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Chair: Mr. Pat Finnigan

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• (1530)

[*Translation*]

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

[*English*]

I shall call the meeting to order. Welcome to the seventh meeting of the House of Commons Standing Committee on Agriculture and Agri-Food. Pursuant to Standing Order 108(2) and the motion adopted by the committee on October 24, 2020, the committee is resuming its study on processing capacity.

[*Translation*]

Today's meeting is taking place in a hybrid format, pursuant to the House Order of September 23, 2020. The proceedings will be made available via the House of Commons website. So you are aware, the webcast will always show the person speaking, rather than the entirety of the committee.

To ensure an orderly meeting, I would like to outline a few rules to follow. Members and witnesses may speak in the official language of their choice. You have the choice, at the bottom of your screen, of either Floor, English or French. Before speaking, please wait until I recognize you by name. A reminder that all comments by members and witnesses should be addressed through the Chair. When you are not speaking, your mic should be on mute.

[*English*]

With that, we are ready to begin. I would like to welcome our witnesses for the first hour this afternoon. With us today, from the Agricultural Producers Association of Saskatchewan, we have Mr. Todd Lewis, president. Welcome, Mr. Lewis.

From the Cowichan Green Community, we have Ms. Judy Stafford.

We shall start with the opening statements. Each organization has seven and a half minutes to do its presentation. We'll start with APAS.

Go ahead, Mr. Lewis.

Mr. Todd Lewis (President, Agricultural Producers Association of Saskatchewan): Good afternoon, everyone, and thanks for the opportunity to present to the committee today.

My name is Todd Lewis. I operate a grain and oilseed farm at Gray, Saskatchewan, with my brother and nephew. I am the president of the Agricultural Producers Association of Saskatchewan, or APAS.

APAS is Saskatchewan's general farm organization, representing over 16,000 farms and ranches, as well as 32 associate member organizations. We are a proud member of the Canadian Federation of Agriculture on the national level.

Saskatchewan producers are very big players in Canada's agricultural sector. We manage 40% of Canada's cultivated farmland and 35% of our nation's grasslands. Agriculture and food contribute \$142 billion to the Canadian GDP, and Saskatchewan represents 10% of that total production. Agriculture and food make up 12% of Canada's total exports, and Saskatchewan agricultural producers make up one quarter of that total, which is worth \$15 billion.

We are world-leading producers of several commodities. We have grown from being historically known for our wheat production as the breadbasket of the world to now being the world's leading producer of many other commodities. Canola was developed at the University of Saskatchewan in Saskatoon, and we are the world leader in canola production. Saskatchewan is the leading producer and exporter of lentils, flax, durum wheat, field peas, mustard, canary seed and malt barley. We sell high-quality cattle and hogs and meat products to international markets.

There's a common theme here, and that is our reliance on export markets for the large majority of our production. We have always relied on the international marketplace. Our distance from larger population centres in North America has been a disadvantage for the processing of consumer food products, so our supply chain has been focused on the shipment of bulk commodities for export by rail to distant ports.

Historically, provincial and federal governments have placed a high priority on increasing the value added to agricultural products through processing. Recently, we have had both levels of government set ambitious targets for value added and export growth, and ambitious targets for increases in production. There's a continued growth in demand for agricultural products worldwide and a strong desire to take advantage of this demand.

Producers share these goals. We would like to see the increased opportunities and added market stability that selling to local processors would provide, and we would like to see the increase in employment and economic activity for our communities.

Building on our worldwide reputation for high-quality and sustainable products, we can grow the processing sector. We can add value to our existing commodities, and we can take advantage of new opportunities. We can respond to the need for animal protein in emerging economies. We can build on our capacity in biofuels and biomaterials. We can develop opportunities with nutraceuticals, vegetable proteins and fibre products.

We have seen an increase in further processing in recent years. We are selling more canola oil from crush plants on the Prairies, and further processing of pulse crops for vegetable protein markets is being constructed. If we are to build for the ambitious production and export growth targets, Canada is going to have to focus on the sectors and regions that currently export unprocessed products and overcome the historical hurdles.

I will lay out a few examples.

Trade access is key. One barrier to the export of processed products is the trade and non-tariff barriers. Our industry is subject to wild swings in demand and prices due to trade wars and arbitrary decisions by foreign governments.

A fair market return is essential. Profit margins for farms and ranches are decreasing, and our input costs are increasing above the rate of inflation. Access to information on new opportunities is critical.

Transportation is also a key factor. We ship long distances to both domestic and international markets, and processed products require different transportation systems than bulk shipments of raw commodities.

Competitiveness is essential. It's hard to compete with jurisdictions that have lower costs, and we make it worse when we impose costs like the carbon tax that can't be passed along to prospective customers.

- (1535)

Access to modern high-speed Internet is essential to both processors and producers who are contributing to their supply chains. Access to adequate water and power supplies is essential. Access to labour resources is also essential.

Continued public research on crop and livestock development is essential. Canola was developed through a public program, and that investment created hundreds of billions of dollars of economic activity.

We need far-reaching investments like the one announced for irrigation recently. Irrigated production has huge potential in Saskatchewan, and the expansion will open the doors to new processing opportunities.

As producers, if we are being asked to increase our investment in increased and diversified production, we need a commitment to improve business risk management programs. This is especially important to young producers and new entrants. There is a major generational transfer of agricultural operations under way, and the new generation needs improved risk management to allow for the investment to expand the industry and meet growth targets.

Thanks for the opportunity to serve as a witness today. I look forward to the discussion and to your questions coming forward.

The Chair: Thank you, Mr. Lewis.

Now we'll go to Cowichan Green Community with Ms. Judy Stafford.

Go ahead, Ms. Stafford.

Ms. Judy Stafford (Executive Director, Cowichan Green Community): Thank you for inviting me to present today.

First of all, I want to acknowledge that I am located here on the unceded territory of the Cowichan people.

My name is Judy Stafford and I am the executive director of Cowichan Green Community, a non-profit organization focused on improving food security and educating on the importance of a strong local food system.

We feel that you can't have local food security without a vibrant agriculture sector. Within our mandate, we tackle everything from advocating for backyard chickens to teaching children that french fries actually come from potatoes grown in the ground, covered in dirt. We operate two teaching farms. We produce the Cowichan local farm map and the Island Farm and Garden magazine. We manage the Cowichan food recovery project, the reFRESH Cowichan Marketplace—a low-cost grocery store—and we run a Meals on Wheels program and various other food security initiatives.

We employ 34 staff, as tackling food insecurity is more than a full-time job. It's daunting. Cowichan is tied for first place in B.C. for the highest levels of child poverty. One in six children on Vancouver Island experiences food insecurity, and more than one in 10 families worry about having enough food to eat. Before COVID-19, there were 4.4 million food-insecure people in Canada. That number is expected to double.

When COVID hit, CGC quickly ramped up our programming as increased demand—specifically for meal services—escalated. We set up an emergency food task force and 25 organizations, including local government and the school district, have been meeting weekly since March to determine how to best service our community and ensure no one goes hungry.

During a typical month, members of the task force provide over 8,000 meals and 5,000 food hampers. They give out tens of thousands of grocery store gift cards and food coupons, and they recover and redistribute more than 15,000 pounds of food. Collectively, the task force has raised over \$1 million for Cowichan to support food and temporary housing.

Here on Vancouver Island, a shocking 97% of our food is imported, making us highly vulnerable to instability in transport and trade. Disruptions in the food system represent catastrophic impacts to our most vulnerable citizens.

Among the challenging emergency responses this pandemic has elicited, there have also been opportunities for our local agriculture sector. In my neighbourhood alone, I've seen at least half a dozen cute little farm stands pop up over the summer, selling everything from eggs to homemade soaps to vegetables. In Cowichan, there are almost 700 small-scale farms, and with almost 10% of this region's land base capable of agriculture production, there is room for many more.

The Duncan Farmer's Market is one of the largest in B.C. and it's open year-round. The Cowichan Valley Co-operative Marketplace, our local online farmer's market, was founded with support from CGC in 2014. They've struggled as an organization for many years, with a very good week of sales equating to \$2,000. During the height of COVID, the co-op had to scramble and hire several staff to process and distribute over \$25,000 a week in sales. You couldn't find a freezer around here to save your life. Some local producers were noting record sales, to which I contributed substantially, as noted by the half a cow and pig that are in my freezers.

Many farmers are struggling with ongoing challenges, such as navigating horrendous regulatory hurdles, getting into large retailers and competing on price. Until I read the briefing note calling for fair business practices in preparation for this presentation, I had no idea of the rampant unfair and unethical practices going on in this sector. It's shocking.

A very successful local hothouse grower of cucumbers and tomatoes went bankrupt here after they were forced to reduce their prices to match the prices of vegetables imported from Mexico. After 38 years, a local family-owned bakery closed its doors—going from 40 staff to zero—as a result of Sobeys purchasing Thrifty Foods.

According to a recent Dalhousie report, the overall price of food is going to continue to be a problem. Beef is up an average of 6% to 8%. We've all seen prices creep up and the California wildfires are going to have long-term consequences for years to come. Combining this with the information provided in the briefing note, local, small-scale farmers are definitely the underdogs in a very unfair fight.

Even with countless challenges, the farmers we have the privilege of working with at CGC are very passionate, unbelievably hard-working, and we do everything we can to support them. This is the time for organizations such as CGC and others across the island, B.C. and Canada to shine. We've been waiting for some kind of shift in thinking for increasing support for local agriculture and getting it the recognition it deserves.

This past June, a group of food security organizations that form the Island Food Hubs presented to the Select Standing Committee on Finance and Government Services for British Columbia. We urged government to put a stronger focus on localized food systems, because we feel that food security and the local food discussion should be a pillar of all budgetary considerations. We were so

disappointed to see that food was omitted in the provincial budget 2021 consultation document.

● (1540)

Comparatively speaking, the federal government has begun putting stronger emphasis on food through the creation of the federal food policy, releasing a food policy for Canada's food guide in June 2019, with over \$134 million in initial investments to support that policy.

As part of that investment, CGC is working on securing funding through the federal local food infrastructure fund to build a commercial kitchen with larger-scale processing equipment to provide much-needed processing space, and increased access for value-added production for our local farmers. We're working on a HAC-CP facility, and hopefully providing food to our new hospital being built in 2024, which has committed to a 30% local food procurement.

I have been working with the federal staff since August. I am providing my fifth round of clarifications. I was dismayed, however, to hear in an earlier session of this committee that the fund has been exhausted, so hopefully, our application is in the processing pile and not dead.

We have also applied to B.C.'s community economic recovery infrastructure fund for a mobile abattoir. In Cowichan, there are only three processors, with none providing service to small-scale poultry farmers. There is a four-month wait-list to harvest beef, with some farmers having to resort to travelling three hours to a processor, or going off the island. The situation is dire for animal production.

In closing, the information in the briefing note was shocking, when we work on the ground with people in our community already facing undue hardships from poverty and struggling to put food on their tables. Of course, with limited food budgets, people are going to shop at the big box stores for cheap, heavily subsidized food. To have the five grocery store monopolies holding the purse strings is definitely unfair and tipping the scales in the wrong direction.

People, no matter what their income, should be able to enjoy fresh, local, healthy food, but more often than not, it comes down to a choice of dollars versus quality, and that's not okay.

Even though there are more uncertain times ahead, I do feel optimistic. We're seeing the awareness of the importance of a strong local food economy increasing. Attending presentations like these and seeing the time and energy that's being put toward these issues is a step in the right direction. I will enjoy even more walking around the corner from my house to pick up eggs from my local farmer, knowing we're doing good work.

Thank you to all of you for your efforts, and thank you for giving me this time.

I also look forward to addressing any questions.

• (1545)

The Chair: Thank you very much, Ms. Stafford. That was right on time.

We'll now start with our question round.

Mr. Steinley, go ahead for six minutes.

Mr. Warren Steinley (Regina—Lewvan, CPC): Thank you very much, Mr. Chair.

To our presenters, thank you for being with us today. Mr. Lewis, it's good to see you again.

I am going to ask a few questions. You touched on a few issues, and I'd like to delve deeper into a couple. One is regarding the building capacity and processing in Saskatchewan, western Canada and across the country.

You touched on interprovincial trade barriers, and how some of those non-tariff barriers are going to be disincentives to increasing our capacity capabilities on the Prairies. Could you address a few of those in more detail and give us a couple of examples of the internal trade non-tariff barriers that would be standing in the way of increasing our processing capacity?

Mr. Todd Lewis: A good example would be in meat processing. We still don't have standardization between provincial and federal regulations. There should be more standardization and less red tape as far as meat processing is concerned. If it is good enough for Saskatchewan people to consume, why isn't it good enough for somebody in Ontario to consume the same product? These kinds of barriers have been long-standing and continue to be in place.

Even the last presenter talked about the abattoirs. It's difficult to find space in an abattoir in Saskatchewan right now, as well. Part of that is because a lot of the local abattoirs have been closed down because of consolidation, and a lot of it is due to non-standardization of being able to transport their products across provincial boundaries. That's an example where we could have processing that will begin in Saskatchewan small-scale, or inside other provinces small-scale, and then go domestically and hopefully build into...

I think interprovincial trade barriers have hampered the establishment of new processing facilities in provinces, as that business would build across Canada and then expand into further markets internationally. I think that would be a good example of how non-tariff barriers have affected the processing in the Prairies.

Mr. Warren Steinley: You touched a little on another big issue our future processing facilities will face, and that is competitiveness. You touched on the carbon tax. You walked around it, but I

think you were also talking about the clean fuel standard—and I know you have contact with a lot of producers—which might be coming down the pipe from this current government.

I'm wondering how those will affect our ability to address our processing capacity. Are those two of the bigger barriers you would see in attracting new processing plants to our country—whether they be in oilseeds or beef—and specifically to our western Canadian provinces?

• (1550)

Mr. Todd Lewis: I think the fuel standards are an example. For the United States, their number one export market for ethanol today is Canada. It doesn't matter what product comes out of the United States; it's heavily subsidized, so we're competing against that product, the ethanol that's heavily subsidized. It's coming into the Canadian market for Canadian fuel blends. Why aren't we using Canadian feedstock for that? That's a perfect example. We should have processing in the country that is providing that feedstock for Canadian fuel producers.

We consistently compete against the international marketplace, and we end up with a situation like this, with heavily subsidized products coming into Canada. It really is to the detriment of providing a good processing industry here in Canada, especially in western Canada, where most of this feedstock is available and readily usable for ethanol production.

Mr. Warren Steinley: Thank you very much.

Mr. Chair, I hope I can get one more question in.

The Chair: You still have a minute.

Mr. Warren Steinley: Thank you, Mr. Chair.

One thing I do want to touch on is that this government has said there might be existing and maybe even further opportunities when you look at processing if we go down the clean fuel standard. I've been speaking with producers and producer groups across the country as well as you. You represent 16,000 and many people are in Saskatchewan. The one thing I'm worried about is what you just said: the heavily subsidized product that could come in and be the feedstock and the feed fuel for either renewable biodiesel or ethanol in gasoline.

Is there a possibility that, even if they go down this path, producers will not have another market, because that heavily subsidized stock fuel is going to be cheaper for refineries to use and ship in from the States, as in the example you gave? We saw the same thing in the energy sector, where we saw cheaper oil being imported continuously from other jurisdictions. Would that be an issue for processing capacity?

The Chair: Mr. Steinley, unfortunately that was a bit longer than your time, so I'm going to have to pass. Mr. Lewis may have a chance to reply on another question.

Mr. Ellis, go ahead for six minutes.

Mr. Neil Ellis (Bay of Quinte, Lib.): Good afternoon.

I would like to thank the witnesses for taking time out of their busy day to testify in front of the committee.

Ms. Stafford, you mentioned a few programs you run. Could you explain the food recovery project? I think you mentioned that.

Ms. Judy Stafford: Thank you.

Two years ago, we started a food rescue project, where we pick up from five local grocery stores—Thrifty's, Country Grocer, Save-On-Foods—and that food is collected and redistributed to our community partners, food banks, etc.

Since we started, we've done about 300,000 pounds of food. Very little goes to waste. If it's not able to be eaten, then it's processed in our commercial kitchen right now.

Mr. Neil Ellis: I think you touched on the resiliency program or project.

Ms. Judy Stafford: I have a resiliency project. I don't think I talked about it, but it's about invasive species.

Mr. Neil Ellis: I thought you mentioned that, but maybe you didn't.

Mr. Lewis, you mentioned new farmers and better risk management. Can you drill down and explain on that point?

Mr. Todd Lewis: As we see agriculture expand, farmers' risk is rising every year as we expand into different crops and different opportunities. Irrigation is a good example. There's a heavy capital cost to become involved in an irrigation project. That's real money to farmers and we need the backstop to ensure that if we do have a natural disaster or a trade issue we're able to survive to fight another day until the market corrects itself or the weather gets better. I think that's an example there.

Mr. Neil Ellis: What about for young farmers in particular? Is there anything that you can think of that would help them?

• (1555)

Mr. Todd Lewis: I think just a good base of programming. Right now, AgriStability is not good for any farmer, young or old. I think good programs will help all farmers and especially attract new entrants, because that's what we're going to need, new entrants. The next generation are the people.... We want to see as many people farming as possible. If we don't make it more attractive for young people, we're going to continue to see larger and larger farms and more and more consolidation going forward.

Mr. Neil Ellis: Ms. Stafford, did you want to touch on that also?

Ms. Judy Stafford: In B.C. we have the Young Agrarians project. It's a land-matching program where the young farmers or emerging farmers are matched with perhaps a retired or wanting to retire farmer and they can lease their land. That's been a very successful project funded by the Ministry of Agriculture.

Mr. Neil Ellis: Thank you for that.

Mr. Lewis, you did mention obstacles to growth in food processing in Canada. I think you touched on some of the things, but what do you figure the biggest obstacles are that you face?

Mr. Todd Lewis: I touched lightly on transportation. We're going to need a different transportation system. Something as simple as crushed canola oil requires tanker cars, not grain cars. That's an example there. If we are going to process more canola in the Prairies, we're going to need oil tanker cars to move that product to market.

Another example would be that with a lot of these products, as we process them in Saskatchewan and in the interior of the country, the container traffic is going to be very important. Right now in the pulse industry we have a shortage of containers. We're having trouble getting containers to move some of our product offshore. That's another example of things that may not be thought of but that are going to be very important if we're going to be able to reach our markets.

Mr. Neil Ellis: Thank you for that.

Mr. Lewis, what ways do you think we can encourage more advancements in technology in this industry, and how do you see the industry going with investments in technology?

Mr. Todd Lewis: Really, I think big agriculture is leading in technology. I think we have lots of opportunity. One of the biggest impediments to it is just the availability of broadband Internet and cellphone service. I think if we can have the connectivity issues fixed, the sky's the limit, really. Canada has been the leader, western Canada especially, on big ag and big data and will continue to be, as long as we have increased broadband availability as well as cellphone service. None of it works if you're not plugged in.

Mr. Neil Ellis: Definitely.

You talked a little bit about red tape with provinces, but what do you think is preventing this red tape in the processing sector from...?

Mr. Todd Lewis: I think part of it is.... It's almost protectionism between provinces. People have their own markets. They want to continue to see that their local producers.... Local food is very important. What Ms. Stafford is talking about is not opposed to big agriculture. Local food is also important. But it's the base of things like meat processing, processed meats and those kinds of things. Why can't we ship them across the country? We've been talking about this for decades and we still haven't really made much progress at the end of the day.

The Chair: Thank you, Mr. Lewis. That's all the time we have.

[*Translation*]

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

Mr. Yves Perron (Berthier—Maskinongé, BQ): Thank you, Mr. Chair.

Hello to all the witnesses. I'd like to thank them for giving their time to come and testify. I am grateful to them.

I will start with you, Mr. Lewis. You talked about trade wars, international competition and heavily subsidized producers.

You are before a committee that can influence the government. What would you recommend for the future? One thing I'm thinking about is the trade dispute with China over the past few years, which has hurt you a lot.

[*English*]

Mr. Todd Lewis: I'm sorry, Mr. Perron, but I don't have any translation.

• (1600)

The Chair: Can we get translation?

[*Translation*]

Mr. Yves Perron: That's okay, I can start over. And here, I thought I delivered that so well.

[*English*]

The Chair: Okay, try it again. I think it's working now.

[*Translation*]

Mr. Yves Perron: Is interpretation working now?

The Chair: Apparently it is. Please begin again, Mr. Perron.

Mr. Yves Perron: Perfect.

I will thank the witnesses again.

Thank you very much for being with us.

The Chair: One moment, Mr. Perron.

[*English*]

Mr. Lewis, are you getting translation?

Mr. Todd Lewis: No, I'm not.

Mr. Kody Blois (Kings—Hants, Lib.): Mr. Chair, ask him if he's on "English". It starts with interpretation on "floor", so perhaps that's the problem.

The Chair: Okay, on the bottom of your screen—

Mr. Warren Steinley: Mr. Lewis, on your computer, go to the interpretation and put it on "English".

Mr. Todd Lewis: I have my IT expert here.

Here we go. Let's try that.

[*Translation*]

Mr. Yves Perron: Good afternoon, Mr. Lewis. Thank you for being with us.

In your speech, you talked about trade wars and the massive support foreign producers get from their governments. I assume you were referring to relations with China, which have taken a toll on your output over the past year.

You are before a committee that has the power to influence government decisions. Do you have any recommendations for the future, whether it's an assistance program or something else? What would you recommend?

[*English*]

Mr. Todd Lewis: I think what producers are looking for from their governments.... The China situation has been very difficult for our national government, especially with the two Michaels situation. Those are people's lives hanging in the balance there, so I think farmers have been very patient with what has happened.

We recognize China as an important customer of other ag products, so it's a difficult balancing act to try to work our way through this. Really, I don't know that there is any right or wrong answer.

At the end of the day, if these kinds of trade wars continue, the Government of Canada could send a strong signal to foreign governments that it will support its farmers.

Certainly, in the United States we've seen huge subsidies paid, I guess on the idea that farmers need support because of trade situations with other countries. This really affects Canadian producers, just on machinery costs alone. Our machinery costs are still the same as they were, and it really is a false market because of the U.S. farm subsidies supporting machinery prices in the United States.

Those are examples of some trade wars that we get caught up in. They don't affect only Canadian producers, especially when we include the U.S. producers. We have such an integrated market in many ways in North America, and it makes it difficult for Canadian producers to compete.

[*Translation*]

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

What impact does this pressure have on processors? You just mentioned that neighbouring countries like the United States are getting a lot of support. Those products will end up competing with your products. So the heat is on for processors. In your remarks, you mentioned a lack of availability given your remote location, and how that makes it harder for you to gain access to processing.

What could the government do to encourage more small processors to set up shop throughout the region? First, do you feel that's a good idea? Second, what steps should be taken?

[English]

Mr. Todd Lewis: We see the Infrastructure Bank, tools like that, which could be used to provide loans to smaller processors, beginning processors. It can't just be about the big companies being able to move in and set up shop. It's also local processors. That's how they become bigger, if they can get a start somewhere, and it may not take a lot of money to get them started.

That can make a real difference in local economies, and a lot of those small guys will grow into bigger manufacturers. We've seen that on non-food manufacturing here in the province with—

• (1605)

[Translation]

Mr. Yves Perron: Sorry to interrupt you, Mr. Lewis, but I have a limited amount of peaking time. I have noted the last thing you said.

I will continue with Ms. Stafford, who told us about a large-scale local processing plant.

Ms. Stafford, can you quickly present your project and tell me what you need? You stated that you had applied for assistance and were told that the fund had run dry. People in my constituency have the same problem. What do you need?

[English]

Ms. Judy Stafford: We applied for that funding back in June. In August, we were connected with a staff member and we have been working with them. I just had an email a couple of days ago with additional clarifications. It does seem to be a bit of a challenging application, which is fair enough. We have applied for \$220,000.

Right now in Cowichan we have a commercial kitchen that we have been renting out to processors and small-scale farmers since 2015. We've had 43 farmers and processors use our kitchen, but it's small, and their competing interest now is our own programming, because so many of our programs have escalated. We do Meals on Wheels and emergency food services.

There isn't a commercial kitchen that can be utilized by a number of farmers and processors. We're not on the scale that Mr. Lewis is on, by any stretch. I feel like the little mouse over here. Certainly we have dozens of farmers who could ramp up and who are ready to ramp up and want to ramp up, especially in shoulder seasons here, but there isn't a commercial kitchen space available, so that's what we're trying to set up right now.

We're trying to set up these food innovation hubs from across B.C., so we have applied for this funding, and we are a non-profit. We feel that we can set up something and manage it and then have it available to use 24 hours a day. Some farmers only want to come in once a week. We're not talking about a huge-scale operation.

Does that make sense?

[Translation]

Mr. Yves Perron: You talked about your application, which seemed complicated. Is it perhaps the form that is complicated?

The Chair: Unfortunately, Mr. Perron, that was all the time you had.

Mr. Yves Perron: Has it run out already? We did lose a lot of time at the beginning.

The Chair: We reset the timer, so you did get your six minutes.

Mr. Yves Perron: Okay, thank you.

[English]

The Chair: Thank you.

We will now move to Mr. MacGregor for six minutes.

Go ahead, Mr. MacGregor.

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

Thank you, Mr. Lewis, for your words, and thank you, Ms. Stafford, for appearing on behalf of the Cowichan Green Community. I know your organization quite well. I really want to thank you for illustrating what a region like Cowichan is going through and some of the challenges, and also Vancouver Island more generally, because being an island, we do have those issues with transportation and so on.

One of the big themes we've seen run through this committee in our hearings over the summer and continuing until the present day has been the theme of resiliency and how we build resiliency in our local food systems. I really thank you for mentioning that. It is a really important term. COVID-19 has put a big shock into our system, and we have to learn the lessons from this time to build for the future.

I want to go into some of the specifics that you outlined from your presentation. When you are speaking to farmers in the region and up and down Vancouver Island, can you talk a little bit about some of the specific things they really need? You're saying that you've seen an explosion of farm gates and so on, but what are we missing specifically in terms of processing capacity here on the island that may allow a small operation to really realize its full potential?

Ms. Judy Stafford: Definitely abattoirs, as I brought up, present a hurdle for anyone trying to do livestock care. We used to have a very vibrant dairy industry. We had a lot of quota for chickens and cows. Those have left the island for a variety of reasons. A major one was changes in regulations that were just too prohibitive for the small-scale farmer to run their own little processing and their own abattoir, when they would need a bathroom separate from the farmhouse. I even heard they would need one bathroom for the girls and one for the boys, but that might have changed.

When the processing regulations shifted a few years ago, we lost a lot of abattoirs right off the island completely. Definitely processing is the number one hurdle, especially with poultry and beef, which is mostly what is raised here, and again there's the kitchen capacity of a small-scale farmer. Maybe they just want to grow potatoes and not a huge amount of vegetables.

There isn't storage here. There are no cold storage facilities here in Cowichan at all. That's another thing that would be part of our hub.

Also, to be honest, there isn't a lot of manpower. Labour is expensive, so one of the services we want to set up in our new kitchen is a processing service so you can drop off your vegetables. You've already worked all day. You've harvested all day. Maybe you've been at two or three farmers' markets. You can drop off your excess, and we'll process it for you and give it back to you with a fee for service. One of the things I'm hearing from farmers is, "I don't have time to process", so we're hoping to provide that service as well.

Then there's competing on price, as I said in my presentation. It's very, very hard to grow an organic carrot and sell it at a price that has value for you and your family, when carrots in Walmart are dirt cheap.

• (1610)

Mr. Alistair MacGregor: Absolutely.

You've been talking about the commercial kitchen that you want to expand. I'm sure there's room for others. What kind of a model are we looking at? Are we looking at a stand-alone commercial kitchen business or a co-operative? Do you foresee one that basically opens its doors to farmers dropping off their produce, or do you see one that a collective of farmers all pay towards, like a time-share they can use, or are all of those models plausible in the new centre?

Ms. Judy Stafford: All of those models are plausible. I would suggest that if it's going to cost small-scale farmers money to join something, they're not going to really have the funds to invest in that. That's why I've written probably five grants to set up this commercial kitchen. There is money in the province as well. That's a bit daunting.

When I say the process is complicated, it is complicated. I understand there are a lot of boxes to tick. I did hear on the committee that the fund is exhausted, so I'm not sure if I should continue on in the process. Basically, we're trying to set up a separate kitchen for HACCP only, because there are a lot of requirements. We do have a small-scale producer here who wants to try to sell to Alberta, and the only way she can do that is to have a HACCP-certified facility.

We're looking at setting up two kitchens now, one specifically to meet those regulations. Honestly, at this moment, the model is that we will run the kitchen and it will be available to rent on a 24-hour schedule. Online you'll book "I want four hours on Sunday afternoon".

Mr. Alistair MacGregor: I have less than one minute left.

Our committee wants to table a report with some specific recommendations. Capital costs are the big barrier. When you look at programs already in existence, like the local food infrastructure fund, what kind of specific recommendations would you really love to see written in this committee report when we table it in the House of Commons?

Ms. Judy Stafford: You should know not to ask me that question.

Mr. Alistair MacGregor: No, no, this is your moment.

Ms. Judy Stafford: Give a big tick to the \$220,000 application that's sitting on a desk right now.

But definitely it's an amazing fund. It was available pre-COVID for \$25,000. We decided to wait for the next larger amount that's available. If funds are being exhausted, I would suggest there are eight other communities on Vancouver Island that are also very, very interested in setting up these hub models. I hate to be always just asking for money, but that's what it takes. The capital investment is huge.

Thank you.

Mr. Alistair MacGregor: Thank you.

The Chair: Thank you, Ms. Stafford.

Thank you, Mr. MacGregor.

[*Translation*]

We now begin the second round of questions.

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

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

I thank the witnesses for being here this afternoon.

Hello, everyone.

My question is for Mr. Lewis.

I'd like to follow up on the question my colleague Mr. Steinley asked earlier. Could you finish the answer you were about to give us? I think we were talking about feed from the United States, which was cheaper. Could you expand on that with a brief answer, Mr. Lewis?

[*English*]

Mr. Todd Lewis: I guess I would just.... The thought was that we end up with heavily subsidized offshore product coming into Canada, and it really displaces Canadian product that should be available within the borders of our country. All of this is about food security, really, for the entire country, be it even what Ms. Stafford is talking about: fruits and vegetables grown locally. If we're not going to get our produce out of California, where is it going to come from? I think we have to look at small processors and large processors to really provide food security, perhaps even income security, for our own country.

• (1615)

[*Translation*]

Mr. Richard Lehoux: Mr. Chair, am I the only one having problems with interpretation?

The Chair: Other participants were apparently having interpretation issues as well.

Has it been resolved?

Mr. Richard Lehoux: Mr. Chair, your mic is on mute.

[English]

The Chair: Oh, sorry about that. You can't hear me if it's closed.

Can you hear me in French, Monsieur Lehoux? Is the translation working?

[Translation]

Mr. Richard Lehoux: Yes.

[English]

The Chair: Okay. We've adjusted the time.

[Translation]

You may continue, Mr. Lehoux.

Mr. Richard Lehoux: Mr. Lewis, could you briefly repeat your answer for me?

[English]

Mr. Todd Lewis: It's just that I think offshore product coming into Canada really affects Canadian producers. It's important that we keep that production in Canada and use it for Canadians.

[Translation]

Mr. Richard Lehoux: You raised two major issues, transportation and slaughter capacity.

What solutions do you suggest for the lack of slaughter capacity?

How could the federal government help? Would easing regulations make it possible to open more abattoirs across the country?

[English]

Mr. Todd Lewis: Well, I think it's probably not much unlike what Ms. Stafford talked about on Vancouver Island. The small abattoirs in Saskatchewan also disappeared because they couldn't compete. The large CFIA-approved slaughter facilities in Alberta get most of the cattle. Because of that, that's the market for cattle. They can't export interprovincially unless they go to a CFIA-approved facility. We don't have one in Saskatchewan, so that really hurt our abattoirs, and a lot of them closed up.

Then COVID happened. We had shutdowns of those major plants and nowhere, no local abattoirs, to take that product. I think that's an example of how if we had better regulations, if we had less regulation, if it were easier to go across provincial boundaries, we would have a stronger system and a system of smaller abattoirs, as well as the big slaughterhouses. There should be room for both.

[Translation]

Mr. Richard Lehoux: What you're saying is very important. The smaller and larger slaughter facilities must be able to compete with each other in the market.

I have a question about transportation. You said we needed more containers. Will transport routes, including the rail network, be able to support the added transportation?

[English]

Mr. Todd Lewis: I think we need to see increased rail capacity. It's ongoing. As we have higher and higher production models and opportunities, I think we need to see more and more rail capacity. It's important.

Port capacity is another issue, certainly. The Port of Vancouver is getting full. The more product goes through there, the more congestion is going to occur.

I think transportation is a very important part. We need to see continued support to increase capacity on our rail lines.

[Translation]

Mr. Richard Lehoux: I understand what you're saying about rail transportation. Where ports are concerned, however, whether it's Vancouver or Ontario, they have issues in terms of their capacity to ship our goods.

[English]

Mr. Todd Lewis: Yes, since COVID we've had increased capacity for grain movement. We've had record movement over the last number of months, but at the same time, as the economy starts to recover, we're going to see loss of some of that capacity. It's going to go to other products.

The grain sector has an opportunity now when we should be able to export all the product we have. The world wants it. It's high-quality. We're sure hoping that the rail capacity will be able to handle what we should be able to export, and that the same thing is going to happen if we increase our processing within this country, because we will have to have transportation to get to market.

• (1620)

The Chair: Thank you, Mr. Lewis.

[Translation]

Thank you, Mr. Lehoux.

[English]

We'll continue with Mr. Louis for five minutes.

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

I want to thank the witnesses for their time and their testimony. It's very informative.

Ms. Stafford, thank you for taking the lead on that with the land acknowledgement, because you know that we are all across the country here, so I wouldn't mind taking the time to say that here in Kitchener—Conestoga, in this region of Ontario, I'm on the traditional lands of the Anishinabe, the Haudenosaunee and the Neutral peoples, so I appreciate your leadership in that. That was kind of you.

One thing I notice as I look at my notes here is your strong relationship with the local food producers and the local farmers. It's really rewarding to hear, and it's the same feel as in my community here. That relationship you have, which I saw on the website when I researched you, is so important to our well-being, and it really makes a difference as far as including our processing capacity is concerned.

We have companies here in Kitchener—Conestoga, like Enviro-Stewards, that are working with food manufacturers, helping them reduce food loss, and doing some of the same projects that you're doing in your own riding, which I appreciate.

Also, you mentioned the commercial transport van and a refrigerated truck. Again, we have Wilmot Family Resource Centre here, Woolwich Community Health Centre, and Community Support Connections, which is our Meals on Wheels. It's always nice to share best practices and how we can make the most of our food.

We were looking at food waste as part of the processing issue. Can you explain how that refrigerated truck and the transport van you have would work and how you are able to share the food that exists?

Ms. Judy Stafford: Our van is on the road all day. First of all, it drives around in the mornings and goes to the local grocery stores, as I mentioned. Other food producers will call us, or farmers will call us if they have a glut. Especially during the summertime, we would drive by several farms as well and pick up whatever they weren't able to sell, and we'd give tax receipts for that.

Then it comes back to.... Right now, because of COVID, it's back in our central location. If we were using a warehouse...so it's a bit chaotic, to be honest, because it's a shared space. It's all sorted. We do get some that is compost, so we work with farmers and we also distribute anything that's not edible. Then everything else is distributed. We have 25 local food organizations, The Salvation Army, food banks and shelters. The temporary housing sites we're working with right now all get boxes every day. Again, anything that is not quite up to par is turned into Meals on Wheels.

We also process frozen meals that we sell in our low-cost grocery store. One of our suppliers does allow us to sell the food, so we do sell the food as a social enterprise, and that pays for staffing to operate a food store. Through that, we distribute about 10,000 dollars' worth of food in a coupon. People can still come in and shop, but they're on a list, so they're not actually giving us money. That is a very, very critical program since COVID. We started it for two months and now we're however many months in, but it is expensive. Some of the food is purchased by folks in the community. We have 100 families in that program right now.

The food really gets around. Nothing goes to waste. Anything we can't use gets picked up by farmers.

Mr. Tim Louis: That was my next question, too, about the food that doesn't get used. Does it get distributed? I mean, even for Halloween we had local pumpkins out in the neighbourhoods, and then someone collected them and delivered them to a local hog farmer. And yes, it's the same across the country. It's nice to know that our farmers are calling you and other organizations and saying, "We

have some food", and with your truck now you can come and pick it up.

I was hoping you could share best practices and how to make the most of the food that's out there, so I appreciate that.

Ms. Judy Stafford: Yes, and it's a lot of food. I tried getting this program running in 2011, so I'm dismayed that it took us that long because of regulations, but now we're all set to go. The Good Samaritan Act and other acts have been put in place so people can donate the food without having repercussions.

Mr. Tim Louis: Yes, I appreciate your saying that.

In the time I have left, Mr. Lewis, you mentioned increasing broadband. I know this pandemic has shown that broadband is absolutely essential. As we're talking about processing, this might be a good time for you to give some specific examples of how investments in broadband could help the agriculture industry in their ways of scaling up in any way. Maybe that can help shape how we actually lay this out.

• (1625)

Mr. Todd Lewis: I think processing in the new plants will have to be really in remote parts of this country. When we talk about broadband in a province like Saskatchewan.... A town of 2,000 people might be considered a hamlet in Ontario, for instance, but it's a major trading hub in our province. In a town like Tisdale, Saskatchewan, you go 15 minutes outside of the town and there's virtually no Internet coverage. I think it's really going to be a detriment to getting these plants built if they don't have that hooked up. It's just as important as electricity or natural gas.

The Chair: Thank you, Mr. Louis.

Now we'll go to Mr. Perron.

[Translation]

You have the floor for two and a half minutes.

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

I will go back to Ms. Stafford.

You spoke earlier about a mobile abattoir project you submitted. Have you applied for a grant? Did you run into any problems? Is the process involving the Canadian Food Inspection Agency difficult? Tell me a little about your situation.

[English]

Ms. Judy Stafford: The mobile abattoir actually is a provincial fund that I've applied to. I just sent it in, so I don't know what the process is going to be. It was \$561,000 to set up a mobile abattoir here in Cowichan.

[Translation]

Mr. Yves Perron: What could the federal government do to facilitate this kind of project?

This is an interesting project, especially since we are currently working on the local processing issue. Could the federal government participate financially in this project?

[*English*]

Ms. Judy Stafford: Sure, I'll take \$561,000 from anybody. If the feds want to give me that, I'll gladly put your sign on it.

[*Translation*]

Mr. Yves Perron: Of course.

[*English*]

Ms. Judy Stafford: There isn't a fund that I'm aware of right now with the federal government that would cover that cost. That was too high a cost to go through the local infrastructure fund, because that maxed out at \$250,000.

[*Translation*]

Mr. Yves Perron: Okay.

Mr. Lewis, you're talking about changes to be made in slaughter facilities for interprovincial trade. What quick and easy changes could be made?

[*English*]

Mr. Todd Lewis: A simple one would be just a standardization of regulations between the provinces and the federal government. If the province of Saskatchewan has an approved facility, there should be a fast track to get interprovincial trade. It can even begin just on adjacent provinces and then move it out from there.

I think we've been way too long with non-standardization in these regulations. It really has been a detriment to establishing new processing facilities.

[*Translation*]

Mr. Yves Perron: All right.

From what I understand, you would like to see smaller scale processing centres closer to your production centres. Is that correct?

[*English*]

Mr. Todd Lewis: Yes, that's correct. It checks a lot of different boxes, if you want to put it that way, for animal welfare and so on. The animals are travelling shorter distances to processing, so that's just an example of one of the advantages of smaller—

The Chair: Thank you, Mr. Lewis.

Mr. MacGregor, you have two and a half minutes.

Mr. Alistair MacGregor: Thanks, Chair.

I have a quick question for Ms. Stafford.

In the last Parliament, our committee took a study across Canada and we actually visited some food-processing centres that helped small-scale producers innovate and create new products. Is there any kind of capacity like that close by in our region? Could that be a beneficial targeted investment—making a new product that no one had ever really thought of before and allowing that experimentation in a fully commercial-grade kitchen with all the food safety procedures in place?

Ms. Judy Stafford: Innovation definitely is a big piece of this new kitchen proposal that we have put together. We do want to look at where there are gaps and what the demands are. Maybe it's not innovative, but trying to get into institutional purchasing has been a nightmare. With a new hospital and a new school, there is so much opportunity to break into the institutional market, and seniors homes. For all of that, again, the regulations are just horrendous.

We definitely have looked at what other supports we can provide to farmers. We're working with Community Futures to do any business incubation. The regional district is putting together a food-processing innovation support service to also work with farmers on coming up with different products, or gaps in demand, and help them through the kitchen, for sure.

• (1630)

Mr. Alistair MacGregor: Thank you.

Mr. Lewis, the place I was referencing was the Saskatchewan Food Industry Development Centre. We took a tour of the facility. It was really fantastic.

In this last minute, do you have any comments to add about what that centre offers producers in your association and what more you want to add for our committee to take note of?

Mr. Todd Lewis: I think it's a good example of how to use the university system across this country and support the universities. Put more centres like that at the University of B.C. and in Ontario and at Guelph—all of those. It's an opportunity. If the federal government wants to put money towards the development of processing, that's a great vehicle to do it.

The food-processing facility up in Saskatoon is second to none. It has created all kinds of products that are on grocery store shelves. Within minutes of where I'm speaking, I can go and see literally a hundred Saskatchewan-made products that are on the grocery store shelves.

Mr. Alistair MacGregor: Yes, and very quickly, the chair was with me, and we got to sample some of those products before they were allowed to go out onto market, so we got a sneak peek at them.

The Chair: Yes, they were really good.

Thank you, Mr. MacGregor.

Thank you to Mr. Todd Lewis from APAS for being here with us and to the Cowichan Green Community and Judy Stafford. These are certainly two different scales of production, but both of them are important for our producers and for our food security. Thanks again.

We shall suspend and be back ASAP for our second round.

Thanks, all of you.

We shall see our members later.

• (1630) _____ (Pause) _____

• (1635)

The Chair: I think we're ready to resume the meeting.

Let me introduce our witnesses for this second hour. First, from Government of Yukon, we have Matthew Ball, director, energy mines and resources department; and Kirk Price, director, agriculture branch. Welcome to our committee, Mr. Ball and Mr. Price.

From Food Processors of Canada, we have Denise Allen, president and chief executive officer. Welcome, Ms. Allen.

From the Ontario Ministry of Agriculture, Food and Rural Affairs, we have John Kelly, deputy minister; and David Hagarty, assistant deputy minister. Welcome, Mr. Kelly and Mr. Hagarty.

With that, we'll start with the opening statements.

For the Government of Yukon, you have seven and a half minutes. Go ahead. The floor is yours.

• (1640)

Mr. Matthew Ball (Director, Energy Mines and Resources Department, Government of Yukon): Thank you, Mr. Chair.

I'm speaking to you today on behalf of Deputy Minister Paul Moore. With me today is Kirk Price, our director of agriculture.

We need not take up too much of your time today, but I wanted to ensure that the north was represented.

Yukon agriculture has been a key part of Yukon life for over 100 years. We import much of our food from the south—from Ontario, from Alberta, from British Columbia—but Yukon farms continue to fulfill the important role of providing fresh, healthy products to feed communities.

You'll find that there's a little bit of every farm across the country up here, albeit often on a much, much smaller scale. Yukon farm operators specialize in a variety of products—vegetables, fruits, dairy, eggs, honey, sod and bedding plants. Hay remains the largest portion of the Yukon's industry overall. Yukon producers breed and raise a variety of livestock as well, including cattle, pigs, sheep, goats, horses, ponies, llamas, alpacas, you name it. We also have bison and elk up here. Producers breed and raise poultry across the spectrum as well, with turkeys and eggs and so forth.

The Chair: Mr. Ball, can I intervene for a moment?

[*Translation*]

Is interpretation working correctly, Mr. Lehoux and Mr. Perron?

From what I understand, interpretation is not working at all.

[*English*]

We'll just check that.

Okay, hopefully it's fixed.

Give it a try again, Mr. Ball.

Mr. Matthew Ball: Thank you, Mr. Chair.

Our local products are found in the retail stores, at community markets and in our gourmet meals by our caterers and restaurants. Processing, what we're interested in today, is mostly focused on meat products in the north. We have both abattoir operations and butcher shops, but we also have processing of a number of other products, including berries and other vegetables.

One thing that's important in the north is our first nations. We have 14 first nations, 11 of which are self-governing. They have their own governments to run the areas under their jurisdiction and their activities on those areas and in the whole of the Yukon. Agriculture activities by Yukon first nations are really an important part of our community and a growing part of our community, including inroads into commercial production in recent years.

I want to pass the floor over to Kirk Price to talk a little bit more about abattoir operations and meat processing.

Mr. Kirk Price (Director, Agriculture Branch, Government of Yukon): Thank you, Matt, for passing that over.

Thank you, members of the standing committee. It's a pleasure to be here today and represent Yukon.

Just to build on what Matt said, the agriculture industry is small, but locally, it's very important for Yukon. This has become probably even more evident during the COVID-19 pandemic. There is a strong demand for Yukon locally grown and processed food. There is a strong support from Yukoners to have these things available for Yukoners.

I'll give you just a little history. Prior to 2006, our regional capacity for inspected slaughter of livestock was limited to one facility. It was located where it was relatively difficult to get animals to the abattoir and back out to market. In 2006, the Yukon government purchased the mobile abattoir to help facilitate farmers to raise livestock, and help grow and support that industry.

The current situation in Yukon is that we don't have any federally inspected meat for local abattoirs, but we do have territorial inspected meat. That works fine for our local industry, right now. Since 2006, we've seen a lot of growth, and it continues to grow. There's a lot of support, locally, for self-sufficiency and supporting local farmers. Today, we have two private abattoirs, and we still operate our one mobile abattoir around the south.

Just to give you context, we're not dealing in thousands or tens of thousands of animals; we're dealing with hundreds of animals. In 2020, partly due to the pandemic, we have seen a sharp increase in that. We've seen a 40% increase in red meat. Last year was the first year we had white meat abattoir ready to go, and we've seen an increase in production in that sense.

Our programs do support local meat production that we operate in Yukon, and it's basically to help increase our self-sufficiency. There's a lot of room for more local growth in the sector to feed Yukoners. As farms increase production, the need for processing facilities will continue to be a challenge for us in terms of these things. We're working with local farmers and our local agriculture associations to help overcome these challenges right now.

• (1645)

The Chair: Thank you, Mr. Ball and Mr. Price.

We'll go to the Food Processors of Canada.

Ms. Denise Allen, you have seven and a half minutes.

Ms. Denise Allen (President and Chief Executive Officer, Food Processors of Canada): Good afternoon, Chair and committee. Thank you for the opportunity to appear today.

I'm Denise Allen. I'm president and CEO of Food Processors of Canada. For more than 35 years, we have been the leading voice of Canada's food and beverage processing facilities.

The recent allowance of overconsolidation in Canada's grocery retail sector has resulted in only five retailers controlling more than 80% of what Canadians can purchase, placing our food system and supply at risk. This incredible imbalance has created an environment where retailers can arbitrarily impose increasing and unrealistic financial pressure on food producers and processors.

Not only are their business practices viewed as predatory during a national crisis, but, if left unchecked, these fees and fines will diminish Canada's ability to attract investment in food production and innovation, reduce our ability to compete effectively against large multinationals, eliminate selection and choice for consumers who wish to support local farmers and brands, and threaten our collective ability to protect our food sovereignty and security.

Retailers such as Walmart and Loblaws have adopted unfair and unethical business practices where our food producers and processors struggle to maintain output to ensure Canadians enjoy what they come to expect in their food system—safety, selection and quality products from Canadian brands they enjoy.

The scale of the retail fees and fines is both unprecedented and untenable. The recent fees imposed by Walmart and Loblaws companies alone will cost suppliers approximately \$1 billion per year, and will ultimately pay for these retailers' infrastructure costs, while no return on investment or growth is provided to suppliers.

Further, the threat of retailers' escalation of fees and fines places Canada's primary producers at risk, as food processors purchase in excess of 40% of Canada's farm gate output, for which they add value and sell both domestically and internationally. Our landscape requires immediate intervention to protect future growth and sustainability for local and national food systems.

Recent months have emphasized how important it is for Canada's food supply chain to be resilient and robust. The COVID-19 pandemic highlighted potential risks and issues which indicate that our nation's reliance on imported food products leaves our population without access to vital processing infrastructure and allows for the potential of food disruptions as borders thicken and concerns over protectionism increase.

The current and ongoing crisis has forced us to examine all aspects of our food production and processing capacity. We have learned that Canadians want their food to be grown and processed at home and that they feel our government needs to increase its support for its agri-food sector.

Canadians feel that having a small number of grocery chains competing results in grocery prices being higher than they need to be, and at this time the same majority of Canadians feel that our current supply chain needs intervention. In short, Canadians understand and want a robust, competitive food sector to ensure food choice and supply.

Now is the time to consider our lessons learned in recent months and act to strengthen our domestic food system. It has become vitally important that we look to those practices of large grocery retailers to understand the severest threats to our food supply chain and act to ensure that more competitive, fair and accountable retail practices are enforced.

Retailers' use of arbitrary fees, fines and deductions from supplier payments is taking place while those same suppliers continue to produce food under a backdrop of reduced capacity to support social distancing on lines, increased operating expense to support PPE requirements and workplace safety, funding unplanned capital investment to support necessary infrastructure changes to plants and equipment, and creating incentives for workers during a national labour shortage.

Our current atmosphere of uncertainty will ultimately force small and medium-sized enterprises to reconsider their future if we do not rebalance the food system geared toward the runaway profit for only the large grocery retailers, which comes at the cost of farmers and suppliers.

The heavy-handed nature of these retailers must be addressed to ensure future investment in agriculture and agri-food business. Canadians want a balanced food supply. Retailers have aggressively and unilaterally dictated their terms, with no mechanism to allow suppliers to voice their concerns. Moreover, the disadvantage at which retail fees and fines place the suppliers extends to primary producers in a way that will see a reduction in farm gate output and consumer selection of food choices and a decrease in Canada's export capabilities.

Canadians do not wish to rely solely on food produced elsewhere. The current shape of Canada's food system must be changed to allow farmers and value-added food processors to continue to serve consumers in a way they both want and deserve.

• (1650)

Governments across Canada are committing to strengthening our food system. The recent Speech from the Throne indicated that investments would be announced to strengthen local supply chains here in Canada. Strong support from Canadians encourages a government role that would ensure there is a balance between our retailers and our agricultural and agri-food businesses.

A grocery code of conduct would be a key piece of legislation that would effect the change needed to establish fairness and accountability in grocery retail practice in Canada. Experience in other jurisdictions shows that significant grocery concentration requires a code to balance retailer-supplier relationships. Codes in countries such as the U.K., Ireland and Australia have been proven to improve competition and support greater collaboration in the broader supply chain.

The focus of the code would encourage good-faith negotiations between grocery retailers and their suppliers, reduce punitive penalties and create greater transparency and accountability. Even more interesting, after the legislative code was implemented in the U.K., prices for consumers decreased, and the industry culture shifted to one of collaboration and consumer focus.

We are respectfully calling on government to intervene and level the playing field, as this is the best way to address the inequities in the food supply chain that threaten investment and increase price inflation for the consumer. A legally binding and enforceable code to monitor, establish and enforce compliance is recommended. While changes to Canada's Competition Act may be helpful in addressing some issues, that is in no way a substitute for a code of conduct.

Constitutional jurisdiction for the development and implementation of a retail code of conduct falls within the provinces and territories; however, the federal government has a large and key role to play in establishing a code of conduct. First, the federal government must consider the importance of our sector to Canada's COVID-19 recovery and, in doing so, must consider a series of changes or en-

hancements to the Competition Act to enable the bureau to address anti-competitive behaviour of retailers.

I'll add a cautionary note, however, in that increasing the reach of the Competition Bureau to investigate anti-competitive behaviours is necessary, but that alone will not create the change required. Investigations are reactionary and prolonged. A proactive approach is preferred over a lengthy enforcement process, which may or may not address the root cause.

Other actions that will greatly assist fairness and accountability include conducting a study into the issue, establishing an industry working group, developing legislation in both the provinces and the territories, and structuring federal oversight to the provinces and territories' approach to establishing such legislation.

We are eager to work and partner with the federal government to this end, and I thank you very much for your time today.

The Chair: Thank you, Ms. Allen.

Now we'll go to the Ontario Ministry of Agriculture, Food and Rural Affairs for seven and a half minutes.

Go ahead.

[*Translation*]

Mr. John Kelly (Deputy Minister, Ontario Ministry of Agriculture, Food and Rural Affairs): Good evening, everyone.

[*English*]

Thank you very much for inviting me to speak before the Standing Committee on Agriculture and Agri-Food. I'm pleased to provide an overview of the Ontario food-processing and beverage-manufacturing sector.

I'd like to begin by expressing gratitude and acknowledging that we're on the traditional lands of the Anishinabe and specifically the traditional territory of the Mississaugas of the Credit First Nation.

We're in a unique time, with the COVID-19 pandemic. Nothing has shown how crucial the food supply system is more than the pandemic. Our food processors will be an integral part of our province's economic recovery from this outbreak.

I'd like to begin by highlighting some of the things we have in our food and beverage sector that make us part of the entire food sector.

The agri-food sector in Ontario supports more than 860,000 jobs and contributes more than [Technical difficulty—Editor] to the province's economy. In 2019, we had more than 4,400 food- and beverage-processing establishments in the province, the most in the country. [Technical difficulty—Editor] employs approximately 106,000 people. Many of the largest employers are international players. More than a quarter of the establishments in Ontario are in rural communities, as well. Among those establishments with employees in Ontario, the vast majority are considered either micro or small, with fewer than 100 employees.

Ontario is an ideal location for food and beverage processors. Our competitive advantages include quick and convenient access to major North American markets. There's a huge U.S. and Canadian population within a single day's drive of most processing plants in Ontario, including Chicago, St. Louis, Philadelphia, New York, Washington and Montreal. We have access to superior end-to-end supply chain solutions, including processing, packaging, specialized storage and transportation, in addition to 3.6 million hectares of cropland growing over 230 agricultural commodities. We have low corporate tax rates; we have a highly skilled, multicultural workforce.

We have capitalized on these assets to become one of the largest food- and beverage-manufacturing jurisdictions in North America, with annual manufacturing sales of more than \$47 billion. The majority of Ontario's agri-food products are value-added products, for example meat products and edible preparations like soups and sausages.

Our agri-food sector will be a critical contributor to the federal government's goal of achieving \$75 billion in exports by 2025. It's a strategic sector for us and an essential service that has the potential to take advantage of the opportunities in the growing local, national and global markets.

However, our sector faces a number of immediate challenges, including structural ones, as it struggles to remain competitive and innovative in this uncertain global environment.

Aging plants, outdated technology and inefficient equipment are limiting productivity growth and reducing our competitiveness. Some food and beverage manufacturers have plants that are 75 or 100 years old. Our capital investment in Ontario significantly lags that of other, competing jurisdictions, such as the United States, Germany and the Netherlands.

To match the level of annual capital of other countries, Ontario food and beverage manufacturers would have to increase their annual investment substantially. It's estimated that more than half of Canadian food-processing businesses are foreign-owned. While foreign direct investment is great and has increased, Ontario competes with head offices in other jurisdictions that make the investment decisions. As countries recover from COVID, there may be pressure for international companies to bring that money back and repatriate their investments to their home countries.

The majority of Ontario's food and beverage manufacturers are small and medium-sized businesses and are not capturing the economies of scale that their much larger international competitors are achieving. Processors are also facing competitiveness from in-

creasing input costs, such as those for energy, labour and raw materials, while being at the same time pressured by retailers to provide finished products and at lower cost, as the previous speaker alluded to. Of note, we are now seeing food processors asked to absorb additional fees to cover in-store upgrades and the shift to e-commerce.

Prior to COVID, industry reports indicated that 85% of food manufacturers struggled with labour shortages. This drives up the costs and also impacts upon their ability to operate at full capacity. COVID highlighted how reliant the agri-food sector is on labour and how vulnerable it is to labour disruptions.

• (1655)

Ontario typically brings in 20,000 temporary foreign workers to work in a lot of different areas, such as planting, growing and harvesting. Approximately 600 of these temporary foreign workers work directly in food and beverage processing. Disruptions early on in the pandemic generated real concerns for us that some of these crops would be affected by lack of labour.

We need to learn from the lessons of 2020 to ensure that workers can come to Canada next year without delay and do so safely. Outbreaks among employees at meat-processing plants, for example, caused temporary shutdowns, and measures had to be taken to slow the spread, resulting in reduced capacity. While less dependent on temporary foreign workers, the nature of the work of meat processing is made more prevalent through COVID when we have a serious spread.

Labour disruptions from the virus emphasize how dependent the sector is on labour. Other jurisdictions have made more advancements in automation, have reportedly struggled less and have had fewer production delays. The extended closure of even one large processor would have been a threat to the food security of Canadians and also to the income of our farmers.

In general, COVID-19 has put incredible strain on the food and beverage manufacturers, and it has exacerbated existing issues that I've already mentioned, such as aging infrastructure and lagging investment. Due to the pandemic and the rapidly changing market conditions that accompany it, some businesses are currently operating below capacity and/or have struggled to pivot towards retail, away from the struggling food services industry. Only time will tell if this is a temporary or permanent change.

The domestic supply chain has always been a priority. COVID-19 has revealed vulnerabilities and has exacerbated weaknesses that will not easily be resolved post-pandemic.

For example, when an entrepreneur fails in the U.S., the old adage there is to “try, try again” and celebrate the effort, whereas when an entrepreneur fails in Canada, it's not a mark of experience but solely one of failure. We need to enhance our risk tolerance for entrepreneurs and our acceptance of those.

To achieve the goal of increasing Canadian agri-food exports from \$55 billion to \$75 billion, as per the Barton report, requires major transformation in the sector. The industry needs to be aligned with future market needs, to scale up where possible, and to ensure its continued viability and success through improvements in competitiveness and productivity.

The same issue—

• (1700)

The Chair: I'm sorry, Deputy Minister, but the time is up. I have to go to the question round. I'm sure you'll have a chance to—

Mr. John Kelly: In fact, I was done.

The Chair: Okay, thank you so much.

We'll start our question round with Ms. Rood for six minutes.

Go ahead, Ms. Rood.

Ms. Lianne Rood (Lambton—Kent—Middlesex, CPC): Thank you, Mr. Chair.

My question is for Ms. Allen.

Ms. Allen, I've been hearing from farmers across my riding and across Canada and from processors that retail grocery giants are increasing the fees that they charge to the suppliers who sell them produce and process foods. I've heard that the retailers are asking suppliers to help them pay for things like store upgrades on their sales floors or on their digital capacity.

I'm wondering, what are some of the ways in which large retailers impose fees and fines on suppliers? What is their effect?

Ms. Denise Allen: There are a number of ways that retailers can enforce, place or shift their risk for innovation, development and capital plans to the supplier, and ultimately the primary producer—everything from short payment of invoices to penalties on fulfillment.

Right now order-in quantities on certain SKUs and categories are very erratic, and ordering systems are automated at the retail level; therefore, all of those algorithms that run those ordering systems are based on pre-pandemic levels. Ultimately, the supplier is penalized for the order quantity that has been ordered through those systems that haven't been adjusted for the current crisis. Another way is asking suppliers to disclose trade secrets in order to fund prices and promotions that are out of the suppliers' control.

Suppliers are very nervous about speaking up about these issues because they face the threat of the delisting of their product. There is no other way to get their product to consumers in Canada except for two selling channels, retail and food service. We know that food service is in a very, very hard way right now. Retail has become,

effectively, one of the only selling channels in Canada. It's very concerning when a retailer has the power to delist a product.

Ms. Lianne Rood: In my experience as a supplier of produce to some of the big, giant grocery retailers, one thing that's an impediment for farmers on the farming end is that sometimes we have to wait 90 days just to receive payment for the goods we've shipped. We've shipped perishable products. That's another impediment to add to your list there.

When the retail grocery giants are asking for these increased fees or when they impose these monetary payments or penalties on suppliers, most of the time a supplier can take or leave the option. What happens, in my experience, is that if you say, “I'm not going to supply to you because I can't afford the increases”, you can lose your entire business. That would be the same with processors, because you're dependent on these giant retailers for your income.

I'm just wondering, is there currently an appetite among grocery retailers to discuss these fees and fines and their effects on Canada's food supply?

• (1705)

Ms. Denise Allen: That's a very good point. Certainly I agree that the size and scale of the fees that are being imposed on suppliers, in some cases, represent the entire operating margin of smaller and medium-sized businesses. It becomes unprofitable very quickly. That business can shut down with one simple notice from a retailer.

We were recently encouraged, however, to see an interview by Michael Medline, the CEO of Sobeys, who has indicated publicly that he is open to discussing a retail code of conduct. I think it is critical that we have Canadian-based retailers who are willing to recognize the issue and work toward a better outcome for the consumers, ultimately.

Ms. Lianne Rood: Also, in reading through your brief, and as I've brought up in the House before, grocery consolidation right now is five major chains, which make up about 80% of the grocery business in Canada. From your perspective, on the federal government side.... I know you've talked about the grocery code of conduct, but that does fall under the purview of the provinces. We hope that maybe we can see the provinces work together with industry. I know a lot of folks in industry have called for a grocery code of conduct.

From a federal perspective, what would you like to see from the federal government? In regard to, perhaps, the Competition Bureau, what do you see as challenges that can be mitigated by the federal government on this issue?

Ms. Denise Allen: It's an excellent question.

We are calling on the federal government to help establish the framework that the provinces and territories can adopt, so that there's a consistent implementation of a grocery code of conduct that is ultimately enforceable across the country.

We think that the federal role is a key role in determining basically the ability to control price inflation for the consumer and to protect our industry and our primary producers who ultimately produce the food that ends up on grocery store shelves. Without that protection, without that grocery code of conduct, we are left to face and fight independently with large grocery retailers that have an enormous imbalance of power over our industry.

If our industry, which represents about 7,000 processing plants and 290,000 direct manufacturing jobs in Canada, is not protected and allowed to grow at the same pace, that will ultimately affect farm gate output and the ability of farmers to get their product to market as well.

The Chair: We're basically done, Ms. Rood. You have three seconds left.

Ms. Lianne Rood: Thank you, Mr. Chair.

Thank you, Ms. Allen.

The Chair: Thank you.

Mr. Blois, you have six minutes.

Mr. Kody Blois: Thank you, Mr. Chair. I'll be splitting my time with Mr. Drouin.

Quickly, I'll go first to our friends in the Yukon. It was great to hear from you about the experience in the north. On the mobile abattoir system.... I know that's something that has been discussed in my province of Nova Scotia. Can you quickly talk about the role government played? Was this done by the private sector or was it a bit of a co-operative model?

Mr. Matthew Ball: Thanks for the question.

It was government-driven. We had the dollars put up. This was back in 2006. There was a study done co-operatively with industry at that point, but it was entirely government-funded. It has been a real success story in this last decade.

Mr. Kody Blois: Thank you very much.

I'd like to turn my questions to Ms. Allen. You mentioned a lot about a code of conduct. We've been hearing about that on this committee. I don't think anyone questions the validity of those types of measures to support farmers. I didn't hear a whole lot else about how we help grow the processing sector.

My questions is, are the margins being made by some of the largest processors in our country different from those in other jurisdictions in the world? Do we have a smaller margin in North America or in Canada for our processors?

Ms. Denise Allen: Thank you very much for that question.

I would have to say yes. We have a fairly uncompetitive landscape in Canada. Land values, taxation and regulatory reform.... Some of that has created part of the quality value proposition that we have for export of food products. We have a very safe food system in Canada and one that we recognize as being a part of our val-

ue proposition, but at the same time regulatory reform to remove some of the barriers to competition is needed in order to—

Mr. Kody Blois: Sorry about that, but I'm short on time.

What are some of those regulatory barriers that need to be removed?

• (1710)

Ms. Denise Allen: Some of them are overlapping between federal and provincial jurisdictions. Some of them are uncompetitive inputs, such as having to pay for or import inputs for further processing compared to other jurisdictions.

We have worked with the Canadian Chamber of Commerce in Ottawa to prepare a white paper to that effect. That is asking for regulatory reform in order to improve competitiveness. In it, we outline a number of measures that could be taken to streamline some of the regulatory process in Canada to improve competitiveness and capital investment.

Mr. Kody Blois: What I'm hearing from you is that if we implement a code of conduct, your processing capability will improve. That's what you see as the silver bullet or one of the key metrics.

Ms. Denise Allen: In short, yes. A grocery code of conduct will allow us to have greater input on which fees and fines are imposed on us. We would have a mechanism to have fair and reasonable good-faith negotiations with retailers and, in doing so, keep more profit in those processing companies to reinvest in capital investments. Yes, I do stand by that.

Mr. Kody Blois: Thank you.

Quickly, I have a comment for our deputy minister from Ontario. Obviously, this is part of where we're headed in terms of the other side of the economic recovery. Perhaps I'll turn it over to Mr. Drouin, but certainly from where I stand in the wine country of the Annapolis Valley, I hope this is something the provinces and territories are looking at in terms of collaboration to find more harmonization to be able to make some of these efficiencies, whether in processing or not.

Mr. Drouin, it's over to you.

Mr. Francis Drouin (Glengarry—Prescott—Russell, Lib.): Mr. Chair, just for reference, how much time do I have?

The Chair: You have two minutes and 20 seconds.

Mr. Francis Drouin: That's perfect.

I will ask a question and the witnesses may not have time to answer all of it, but I would appreciate a written submission later on. It has to do with automation.

Mr. Kelly, I believe I heard you say that those who adapted technology or automated their systems had far less delay in production. I'd be curious to hear from you on that particular analysis.

Ms. Allen, we've heard from CME that automation generally in Canada—pick your manufacturing companies—was behind compared to other countries. I'd be curious if you could make some recommendations as to how we can help the sector adapt new technologies.

Mr. John Kelly: As a quick response, investment in robotics, blockchain technology, data management and anything we can do to track systems will help us. Labour is the number one cost for food processing, and anything we can do to improve that will improve our efficiency and competitiveness with our foreign counterparts.

Ms. Denise Allen: I'd have to agree with Minister Kelly.

First and foremost, we face a labour crisis in Canada as it pertains to the manufacturing sector, which is acutely felt in food processing. We need greater-skilled workers, access to labour forces, and that will immediately improve our competitiveness and ultimately profitability. We can then reinvest in capital investment and plant equipment.

I think that is a great place to start.

Also, I'd be very happy to share the report that we have generated in order to increase competitiveness through regulatory reform. In it, we outline some of the obvious—and perhaps not so obvious—opportunities to streamline that regulatory reform.

That, combined with medium- and longer-term investment in efficiencies in the sector should see us with a marked improvement.

Mr. Francis Drouin: Thank you, Mr. Chair.

The Chair: Thank you, Mr. Drouin.

Thank you, Ms. Allen.

Now we have Monsieur Perron for six minutes.

[*Translation*]

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

I thank the witnesses for taking the time to attend this meeting.

I am going to please my colleague Mr. Drouin and come back to the issue of automation. My question is for the witnesses from the Ontario ministry, including Mr. Kelly.

What could the federal government do to facilitate technological innovation?

In your presentation, you talked about foreign-owned companies and a lot of pressure. I believe I understood that these companies are subject to underinvestment, or at least delayed investment, particularly in Ontario. You seemed to be saying that you could draw a fairly direct link between foreign ownership of these companies and underinvestment in technology.

What could the federal government do to improve the situation? For example, would having more locally owned corporate headquarters improve things?

• (1715)

[*English*]

Mr. John Kelly: We have a lot of foreign direct investment in various companies, whether it's in things like Nutella manufacturing, pizza manufacturing or those types of things. Those plants are all very new plants and they're very automated, so they have a competitive advantage over others.

Our plants are dealing with an aging infrastructure that we really desperately need to improve. You'll see that some of the older plants, for example in downtown Toronto, have had to close because they couldn't compete.

What is required is capital investment in new technology, which will increase the efficiencies of our own plants. That's both small and medium-sized enterprises in particular, because they make up the bulk of our food processing here.

It's a real challenge for some companies to even get their products manufactured, let alone being able to compete on a global basis.

[*Translation*]

Mr. Yves Perron: Thank you.

From what I understand, people may need government support through investment programs more focused on Canadian-owned SMEs.

Several witnesses have said that a code of ethics would be needed. You are part of the Ontario government. The jurisdiction issue is quite important in this matter. I feel the federal government could set up a voluntary code, but the provinces would have to set up a mandatory code, because it's their jurisdiction.

Have you begun work on this in Ontario? Are you talking to other provinces or the federal government? Do you have any plans to do so?

[*English*]

Mr. John Kelly: Certainly, we're in discussions here in Ontario and with other provinces; you're quite right. We're currently in the middle of our federal-provincial-territorial meetings. We are having discussions concerning the activities of some of these retailers and the provision of a grocery code of conduct.

You're quite right that the jurisdiction does lie with the provinces. It will be up to each of the individual provinces to determine its path forward. But I think there's value in understanding the impact of the activities of the major retailers on processors as well as primary production.

[*Translation*]

Mr. Yves Perron: Thank you very much.

Ms. Allen, I will continue with you, again on the subject of this code of ethics from the provinces, which will have to be strict. You talked about the role of the federal government, which could amend the Competition Act. Since we went quickly through that part of your speech, could you tell us what changes might be made to that federal legislation to help you move forward on this issue?

[English]

Ms. Denise Allen: There is no doubt that the Competition Bureau...and the act itself holds opportunity to provide it with more reach, or teeth, if you will, to investigate where there are concerns of over-concentration, certainly in sectors that have such far-reaching impact on Canadians' lives as our food system. Food Processors of Canada is part of a coalition of more than 35 industry associations that have come together to prepare a number of submissions on this topic. I would be very happy to provide a more detailed submission of where we see opportunity within the act.

● (1720)

[Translation]

Mr. Yves Perron: It would be most appropriate for you to provide those documents to the committee. I myself have written to Minister Bains to request that the Competition Bureau investigate the unfair practices we are seeing. I have yet to receive an official response. It's unfortunate, but that's the way it is. I'm sending a message to my colleagues opposite about this. Maybe I will get an answer soon. Otherwise...

The Chair: Thank you, Mr. Perron. Your time is up.

Mr. Yves Perron: It is up already?

[English]

The Chair: We'll now move to Mr. MacGregor for six minutes.

Go ahead, Mr. MacGregor.

Mr. Alistair MacGregor: Thank you so much, Mr. Chair.

Mr. Kelly, maybe I'll continue on the same line of questioning that you just went through with Monsieur Perron about the code of conduct. I know you have your contacts within the federal ministry of agriculture. As you correctly noted, there is the FPT meeting going on right now.

When it comes to the code of conduct, can you give us a quick overview of the provincial jurisdiction in this area and what the Government of Ontario is currently thinking about? We ultimately want to make some recommendations to the federal government. From your point of view, what does the Government of Ontario want to see from the federal government? How can our committee best serve to advance this issue forward and get that code of conduct going?

Mr. John Kelly: I think we have to understand that the issues that have been brought forth are relatively new issues. The announcement by Walmart and then the subsequent announcement by Loblaw's were made in the last three or four months.

What I think needs to happen is that there has to be co-operation between the federal government and the provincial government on a path forward in developing whatever will address the issue. A code of conduct is one option that has been brought to the table.

We're in the process of evaluating that. We don't really have a position for you currently on a grocery code of conduct.

If you look at other jurisdictions, there seem to have been some positive impacts of a grocery code of conduct on competition, pricing and those types of things. That is what some of the information and data show.

Mr. Alistair MacGregor: Certainly, various bodies, I guess, both provincially and federally, are now openly talking about this.

Mr. John Kelly: Yes.

Mr. Alistair MacGregor: Of course, our meeting today is public and, hopefully, the retailers might be able to see the writing on the wall and we can get some action on that.

Thank you very much for those comments.

Mr. Ball, maybe I'll turn to you.

I live in British Columbia, so I'm your southern neighbour. I've had the pleasure and the opportunity to visit Yukon before. It's certainly a beautiful part of Canada. You're both very lucky to live where you live.

I wanted to hear a bit more from both of you, because you do have a large territory and a relatively small population. I thank you for your comments about how food processing may not be a huge sector but it's very important locally.

If you were to look at how our federal committee is conducting its study and the ultimate recommendations we're going to make to the federal government, could you maybe expand a little more on some of the things you would like to see our committee zero in on when we make our recommendations to the federal minister as they relate specifically to Yukon?

You know the Northwest Territories and Nunavut as well. I'm sure they have issues and concerns similar to yours.

● (1725)

Mr. Matthew Ball: Thank you for the question.

We could spend quite a long time in terms of what we need to get us supported federally. I think the one concept that is brought up now and again is the access to broadband. We do have relatively good access in some of our core communities, but it is an ongoing concern in some of the rural areas. For some of you, "rural" might be the whole of the Yukon, of course, but for us that's referring to areas mostly outside of Whitehorse and some of our cities.

We have also been looking at the option of a processing centre, an innovation-type centre, and looking for an opportunity there as to how that sort of space could be supported, but again, it really does rely on federal and territorial support to get those types of spaces built up and then operationalized as well. Also, it requires the backing of our industry that they will use these spaces, knowing that they're there to support it.

Overall, the recommendations from across the country and supporting jurisdictions, from Ontario and B.C. and so forth, and making sure we're meeting their needs, are critical, but also with a nod to the north, in that there are some special circumstances up here in terms of how we operate and our future in farming.

Mr. Alistair MacGregor: When you're talking to the private sector, do you get a sense from them that if there was that kind of investment in an innovation hub, a processing hub, acting like a kick-start, they could then make that a commercially viable operation or that it would allow further opportunities for them? In your discussions with them, how has it been going so far?

Mr. Matthew Ball: Yes, it certainly has been one part, that we do have that opportunity if we can get this space developed, but it's really a matter of the cost and then the amount of use of it.

We are also able to rely on some of our neighbours in B.C. or Alberta who have these sorts of spaces available in the near term, but it certainly would be something to look to into the future.

Mr. Alistair MacGregor: Perfect. Thank you.

Mr. Chair, I'll conclude there with my questions.

The Chair: Thank you, Mr. MacGregor.

That basically takes us to the end of our panel this afternoon.

I would like to thank the Government of Yukon, Mr. Ball and Mr. Price.

From the Food Processors of Canada, Ms. Allen, thank you so much for participating.

To the Ontario Ministry of Agriculture, Food and Rural Affairs and John Kelly, deputy minister, and David Hagarty, thank you so much for being here.

It's all certainly going to help us with the work we're doing here and the report to the House.

Mr. Warren Steinley: Mr. Chair, if the witnesses are leaving, I would like to request a three- to four-minute in camera conversation, please. Do we have time, just for three or four minutes?

The Chair: To switch to in camera takes about 30 minutes, Mr. Steinley. We have to switch to another mode. We have to reconnect. I don't think that's.... It's up to the committee, but—

[*Translation*]

Mr. Yves Perron: As I'm expected in the House and have to leave, I propose that this discussion take place at the beginning of the next meeting, if possible.

[*English*]

Mr. John Kelly: Mr. Chair, I'd like to clarify. I'm deputy minister, not minister. Minister Ernie Hardeman is the minister.

The Chair: I apologize, Mr. Kelly. We had you as a minister for a while.

Mr. Warren Steinley: There were just a few things, Mr. Chair, that didn't quite run smoothly, so I'd love to have that in camera conversation at the start of next meeting, if possible.

The Chair: Are you requesting an in camera meeting for the next meeting, Mr. Steinley?

Mr. Warren Steinley: Yes, please. Just five to 10 minutes next Tuesday.

[*Translation*]

Mr. Yves Perron: We could start the meeting 30 minutes earlier, Mr. Chair. That way we would have more time. I'm sorry that I cannot stay.

The Chair: 30 minutes earlier we will be doing the question period.

Mr. Yves Perron: Oh, yes, that's true.

[*English*]

The Chair: If there's a request to have a meeting, let's talk between now and the next meeting. We'll speak with the clerk and decide when we want to set it up, because it is a process to switch from in camera to public. It's at least half an hour, so that is why we can't do it. We can certainly accommodate it in future meetings, if you wish to do so.

Are there any other comments?

If not, thanks for joining us, and we'll see everyone at the next meeting.

● (1730)

[*Translation*]

Mr. Richard Lehoux: Thank you. Goodbye.

The Chair: Thank you.

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