the challenges we're currently facing through this pandemic period—and to Jeff's point with respect to some of the market access challenges we're facing and what we call last year's harvest from hell—we wouldn't find ourselves in the situation we're currently in.

This could have been done proactively, and I think it could have been done more effectively to address some of the challenges we're

facing during the pandemic. I think you would have seen fewer requests for ad hoc support if a framework were already in place to provide the meaningful support that export-oriented farmers are, in my view, entitled to.

● (1450)

Mr. Alistair MacGregor: Those are good points. Thank you for that.

In the couple of minutes I have left, Mr. Carey, I'd like to turn to you and to the canola growers. I'd like to expand on your comments about the Canadian fuel standards.

In my riding we have a proponent, Cowichan Energy Alternatives. They want to expand their operations. They have sort of a bioenergy cluster where they're turning used cooking fuel into a diesel additive.

You mentioned that you wanted to go to 5%. Putting this in the context that I don't think our relations with China are going to get better any time soon, I'd like you to illustrate more about what kind of an economic shot in the arm this could represent if we got a clear direction from the federal government that we want these kinds of renewable fuel standards in place. What kind of investment would that lead to, especially in refining capacity in turning canola oil into a usable fuel additive?

Mr. Dave Carey: Thanks for your comment.

We estimate that it would be about 1.3 million tonnes, which would be evaluated at over \$1 billion, should the clean fuel standard be moved to 5% for biodiesel and for which canola is arguably the best feedstock. It burns approximately 90% cleaner than just petroleum.

I think this would send a clear demand signal for farmers to continue to grow and invest in their farms, and in a way that has domestic value-added jobs for Canadians. Biodiesel plants are located across the country. This provides a great opportunity to continue to grow the canola industry in a way that is not reliant upon another export market. Again, the fact that it could possibly be a market the size of Japan export-wise is fairly staggering from my perspective.

I think that 5% would also send the demand signal further down the value chain to both crushers and biodiesel plants that they should be innovating and investing. We need the signal so the investments can begin to go, and so that when farmers do harvest their crops in the fall, they have more options as to where they sell that product [*Inaudible—Editor*]

Mr. Alistair MacGregor: If we're going to build that kind of resiliency and have agriculture lead the way, absolutely, I think, for our economic recovery....

Thank you very much for those comments.

The Chair: With that, we'll move to Mr. Soroka for five minutes.

Mr. Gerald Soroka: Thank you, Mr. Chair.

This question goes out to Mr. Nielsen.

You've brought up the staggering debt load that farmers have right now, yet the government talks about how they've helped farmers by increasing the Farm Credit Corporation by \$5 billion. I've never understood how you're going to borrow your way out of debt. Could you give me some comments on that, please?

Mr. Jeff Nielsen: If I had the answer to that, it would be good, but I can't help you there.

It's a big concern when you offer more avenues for increased debt and you're not solving the problems that we're experiencing on the export market, as Mr. Carey, Erin and others have commented. We need government that will go into these marketplaces, such as India where the pulses concern is, such as Italy with durum, which has become better, and such as China with oilseeds.

We can't compete with a neighbour to the south that has limitless pockets, or deep pockets, to support their sector. We need actions where trade avenues actually work. We're free marketers. We enjoy that. We don't like debt.

• (1455)

Mr. Gerald Soroka: We know that the minister has moved the next FPT meeting to October but had promised a decision on the BRM review for July. Has the minister reached out to the Grain Growers or maybe the AGgrowth Coalition to create a forum in which discussions could continue?

Mr. Jeff Nielsen: Not at this time, no. We have a request that the chairs of the AGgrowth Coalition meet with the ministers. They apparently have weekly calls, but I'm not sure if it's just the deputy ministers who are on these calls or if it's the actual FPT ministers for each province and territory.

We've just submitted that request. As you and Erin have noted in Minister Bibeau's mandate letter, there were supposed to be reforms to the BRM programs. We were assured back in December that something would be happening. Postponing the meeting until October now really throws it up in the air. We don't know what's going on.

Mr. Gerald Soroka: With the AgriStability application deadlines extended to July 3, 2020, how important is it for the grain farmers to see the minister's promised BRM reforms prior to this deadline?

Mr. Jeff Nielsen: Unless they extend the deadline, with it currently at the 70% coverage with less than 30% participation, we're not going to see anybody else sign up. Why bother? It costs money. It's not a program that's friendly for a person to do themselves. You get your accountant to do it, and it costs money.

Mr. Gerald Soroka: Yes. That's well understood.

Mr. Carey, on the advance payment program you've been offering for many years through the government, you're the ones who initiated it. Because of the start of April 1 and a lot of staff delays and that, how is this going to impact the producers? I know that even the person who's renting my farmland doesn't have the money.

Are some of these people now potentially not going to have money to buy fertilizer and cover input costs? Will they essentially go bankrupt because they cannot get access to these funds that have been on a yearly basis for them?

Mr. Dave Carey: We are one of 36 administrators of the federal government's advance payments program. CCGA is by far the largest, doing over 60% of the dollar value.

There have been delays. We weren't prepared for the new credit-worthiness measures that Agriculture and Agri-Food Canada put in place for April 1, 2020. We were not in a place to deal with those new creditworthiness measures as well as relocating our 65 staff to work remotely. We've heard in other conversations the fact that some of our staff live in rural Canada, based outside Winnipeg. Dealing with one or the other would have been certainly manageable. Dealing with both was very difficult.

We are now in a position that by next week we will be able to return to our normal business turnaround times, which is between three to five business days.

To date, we've issued over 3,000 advances, for \$400 million.

We're not the only advance administrator, but as the largest one, we take that responsibility very seriously. We've been in constant communication with our farmer customers and have successfully renegotiated with AAFC twice, as far as loosening some of that red tape is concerned to allow our front-line staff to get the advance payments to farmers in a timely manner.

Mr. Gerald Soroka: I think that's my time.

The Chair: That's pretty much it. Thank you, Mr. Soroka.

Now we have Mr. Blois for five minutes.

Mr. Kody Blois (Kings—Hants, Lib.): Thank you, Mr. Chair.

Thank you, witnesses, for your testimony today.

I'm going to start with the Chicken Farmers of Canada.

In my riding of Kings—Hants, we have the most supply-managed farms east of Montreal. The poultry and dairy industries in particular are of very strong importance.

Mr. Fontaine and Mr. Laliberté, Nick de Graaf is the second vice-chair of Chicken Farmers of Canada. We had a conversation this week and we talked about your industry. You talked about an 11% cut in production for July to August. Have you looked at what it could be afterward? Nick was saying it could be down to about 7%. Are things improving generally as we move along?

[Translation]

Mr. Benoît Fontaine: The situation is slowly getting resolved. As we said, there is a very clear cut in terms of the needs of buyers and those of hotel and restaurant owners, for instance.

What may two consecutive eight-week periods look like? I don't have a crystal ball, but I can speculate that, in the fall, production may be slightly lower than last year and that everything could return to normal at the end of the year, either in December or in January.

The supply management system makes it possible to very quickly react to that drop. There has also been a shift toward new products: more products have been delivered to grocery stores and much fewer products to hotels and restaurants.

That is what I expect by the end of the year, Mr. Blois.

● (1500)

[English]

Mr. Kody Blois: It's definitely a testament to the strength of supply management and what that system means.

I have one more question for you. We've talked about the cost to farmers of losing their bird population if they have to depopulate. Can that cost be recovered as part of the cost of production study? I know, like dairy, the poultry industry would consider the farmers' costs. Could that be incorporated into the cost of production down the line?

[Translation]

Mr. Benoît Fontaine: That could not be included in the cost of production because we are talking about the COVID-19 pandemic. This is something we have never seen before, we wouldn't have been able to predict it, and we never want to see it again. AgriRecovery covers the costs related to depopulation, but not the costs related to goods.

Canada's poultry producers need the value of goods in terms of birds when depopulation occurs to be covered because factories are operating at a slower pace. As I said earlier, a number of elements explain that slowdown, including employee absenteeism and the physical distancing directive.

[English]

Mr. Kody Blois: I appreciate that, but just quickly, because I want to move on to another group, do you have an estimate of what depopulation has cost farmers and producers?

[Translation]

Mr. Benoît Fontaine: That simply has to do with market value. Costs are related to transportation for euthanasia from the processing plant. As euthanasia on the farm has not yet taken place, I cannot answer your question.

[English]

Mr. Kody Blois: Thank you very much.

I want to turn to the Grain Growers of Canada.

Mr. Nielsen, you're from Olds, and I know, being a junior hockey player, the Olds Grizzlys are a long-time franchise.

Ms. Gowriluk, you talked about getting rid of the 85% reference margin. For my benefit, is that the cap or do you mean we should be supplying up to 100% of the 85% reference margin?

Ms. Erin Gowriluk: It's both, in that we're seeking an increase from the 70% to 85%, and we're seeking removal of the reference margin limit as well. As I said in my remarks, that one is fairly consistent among all sectors across the industry.

Mr. Kody Blois: The Grain Farmers of Ontario have put out certain messaging on their concerns about empty shelves in grocery stores. Is that something you as an organization expect?

Ms. Erin Gowriluk: When we look at it from the perspective of our members, in terms of what we grow and the commodities we represent, the vast majority of what we grow goes overseas, because we have the luxury of growing more than we can consume in this country with respect to grains, pulses and oilseeds. We do rely to a certain extent on international markets as well.

Mr. Kody Blois: We hear a lot about business risk management and AgriStability. Of course, this was a program that was cut back in 2013. Is that something that right since 2013, Grain Growers of Canada pushed the government not to do? Did it continue this advocacy all along in terms of that changing from when the Conservative government cut this program?

Ms. Erin Gowriluk: Certainly through the AGgrowth Coalition, which Jeff Nielsen, our chair, co-chairs, that's been an ask on the books for just over a year now. Farm circumstances across the country have changed over the last five years. As a result, we really feel the need now to see an increase of the 85%.

Mr. Kody Blois: Thank you very much.

The Chair: Thank you, Mr. Blois.

That ends our first panel.

[Translation]

I would like to thank Mr. Fontaine and Mr. Laliberté, the representatives of Chicken Farmers of Canada, as well as Mr. Nielsen and Ms. Gowriluk, representing Grain Growers of Canada.

[English]

Also, from the Canadian Canola Growers Association, Mr. Carey, thank you very much for joining us today.

We shall suspend for five minutes. We'll be back in five minutes with the next panel.

Thank you so much.

● (1500)

(Pause)

● (1510)

[Translation]

The Chair: We now resume the meeting.

During the second hour, we are hearing from Joël Cormier, chair of the board, as well as Jean-Michel Laurin, president and chief executive officer, both from the Canadian Poultry and Egg Processors Council.

We will also hear testimony from Rory McAlpine, second vice-president, government and industry relations, Maple Leaf Foods, as well as from Paulin Bouchard, president and chief executive officer, and Denis Frenette, assistant director general, both from the Fédération des producteurs d'œufs du Québec.

Welcome, everyone.

We will begin with opening remarks. Speaking time for each group is seven minutes.

Mr. Cormier or Mr. Laurin, go ahead. You can share your speaking time if you like.

[English]

Mr. Jean-Michel Laurin (President and Chief Executive Officer, Canadian Poultry and Egg Processors Council): Good afternoon, Mr. Chair and members of the committee.

My name is Jean-Michel Laurin, and I'm president and CEO of the Canadian Poultry and Egg Processors Council, CPEPC, or CC-TOV in French. I'm joined today by our board chair, Mr. Joël Cormier, who is also senior vice-president, chicken division, at Exceldor co-operative.

Thank you for inviting us to appear before the committee to brief you on our industry's response to COVID-19 and the challenges we need to overcome. Before I turn it over to our chair, Mr. Cormier, I'd like to say a few words about our association.

CPEPC represents Canadian hatcheries, egg graders and processors, chicken and turkey processors, and further processors. Collectively, our membership represents 179 establishments, both small and large businesses, and covers every province.

Two things our members have in common are that they compete against one another in an open market, and they also purchase their primary inputs—chicken, turkey, eggs and hatching eggs—from supply-managed producers. Our members fall outside supply management. Overall they process over 90% of the poultry and egg products raised by Canadian farmers. The large majority of our members' production goes to feed Canadians through the retail food service and restaurant sectors.

I'd now like now to invite our chair, Mr. Cormier, to make introductory remarks on behalf of our association.

• (1515)

[Translation]

Mr. Joël Cormier (Chair of the Board, Canadian Poultry and Egg Processors Council): Thank you, Mr. Laurin.

Mr. Chair and honourable members, thank you for giving us the opportunity to appear before you today to brief you on our industry's response to the COVID-19 crisis and on what we are doing to meet the expectations of the government and Canadians.

I want to begin by saying, on behalf of all of our members, that we are taking very seriously our role of industry designated as an essential service, immediately following health and safety services.

Since the beginning of the crisis, two primary objectives have guided our actions as industry. The first is ensuring the health and

safety of people who work in our facilities. That includes not only our employees, but also all Canadian Food Inspection Agency inspection staff who must be on site at all times in our slaughterhouses.

Our second major objective is to keep our factories operating, so that Canadians can continue to purchase eggs, chicken and turkey, despite all the market disturbances. Canadians are counting on us to provide them with food to eat and feed their families, and egg and poultry producers are also counting on us to process their products. We take those responsibilities very seriously. We play a key dual role of ensuring constant food delivery to consumers and, at the same time, avoiding a break in the supply chain, which consists of living animals.

[English]

Responding to the COVID-19 pandemic and making sure we meet the two objectives I just outlined has not been without its challenges for us. I would like to focus your attention on three of those challenges.

The first one is the significant costs our members have incurred to keep operating during this crisis. The second is the rapid deterioration of market conditions as demand and prices fall, especially from the food service sector. The third is that the combination of these two elements puts our sectors in an unsustainable and vulnerable position. This is why we have asked the government to adapt their measures to help us overcome these challenges.

To expand a little bit more on the first point, keeping our workers safe so we can continue to operate our plants is having a significant financial impact on our sector. For all CPEPC members just in March and April, we're talking about more than \$87 million in unbudgeted costs, or a little over \$3,000 per worker. Despite taking these measures, some plants have had to shut down production shifts and sometimes their entire plants for several days to ensure workplace safety.

On the second point, we had to rapidly adapt to an unprecedented level of market disruption. We've seen an overall decrease in market demand, in large part due to a massive drop in demand from our food service sector and the institutional segment. Over one-third of our production was going to that sector. Even if this market collapsed, we still had to process those poultry and egg products as if the market were still there, because we are dealing with a live product. Because of the severe market correction in the poultry sector especially, wholesale prices have also dropped significantly since the beginning of the crisis.

On the third and final point, what we want to stress is that this perfect storm creates vulnerabilities within our supply chain. Under normal circumstances in a business, cash flow drives business investment. Right now that is not the case. We have to make significant investments to keep our plants running despite COVID, but the reduction in demand and the deterioration of market conditions are putting strong pressure on our financial sustainability. For this reason, and because most of our members don't qualify under existing programs, we have been reaching out to governments to adapt and target their support measures to the unique reality we are facing.

We hear that there is \$1.6 billion available to producers through business risk management programs. In our sector the impact of COVID is largely being felt by our members—hatcheries, graders and processors—but those programs are made available only to producers. We have been asking both levels of government, provincial and federal, to expand one of those programs, the AgriRecovery segment, so that the extraordinary costs incurred by processors can be eligible.

Another idea we share is to expand the Canada emergency wage subsidy using a sliding scale approach so that processors with a 15% to 30% reduction in net income could qualify.

We also welcomed the emergency processing fund and the surplus food purchase program announced a few weeks ago, and we have made recommendations on how these measures should be applied to help our industry.

I should also mention that poultry and egg processors were promised financial support to mitigate the impact of CUSMA and CPTPP. More specifically, we ask that this support focus on capital investments and on allocating the majority of import quotas to processors and further processors. Having the government follow through on its commitments is more critical than ever.

In closing, we hope we can work with you to overcome the challenges we described today—additional costs, lost revenues and an unsustainable financial situation that is resulting from this. By working together we want to ensure that we get back to a sustainable position as an industry, and that we can ensure a long-time presence for the benefit of customers and consumers.

● (1520)

Thank you.

[*Translation*]

The Chair: Thank you, Mr. Cormier.

[*English*]

Now we'll go to Maple Leaf Foods Inc., for up to seven minutes.

Go ahead, Mr. McAlpine.

Mr. Rory McAlpine (Senior Vice-President, Government and Industry Relations, Maple Leaf Foods Inc.): Thank you very much, Mr. Chair and committee members.

[*Translation*]

It is a great pleasure to represent Maple Leaf Foods and to provide our point of view on the impact of COVID-19 and on the future.

[*English*]

You've heard from many witnesses, and I could of course give you a great deal of information about how the crisis has impacted our business and the sector broadly, and about our direct experience in the crisis management response of our industry and government partners collectively. I'll be happy to answer any questions on those issues, and I've shared a longer document that gives a bit of context for what I wanted to say, but I really wanted to focus more on the future, on what needs to happen for our sector to recover and on what are some of the processes and understandings we should have to make the most use of that, because, as we all know—I think it was Winston Churchill who once said it—you should never waste a crisis.

In the months to come, we owe it to Canadians to take a careful forensic look at our food system and reflect critically on what needs to change operationally and strategically to make sure that we are better prepared in the future. I have some immediate thoughts.

First, there needs to be at least one inclusive evidence-based post-mortem or lessons learned exercise on the agri sector crisis response as a subset of the national inquiry that will presumably be led by Public Safety Canada. The federal government must be willing to put the review in the hands of one or more independent bodies, such as the Canadian Agri-Food Policy Institute or the Arrell Food Institute, both of which in fact have been thinking about this and have already announced a joint process to undertake such an inquiry. Leaders from government, agriculture, the CFIA, Health Canada and the Public Health Agency and so on, along with their provincial counterparts, should be directed to participate fully and transparently in such a process.

Second, it needs to be asked why Canada did not have a cross-agency business continuity plan for the agri-food sector similar to the U.S. food and agriculture sector-specific plan, which was last updated in 2015, and also, if we build one, what will be done to actually exercise one.

Coupled with this should be a serious examination of integrating federal, provincial and industry interests into a more cohesive crisis governance model that's capable of making informed, timely decisions. We could look at models in other countries. We need to ask whether plans and structures to deal with agri sector specific crisis events, such as African swine fever, are up to the task, and whether in that case a group like animal health Canada could be launched in 2020.

Third, there needs to be careful consideration of what COVID-19 has fundamentally taught us about the resilience of the Canadian agri-food system and what we need to change, both to better manage the forward risks and to seize the commercial opportunities in a time when other Canadian industries may be permanently damaged. The areas of specific focus, in our view, need to be the following.

The first is the economic health of subsectors of Canadian agri-food going forward, at least until there is a COVID-19 vaccine. This is important, since some farms and businesses will be bankrupt, food service sales may remain impaired for a very long time, workplaces will operate with higher absenteeism, operating costs will be higher with some production lines running more slowly and food prices will have to rise, etc. Some useful literature has already been published by the academic community on this.

The second area is the future state of global agri-food policy and trade and the implications for Canada's agri-food trade and investment strategy. We are a trade-dependent sector, so this matters a lot. The OECD has already begun to examine this and, given our export dependence, Canada should participate fully in that work. Canada must align with like-minded countries to beat back protectionism and highlight Canada's export capacity as a key contributor to sustainable food production and global food security. To do this, we also need to fix our relations with China.

The third issue, while taking full account of the difficult fiscal circumstances facing all Canadian governments, is the design and scope of programming under the federal-provincial Canadian agri-cultural partnership, which expires in 2023.

• (1525)

In our view, there needs to be a top-to-bottom review to ensure that it is appropriately mitigating business risks for the agri-food supply chains, not just the farm sector, while making the right investments in research, sustainability, animal and plant health, export market development and so on. Commitments on regulatory modernization and solutions to the labour crisis should be brought within the CAP framework.

Next, we need to look at the appropriate design, funding and governance of the food policy for Canada that was announced last year. The need for a joined up whole-of-government food policy has been made very evident throughout the pandemic, but many priorities will likely have to be rethought, not least because of the new fiscal circumstances. Health Canada's regulatory agenda for the food sector also needs to be brought into the food policy framework and, in our view, be less activist-driven.

Finally, there's the issue of food insecurity in Canada and what needs to be done to prevent it from getting worse. This is something that Maple Leaf Foods cares deeply about, and our Maple Leaf Centre for Action on Food Security could help in this area of investigation.

In conclusion, the Canadian agri-food sector has a huge contribution to make to Canada's post-COVID-19 recovery, perhaps more than any other sector of the economy. The pandemic has demonstrated that for many social, environmental and economic reasons, the sector matters more than ever, and Canadians see that. Under the right set of conditions, the sector has the ability to attract investment and create employment at a faster pace. It has immediate employment opportunities for thousands of unemployed Canadians. It is also experiencing an IT-enabled technology revolution that plays to another major area of strength for Canada. In the aftermath of COVID-19, there's an opportunity to pivot business models and government thinking towards the priorities of resilience, risk prevention, sustainability and innovation-driven growth. Where the

crisis demonstrated that certain legacy structures and decision-making processes—whether within government or between government and the agri-food sector stakeholders—got in the way of better, quicker decisions—

The Chair: Thank you.

Mr. Rory McAlpine: —or where the rules were bent with no ill effect, there should be a strong appetite for reform and culture change.

Thank you.

The Chair: Thank you, Mr. McAlpine. We have to move on to the next witness.

Next is the Fédération des producteurs d'oeufs du Québec, for seven minutes.

[*Translation*]

Mr. Paulin Bouchard (President and Chief Executive Officer, Fédération des producteurs d'œufs du Québec): I would also like to thank you for extending the invitation to the Fédération des producteurs d'oeufs du Québec. This is the first time I have had an opportunity to participate in this committee, and I am happy about that.

This afternoon, I will talk to you about how our sector has had to adapt since the beginning of COVID-19. Those adaptations have been possible essentially thanks to our supply management system. Fortunately, despite the pandemic's numerous impacts, our system has helped us a great deal, at the end of the day, to mitigate the repercussions and circumvent the challenges we have had to address over the past few weeks.

I will briefly introduce our federation. In Quebec, we produce 1.9 billion eggs annually, and 160 producers that account for approximately 6 million laying hens. Our industry is split into two markets: the market referred to as “table eggs”, which is related to grocery stores and restaurants; and the processing market, which accounts for about 25% of our markets.

The stakeholders are, of course, the farmers who produce those eggs, the graders who wash them and package them for sale, and our processors, represented this afternoon by Mr. Laurin and Mr. Cormier, who handle product processing.

In the first two or three weeks of the crisis—and you have probably heard about this—we had to quickly make a transformational shift concerning our markets. The closing of restaurants has resulted in our graders having to redirect a major portion of the production toward grocery stores. You will understand that packaging is not really the same in that case. We have also had to adapt our marketing. You have heard about empty shelves in grocery stores. We were something of a victim of what is called the “toilet paper syndrome”, where people would grab products in large quantities in fear of running out. When the shelves were emptied, vendors quintupled their orders. They were ordering five times more eggs than the previous week, which posed a major challenge for our graders. We worked together, we communicated and we overcame that stage.

The second event that followed soon after is the aftermath for meat processors. Plants and slaughterhouses also had to adapt. We were told that our spent fowl, our spent chicken at the end of their life, could no longer go through traditional slaughterhouses, as the staff could no longer meet the demand. We had to provide our producers with guidance on slaughtering or euthanasia on the farm. Supply management enabled us to spread the cost out across industry and avoid causing disproportional impacts on some of our producers.

The good news is that we are now experiencing something of a return to normalcy. We can reassert the value of those carcasses through existing slaughterhouses and turn them into chicken broth. So the situation seems to be relatively resolved.

Finally, let's talk about the third adaptation. In the beginning, the restaurant market experienced a huge drop, while the table egg market was growing. The processing sector was relatively stable. However, after a month, we saw nearly 70% of the processing market collapse. There was no longer any place for eggs. We could no longer send them to processing because they were not needed on the table egg market. To avoid waste, we had to make donations to the tune of 84,000 dozen eggs. We had to spread out those costs to be able to donate the eggs.

We are now at the stage where we have to decrease production by prematurely slaughtering flocks that should have been slaughtered two weeks later in order to prevent us from throwing away our products or producing needlessly. That leads to costs, but the entire sector can share those costs to avoid any bankruptcies or disappearances of small farms in our regions to the benefit of other larger players.

• (1530)

Supply management, combined with programs that were already somewhat planned or are already set up, enables us to stabilize the sector and take care of supply. Our next challenges mainly have to do with U.S. imports. In Canada, we are prematurely slaughtering about 2 million laying hens. In Quebec, we are preparing to send 400,000 laying hens to valorization and processing earlier. We would not want to see U.S. products arriving on our market at the same time, as that would exacerbate the issue right now.

Fortunately, we have solid communications with our importers, graders and so on. However, we also need government assistance to make import rules more flexible. Some flexibility has been added

by the Canadian Food Inspection Agency in terms of identification on packaging, which is appropriate. That has been well received. It's a good thing. We would have liked the agency to take things a bit further to give us more flexibility in terms of grades. We wanted Global Affairs Canada to cooperate with producers, importers, graders and processors when it comes to import management.

Currently, we are being told that trade rules require imports. We would like there to be better cooperation and better round tables to minimize the impact. We are not against trade. We don't want to create a war between the United States and Canada. We just want industry, producers and the government to implement the best possible procedures to minimize the impact.

• (1535)

The Chair: Thank you, Mr. Bouchard.

We will go to questions and answers now.

Mr. Lehoux, you have the floor for six minutes.

Mr. Richard Lehoux (Beauce, CPC): Thank you, Mr. Chair.

I also thank all the witnesses for joining us this afternoon.

My first question is for Mr. Cormier and concerns the emergency fund for assistance for processors, which was implemented in the context of COVID-19. You said earlier that, in the beginning, your organization had to absorb additional costs of \$87 million to adapt to the situation. The program that was launched provides \$77 million. My understanding is that not all data is currently available, but what is the extent of this? I have already put the question to other producers from the agrifood sector, who have also had to incur significant costs.

Will parameters related to spreading out that \$77 million result in you having enough money? Will you have to absorb the rest of the costs?

What is your take on that, Mr. Cormier?

Mr. Joël Cormier: That's a good question, Mr. Lehoux. The \$77 million that is allocated to the entire agri-food industry is clearly not enough, given the \$87 million that we mentioned for the poultry sector alone.

I heard this week about some parameters that will guide the allocation of the \$77 million. Large companies would only be entitled to 25% of their expenses, and in those expenses, the costs paid to buy disposable masks, for example, would not be allowed. For a company with 3,500 employees like ours, buying washable masks to qualify for the expense makes no sense. If I have my mask washed, I will never get my own mask back. Would anyone want to wear a mask that has been washed and worn by someone else?

If what we have heard this week from some of the agencies consulted on these parameters turns out to be true, the 25% percentage granted to large companies is not enough. We are aiming for an assistance program that would reimburse 50% of our expenses. The protective measures used, such as disposable masks, for example, must be made eligible. In the agri-food processing industry, washable masks are not a feasible solution.

Mr. Richard Lehoux: So that is a really important point.

Mr. Laurin, do you have something to add?

Mr. Jean-Michel Laurin: I would just add one more point that we put forward to the government. Several of our members began, as early as late February and early March, to put up plexiglass screens to separate employees as a security measure. We were told that expenses would only be eligible if they were incurred after March 25, when the Quarantine Act came into effect. We would like to make sure that proactively incurred expenses that were made by some of the companies in our industry will also be eligible. Several investments were made prior to that date.

Mr. Richard Lehoux: That's a very important point, Mr. Laurin. Thank you for raising it.

It's important to be far-sighted in life and you've been far-sighted while protecting your workers. We can take our hats off to you in this regard.

What I understand is that there are still a lot of parameters to be defined. They probably won't work for everybody and they probably won't ultimately meet the needs of business. I hear your message. There will certainly be changes to this program, and it will have to be improved eventually. I've heard from companies that are converting about the costs they face, which are in excess of \$150 million. So the \$77 million earmarked to help them will not be enough.

• (1540)

Mr. Joël Cormier: That is true.

Mr. Richard Lehoux: Thank you, Mr. Cormier and Mr. Laurin.

My next question is for the representatives of the Fédération des producteurs d'œufs du Québec.

Mr. Bouchard, you talked about the potential impact of the import issue. You're not against trade, and I understand that, but the direct consequences could result in a considerable cost to egg producers if better ways of doing business are not adopted.

Mr. Paulin Bouchard: Yes, absolutely. Thank you for your excellent question, Mr. Lehoux.

Producers are going to have to euthanize birds prematurely. Programs, paid for collectively by producers, will be put in place so that there is no impact on the consumer. There is also the supply management system. However, if the problem is exacerbated by poor management of the quotas granted in these agreements, the impact on producers will be disproportionate.

People really need to understand that, in our sector, it is the producers who are responsible for the surpluses. Every truck that comes from the United States is one more truck for the producers'

association to take care of, as they dispose of and liquidate the surpluses.

What we would like to see is better coordination of tariff rate quota distribution to minimize the impact and avoid ending up with additional imports.

Mr. Richard Lehoux: I understand the problem. Reference was also made to previous agreements that were signed under the Comprehensive and Progressive Trans-Pacific Partnership Agreement, or CPTPP. Tariff rate quotas have a significant effect. What we've heard regularly here in the committee is that it's important to bring the management of these quotas, whether for production or processing, as close as possible to the first stage, that is, production.

Is that right, Mr. Bouchard?

Mr. Paulin Bouchard: Absolutely; you've understood well.

Mr. Richard Lehoux: Thank you, Mr. Bouchard.

I'd like to put my next question to Mr. McAlpine.

The Chair: Unfortunately, Mr. Lehoux, your time is up.

Mr. Drouin, you have the floor.

[*English*]

Mr. Francis Drouin (Glengarry—Prescott—Russell, Lib.): I'll go first and I'll share my time with Mr. Louis.

Mr. McAlpine, I want to touch base on a point you raised with regard to Canada having a better cross-sectoral plan.

One of the questions I have in agriculture is that it's one of those industries that sort of falls with the federal government and falls with provincial governments. I know you once wore another hat previously in your life and have some experience in the federal government. Do you believe there should be a better coordination body to deal with agriculture?

Mr. Rory McAlpine: It is a big question, and agriculture is a big space. I'm not saying we need a new organization or a new approach singularly for the whole sector. What I wanted to focus on was particularly around emergency management and crisis response. In this case, with many jurisdictions and many players who have to make real-time decisions with uncertain information and deal with an economic and health crisis at the same time, there are some critical trade-offs and decisions, and we struggle to do that.

I have remarked that in some ways the strength of our coordinated federal-provincial process and the time and effort we use to build programs that frankly do work well in peacetime are very ill-suited to wartime. We've seen that in the way some poor decisions have been made and the time that it has taken to address some of the immediate operational hurdles.

I would say that I live in the world of animal health, particularly as a representative from Maple Leaf Foods. That's where I see a particular weakness. We thought of every risk of major disease events occurring that can destroy our export-oriented industries, and we have to fix the governance by which industry and government work together. The pandemic has really illustrated that, and that's why we're talking about creating a group called Animal Health Canada, which would be kind of a co-management partnership for animal health, so you are right on.

• (1545)

Mr. Francis Drouin: Mr. McAlpine, you've identified the lack of co-ordination or an emergency response plan, but we started hearing about COVID-19 cases in China in December. How did Maple Leaf react going into January, February and March? Obviously we know the rest, but how did you react as an organization?

Mr. Rory McAlpine: It's a good point.

We're not strangers to crisis. Many of you will know our company had a terrible crisis with listeriosis in 2008.

We have a very well-developed emergency management process, but in this case I don't think we could have anticipated such a debilitating impact across the business. We did work very quickly to pull together what we call a pandemic plan or playbook. We built into it all the standard operating procedures to protect our employees while trying to protect the continuity of our business, recognizing that food was designated as critical infrastructure and that we obviously had to keep operating.

It evolves almost every day as we learn things. We've invested tremendously in plant operations and also the remote working that we're all into right now.

I'm proud to say we shared all that learning with all our industry and government partners right from the beginning, and I think a number of other players took advantage of what we developed to adapt it to their company situations.

Mr. Francis Drouin: Thank you.

Tim, feel free to jump in.

Mr. Tim Louis (Kitchener—Conestoga, Lib.): Thank you, Mr. Chair.

Thank you to the witnesses.

Mr. McAlpine, some of my questions involve sharing practices exactly as you talked about, and some involved measures you took to protect your employees. You have already touched on that. I appreciate all the ideas you have as well, looking forward.

Right now we're planning next steps as we come through this. As you said, the opportunities are fantastic, but we are also in stabilization mode right now.

This morning I saw a video on social media—and I wouldn't mind having that discussion—in which your company, Maple Leaf, talked about diversity and inclusion and mental health. I know that touches home here, because we've got a hatchery plant in my riding of Kitchener-Conestoga, so that's a concern. I'm glad to see you're taking some positive steps.

If you could elaborate on diversity and inclusion and the mental health aspect of keeping workers safe, that would be helpful.

Mr. Rory McAlpine: It's a great question.

We have put a whole new effort into that. We had already planned that as part of one of our initiatives. I'm talking about the mental health issue before COVID-19 hit. We've upped it in the past several weeks with weekly sessions with experts and online tools and support, because both the front-line workers and the office workers are facing a lot of stress in their work. We've tried to put in place those kinds of supports and learning, and it's amazing to see how many people have taken advantage of them.

It's a big priority for the company, for sure.

Mr. Tim Louis: I appreciate that. What I hear, especially in the agriculture sector, is that people's employees are like their families. That was what I wanted to discuss today, so I appreciate your time.

The Chair: Thank you, Mr. Louis and Mr. McAlpine.

[*Translation*]

Mr. Perron, you have the floor for six minutes.

Mr. Yves Perron: Thank you, Mr. Chair.

I'll be sharing my time with Ms. Desbiens.

My first questions will be directed to representatives of the Canadian Poultry and Egg Processors Council, Mr. Cormier and Mr. Laurin.

You mentioned that you are in an open market. You obviously don't have the privileges of supply-managed producers, who can absorb the blows of certain variations. So you need more support.

You also mentioned that the measures to protect your workers have been extremely important and very costly and that the amounts currently invested in this regard were not sufficient.

You said that AgriRecovery and a wage subsidy could be solutions. Does that mean you're not currently eligible for the emergency wage subsidy?

Mr. Joël Cormier: Thank you for your question, Mr. Perron.

Member companies of the Canadian Poultry and Egg Processors Council are not eligible for the Canada emergency wage subsidy. This is because our sales have not declined enough as the supply of eggs and poultry has always been there, while markets have disappeared. The markets collapsed, but we still had to sell our production. The prices meant that we were not able to reduce our sales enough to qualify for the subsidy. To do so, we would have had to reduce our production by 30% from the first day the restaurants closed. We would have stopped processing 30% of the eggs, turkeys and chickens. We would then have been eligible for the subsidy, but this would have resulted in massive on-farm euthanasia.

In fact, the reason there has not been massive euthanasia on farms in Canada is because processors have maintained production even though there was no longer a market. So we subsidized, in a sense, what others would have subsidized in that situation. That is why today we are saying that this is important. We have shouldered our essential role, which, as I said in my presentation, is twofold. We have to supply Canadians with food, but we also have to make sure that the supply chain does not stop. We fulfilled the mandate that was given to us, but today we are on our own.

• (1550)

Mr. Yves Perron: I take my hat off to you.

It's ironic that important industries like yours that need support don't have access to the Canada emergency wage subsidy, when several political parties benefit from it. That was an aside, but my message has been received.

You also talked about the processor quotas under the free trade agreements that have been negotiated, and their impact. I don't know if the people from the Fédération des producteurs d'œufs du Québec want to speak as well, but since you're processors, I think that's more of a concern to you.

Can you explain what will happen if we repeat the mistake made in other agreements, that is to say give too large a percentage to people who are not related to the sector?

Mr. Joël Cormier: I will let Mr. Laurin answer your question.

Mr. Jean-Michel Laurin: You mentioned the free trade agreements. In fact, the CPTPP is in force, but there are no imports related to our products yet. The new agreement with the United States will come into effect on July 1. It is important that the tariff rate quotas that will be granted under these agreements be given to processors, because they are the ones who will have to deal with the arrival of these products on the market.

In the egg sector, for example, the agreement with the United States specifies that the quotas must be mainly for eggs that have to be broken, i.e. those intended for the processing market. Because these are eggs that are going to come into Canada and are going to be distributed to the processing market, if they don't go to the processors and they go to other players in the market, we risk losing a very large part of the egg processing sector in Canada. It would face unfair competition because other enterprises would have access to imported eggs at lower costs, while we would continue to buy from producers like those represented by Mr. Bouchard.

This example concerns the egg sector, but it is the same kind of problem in the chicken and turkey sector.

Mr. Yves Perron: As I understand it, you don't have a commitment from the government yet regarding this, do you?

Mr. Jean-Michel Laurin: We don't have one. As a result of negotiating these agreements, we were promised programs. In a working group that we had participated in, a number of ideas were exchanged. We had two main demands. The first was to have a program that would facilitate the modernization of the plants so that we could be more competitive. Second, we wanted TRQs to be given to our industry.

Mr. Yves Perron: Your demands are very clear. I now give the floor to Ms. Desbiens.

Mrs. Caroline Desbiens (Beauport—Côte-de-Beaupré—Île d'Orléans—Charlevoix, BQ): Good afternoon, everyone.

First of all, I would like to emphasize your great resilience and adaptability. You have all shown great ingenuity and intelligence in preserving the market.

Mr. Bouchard, we may be related, since my mother's a Bouchard. Greetings to you.

There's a lot of talk about the Agri-this and Agri-that programs. You said we should think about an emergency farm plan to learn from the past, avoid repeating the same mistakes and protect farmers. I'd like to hear your comments about that.

Mr. Paulin Bouchard: We often tend to opt for the solution that is not easy for you, the politicians, which is the financial solution. We want to make up for the lack of efficiency by adding to the money. But we have extraordinary tools in Canada that allow us to have greater flexibility, more regulatory predictability, and to reduce the impact on consumers, who end up paying taxes.

We could be more efficient in the way we manage things here and be more strategic, like the Americans, who are often very strategic. They don't give us many gifts. We could develop that and give ourselves that flexibility.

• (1555)

Mrs. Caroline Desbiens: We agree that more funding would also be an attractive option. Compared to the Americans, we're at a real disadvantage.

The Chair: Thank you, Ms. Desbiens and Mr. Bouchard.

Mr. MacGregor now has the floor.

[English]

Mr. MacGregor, you have six minutes. Please go ahead.

Mr. Alistair MacGregor: Thank you very much, Chair, and thank you to our witnesses for appearing.

I'll start with the Poultry and Egg Processors Council.

I think it's safe to imagine that the workplace has fundamentally changed as a result of COVID-19, especially in a processing plant, with the need for Plexiglas barriers, physical distancing, alternate shifts, personal protective equipment and so on. Those conditions in the workplace will probably be in place for some time. They may be relaxed at some point in the future, but I think any time that a pandemic rears its ugly head in the future, we will have to be ready to implement them yet again.

You represent small and large processors right across Canada. I'm wondering, given the new conditions in the workplace, what your output is going to be like when we get back to normal. You had a business model that worked with employees sometimes working very closely together. You still have the same floor-space, but now they have to work farther apart in different shifts. What's your output going to be like in a year from now? Are you going to be able to come back to the levels you once had a year or so ago?

Mr. Joël Cormier: The day that the pandemic is over and there is a vaccine or something like that, we think we can get back to the same level of production that we had. Meanwhile, it's going to be hard. There are places where we needed to reduce production in order to ensure worker safety. In other places, it is the investments we had to make. That's why we made so much investment. As an example, with the design of the lines in our processing plants, that's material we're buying most of time from Europe. That equipment is designed for so many people and so many square feet. We needed to put very many protective measures in place to ensure that we comply with health and safety security in the face of COVID.

There will be a reduction in some of the activities, but it will not be anything major. There will be a reduction. Depending on where you're located, there will be some impact. I will say that a 5% to 10% to 15% reduction in capacity might happen, depending on the plant and the design of the floor.

That's where we're heading.

Mr. Alistair MacGregor: How would you say that your employees are doing at the moment? How is their general mental health? How are they dealing with the added stress and strain of this new reality we're in?

Mr. Joël Cormier: That's an excellent question.

As we said, the first thing we want to ensure as an organization is worker safety, and that's all of our members. As Mr. McAlpine mentioned, there will be a lot of sharing of information among all members about the stuff they did to improve.

At the beginning, our employees were anxious. They were nervous and scared. We saw a lot of absenteeism also. With some of the programs that have been created, some of that absenteeism in our plants happened when people thought they could stay home and get paid, so some of them decided to quit. However, then they realized it wasn't the thing to do.

I will say right now that because the screening being done before they get into the plants and all the measures that have been put in place, most of the time people feel that they are safe. When you look at the number of people across Canada in our processing

plants on the poultry side, you see that all of our members did very well in ensuring security, and the employees feel it.

Mr. Alistair MacGregor: Great. Thank you very much.

Mr. McAlpine, I'd like to turn to you and Maple Leaf Foods. I'll get a few of your quick comments on that question I addressed to the processors. I would also like to hear a little more about your thoughts on food security in Canada.

You mentioned Maple Leaf Centre for Action on Food Security. This is an area that is very near and dear to my heart. We are an incredibly wealthy nation that produces an abundance of food, but we still have so much food insecurity.

Are there any major findings you can share with this committee from the Maple Leaf centre, or areas of study we should be looking into in the years ahead?

• (1600)

Mr. Rory McAlpine: On the issue of the processing plant environment, the challenges of operating and the impacts to production, as Joël said, have been very challenging. For us, we have had some particular plant issues. In the case of our poultry business, we had challenges, particularly at our poultry plant in Brampton, Ontario, that resulted in the closure of the plant for a few days. We have been extremely vigilant and have so far kept it out of our big plants in western Canada, which is so critical. Our brand and slaughter plant has had none of the experience that has occurred south of the border, or, frankly, at the beef plants in Alberta.

I guess the biggest concern is absenteeism. I think we can manage with all the new physical issues and the layout changes, but we are experiencing higher absenteeism. That could become a concern, but so far I think it's stabilized. We're achieving a new normal. We're relatively optimistic.

On the issue of food security, absolutely, this has been a devastating impact. I don't think there's yet really credible third party data, but there have been some suggestions that already in the last three months food insecurity in Canada has doubled. The number of individuals who need help to feed the family has doubled, and it was a crisis before.

In our case, our Centre for Action on Food Security has been operating for three years. Just in the crisis, we've added a \$500,000 donation. We've now begun a campaign to raise a further \$2-million contribution for food insecurity in Canada. That's on top of a \$2.5-million donation to front-line health care workers. Yes, it needs work.

The Chair: Thank you, Mr. McAlpine. Thank you, Mr. MacGregor. Unfortunately, that's all the time we have for today.

[*Translation*]

I would like to thank the Canadian Poultry and Egg Processors Council, represented by Mr. Joël Cormier, chairman of the board of directors, and Mr. Jean-Michel Laurin, president and chief executive officer.

I would also like to thank Mr. Rory McAlpine, senior vice president of Maple Leaf Foods, as well as Mr. Paulin Bouchard, president and CEO, and Mr. Denis Frenette, assistant general manager, both of the Fédération des producteurs d'œufs du Québec.

Thank you all for coming to talk to us about your experiences in our new collective reality.

[*English*]

Now, for our members, our next meeting will be a business meeting next Wednesday. We need that to give the clerk direction as to where we want to go with the new mandate we have to continue until the end of the Parliament and beyond, if we decide that. The next meeting, again, will be about that.

I would encourage everyone to start thinking about their witness lists—

Mr. John Barlow: Mr. Chair, I have a quick point of order before you go.

Mr. McAlpine mentioned that he had a lengthy brief he was going to submit to the committee. I'm just wondering if it has been distributed. I haven't seen it yet.

Mr. McAlpine, there were some questions we talked about that you were looking for answers for. Would that more in-depth document include some more information on some of the things we spoke about?

The Chair: Mr. McAlpine, have you already submitted the brief?

Mr. Rory McAlpine: Yes, I submitted it yesterday.

The Chair: Okay. We'll make sure that every MP gets it. Yes, if there are any further points we want, we could always send the invitation again if you want to extend that conversation.

Is that good, Mr. Barlow?

Mr. John Barlow: Yes, thank you.

It's just that Mr. McAlpine mentioned a couple of things in his shorter presentation, some questions about the activism in Health Canada and some of those things. I'm hoping his lengthy submission will have his insight on some of those things. If not, maybe we can submit questions that he could answer later on as part of his submission.

The Chair: Absolutely.

Okay, thank you all. Have a great, safe weekend.

[*Translation*]

Mr. Richard Lehoux: I have a question, Mr. Chair.

The Chair: We're listening, Mr. Lehoux.

Mr. Richard Lehoux: According to my own stopwatch, you seem to have cut me off a little too soon. I had six minutes, but I'm not convinced you gave me that much time. I didn't tell you earlier, but I wanted to let you know anyway.

• (1605)

[*English*]

The Chair: Okay, I actually have someone keeping time, but I'll get you next time.

[*Translation*]

Did we cut you off too soon?

Mr. Richard Lehoux: I think so. I had more than a minute left.

The Chair: Would you like to take that time now?

Mr. Richard Lehoux: No, that's fine, thank you. My question was directed to Mr. McAlpine, and I believe my colleague's question was similar, since it was also related to the tabling of the brief.

The Chair: I beg your pardon, Mr. Lehoux. I'll keep that in mind and I'll give you more time next time.

Mr. Richard Lehoux: Thank you, Mr. Chair.

The Chair: I thank you and wish you all a good weekend.

[*English*]

The meeting is now adjourned.

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