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Chair: Mr. Kody Blois



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• (1530)

[English]

The Chair (Mr. Kody Blois (Kings—Hants, Lib.)): I call this meeting to order.

Welcome to meeting number eight of the House of Commons Standing Committee on Agriculture and Agri-Food.

I'm going to start with a few reminders.

The meeting is taking place in a hybrid fashion, but it is lovely to see many committee members back in the room. It's a sign of the times.

The proceedings will be made available via the House of Commons website. As you are aware, the webcast will always show the person speaking rather than the entirety of the committee. Screenshots are not permitted.

Colleagues, I have a couple of business announcements before we get to our witnesses.

One, we've reached out to the minister on supplementary estimates (C). She is available on March 21, 2022. Assuming there is no issue with this committee, we would like to extend the invitation for her to come.

I'm seeing agreement in the room, so we will do that.

The second piece is around the supply chain study. We will be getting to our sixth and final meeting on Thursday, March 24, 2022. I'd like to set aside about 15 minutes to work with the analyst to provide some drafting instructions. I'm assuming that is not an issue for folks in the room. Is that correct? Good.

Finally, and this is important, colleagues—

Mr. Alistair MacGregor (Cowichan—Malahat—Langford, NDP): Sorry, was that March 21?

The Chair: March 24 will be our sixth and final meeting on that study. On that particular day, I'll seek to have about 15 minutes for committee members to give some feedback to our analysts.

Also, given that we will be transitioning into a new study that we've talked about, the environmental study, the clerk is asking that by Friday, March 18, we have a list in so that she can begin the work of preparing for the next group.

Keep those calendar dates.

Finally, in relation to Mr. MacGregor's motion vis-à-vis the trip to Scotland for the soils conference, we do have a budget. It has

been sent to me. We can disseminate that to the group, but it's important, when it goes to the liaison committee, for each of the respective parties on the committee to engage with their House leadership team, their whip leadership team, to make sure we're not going to have any issues. I'll rely on Mr. Barlow, Mr. Perron, Mr. MacGregor, and Mr. Turnbull to have those conversations accordingly.

Mr. John Barlow (Foothills, CPC): Will the minister be here on the 21st for two hours, or one hour?

The Chair: We can have a conversation. I think the convention is, generally, to have an hour for the minister. The second hour is for the officials.

Mr. John Barlow: Is it for the supplementary estimates (C) and the main estimates?

The Chair: It will be for the supplementary estimates (C). The mains will come after.

Seeing nothing else, I'm going to move on.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on Monday, January 31, the committee is resuming its study of the agriculture and agri-food supply chain.

Of course we have our witnesses on the screen.

From Food, Health & Consumer Products of Canada, we have Carla Ventin, who is the senior vice-president of government relations. From Soy Canada, we have Brian Innes, who is the executive director. From Top Shelf Feeds Inc., we have Dennis Comeau, who is the general manager.

You'll each have five minutes to present opening remarks.

Let me also take just a quick moment to recognize Mr. Falk. He will now be sitting on this committee. Welcome, Mr. Falk.

We're going to move over to Ms. Ventin for five minutes, please.

Ms. Carla Ventin (Senior Vice-President, Government Relations, Food, Health & Consumer Products of Canada): Good afternoon, Mr. Chair and members of the committee.

I'm Carla Ventin, senior vice-president, government relations, at Food, Health & Consumer Products of Canada.

For over 60 years, FHCP has been the largest national industry association, representing companies that manufacture and distribute the vast majority of the everyday essential products found in every refrigerator, pantry, cupboard, and medicine cabinet in Canada.

Our sector employs more than 350,000 people in nearly 10,000 facilities in urban and rural communities across Canada.

Food manufacturers are the top employers in rural Canada, and purchase 40% of the food that farmers grow. Our members transform Canada's agricultural riches into value-added finished goods that feed families here and abroad. Consumers have trusted our members' brands for over 100 years.

For our industry, business is not back to normal. From the cross-border blockades to the B.C. floods, the impact of omicron, and chronic labour shortages, our members have faced unprecedented challenges to ensure that Canadians have access to essential everyday products.

With Canada's inflation rate now at a 30-year high, it is not surprising that cost pressures are a huge challenge, and we anticipate further cost pressures from the invasion of Ukraine. We are concerned about the risk that this poses to food security, both in Canada and abroad.

Overall costs for our industry have increased by 17%. The cost of commonly used ingredients for food companies has increased up to 80% in the past year. The cost of paper pulp, a key ingredient in cardboard packaging and boxes, has increased 15%-50%, while the cost of key plastic packaging components has increased by 43%. Labour costs for food manufacturing alone have increased by 16%, so not surprisingly, over 60% of our member companies are operating with a 25% reduction in production.

With growing supply chain disruptions, labour gaps, and rising costs, manufacturers face mounting challenges in meeting consumer demand.

Addressing worker shortages would add a great deal of domestic certainty during this crucial time in our economic recovery. From our member surveys, over 75% reported labour capacity shortages, while over 50% are experiencing an average of 20% absenteeism. While we believe the federal government is moving in the right direction to address our labour crisis, this needs to be expedited. We welcome the commitment to a sector-specific agricultural labour strategy to address chronic labour shortages in the agri-food sector and promote skilled trades.

Our members prefer to source their labour domestically. From a business perspective, it's just a lot easier and more cost-effective. Despite investments in training and recruitment efforts, however, available jobs remain unfilled. It is therefore crucial to look abroad to fill this gap. We are encouraged by the government's commitments to bring in a trusted employer stream for the temporary foreign worker program, expand pathways to permanent residence, and increase economic immigration. More resources should be dedicated to accelerate progress in all of these areas.

Amid rising inflation and supply chain disruptions, grocery chains are making things worse by continuing to introduce new fines and penalties on suppliers. This is just not a problem for food manufacturers; it's a problem for many farm groups as well. Our survey revealed that members experienced a 25% increase in supply chain fines. These escalating fines contribute to consumer inflation and food insecurity.

This underscores why Canada needs a mandatory and enforceable grocery code to restore balance and fairness in the retailer-supplier relationship. We must ensure the industry process currently under way continues at an expedited pace. Implementing a grocery code would also add a great deal of domestic certainty.

Finally, we applaud the government's commitment to reduce and prevent supply chain bottlenecks in Canada's transportation networks through the national trade corridors fund.

● (1535)

While investments in transportation are essential, we must also invest in the human capital needed to keep our critical infrastructure running. We can have the most efficient and modern transportation infrastructure in the world, but it can easily come to a halt, as we have seen in recent weeks. Governments need to take the necessary steps to secure and protect our critical infrastructure to prevent this from happening again and, more importantly, to help rebuild Canada's international reputation as a reliable trading partner and an attractive place to invest.

I thank the committee for this opportunity and I welcome your questions.

The Chair: Thank you very much.

We're now going to move to Mr. Innes for five minutes.

[*Translation*]

Mr. Brian Innes (Executive Director, Soy Canada): Thank you, Mr. Chair.

• (1540)

[English]

Thank you very much for the invitation to be with you here today. My name is Brian Innes. I am the executive director at Soy Canada.

Effective transportation corridors are the lifeblood of our industry. We're really pleased that the committee is studying the role of government in enabling our products to get to market. Right now, your study is very important for our sector, because we have very poor container service, which is preventing us from being competitive in global markets.

I'm here today representing the soybean value chain. Soy Canada includes members from all segments of the value chain, from seed companies to producers to processors and exporters. We have a diverse industry, and we grow soybeans from the Atlantic Ocean all the way to the Rocky Mountains.

Soybeans are the third most valuable crop in Canada. They're the most valuable crop in Ontario and the most valuable source of revenue for farmers from crops in Quebec. We produce world-leading, food-grade soybeans to produce things like miso, tofu, natto and soy milk. We also produce commodity beans that are crushed to make meal for livestock, as well as oil for humans and for biofuel.

With more than 70% of our production exported, we are very focused on export markets and doing what's required to be competitive. Unfortunately, container service is our weak link right now. Container service is essential for our sector, because all of our food-grade production is shipped in containers. Approximately 40,000 containers of our food-grade soybeans are shipped from farmers' fields and processing plants in Quebec, Ontario and Manitoba to Asia, the Middle East and Europe. Unfortunately, because of the poor container service, we're losing value in market share to competitors in the U.S. who are getting better service.

I think the best way to illustrate this for you is to describe what our exporters are facing. Our exporters tell us that they are facing price discrimination. Prices for containers in Canada have soared relative to the U.S. While U.S. prices have increased by 30% to 40%, in Canada these prices have soared by 100% or 150%.

Our exporters tell us that they don't have sufficient access to empty containers to ship our products. Access to empty containers is being restricted by shipping lines as they focus on profits over service. This means that they're denying service to Canadian shippers like the soybean industry while they make record profits. As this committee has heard, and as has been widely reported, the container shipping lines are making record profits. In 2021 alone, they made five times more than the previous decade combined. These profits have been extracted from us and have put Canada at a competitive disadvantage.

What our exporters also tell us is that we're facing poor service, with little recourse due to the market power exerted by these container shipping lines. There is little competition, as there are only three shipping alliances that dominate global trade. For Canada, it's even worse. In Montreal, one line controls 70% of all the container movement from the port. When there's little competition, we're sub-

ject to the whims of whatever price, whatever level of service and whatever empty containers we are offered by the one shipping line.

Members will be aware that global shipping lines and supply chains are complex. Unfortunately, that is not a reason to exempt shipping lines from the normal limits imposed on businesses by the Competition Bureau.

As members of the container crunch coalition, we at Soy Canada have been consistent in asking for the federal government to show leadership and help our country have access to competitive container service. We ask that the government immediately open an investigation, under section 49 of the Canada Transportation Act, to investigate what is contributing to the current container disruptions and to better inform the legislative and regulatory changes required to address these competitive failures.

Second, we ask that the government name a supply chain commissioner to lead the recently announced industry-government task force, to bring together stakeholders and identify immediate solutions to address the supply chain disruptions we're seeing, especially in the containerized shipping supply chain.

• (1545)

These two actions are critical next steps for us to identify solutions to the poor services we're facing. They will help us move past the current situation, where we can't meet our commitments to customers, where we're rendered less competitive by discriminatory rates, towards a situation where all operators in the supply chain can improve performance—

The Chair: Mr. Innes, I apologize. We're at five minutes, and I know our colleagues will want to engage with you.

We're going to move along to Mr. Comeau for five minutes, and then we'll get to questions.

Mr. Dennis Comeau (General Manager, Top Shelf Feeds Inc.): Thank you, Mr. Chair and committee, for giving us the opportunity to speak today.

My name is Dennis Comeau. I am the general manager of Top Shelf Feeds. We are the last agricultural feed manufacturer on Vancouver Island.

For a basic understanding of who we are and how we play a role in the agricultural community, we service approximately 135 commercial farms from Victoria to Port Alberni, along with the surrounding Gulf Islands. We also supply four of our retail stores, from Langford to Powell River. We have managed to get through many challenges since the start of the company in 1973. Our locally owned business has been through rail strikes, avian influenza, ferry strikes, rail blockades, and a shrinking market due to a lack of processing plants here on Vancouver Island.

Our challenge for the last seven years has been the cancellation of rail service direct to our facility. Top Shelf Feeds and our customers have been patiently waiting for decisions to be made on bringing back rail freight service to Vancouver Island.

We currently bring approximately 2,000 tonnes of raw grain per month to Top Shelf into a Nanaimo yard that is 45 minutes away from the mill. We transload that grain onto one of our trucks, and we bring it back to the mill in Duncan for processing. What used to be eight railcars in a five-day period at Top Shelf Feeds direct to Duncan is now limited to four or five railcars per week in the Nanaimo yard.

To put it in perspective, we manufacture about 140 tonnes of finished seeds per day. We only unload one railcar per day, and that takes up to nine hours. Railcars only hold between 80 and 90 tonnes, so we are short approximately 50 tonnes per day of raw grain. For this, we rely on trucks from the Lower Mainland, Alberta and Saskatchewan. Rising fuel costs and truck availability are driving the freight rates up significantly.

As far as commodity prices go, prices for commodities are at an all-time high and continue to challenge producers in the quota system. Chicken growers have a severe impact as feed prices tend to fluctuate monthly, and the payout price to the grower has adjusted annually. The dairy industry has the same challenges, compared to the input costs fluctuating monthly. Some farms, farm stands and local markets have also been directly impacted and are questioning whether to keep the farm operational.

On the pandemic, we did see an increase in sales in our retail sector at the start of the pandemic, and some of this had to do with idle farms starting up again to ensure food stability for the local market. We also saw some panic buys that caused lulls in sales for months to follow. Labour shortages have their typical turnover in level-entry positions, but senior staff took all precautions and followed government mandates to keep healthy in a safe workplace. Only two COVID cases were reported among our 50 full-time employees.

In terms of the flood, our hearts go out to all the farms, families and businesses that were affected by the flood in 2021. Top Shelf Feeds took part in daily alignment meetings with feed mills, transportation experts and governing bodies to ensure that all of our island farms were able to stay in production through this very devastating time. On behalf of all of our farm families, we thank everyone involved in keeping the grain moving, which allowed our mill to remain at full production.

To end, Top Shelf Feeds is grateful to the Vancouver Island growers and producers for their ongoing support. We ask govern-

ment to continue to recognize the importance of our agriculture community here on Vancouver Island. We have many years left in the industry to service the growing population in our area.

Thank you very much.

[*Translation*]

The Chair: Thank you, Mr. Comeau.

Mr. Barlow now has the floor for six minutes.

[*English*]

Mr. John Barlow: Thank you very much, Mr. Chair.

Thanks to our witnesses for their testimony and being with us here today.

Mr. Innes, I would like to start my questions with you, as you've outlined a pretty stark contrast between how Canada has dealt with the shipping container crisis and the supply chain issues compared to the United States.

Just to outline, the United States administration has put some pretty stiff pressure on shippers. Initially, they named a shipping czar and imposed some pretty strict fines on empty shipping containers. They're building a new container loading facility at the port of Oakland, and now there's new legislation called the Ocean Shipping Reform Act. Also, during the State of the Union address, the President talked about jacking up shipping rates during the pandemic and how they're going to crack down on that.

By comparison, we've done very little here in Canada. You mentioned—and I know we've supported this—investigation under section 49 of the Canada Transportation Act and naming a supply chain commissioner of some sort, but none of those things have happened.

Have you had any discussions with the government on why those steps haven't been taken? Where does that put us in terms of our competitiveness with our competition south of the border?

● (1550)

Mr. Brian Innes: Thanks very much for the question.

As you alluded to, I think we can be competitive around the world as long as we have a level playing field, but unfortunately we're not seeing that at the moment. We have raised these concerns both with government officials and with ministers themselves.

To your direct question around the response we're getting, the response out of the transportation summit was to commit to a task force. We would very much like to see that task force happen, with the inclusion of a focus on container shipping lines, given the significant action you mentioned south of the border.

Without that public attention and without that focus here in Canada, we're just not seeing the shipping lines paying attention. That is showing in prices, showing in service and putting us at a competitive disadvantage.

Mr. John Barlow: You mentioned the supply chain summit. I know that Soy Canada, with the rest of the container crunch coalition, put out a press release asking for a fast-paced analysis and assessment of the supply chain and outlining key areas on which to focus.

I have two questions, I guess. First, has that assessment been done or initiated? Second, has the government given you any reason or any timeline on why a supply chain commissioner has not been appointed, why an investigation under the Transportation Act has not been initiated, and why the assessment hasn't been completed or even started?

Mr. Brian Innes: We don't have information as to why that investigation has not been started or a commissioner or a task force has not been initiated yet. We're very interested in understanding that. It is a complex problem, but we are seeing clearly that co-operation with international allies when it comes to competition measures that shipping lines must follow is quite critical.

We have seen here in Canada some ambiguity about whether these shipping conferences or the alliances we have now are subject to the Competition Bureau, so unfortunately we have not seen that clarity come from our government yet.

Mr. John Barlow: Ms. Ventin, your organization and others signed a joint statement asking the government not to proceed with the trucking mandate, but they did proceed with that.

Now we're hearing word of a potential interprovincial trucking mandate, when most provinces and other countries around the world are now removing restrictions and mandates. This seems to go contrary to what the movement is in other districts. What implications has the trucking mandate had for your industry, and what implications would an interprovincial trucking mandate have for your stakeholders?

Ms. Carla Ventin: Thank you for the question.

First of all, I just want to say, along with Mr. Innes and Mr. Comeau, that we all need to get our ingredients, our raw materials and our products moving into, outside of and across the country. Rail and the containers and truckers are all so important in this integrated supply chain network.

Yes, we were very much concerned about the trucking mandate. There is already a huge shortage of truckers in Canada, and that speaks to the human infrastructure side of our critical infrastructure.

I would just say that the trucking mandate has caused additional hiccups for the cross-border delivery of food. Most of our products are delivered by truck, as well as containers and rail, so what we saw was a bigger problem with shortages and more hesitation. This had to do with, I think, individual hesitation among truck drivers who didn't feel comfortable getting the vaccine, but it also speaks to the blockades in Canada. What we're hearing is that they were just hesitant to cross the border because they didn't want to get stopped, and they didn't trust Canada's trade infrastructure—

Mr. John Barlow: I'm sorry, Ms. Ventin. I only have time for one really quick question.

The emergency foreign worker program was put forward by several manufacturing and stakeholder groups, but your group did not sign on to that. Is there a reason why?

Ms. Carla Ventin: Not at all. Labour issues are a very big concern for us. We absolutely support the increase in the cap, as well as other initiatives to bring in more labour.

Thank you.

• (1555)

Mr. John Barlow: Thank you.

[*Translation*]

The Chair: Thank you, Ms. Ventin and Mr. Barlow.

Ms. Taylor Roy has the floor now for six minutes.

[*English*]

Ms. Leah Taylor Roy (Aurora—Oak Ridges—Richmond Hill, Lib.): Thank you very much, Mr. Chair.

Thank you to our witnesses for being here today. This is obviously a very important issue for all of us.

Ms. Ventin, as the voice of Canada's leading food, beverage and consumer products organization since 1959, you've played an important role. I believe your organization appeared before us back in 2012, and now you are here again today. I'm wondering how the supply chain changed from 2012 until now, and how many of the current problems we're seeing today are situational.

You mentioned at the beginning COVID, omicron, the floods, the illegal blockades at the border and different things. How much of it do you think is situational and how much do you think is structural?

Ms. Carla Ventin: If anything, I think the supply chain has become more integrated. There are a lot of structural challenges. We do need to modernize the infrastructure. We need to invest not only in physical infrastructure but in that human infrastructure that is the people, including the truckers who help to move the product across the country.

We cannot underestimate the severity of the situational issues—including COVID, omicron, the floods and the blockades—on the ability of our member companies to produce, and the damage that's done across the country, including to our international reputation, which I think has caused further disruptions to the supply chain currently in Canada.

Ms. Leah Taylor Roy: Thank you.

You mentioned human infrastructure in your response and also in your opening remarks. You also mentioned that you'd like to attract and retain people who are living here in Canada in your communities.

What do you think the industry can do to try to better attract and retain people in the industry, from the transportation sector to the processing sector?

Ms. Carla Ventin: The human infrastructure piece really speaks to the support for the workers, making sure they get the right skills and child care, mental health support and whatnot. How can we attract and retain? What can companies do? We have several examples of member companies that have to run their own public transit, their own buses, in order to get folks to their facilities.

In addition, we have companies that make direct contact with, for example, newcomer centres. We have a company in New Brunswick, Crosby Molasses, that made direct contact with a newcomer centre in their town and brought people to their facility and got a lot of folks hired. They were really reaching out and making those direct contacts and helping people integrate in the community.

Ms. Leah Taylor Roy: I'm sure you're aware of the national child care program that our government has been negotiating with all the provinces. Do you feel this will be a benefit to your member companies?

Ms. Carla Ventin: Definitely. I think it will be a benefit for my member companies, as well as likely most Canadians across the country, including women, men, and families.

Ms. Leah Taylor Roy: Thank you very much.

Mr. Innes, I know you have an extensive background in the industry beyond Soy Canada. You talk about the value chain a great deal. Within the context of the agri-food supply chain, how does Soy Canada stay focused on what's valuable to Canadian customers and work to deliver on those things?

Mr. Brian Innes: Thanks very much.

Part of what we do as an association is try to connect all the folks involved in producing our product with the customer and ensure that information flows right from the seed company to the producer, the processor, the exporter, the customer and back. One of the things we do is connect with our customers.

Just this week, we had a mission with our Japanese customers, where we were able to connect with them directly and explain what's been happening in the supply chain. We talked a bit about how these container challenges have made it difficult for us to deliver on time for them. It was very helpful for us to be able to make those connections. Tonight we're connecting with some of our Asian customers further south in Singapore, Malaysia, and Indonesia. It's really helpful for us as an organization to bring together all of these parts of the value chain to talk to each other.

For example, it may not be evident to a producer that we only have one option to ship our soybeans to east Malaysia, and that at times that container shipping line won't even give us—

• (1600)

Ms. Leah Taylor Roy: Sorry to interrupt, but I want to ask one follow-up question and I know my time is short.

When you're talking to these customers, especially the ones in.... As you said, most of your product is exported. Are they hearing similar problems from producers in other parts of the world, or is this unique to Canada?

Mr. Brian Innes: The challenge of disrupted supply chains is global, and the anti-competitive practices used by shipping lines that are limiting our service are global. Unfortunately, as we illustrated in the price example, the effects aren't always equal. Everyone is experiencing challenges, but we're experiencing greater challenges than our chief competitors, the American suppliers of soybeans.

Ms. Leah Taylor Roy: Thank you very much.

[Translation]

The Chair: Thank you, Ms. Taylor Roy and Mr. Innes.

Mr. Perron, your birthday was yesterday.

[English]

Happy belated birthday, my friend.

It's over to you.

[Translation]

Mr. Yves Perron (Berthier—Maskinongé, BQ): Thank you, Mr. Chair. That's very kind of you. I'm going to use this committee meeting to celebrate. I'm expecting a song at the end of the meeting.

I'd like to thank the witnesses for being with us today for this very important study.

I'd like to continue with Mr. Innes.

I felt that you ran out of time at the end of your five-minute speech. I'd like to give you the opportunity to quickly explain and further elaborate on the two concrete solutions you mentioned.

Mr. Brian Innes: Thank you very much for your question.

At the end of my speech, I was going to say that the soybean industry in Canada can remain competitive on the world stage with any country. The problem we have right now is that we don't have a level playing field.

We have two options at the moment. First, an inquiry could be launched under section 49 of the Canada Transportation Act. The minister has the power to launch an inquiry that could shed light on the situation we are currently facing.

Second, the task force announced at the transport summit in late January could be set up. It is very important that this task force be able to focus on challenges that container congestion poses to the supply chain, because the situation is serious, even for exporters in Quebec. The soybean industry is very proud in Quebec. It includes companies that are world leaders. Unfortunately, even though we are less than an hour from the Port of Montreal, the service required to get products to the world market is very limited.

Mr. Yves Perron: How do you explain the vast difference in price increases between Canada and the United States?

We've heard from some witnesses about the possibility of lifting the exemption for container companies.

In relation to the Competition Act, do you think this is a good way forward?

Mr. Brian Innes: Yes.

We believe that, regardless of the company, they should all follow the rules of the Competition Bureau. There is a lack of clarity in Canada as to whether global alliances are subject to the rules and authority of the Competition Bureau.

In our sector, industry is competitive. Sometimes exporters fight, but it's done in a competitive spirit. We don't see that kind of competition at the Port of Montreal, for instance, where one company controls 70% of the container market share.

It's very important to our industry that all players follow the same rules, and the Competition Bureau must have the ability to monitor these global transport alliances.

• (1605)

Mr. Yves Perron: Okay.

In practical terms, what can the government do?

Is it simply a matter of it launching a competition investigation? Are there other avenues?

Mr. Brian Innes: The question, not just for the government but for all members of Parliament who make rules and laws, is whether shipping conferences are subject to the Competition Act.

That's a very important question to clarify. If that happens, it will help promote a more competitive environment.

Mr. Yves Perron: Okay. Thank you.

You also mentioned the idea of appointing a supply chain commissioner. A number of witnesses have talked about that.

We're concerned that such a commissioner would have little power, merely table reports and create an additional structure.

Don't you think that the work could be done by a responsible minister, for example, or someone who should be accountable?

Mr. Brian Innes: That's a good question.

What's very important for us, is the power to bring stakeholders together, report on the situation and propose solutions.

We think a supply chain commissioner with these ministerial powers would be helpful. Ministers can also do the same thing if they have enough power. For us, it's important that someone have the ability and power to bring stakeholders together and make recommendations to improve the situation.

Mr. Yves Perron: Thank you very much.

Ms. Ventin, I'll proceed quickly because I don't have much time left. I'll ask you more questions later.

You talked about a 25% increase in fines imposed by grocery stores, and you referred to the implementation of a code of conduct for food retailers.

Could you briefly explain that point?

[*English*]

Ms. Carla Ventin: Sure. Thank you.

I do appreciate your remarks to the Canadian Federation of Agriculture yesterday calling for a grocery code of conduct to be mandatory and how we should move forward quickly with that.

The 25% increase in fines is not just on food manufacturers. I've spoken to a lot of farmers as well. They have product to deliver, to put on a grocery store shelf and it may be a little late, it may be a little early, it may not be exactly the fill rate, and therefore there are very large penalties put on suppliers of all sizes. It's important to note that this is not just small companies and small suppliers that it has happened to; it's also large ones.

[*Translation*]

The Chair: Thank you, Ms. Ventin and Mr. Perron.

Mr. MacGregor, you now have six minutes.

[*English*]

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

Mr. Comeau, with Top Shelf Feeds, maybe I'll turn to you. I very much appreciate your being with us today and providing an important Vancouver Island perspective. Your business has been in operation for a number of decades now. I think you very clearly pointed out just how many farms on our island are dependent on that well-run transportation network.

I wonder if you could maybe give us, as a committee, a sense of some of the particular challenges your business faces, being an island-based business, some of the challenges that might not be present, for example, for a mainland business.

Mr. Dennis Comeau: Thank you very much for that question.

Yes, basically our main costs right now are the infrastructure set up for a transload facility that is 45 minutes away from the mill. Trucking comes at a heavy cost. We also get hit with demurrage bills for railcars that sit on the island, which we can't unload in a timely manner. In the last year of rail service alone, I think we did not have a dollar of demurrage. Lately, we've been seeing demurrage bills of up to \$5,500 in a month. The delay in the cars getting unloaded in a timely manner and back into the supply chain definitely hurts us, and it hurts other businesses as well.

It comes at a heavy cost for the maintenance aspects. Our maintenance team is designated to the mill, but when there's an issue 45 minutes away, we could lose our maintenance team at the mill for up to half a day.

Supply isn't a problem. Our volume and our contracts go out quite long. On April 1 of this year, the barge will be down for two weeks for maintenance issues, so we will be storing up a lot of grain on Vancouver Island to get through those two or three weeks that the barge is out of service. It's going to come with a hefty cost in demurrage. Those cars will be sitting a while.

Mr. Alistair MacGregor: You touched on this a bit in your opening statement, what it was like during the time that we experienced catastrophic floods, having Vancouver cut off from the rest of the country, but you were able as a business to continue running.

Can you provide a few more details on some of the contingency plans you had in place that allowed you to do that? It was quite catastrophic for many businesses.

• (1610)

Mr. Dennis Comeau: It timed out, actually, quite perfectly for us. The storm rolled in at a time when we actually had quite a few cars in storage in a Nanaimo yard. We thought maybe rail service would be back online in two or three weeks. The hard part was that the grains we didn't have, which we secured at the port to get us through, were unable to be picked up, as the mainland feed mills utilize most of the trucks in the Lower Mainland. We actually have some of that contract still sitting in place to be picked up. We haven't had a chance to pick it up yet.

We had enough grain on reserve. That was a real blessing to get through that part, and we assisted the mainland feed mills as best we could.

Mr. Alistair MacGregor: You were talking about some of the increased costs that your business is dealing with now, such as the transportation costs, which you didn't have to deal with a number of years ago. The food security of Vancouver Island has always been a big topic, and the margins of many farms, of course, are quite tight.

Can you maybe inform us what some of your conversations have been like with local producers on Vancouver Island and how those increased costs have really affected their ability to be viable and establish a sense of food security on Vancouver Island?

Mr. Dennis Comeau: Thank you.

We take weekly or daily phone calls regarding price increases, and most of the recent price increases have been based on commodity pricing. We have been very careful, when purchasing our ingredients coming in, that we do not go too long on contracts, just in case there is a fluctuation downward in pricing.

We do have some concerns. Some farms have reached out to the local agricultural minister to protect them from insolvency. I think we have some growers on the island who are on the borderline of shutting their doors as feed input costs are becoming too much and payback on the growing of chickens is just not coming their way.

I think the government needs to be a little more involved with the marketing board and the processors. Those on the island are in need of assistance, and freight is coming in at a high cost.

Mr. Alistair MacGregor: Thank you.

That brings me to my final question, in the minute that I have left.

You talked about the provincial government and how local farms have been approaching it. From the federal government's perspective—with the clear jurisdiction that we have over the transportation sector and the fact that the federal government does work with the provinces and there's shared jurisdiction in agriculture—are there any clear recommendations you would like to see us include in our report to the government so that it can act on those with some policy?

Mr. Dennis Comeau: Top Shelf Feeds is a huge advocate of bringing rail back. If we can get someone at the federal level to communicate to the province that we need to have the rail back to Duncan, I think that is going to reduce the costs to the end-user, and I think that's what we're going to be fighting for in the next few years.

Mr. Alistair MacGregor: Thank you.

[*Translation*]

The Chair: Thank you, Mr. MacGregor and Mr. Comeau.

Mr. Falk now has the floor for five minutes.

[*English*]

Mr. Ted Falk (Provencher, CPC): Thank you very much.

I just want to say thank you to all the witnesses for joining us today.

Mr. Innes, I would like to begin with you. You talked about a supply chain commissioner who would have been empowered by the minister had they been appointed already. In the meantime, we've seen the value chain round table dismantled. I'm wondering whether you would have perhaps seen that as being able to fulfill the role of a commissioner.

Mr. Brian Innes: Thanks for the question.

What we see is that it's really important to have a full, focused discussion with a commissioner who's empowered and with the right stakeholders focused on the current situation. We have had different round tables in the past. I think what's really important about the current situation is that we have the right focus for that commissioner on the situation at hand. Past round tables have not always been focused on current challenges.

What we see in front of us is a serious challenge with container shipping. We were heartened to see some action from the Five Eyes last week, including Canada, in sharing some intelligence on international shipping actions.

A shipping czar or a supply chain commissioner would be able to bring together the right agencies of government, the right stakeholders—international and Canadian—to really have an in-depth focus and discussion to produce an outcome.

• (1615)

Mr. Ted Falk: Thank you for that.

In the House of Commons, my colleague Damien Kurek, MP for Battle River—Crowfoot, suggested that mandating a reduction of 30% in nitrogen fertilizer would deeply impact farmers. The Minister of Agriculture, in her response, indicated that she's talking to farmers all the time and that they're on board with the reduction in the use of nitrogen.

Based on your experience—and I'm sure you're talking to producers all the time as well—would you agree that your farmers would support a reduction in the amount of nitrogen that would be available for them to grow their crops?

Mr. Brian Innes: Thanks for the question, Mr. Falk.

Certainly, when we look at Manitoba, we have growers growing a number of different crops—corn, soybeans, canola and wheats. In the Red River Valley, there's a very diverse ecosystem with lots of options for growers, which is fantastic. When the soybean part of that rotation comes in, they are not required to use nitrogen fertilizer. Soybeans are part of crop rotation, and producers need to grow multiple crops to have a healthy ecosystem and to manage their risk.

Producers are certainly looking at how they can make that crop rotation as sustainable, as resilient and as risk-manageable over time as they can, and nitrogen fertilizer is part of getting yields for other crops—not for soybeans, because we don't need nitrogen applied, but for other crops.

I think your question is a good one. Farmers are certainly looking to be sustainable over the long term. Reducing nitrogen for the sake of reducing nitrogen is a challenging one even if farmers are looking to be a partner in sustainable agriculture.

It's really about producing more with less and being responsible in the long term.

Mr. Ted Falk: Right. The bean growers in my area typically rotate their crops. I was wondering whether in your regular conversations with these farmers they would have commented on that. Thank you for that answer.

Ms. Ventin, I'd like to direct a few questions your way, if I may. You indicated that there is a shortage of labour and that labour costs have gone up about 16%. Can you expand on that just a little bit?

Ms. Carla Ventin: Sure. I appreciate the question. I'm pleased that a couple of our member companies, Lactalis and Burnbrae Farms, are in your riding.

On the shortage of labour and the costs, yes, they have increased. Different factors go into this. We know that food manufacturers have increased their wages significantly over the pandemic, up 16%. This is much higher than other manufacturers in the way they've increased their wages. There are a lot of costs involved in absenteeism, for example, where we see it up to 20%. If someone doesn't show up for a shift, the production line may have to stop, or you may have to bring in other workers or call people or make sure to find substitutes and whatnot.

As well, there are concerns when workers do not show up for other reasons—

[*Translation*]

The Chair: I'm sorry for interrupting you, but you're out of time, Ms. Ventin.

Thank you, Mr. Falk.

[*English*]

Ms. Carla Ventin: Thank you.

[*Translation*]

The Chair: It's now Mr. Louis's turn.

Go ahead for five minutes, Mr. Louis.

[*English*]

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

I want to thank all of the witnesses for being here today. It's an important discussion.

Ms. Ventin, I want to pick up where my colleague left off. You mentioned the word “absenteeism” twice. You also talked about supply chain disruptions, labour gaps and increased costs. All of that really has to do with workforce shortages. We're speaking about the health and safety of our workers. In this pandemic, there are a lot of measures taken and a lot of support from the federal government to make sure that workers are there and can get to work and keep going. Thank you to everyone in the entire supply chain for making sure that we had food throughout this, all throughout the supply chain.

Can you expand on some of the lessons we learned, especially in the processing system with congregate employees? How can we make sure that moving on, when this pandemic is done, we can still protect the health and safety of workers? As you said, up to 20% of people being absent is an extreme cost to you. It will disrupt supply chains, and that's a problem. What can we learn from the lessons from the past two years? How can we protect the health and safety of workers?

• (1620)

Ms. Carla Ventin: Sure. This is really important. I think a lot of the things, as I certainly hear from our member companies, are permanent. Whether it's changing the layout of facilities, adding in additional health and safety requirements or having different spacing and more training and safety, all of these are extremely important. There's better understanding now of the support that workers need from a mental health perspective. We see companies certainly stepping up and providing those supports, as well as support on the home front. That's why I made my earlier comment on child care being so important.

I think a lot of these lessons learned are permanent. From the companies I speak to, these are things that are not going to go away. These are things that are going to continue. I would add here that we do have to thank essential workers. They didn't miss a beat throughout the pandemic. They were under an enormous amount of stress. I think it's important that we continue to support them.

My final point here is with regard to flexibility and really understanding workers on an individual basis, understanding their home life and the challenges they face. I think that's an important lesson learned: Look at workers as people, individually, and provide the flexibility, compassion and supports they need.

Thank you.

Mr. Tim Louis: I appreciate that perspective. I do agree that we can learn from the challenges and everyone can take those ideas and make them permanent.

You also mentioned twice the grocery code of conduct. I know that part of the challenge we're talking about here is the concentrated market, whether it's containers or possibly the retail market. That's highly concentrated, with five retailers controlling about 80% of the market. It's an enormous buying power over suppliers. There's a call to create a balanced and competitive retail environment. That would benefit everyone in the food supply chain, right from our farmers all the way down to our consumers. An industry-wide code of conduct would help to establish fair business practices and possibly stabilize that imbalance of power.

Can you share your organization's viewpoint on this, on how we can work together as federal, provincial and territorial governments and private industry on your idea of a grocery code of conduct, how you think that can apply, and how it would affect affordability and also our supply chains?

Ms. Carla Ventin: Everything you said is music to our ears. For many years—as long as I've been where I am, for over 10 years—we've been pushing for a code to balance the relationship between the large grocery stores and suppliers across Canada. Over a year ago, we launched a Canadian code based on the U.K. model, with Sobeys. This was a really important initiative because it got it on the table at the FPT agenda, which I think was great.

We need it. Two other points were raised, as well. It's not just for small suppliers; it's for large suppliers, as well. It will help mitigate cost inflation. It will ensure and encourage innovation within Canada. We can make as much food as we want, but if we can't get it predictably and in a cost-effective way onto a grocery store shelf, it cannot reach consumers. We are 110%.

The only thing I would say on that is that we need this to be mandatory. We need it to be legislated, to be enforceable and to happen very quickly.

[Translation]

The Chair: Thank you, Ms. Ventin and Mr. Louis.

I'll now give the floor to Mr. Perron for two and a half minutes.

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

We'll move on, Ms. Ventin. I'm glad Mr. Louis talked about the code. We can talk about labour.

I'd like you to tell us what you need as soon as possible. Do you have one or two recommendations for the government in terms of labour? You talked about foreign workers, among other things.

[English]

Ms. Carla Ventin: Yes, thank you.

We need to recognize that there are not enough Canadians willing to fill these jobs, so the first thing we need to recognize is that we need foreign workers. That's a really important acknowledgement to make.

We need to bring in workers in different ways. We need to increase economic immigration. We need to increase the temporary foreign worker program. We need to bring in more of these workers quickly in a more cost-effective way and with a higher cap.

I've heard the challenge, especially for small companies, of the cost of bringing in foreign workers. We need to address that, as well. I hear it's about \$1,000, so I think that's something to look at.

As well, I'll go back to Mr. Barlow's comments at the Canadian Federation of Agriculture yesterday. I was pleased to see your interest there in putting forward a private member's bill on waiving the labour market impact assessment, because it just needs to be understood that if companies can hire someone down the street, they will. It is a lot easier. It is a lot more cost-effective. You need to trust that companies can't hire domestically, so we do need the support to bring these folks in.

A final point is that the steps the Liberal government is taking are very good, but we need more resources toward them so they're done much more quickly, as well as a few additional things I mentioned.

Thank you.

• (1625)

[*Translation*]

Mr. Yves Perron: Thank you very much.

Other witnesses and groups suggested that a massive investment policy be put in place to modernize infrastructure in the agri-food industry.

I'd like you to talk to us about that need in 30 seconds.

Mr. Brian Innes: Yes, certainly we see opportunities to invest in our infrastructures, even if it's rail to the west coast. The Port of Vancouver plays a very important role in the export of grain, including soybeans. We see opportunities to invest in the east coast, as well. It's very important to see where we're going to produce more grain in 10 years and to have the infrastructure in place to do that.

The Chair: Thank you, Mr. Perron and Mr. Innes.

Now, Mr. MacGregor has the floor for two and a half minutes.

[*English*]

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

Mr. Innes, maybe I'll turn to you. You've already spoken a little bit about the problems that your sector is seeing with ports and with shipping containers. I think that echoes a lot of what we've heard. President Biden's man down in the United States who's looking at port problems has noticed similar issues.

In comparison with our air traffic system, the competition always knows what airplanes are in the sky and how long they're on the ground. It's very transparent, whereas with our shipping system, that's often treated as proprietary information. It's not very transparent. It affects ridings like mine where big shipping freighters and bulk carriers are out there six to eight weeks just idling away at an anchorage and nothing seems to be really going.

You've concentrated on the shipping container aspect of it, but does the federal government need to step in and revamp the entire system, similar to what was done with federal control over the aviation system, so that we have a wholesale...? You know where I'm going with this, just looking at everything.

Mr. Brian Innes: I certainly think that, when we look at the supply chain, we need to have a comprehensive view, because each supply chain has its own nuances. What I described on the container situation is because we're facing acute challenges. We believe in a competitive, business-driven market, but unfortunately it's not that in containers because of the consolidation that's happened.

It's not necessarily the case that it needs to be centrally planned, but we need to have the same sort of rules that apply to the rest of the Canadian business apply to the shipping lines that are holding us hostage.

When we look at the system, it needs to be broad, and I would look forward to those details around potential improvements going forward. To us, it's not evident that it needs to be centrally planned, but we're certainly seeing some constraints when there's no oversight of competitive practices.

Mr. Alistair MacGregor: Thank you.

[*Translation*]

The Chair: Thank you, Mr. MacGregor and Mr. Comeau.

We've come to the end of testimony for this panel of witnesses.

On behalf of the committee and all its members, I'd like to thank the witnesses for their testimony today and their leadership in agriculture.

• (1630)

[*English*]

Thank you very much.

Folks, don't go far; we're going to be turning over to the second panel momentarily.

• (1630)

_____ (Pause) _____

• (1630)

The Chair: Colleagues, we're going to get right back to it. Thank you to our technical team for the quick change of witnesses.

It's great to see our witnesses on the screen.

Today we have Cammy Lockwood, who is the owner-operator of Lockwood Farms. Welcome to you, Ms. Lockwood.

We also have Dr. Al Mussell, who is the research director at the Canadian Agri-Food Policy Institute and no stranger to this committee. Mr. Mussell, it's great to see you.

We also have Jennifer Ronholm, who is an assistant professor at the faculty of agricultural and environmental sciences at McGill University.

We have five minutes for opening comments from each of our witnesses, so I'm going to start with Ms. Lockwood.

We go over to you for five minutes.

Ms. Cammy Lockwood (Owner-Operator, Lockwood Farms, As an Individual): Hello. My name is Cammy Lockwood. As said, I'm an owner-operator at Lockwood Farms here on Vancouver Island, on the traditional territories of the Hul'q'umi'num'-speaking people.

I am very blessed and honoured to be able to farm this land. My farm is quite small. We have about five acres. We farm vegetables on about two acres. We are also part of the quota supply-managed system. In 2015, we were awarded 3,000 units of quota for egg-laying hens. Since then, we've expanded to two flocks of 3,000 each, so that's about 6,000 laying hens on our farm in a free-range facility.

Our focus, right from the beginning of our farming career in 2010, was really on environmental sustainability and environmental impacts. We chose farming because we felt at that time that it was the most environmentally friendly way we could live. We've always truly believed that we need to be the change we want to see in the world, and we've managed to accomplish that throughout our careers.

What's interesting about our farm is that we feed insect larvae to our birds. We are the only commercial operation in Canada doing that on a commercial scale. It's definitely not without its challenges, in the supply chain and everywhere. It's a pioneering move, and we've felt the effects of that. Honestly, we have felt everything you are talking about. Supply chains, transportation, labour and even meat processing have affected our little five acres here.

When it comes to labour, we have tried so many different strategies. We have teamed up with WWOOF, the worldwide organic farm workers. Essentially, it's a labour trade program, where people choose to stay with us. We provide room and board, and a farming education and experience. They're typically people from developed nations around the world with which Canada has an agreement in place already. We've had many requests from people coming from underdeveloped countries, but, unfortunately, trying to get visas for them to come to Canada is not an option. It is a lot of work for us and something we are not capable of doing on our scale. It's very difficult reading a fair number of heartbreaking emails about their lives and how they want to make a change for the better and become part of Canadian society.

For labour, we've tried that. COVID shut down a lot of borders, at which time we tried employing predominantly local people. We were able to utilize the Canada summer jobs program to do that. Unfortunately, we found that on our scale of vegetable production, it was not a viable option. Essentially, without the Canada summer jobs program, we would have been in the red. We were able to skim through just inside the black. This year, we are hoping to work with local interns.

We have tried on several occasions to go through the temporary foreign worker program, but, again, it's very cost-prohibitive when we have to provide very high-level, rigorously tested housing. When we're working with the buildings we have on the property, it can be very challenging. We also have to show, through the LMIA, that we've tried with local people. We continually try with local people. There's also the cost of airfare. Again, with our small scale, it's difficult to know before they get here whether or not it's going to be an advantage to us.

Housing, of course, is another part of the temporary foreign worker program. In our area and the unit where we would be housing temporary foreign workers, we could recover about \$600 a month from them, whereas, given our market here, we can easily rent out the same unit for \$1,800 or \$1,900 a month. It really draws into question the affordability for us, and it really brings in strong questions as to whether or not vegetable farming is worth our while.

● (1635)

We've also seen some severe challenges when it comes to our egg operation and production. Top Shelf Feeds is our feed supplier. They've been wonderful, always getting us feed throughout all the disruptions we've experienced. They have always been our first call when there is an emergency that hits, but we have seen a huge increase in the cost of feed that has really impacted our bottom line.

The Chair: Ms. Lockwood, I don't mean to interrupt, but I have to, because we're at five minutes. I know that colleagues will want to engage with you.

We're going to go to Mr. Mussell, for five minutes, and then to Ms. Ronholm.

Dr. Al Mussell (Research Director, Canadian Agri-Food Policy Institute, As an Individual): Mr. Chair and honourable members, I'm honoured to appear before you this afternoon and provide my insights as a researcher with the Canadian Agri-Food Policy Institute, an independent research institute focused on agriculture and food.

The COVID-19 pandemic brought important concerns regarding agri-food supply chains to light, but in fact, pressures on agri-food supply chains existed prior to this. Many of the gaps observed in the agri-food supply chain are highly tangible, relate to human and physical capacity, and are transactional in nature. Too few truck drivers, too few international shipping containers, insufficient commercial cooling capacity to handle pulses of cold chain inventories—each of these contains its own market dynamics, anticipated fluctuations and perceptions of risk, and also plays into social and economic megatrends relating to workforce capacity utilization and investment.

The sharp reduction in food service demand during the pandemic focused the consumer supply of food and demand for wholesale food with grocery retailers. Consumer prices were tightly monitored for gouging, but it was more difficult to monitor wholesale market power. This has intensified pressure for a grocery retail code of conduct. It stands to reason that retailer market power directed at food processors would eventually spill over into farm market products, with a great fragmentation of effect across farm products.

In many cases, food-processing plants operate at large scale to offer efficiency and low unit cost. However, this creates a large impact on farm product markets if these are suddenly shuttered. The closure of small plants would be much less disruptive, with farm product more easily redirected. However, small plants are no panacea and come with very significant loss of efficiencies and difficulties with regulation and marketing. The framework to broadly assess this trade-off between cost efficiency and resilience does not easily present itself.

More generally, governments do not have any kind of dashboard from which to monitor supply chains, track performance, and detect and analyze system bottlenecks in real time. This has been left to markets and profit-motivated adjustments in operations and investments, to our great benefit. However, in the face of stark sudden adjustments from climate extremes, disease emergencies, and geopolitical pressures, this mechanism alone is unlikely to be adequate going forward.

The changing global food security and geopolitical context challenge our understanding of macro effects on supply chains. The current situation with a Canadian ally under attack and hostile occupation means that we must assume our supply chains may need to be redirected to supply our allies. However, this is only the latest and most dramatic devolution in the international geopolitical order, in which food is increasingly used as a weapon.

As our rules-based system of international trade has eroded and countries target farm and food products as an instrument of retaliation and political agendas, Canadian companies are increasingly exposed. When companies invoke shifting or arbitrary food regulation and technical standards, such as coronavirus sampling on food packaging, as a means of disguised protection, the first victim is the exporting company.

Our Canadian agri-food exporting companies are vulnerable to serious financial injury as a result, and we lived this experience in canola and pork, as have some of our allies, notably Australia. Conversely, we need to concern ourselves with the prospect of predatory foreign acquisitions of Canadian agri-food assets, stemming from the financial injury from frivolous intentional trade barriers and otherwise.

The minister's mandate letter establishes human resources as an important focus of agri-food policy. It is also encouraging that the department has developed new capacity in monitoring and analyzing supply chains through the retail and consumer task team, and this can be further expanded. We have learned through the COVID-19 pandemic that agri-food supply chains can be long, complex, and subject to shifting bottlenecks. This presents the need for expanded conceptual frameworks and much broader data collection.

Yet, some supply chain issues are really matters of efficiency and competitiveness, such as the need for a more agile regulatory system and new investment in automation and digitization. These are already known from the Barton report, the economic strategy table and previous research, and simply need to be fully enacted.

As an open economy and a major agri-food exporter, Canada can be vulnerable in an international trade environment that has grown increasingly unkind. Redoubling of market access enforcement under trade agreements is necessary, but Canada must go further.

Canadian exporters need greater protection from the abusive effects of frivolous and predatory actions of others. Increased export market advocacy, indemnification for sudden losses of market access, and increased investment in processing to support value-added exports and greater import replacements are strategies Canada should advance.

Equally, policy needs to adjust to recognize the risk that foreign investments in Canadian agri-food supply chains could be extensions of the political and mercantilist agendas of others and not aligned with Canada's interests. In this regard, Canada should be prepared with formal reviews of foreign investments and acquisitions of Canadian agri-food assets where these raise concerns.

Finally, we are two generations removed from the prospect of supply chains aligned to support allies in time of war. How this will occur, when many of today's agri-food supply chains are international and populated by competing multinational firms, is unclear. This should elevate agri-food as an element of Canada's foreign policy.

Thank you.

• (1640)

The Chair: Thank you, Mr. Mussell. You're right on time.

We're now going to move to Ms. Ronholm for five minutes.

Dr. Jennifer Ronholm (Assistant Professor, Faculty of Agricultural and Environmental Sciences, McGill University, As an Individual): Thank you so much for inviting me.

I'm an assistant professor in agricultural microbiology at McGill University. My area of research expertise is the use of antibiotics in farming, antibiotic resistance and the development of replacement products for animal health and growth promotion.

Unfortunately, we're on the cusp of an antibiotic resistance crisis having major negative influences on agricultural productivity and therefore food costs and food security.

Antibiotics are small molecules that are used to slow or stop the growth of bacteria. They're commonly used in medicine to treat bacterial infections. In addition to infections, they're used in routine medical procedures such as surgeries, chemotherapy and childbirth due to their prophylactic or disease-prevention activities.

We've been using antibiotics in farming since the 1930s. They're used to treat bacterial infections in farm animals, but they can also be used to prevent infection or promote growth. The line between preventing infection and promoting growth is pretty blurry, since animals tend to grow better when they're not fighting bacterial infections. The problem is that, the more antibiotics we use, the faster bacteria become resistant to them.

The world is in a lot of trouble in terms of antibiotic resistance. A recent peer-reviewed report published in *The Lancet* found that in 2019 there were about 4.95 million human deaths associated with bacterial AMR infections. This is not an acute issue. We are seeing consistent year-over-year increases in human deaths associated with antibacterial-resistant infections, and our current projections are that by 2050 we will see 10 million human deaths per year due to AMR infections.

To be extremely clear, there's no simple fix for this. AMR deaths are caused by a range of different bacteria, and we cannot create a single vaccine or even groups of vaccines that will solve this problem, so I'll repeat that the more antibiotics we use, the faster we accelerate towards annual human death counts due to AMR.

It's difficult to come up with a number on exactly how many antibiotics we use on Canadian farms, but we estimate that about 82% of antibiotics in Canada are used on farms and not in hospitals. The knee-jerk response is a ban on antibiotics in agriculture, but this is a really bad idea. Agricultural practices evolved alongside the availability of antibiotics, and it will take time to completely remove them without catastrophic effects to productivity.

I'll give you a few examples. Prior to antibiotics becoming widely available, dairy farmers had 95% more incidences of mastitis than they do today. Mastitis is a bacterial infection that is painful for the cow, reduces milk productivity, reduces cow lifespans, and even with antibiotics, costs Canadian dairy farmers about \$700 million annually. If an outright ban was placed on antibiotics today, economists estimate that it would lead to an additional cost of \$46 to \$73 per cow due to increased numbers of infections, and this would seriously impact the stability of the dairy industry.

I'll give you another example. We use antibiotics in the feed of a lot of meat chickens, also called broilers. Broilers are typically raised to market weight in 40 days. The mortality of no-antibiotics-ever chickens is about 4.2%, compared with 2.9% for conventionally raised chickens. This is a difference of 1.3%. It might sound very small, but our neighbours to the south produced 10 billion chickens last year, making 1.3% equal to 130 million chickens. The fact that these birds died of disease and cannot enter the food chain is sad by itself, but it also represents acres of grains and the carbon emissions used to harvest those grains that have now gone to waste, and the water used to feed the birds that's now gone to waste, and the animals themselves. In addition, no-antibiotics-ever birds have higher rates of diarrhea, which leads to higher incidences of eye burns, footpad lesions and airsacculitis, each of which is an indicator of uncomfortable birds and poor bird welfare.

To summarize, my concern is that, when deaths due to AMR in humans begin mounting, there will be public outcries against agricultural uses of antibiotics. This could result in a swift ban of antibiotic use in the agricultural sector, and if it happens too quickly

and without proper replacement products, there will be increased prices in food markets, and we'll see supply shortages, which will compound the medical problems that we'll be dealing with at the same time. It's better to act now to address this because we do see it coming.

Thank you.

• (1645)

The Chair: Thank you very much.

We're going to turn to our questions.

We're going to go to Mr. Epp for six minutes.

Mr. Dave Epp (Chatham-Kent—Leamington, CPC): Thank you, Mr. Chair, and thank you to the witnesses for their excellent testimony.

It's good to see you again, Dr. Mussell.

Before I get into your prepared remarks, I'll ask for your comment on the potential of a CP rail strike. Given our stressed supply lines, what would that do?

Dr. Al Mussell: I have no familiarity with the likelihood of this strike, but with the demand tension in the system right now, especially relating to grain, I can only guess that it would be catastrophic.

Mr. Dave Epp: Thank you.

Over the last bunch of decades, our supply chains on multiple commodities have globalized, largely along market functions. You and I have argued in the past—and I've enjoyed those arguments; I sometimes think you and I argue for sport—about the necessary level of government intervention at times, and on different markets.

I'm going to go right to your last paragraph and talk about the conflict in Ukraine and the impact of this singular event, depending on how long it continues. Is this a generational event? What is the potential impact on our global supply chains in Europe, etc.?

• (1650)

Dr. Al Mussell: I worry that it is generational. We'll never know that until it's in retrospect, obviously. I believe that Minister Bibeau made reference to this at the Canadian Federation of Agriculture meeting earlier this week.

This is the kind of event.... I guess I'll contrast it with the normal sorts of frictions we have in agricultural and agri-food supply chains that introduce variations in the range of 2% or 5%—something less than 10%. In my understanding, markets handle that very effectively, and messing with those functions probably creates more harm than good.

To put it into some context, Ukraine alone is geared up to feed a population probably in excess of 300 million people. The country is three weeks away from sowing spring crops, and they're in the middle of this onslaught. You have to assume that not only are the logistics of the Black Sea entirely shut down, for the most part, but the new crop may not be seeded. This is more of a 30%-level disturbance, which markets are going to be a little overwhelmed dealing with.

Mr. Dave Epp: Coming a bit closer to home, Canada is often a raw product exporter and a finished goods importer. As you stated in your remarks, “our rules-based system of international trade has eroded” and often farm products have been targeted as a market instrument.

Our previous study here at committee dealt with expanding processing capacity and adding more value here at home. Can you comment on that as a longer-term strategy, or even a shorter-term strategy?

Dr. Al Mussell: Yes, for sure.

Let's go back to 2018, which was kind of the height of the U.S. tension with China. We saw China putting retaliatory duties on a whole range of products, but they were largely commodity products. To take an extreme example, they could have put a duty on iPhones, but they didn't put a duty on iPhones. iPhones are a heavily branded product and a prestige item in China.

To use that analogy, the more we can process and add value and attach a brand or another kind of identifier to our Canadian product that we export, the more that will tend to insulate it from this type of retaliation. Now, it's not perfect. It doesn't mean there's no risk from that.

Alternatively, another defence against punitive treatment of our export products is to process more of it at home and then use that as a technique for import replacement.

Mr. Dave Epp: You also call for a more agile regulatory system. Can you provide some examples of where this would benefit our supply chains?

Specifically, I am worried about the potential of another layer of oversight at the Pest Management Regulatory Agency and what that might do, particularly coming from a horticultural background, where the large use of minor use is such a big deal compared to our competitors in the south.

Can you comment, besides that issue, on other areas where a more agile regulatory system would be beneficial for Canadians?

Dr. Al Mussell: I was actually going to use minor use as my example, Dave.

We have a lot of experience—I'm going to say decades—with this. The reality is that Canada is a relatively small market for animal health products, crop protection products and so on. To use another analogy, Australia describes its regulatory system as tough but fast. When you're in a small market and you need to be competitive and efficient, that should be the view for your regulatory system. This has been a challenge for us for decades.

With regard to the problems of regulation, there's a great deal of detail that goes into that, but I think maybe the first step is to flag it and identify it as a matter of priority for ongoing work.

• (1655)

Mr. Dave Epp: Thank you.

I have one quick last question. There are 450 million people in Europe. Can you talk about Ukraine's effect on less prosperous countries in North Africa, the Middle East, and the potential for instability. Where will that go?

The Chair: You have 10 seconds.

Dr. Al Mussell: The trade flows from the Black Sea to North Africa, the Middle East and the Horn of Africa primarily. That's who's dependent and that's who will be badly affected, so expect bread riots.

The Chair: Mrs. Valdez, it's over to you for six minutes.

Mrs. Rechie Valdez (Mississauga—Streetsville, Lib.): Good afternoon, colleagues, and thank you to all the witnesses here for providing valuable input to this discussion.

While I appreciate that we are here in committee discussing matters related to agriculture here within our country of Canada, we need to acknowledge that there is a war taking place on the other side of the world and civilians are taking up arms themselves, not just talking about their land, but fighting for that land. I just want to commend their bravery and unity, and we continue to stand with Ukraine, its people and the Ukrainian Canadian community here in Canada.

With that said, Ms. Lockwood, it's really great to hear a perspective directly from a farmer. A lot of our conversations have been really high-level. In the past committee meetings, we spoke a lot about sustainability and innovation in agriculture. With Lockwood Farms, you made the choice in your farm to feed your hens black soldier fly larvae, as opposed to soy crops. How do you feel your decision regarding sustainability on your farm affects your business overall, either your supply of products or anything else you want to comment on?

Ms. Cammy Lockwood: The reason we do things is not always for financial gain or benefit. Certainly when it comes to the environment—as we saw in 2021 here in British Columbia, where we dealt with a devastating heat dome and the impacts of the floods—the environment is, absolutely hands-down, the most important thing we need to be talking about and essentially wrapping ourselves around.

I should hope the committee is able to acknowledge and see that the climate is changing and it's having incredibly devastating impacts on us as farmers. We feel like we're doing our very small part to make a difference, and I hope that we're able to come up with some models that other farms can model after and follow suit.

We feel like we're taking the first pioneering steps, but it's everything to us. We can see it on the ground here, and I'm very concerned about the future of my children. I'm very concerned about the future of our food. These climate impacts are so huge, and when they disrupt supply chains like they do, I think the other thing that needs to be mentioned to you is the animal health and welfare. With disrupted supply chains comes great detriment to the animals, and farmers will do absolutely anything we need to do to feed our animals and to make sure they are well and safe. That is becoming increasingly difficult and taking a very strong toll on mental health for us all.

I'm sorry. I hope that answers your question.

Mrs. Rechie Valdez: It does, and thank you for your input.

I commend the work that you're doing on your farm.

In your opening comments, you talked about labour and the challenges you've had. You've tried different programs to help you out on your farm. Are there any specific recommendations you can make or request specific to labour?

Ms. Cammy Lockwood: The temporary foreign worker program, it would be nice to see some changes there and have more support for developing farmers or for smaller farmers like ourselves, who are just starting to take that step. We're not coming from a generation of farmers with a very large base. We're quite small and we realize and know that this is the next step we need to take, but it's more of a leap and it's concerning, so it's about having supports in place for that.

Also, I mentioned having agreements with other countries for working holiday visas. We found it to be so beneficial, and it's something that wasn't talked about or mentioned at all. It doesn't come into large-scale ag as much, but the exchange labour is very important to small organic growers and it's how many of us are able to start and how we're able to continue to farm.

• (1700)

Mrs. Rechie Valdez: Thank you, Ms. Lockwood.

Dr. Mussell, in your opening comments, you talked about resiliency. As you know, the supply chain has gone through many resiliency tests over the past few years. In your opinion, how has the agriculture sector performed in the face of those challenges? You mentioned a few things. What is your top recommendation? What do you feel is our greatest opportunity?

Thank you.

Dr. Al Mussell: I think our agri-food supply chains for the most part have performed very well. I think there have been a number of cases in which perhaps we've been lucky or things could have been far worse.

You used the term “resilience”, which I didn't use, but I think it is a good term. That goes back to a previous question—

The Chair: Mr. Mussell, I apologize. I think we're having a problem with our translation. I'm going to keep talking in English and see if Mr. Perron can eventually hear me in French with the translation.

[*Translation*]

Mr. Yves Perron: I would point out that it's a matter of sound quality, Mr. Chair.

It was working earlier. I don't know if anything changed with how the microphone works.

[*English*]

The Chair: Mr. Mussell, is there a way for you to have the actual element of your headset closer?

They're having a bit of difficulty, but maybe we can try to play around with it. Maybe you could say a few words and see if that helps our translator.

Dr. Al Mussell: Is this working any better? I was having problems with this thing earlier. I was hoping we had it corrected.

The Chair: We're having a bit of interference, almost a buzzing sound, for the translator.

Perhaps, Mr. Mussell, you can unplug it and do what I would have done with the old Nintendo and try it again.

Dr. Al Mussell: Is this better?

The Chair: Yes, it is better for now, but there is no guarantee. We'll continue working on it.

Mrs. Valdez, you have 30 seconds left. I'll allow Mr. Mussell to continue, if you'd like.

Mrs. Rechie Valdez: Yes, please.

Dr. Al Mussell: I think the question was about resilience.

We are discovering that many of our supply chains are built around the just-in-time inventory types of concepts to be lean and mean. When you're confronted by more than just the 2% to 5% deviations, by things like floods, and people en masse can't show up at work—

The Chair: Thank you, Mr. Mussell. I apologize. That is time.

I did stop the clock, Mrs. Valdez.

Thank you.

[Translation]

Mr. Yves Perron: Before I start my time, Mr. Chair, I'd like to tell you that there were 30 seconds left, but I let the witness finish, even though there were still technical problems.

I don't know if the technical team can do tests while you're talking to somebody else, but I would really like to see the technical issues sorted out, because I have a lot of questions for Dr. Mussell.

[English]

The Chair: Mr. Mussell, I think we have some IT folks who can try to reach out to you. We might have to excuse you for the moment until we're able to get to the point where translation can happen. My sincere apologies, Mr. Mussell. I know that we appreciate your testimony.

Mr. Perron, that's how we'll proceed. Maybe you'll have to adjust your questions accordingly.

You have six minutes. I'll turn it back to you.

[Translation]

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

I'll address Ms. Lockwood first.

You seem to have a great business model.

You talked about the ability to have a foreign worker and potentially to house them on the farm. If I understood correctly, you could rent the same unit for three times as much. This is a problem for you, and there is also the problem related to obtaining visas for workers from developing countries.

If you had one or two recommendations, what concrete steps could the government take to make your life easier?

• (1705)

[English]

Ms. Cammy Lockwood: I believe having a good consulate in the sending country that's willing to work with the Canadian government.... We ran into an issue recently where it seemed like consular staff didn't like the temporary foreign workers we had chosen at the time. They delayed the visas for an excuse that was not valid, but by the time we were able to have it reviewed, we were well into the season.

I believe having some understanding among consular staff about the need to get temporary foreign workers to Canada in a timely fashion is vitally important. That, in particular, happened during a shortage here.

[Translation]

Mr. Yves Perron: Thank you very much.

Dr. Ronholm, you say that you're afraid that antibiotic resistance will quickly become a problem, and you add that action must be taken now. In 30 seconds, tell us exactly what that means. What should the government do?

[English]

Dr. Jennifer Ronholm: That's a great question.

I think there are a lot of things we could do, but we have to reduce the reliance on the antibiotics on farms. I think there are a variety of routes we could take to reduce the reliance. I think farmer training on biosecurity—biohazard farmer training—is a big one, and building more biosecure facilities that farmers are actually able to keep biosecured. Another is advancing research and development of viable non-antibiotic replacement products to replace the antibiotics specifically in agriculture, not trying to adapt human medicines to animals. Those are good places to start.

[Translation]

Mr. Yves Perron: Okay.

I understand that you're exploring possible solutions, alternatives.

[English]

Dr. Jennifer Ronholm: Yes, my research lab is on alternatives. Specifically, I work on probiotic-based products, but there are also enzymatic-based products that are showing potential. There are bacteriophages—viruses that attack only bacteria—that are showing potential, and various novel molecules that various people work on are also showing potential.

[Translation]

Mr. Yves Perron: Thank you very much.

I'll try my luck and turn to Dr. Mussell. I hope the interpretation will work now.

Dr. Mussell, you talked about concentration in food processing.

The Chair: I'm sorry, Mr. Perron, but Dr. Mussell's microphone is still causing problems for the interpretation service.

Mr. Yves Perron: So I won't be able to ask him questions.

Fine.

That's too bad. I hope we'll be able to submit questions to Dr. Mussell in writing and that he can answer us, because I had a really good list of questions.

The Chair: Yes, that will be possible.

Mr. Yves Perron: Okay.

I'll turn to Dr. Ronholm again.

In terms of research, you say that it's important to focus on research and development.

Do you think research and development gets adequate funding in Canada?

[English]

Dr. Jennifer Ronholm: It's a good question.

I'm happy with the finance models in Canada. I think there are a lot of good programs, and I think we do very well in punching above our weight in terms of research funding and research development in this country. That being said, I was just on a CIHR panel where there were some amazing research projects that could take us into amazing medical advances that did not get funded this round because there was simply no money.

Yes, research and development could use more money.

[*Translation*]

Mr. Yves Perron: Okay.

In general, do you think there's a need for an investment policy for all agri-food processing infrastructures in the country? Some witnesses are asking us to develop some sort of massive investment policy because of a significant backlog in this area.

• (1710)

[*English*]

Dr. Jennifer Ronholm: I'm wondering if I'm understanding your question. You're saying that agricultural collectives like Dairy Farmers of Canada and Egg Farmers of Canada.... Is it investments from them or investments from the government?

[*Translation*]

Mr. Yves Perron: In fact, agri-food processing plants would need modernization of mechanization, updating of computerization, to partly solve the labour problem. There would have been a lack of investment for many years.

What do you think about a financial incentive from the government? This incentive could also come from other stakeholders.

What's your opinion on this?

The Chair: I'm sorry, Mr. Perron, but your time is up.

Mr. MacGregor is next.

However, before I give him the floor, I'd like to tell Dr. Mussell that he can come back to testify at a future committee meeting, because I know that all members want to hear his testimony.

[*English*]

We will have a future meeting. I have been told that your headset is quite worn. It is difficult for our translators, but I welcome you to stay on the meeting to listen. We can certainly agree to have you back on the 24th for members who want to ask questions, if they choose.

Mr. MacGregor, it's over to you.

Mr. Alistair MacGregor: That's great. Thank you so much, Chair.

I will direct my first questions to Cammy Lockwood.

Cammy, I am so happy that you were able to join our committee today to provide an account of what your farm has gone through.

You wrote an open and honest letter recently detailing what your farm went through in 2021 from the massive heat wave we experienced in late June. We had consecutive days going over 40°C, which, on Vancouver Island, is completely unprecedented. Just a

few months later, there was the never-ending onslaught of rain that we experienced. You detailed quite honestly the effect this had on your mental health and so on.

Could you expand a bit on what you covered in that letter? How does that impact farmers, who are on the front lines of climate change? How does it pertain to our larger conversation about the stress this puts on our supply chains?

Ms. Cammy Lockwood: Well, it is difficult, because we went through a lot in 2021. With the heatwave, we had to pull everything that we had to deal with the crisis in front of us without any support. We had offers of support, but nobody knew or understood how to help us. We were faced with the challenge of keeping our animals alive when we knew they would simply perish in that heat. We used everything we had—all our education, all our experience and all our knowledge—to mitigate that risk. We rigged up irrigation and we put it on top of our barn roof, which meant that in that 40°C-plus heat my husband was on top of a barn roof at great risk to his health to try to keep our animals alive. Even though we did so, our well was unable to keep up with the amount of water that was required of us. It got to the point where we knew we had done everything we possibly could to keep our birds alive and we just had to sit and wait and hope. Two days later, after the temperatures had finally dropped, I walked into the barn and I heard the birds clucking as they should and, honestly, I broke down and cried, complete full-body sobs, knowing that we'd made it through and we were going to be okay.

After that, the crisis was just continually on our doorstep, because we went from that heatwave through to a full season of wild-fires. Our farm was never under an evacuation order, but neighbouring farms were. Imagine trying to leave animals. We can't. Evacuation is not something that farmers can reasonably do. We take the health and the welfare of our animals so seriously. We saw that with the floods as well, where farmers were left with tasks that, honestly, the Canadian military refused to do. Farmers took them up and they took care of their animals when nobody else would. I believe it's morally reprehensible not to care for animals. As I said, it's just so important.

Also during the floods, in the Lower Mainland in particular, there was a very strong lack of communication among all levels of government. That is definitely something I would like to see this committee address: how to develop communication among the federal, provincial, local and first nation governments to adequately deal with a crisis. Farmers were hearing different stories from different levels of government and their other arms, different stories from the municipal police forces and the RCMP and the Canadian military. Some checkpoints they were allowed to go through, and some checkpoints they were not. It was very difficult to navigate that.

In larger terms, in terms of the mental health of farmers, honestly, we're taking a step back and looking at our business and trying to decide how we can continue it, how we can continue to farm in these conditions. Again, it's nothing that a pill can fix. It's nothing that adequate support can fix when the challenges are so great. What that actually means is that there will be no food on Canadian tables. The Sumas Prairie, the whole Lower Mainland region, which produces over 50% of British Columbia's food supply, had significant impacts. We had empty grocery store shelves, shelves with no dairy, because most of the cows in the province are located in that region.

We are hearing about the broader impacts of the climate crisis in developing nations closer to the equator, but I can say for sure that it's here. We are feeling it. In a crisis situation, sometimes it's hard to identify the help we need and what supports we need. We just know we need help.

• (1715)

Mr. Alistair MacGregor: Thank you.

The Chair: Thank you to both of you.

[Translation]

It's now Mr. Lehoux's turn for five minutes.

We're listening, Mr. Lehoux.

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

I'd like to thank the witnesses for being here this afternoon.

Dr. Ronholm, you said earlier that, in the research you were doing, it was possible to find alternatives.

Having worked in agriculture my whole life, I know it's important to be careful with antibiotic use, but what alternative do we have?

Your research is currently under way, but how quickly will you be able to present commercially available products in a concrete way?

[English]

Dr. Jennifer Ronholm: That's a great question. Thank you so much.

Hopefully it will be fast. My lab has advanced to the point where we have probiotic products that were isolated from healthy Canadian dairy farm cows. In the petri dish they can kill a variety of pathogens that cause mastitis. It works in situ.

The next step is to scale it up to a viable product. We do have companies that are interested in doing that with us. If I were to make a guess, I would say we will have products on the market within 10 years, if things go well for certain replacements.

[Translation]

Mr. Richard Lehoux: Thank you, Dr. Ronholm.

Along the same lines, we know that there is an increasing number of imported products coming into Canada. I imagine that the research you do here in Canada must also be done elsewhere in the world.

How do you coordinate of all this? How do you see products being moved from one continent to another? Are we ensuring that the same rules apply to everyone?

[English]

Dr. Jennifer Ronholm: That's a major problem on the market right now. No one is taking care that the same rules apply to everyone.

My first job out of graduate school was testing imported products at Health Canada for antimicrobial resistance. A shocking number of products coming into Canada had antimicrobial resistance in the products.

Research similar to what I'm doing is being done in different areas internationally, but it is a patchwork. Some countries, like the Nordic countries, care very much about antimicrobial resistance. They have stronger laws than Canada does on their farms for antibiotics. Some countries have much more relaxed laws and use a lot more antibiotics in their farming than Canada does.

• (1720)

[Translation]

Mr. Richard Lehoux: Thank you, Dr. Ronholm.

In the same spirit, with respect to products coming in from other countries right now, are we aware of the capacity of the Canadian Food Inspection Agency?

You are doing an outstanding job in laboratory analysis and research. What kind of control do we have over the products? Do you think we have enough control at entry?

[English]

Dr. Jennifer Ronholm: Yes, I think new policies were introduced not too long ago that did give the CFIA a fair bit of teeth in terms of seizing products with traces of antibiotics in them. I do think that is a common cause of food being rejected at the border.

That being said, we don't always monitor for resistant organisms, as opposed to traces of antibiotics in the food. Canada does a good job, through CIPARS, of monitoring resistant pathogens that are circulating.

[Translation]

Mr. Richard Lehoux: Dr. Ronholm, what I'd like for you to tell me is if we should slightly increase the number of food controls upon entry into Canada.

[English]

Dr. Jennifer Ronholm: I don't know if I have a good answer for that. I'm not familiar with the number of seizures that Canada has. I'm not privy to the current inspection procedures from the CFIA.

[Translation]

Mr. Richard Lehoux: Mr. Chair, as I understand it, we can't ask Dr. Mussell any questions.

I'll continue with you, Dr. Ronholm.

The whole issue of antibiotic resistance is important. You say that the amount of money allocated to research is sufficient, but could the Government of Canada add to it to help you speed up the process?

The Chair: Mr. Lehoux, I'm sorry but your time is up.

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

Thank you, Dr. Ronholm.

The Chair: Thank you, Dr. Ronholm.

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

[English]

Mr. Ryan Turnbull (Whitby, Lib.): Thanks, Chair.

Thanks to all the panellists. I really appreciate the depth of the experience and expertise and the diversity that's represented across our panel today.

I want to start with Ms. Lockwood.

First, I really admire your business and your farm model, the way you've described it. I checked out your website.

Would it be safe to say that you differentiate your small-scale farm by having a commitment to the highest quality, sustainability and ethical practices within your business model?

Ms. Cammy Lockwood: Yes, I believe that is safe to say.

Mr. Ryan Turnbull: That's good stuff.

I just want to say that I think small-scale farming is beautiful. We've heard a lot from a lot of stakeholders across our food system at the very large scale, and it is interesting to get your perspective as a smaller-scale producer to see what your supply chain looks like.

Would you say your supply chain is a little more regional in nature? Could you pinpoint a few of the stressors in your supply chain over the course of the pandemic? It has certainly been tested by the pandemic, extreme weather events, blockades at our borders this year, and even now a war from an international perspective, but I wonder about your regional supply chain. Is it shorter? How is it different?

Ms. Cammy Lockwood: It is different. We've always made an effort to emphasize local, and we have also done that with our feed.

We've been fortunate working with Top Shelf Feeds, and we source most of our ingredients predominantly from Canada. We're one of the few farms that have done that. We deliberately chose not to go to an organic feed, because the organic grains were coming from India and China, and we could see the potential for supply chain issues already there.

I believe our effort in years previous has shielded us a bit from supply chain issues; however, realizing during the floods that Top Shelf Feeds was not going to be able to get feed from the mainland was very concerning to us. We called them right away, and they assured us that they had just had supply and they were good, but we also began to realize that they might be required to feed other farmers on Vancouver Island who were supplied through mainland-based feed mills. We were able to make it through, fortunately.

In the short term, our supply chain.... We also distribute much of our own product to Victoria, and the Malahat.... I'm not sure how familiar everyone is with Vancouver Island geography, but the mountain pass between North Island and South Island is about the only way, and it's single-lane traffic either way. During the floods, the Malahat was shut down for several days. Even north of us it was shut down, so we were landlocked, and we were very fortunate that during that time we were not trying to transport animals, because when we do need to transport animals, who knows what's going to happen that day? If we have to transport them on B.C. ferries and there is a supply chain disruption there, it can be very detrimental.

Again, it also brings up animal health and welfare issues when we have animals out on the road. They are much more open to public view, and that's always concerning.

● (1725)

Mr. Ryan Turnbull: I want to follow that up with a thought and a question as to whether you think small-scale or regional food systems are more resilient when it comes to these international kinds of shocks. Certainly, from your testimony so far, we've heard that extreme weather events like flooding have impacted you, but perhaps some of the other things that I listed that are more international shocks in terms of nature are global trends.

Would you say that you're more resilient in relying on a more regional food system?

Ms. Cammy Lockwood: Yes, I believe so, and definitely the way I want to see Canada go is to look more inward to be able to meet our needs. We've felt the effects, too, with the NAFTA renegotiations and losing some of our market share for our eggs to the U.S. and other international trade deals. It is really important, I believe, to look locally. As we can see, there are definitely some advantages to economy of scale, but it also has the weakness in that resiliency just isn't there.

Mr. Ryan Turnbull: Maybe you—

[Translation]

The Chair: No, I'm sorry, Mr. Turnbull. Your time is up.

[English]

Mr. Ryan Turnbull: Mr. Chair—

[Translation]

The Chair: Thank you, Mr. Turnbull and Ms. Lockwood.

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

Mr. Yves Perron: Ms. Lockwood, I'd like to continue on the same topic.

If I understand you correctly, in terms of protecting local production and retaining market share, you'll agree on the protection of supply management by force of law for the next trade negotiations.

[English]

Ms. Cammy Lockwood: Yes, please.

[Translation]

Mr. Yves Perron: The door was wide open, so I stepped through.

[English]

Ms. Cammy Lockwood: Supply management is what made our business possible.

[Translation]

Mr. Yves Perron: We're going to work on it, Ms. Lockwood.

[English]

Ms. Cammy Lockwood: Thank you.

[Translation]

Mr. Yves Perron: The next point I wanted to talk to you about is regional processing. Dr. Mussell mentioned in his remarks that it's good to have large processing plants, but it's also good to have a complementary network of small processing centres.

We have a shortage of regional processing centres, especially in my region in Quebec. I don't know how it works in your region. I'd like to hear your thoughts on this.

Do you think the government has a role to play in supporting small processing infrastructures, such as the slaughter of your poultry?

[English]

Ms. Cammy Lockwood: Yes, absolutely. We don't have an option to slaughter our flocks on Vancouver Island. They have to be shipped to the mainland. It would be really wonderful to have more regional processing. We also do a small number of broilers, and we continually struggle with our local processor to have them done to the standard that we require when we sell directly to the consumer.

[Translation]

Mr. Yves Perron: Do you think it would strengthen the supply chain in the event of a strike or COVID-19 outbreak at a major processing centre, for example?

• (1730)

[English]

Ms. Cammy Lockwood: Yes, it would absolutely help strengthen it. It's also really important for the committee to realize that when it comes to processing, just because we have animals going out, it also means we have animals coming in and it means a lack of space. Again, it causes some major animal welfare concerns if we cannot get animals to a processing facility in a timely manner.

[Translation]

Mr. Yves Perron: Thank you very much.

[English]

Ms. Cammy Lockwood: Therefore, certainly strengthening—

[Translation]

Mr. Yves Perron: In 10 seconds, Dr. Ronholm, on the same question—

The Chair: I'm sorry, Mr. Perron, but that's all the time you have.

Mr. Yves Perron: Really?

The Chair: Yes, there were only five seconds left. I'm sorry.

Mr. MacGregor has the floor for two and a half minutes.

[English]

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

Dr. Ronholm, in your opening statement you were talking a lot about the antibiotic crisis and the resistance that's coming up. I'm interested because I want to know your thoughts about some of the technology that's coming out to help.

Particularly with mastitis, I remember in the 42nd Parliament, two Parliaments ago, when I was on this committee, our committee did a study on technology and innovation. One of our witnesses was EIO Diagnostics, which had developed the UdderHealth mastitis system, which combines advanced imaging and machine learning to provide real-time detection of mastitis.

Are you aware of some of those technologies or do you have any comments on that? Their big claim to fame was that you can basically detect mastitis before it starts manifesting any symptoms.

Dr. Jennifer Ronholm: Yes, those technologies are spectacular. A lot of farms are using them now to do selective dry cow therapy instead of blanket dry cow therapy, which is cutting down on the amount of antibiotics used across the industry.

They are spectacular technologies, but at the same time, you can't detect your way out of disease. Some cows will still get sick at some point and still need to be treated, even though these advancements are definitely helping.

Mr. Alistair MacGregor: Okay. Thank you for that.

Cammy, I only have about a minute left, but the theme of resiliency is one that I continuously try to push at this committee. Do you have any closing thoughts, anything you feel you missed saying that you want our committee to really focus on in this study?

Ms. Cammy Lockwood: Again, I would just bring it back to the impacts of climate change. While I realize there's a war and a very strong threat of war happening and it could have severe impacts close to home, overall the climate is a greater emergency. It needs to be dealt with and it needs strong government action. Regulation is really the only way forward.

I'd really encourage all members of the committee to consider other industries and how they impact farming, and also farming's own emissions and support for farmers to reduce our emissions. Absolutely, we all want to. Sometimes it's just difficult to find a road map to do that, but I believe it's there and it needs support from government.

Mr. Alistair MacGregor: Thank you.

The Chair: I will recognize you very briefly, Mr. Lehoux, but in just a second.

I'd like to thank our witnesses for being here today.

Mr. Mussell, I know that you weren't able to participate in the same way, but we can have you back.

[*Translation*]

Mr. Lehoux, you have only 30 seconds left. The witness may not have enough time to answer your question.

Mr. Richard Lehoux: My question was along those lines.

Are we going to invite Dr. Mussell back, or should we ask him our questions through the clerk?

[*English*]

The Chair: No. The intention is to bring him back on the 24th. He did present his opening remarks, so we won't go through that process, but he'll be available for questions.

Mr. Mussell, I'm going to do it right now, because I might not get the chance on the 24th. Given the geopolitical dynamic.... You mentioned some of this in your testimony, and I know you won't be able to respond today. Do you have any recommendations about how we as parliamentarians can work collectively with the government to position our sector to fill those international gaps? I would welcome any thoughts that you may want to submit in writing, and of course we will see you on the 24th.

To all our witnesses, thank you for being here today, and thank you for your work in the industry.

Colleagues, I have a couple of quick reminders. March 18 is the deadline to submit witness lists to the clerk for our next study. The analysts have prepared a summary, which you will get by email, and we will also be distributing a calendar, so that you have a sense of where the committee is going.

Thank you, everyone. Enjoy your evening.

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