



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

44th PARLIAMENT, 1st SESSION

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# Standing Committee on Agriculture and Agri-Food

EVIDENCE

**NUMBER 032**

Wednesday, October 19, 2022

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Chair: Mr. Kody Blois





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Wednesday, October 19, 2022

• (1700)

[Translation]

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

Welcome to meeting No. 32 of the House of Commons Standing Committee on Agriculture and Agri-food.

To start, I'd like to give a few reminders.

Today's meeting is taking place in a hybrid format.

Proceedings will be made available via the House of Commons website. Just so you are aware, the webcast will always show the person speaking, rather than the entirety of the committee. Screen-shots or taking photos of your screen is not permitted.

Today, Mr. Jean-François Lafleur is acting as the committee's clerk. He usually works at the Standing Committee on Justice and Human Rights, but today, he is replacing Ms. Josée Harrison, our committee's usual clerk, since she is ill.

[English]

We send our best to Josée, but we're in good hands here today.

Colleagues, you have a copy of the budget before you. This is for Bill C-234. It's standard stuff.

Do I have unanimous consent to approve the budget on C-234?

**Some hon. members:** Agreed.

**The Chair:** We're going to continue to move forward.

[Translation]

Pursuant to Standing Order 108(2) and the motion adopted by the committee on Monday, May 30, 2022, the committee is resuming its study of global food insecurity.

I would now like to welcome our witnesses for the first panel.

[English]

We have in person here in the room, from the Canadian National Railway Company, Mr. Doug MacDonald. Thank you for being here.

Doug serves as the chief marketing officer.

From the Ontario Federation of Agriculture, we have Peggy Brekvelde. She serves as the president.

Peggy, it's great to see you again. I saw you in August. You're no stranger to this committee. Thank you for all the work you do.

[Translation]

We were also supposed to hear from Mr. Caron, general president of the Union des producteurs agricoles.

Unfortunately, due to technical difficulties, Mr. Caron is unable to testify. Mr. Tougas, coordinator for the Union des producteurs agricoles, will testify before the committee.

Mr. Tougas, thank you and welcome.

[English]

We have five minutes for opening statements, colleagues. We have really good witnesses today. I know we were delayed because of the votes, but we're here to do our work, and I don't want to chew into the second panel, so I do intend to go right until seven o'clock. Let's get started with five-minute opening remarks.

I'm going to start with Mr. McDonald here in the room. You have up to five minutes, my friend.

• (1705)

[Translation]

**Mr. Doug MacDonald (Chief Marketing Officer, Canadian National Railway Company):** Good evening, everyone.

I thank the committee for giving CN the opportunity to contribute to its work and provide information about CN's role in Canada's food supply chain, as well as on potential next steps that would benefit all participants in freight transportation coming to and coming from Canada.

[English]

CN is a major contributor to the import and export of goods for Canada. In 2021, CN moved over 5.7 million shipments of freight across its network, with over 30% of that being import or export business. Primary commodities moved for export are grain, coal, potash, propane, pulp, ore concentrates and many more. Imports are more concentrated around containers filled with retail merchandise.

CN is also a major transportation partner for the food industry. CN moves significant amounts of grain for export to countries around the world. This is moved in railcars to port for furtherance by ship, at roughly 30 million tonnes per year. Grain is also moved in containers loaded near farms or at the ports for movement around the world, at roughly half a million tonnes per year. Additionally, CN moves both imported and domestic food products in our fleet of refrigerated and heated containers, as well as in our customers' fleets.

One of the main areas that have caused insecurity for food are the disruptions in the supply chain caused by climate events in the last few years. These are events such as record rainfalls that cause roads and train tracks to be washed away with no notice, forest fires that tragically wipe out towns and the transportation infrastructure in the area, and freezing cold temperatures for record lengths of time that prevent normal transportation movements. These events cause serious disruption in the supply chain and impact Canada's reputation as a reliable food supplier to the world.

Drastic changes in the container markets over the last two years are another key cause of food insecurity. The supply chain challenges created by COVID have disrupted the normal worldwide flow of goods and services. The container industry has adapted to these market forces with higher prices and reduced trade lanes. This has caused a shift in the availability of containers for grain exports from Canada. As supply chains normalize, we believe rates will come down to historic levels and trade lanes will slowly be re-established. As this happens, CN will work with our customers to adapt to the new supply chains.

I will highlight some areas for improvement for all supply chain participants.

New and additional infrastructure will be a key requirement to improve the supply chain and security for food. In order to handle more volume through existing supply chains, capacity expansions must be undertaken. This includes port infrastructure, rail capacity and intermodal terminal capacity. If Canada wants to have surge capacity available on short-term notification, it will need to fund it. The NTCF program is a good solution for this. It needs to be fully funded and used for this infrastructure.

Canada also has one of the longest timelines to approve infrastructure investment. This makes it impossible to quickly adapt to changing supply chains. In order for Canada to expand in trade, the government needs to streamline the process for infrastructure investment. By way of example only, it took CN over seven years to get its Milton intermodal terminal approved. These delays threaten the agility of the supply chain to respond to emerging issues or crises.

Regulation in Canada continues to slow down or stifle investment decisions as well. Canada's national transportation policy provides that "regulation and strategic public intervention are used to achieve economic, safety, security, environmental or social outcomes that cannot be achieved satisfactorily by competition and market forces". I submit that regulation has departed from that guidance and needlessly interfered with market forces that would deliver better results for market participants and the global economy. If the need to regulate exists, it must be based on hard evidence

and tailored to address real issues, rather than issues presented through the perspective of certain market participants. Uncertainties and lack of evidence-based regulation create uncertainties that deter investments in Canada, versus other countries with a consistent policy agenda.

The government needs to promote further automation of the supply chain while considering the ESG impacts of those changes. All supply chain participants will continue to automate while reducing the impact on the environment. The government can help in these areas by funding innovations that provide the largest impact for all Canadians. This would all need to be done with a solid implementation plan, with safety embedded in every area.

With that, I would like to thank the committee for the time. I would be happy to answer any questions.

**The Chair:** Thank you very much, Mr. MacDonald.

We'll get to that in a moment, but first we're going to turn to Ms. Brekveld. It's over to you for up to five minutes.

**Ms. Peggy Brekveld (President, Ontario Federation of Agriculture):** I'm happy to be here.

Canada is one of the few countries that have the ability to grow more food than we will ever consume. We have the land, water and climate. We have the people and knowledge. We don't worry about hitting a landmine as we prepare the soil. We have markets, a great reputation and safe food policies. Canada has a lot going for it. The world sees us as an answer to global food insecurity.

Global food insecurity is real and significant, and it needs long-term strategic answers. What can Canada do to improve the situation? Three things come to mind: one, ensure that farmers have the vital tools they need to be the best they can be; two, protect the resources that are required to farm; and three, continue to push the envelope through research, development and knowledge transfer.

No one can control the weather, but there are some things that we can control. Cell and broadband Internet allows us to be connected to markets and should be thought of as an essential service in Canada. Insurance programs such as AgriStability need enough dollars and need to work for and with farmers. Fairness inside of the marketplace through proposals such as the grocery industry code of conduct and Bill C-280, the proposed financial protection for fresh fruit and vegetable farmers act, will make it easier for farmers to balance some of the financial risks. Continued access to farm labour, both domestic and from other shores, will ensure that crops are planted, tended to and harvested on time, and that live-stock is cared for. Finally, access to inputs such as fertilizer, equipment and packaging is critical to farmers and processors. These come from global markets.

Wise decisions and cautious development of ways forward need consultation with agriculture and decision-makers such as you. We can get these things right. The industry wants to be a part of a successful way forward.

To farm, there are a few basic needs. We need farmland, soil health, and access to water and the sun, but it tends to go up and down on its own. There are ways to protect farmland that the Canadian government can help with. As we look at infrastructure investment in urban areas, such as transit, government can ask great questions: Will this encourage walkable communities and renew cities inside of their boundaries? Will intensification targets be met?

Pushing for long-term strategic land use policies inside our major cities will actually protect farmland that grows food for the world. We can't keep watching our cities sprawl and expect that we can continue to grow as much food as we do now. Technology is great, but I am not going to grow wheat inside a container anytime soon. Farmland is a finite resource, and once it is put into homes or concrete, it never goes back to farmland.

Soil health also matters, and if we don't feed our plants as recommended by crop advisers, we see degradation, because the plants will mine the soils for the nutrients they need. Farmers know this and must balance the feed that the plants need according to their needs, including manure and green solutions, synthetic fertilizers and micronutrients. We can't feed the world without paying attention to the needs of plants and our soils.

Farmers would like to be acknowledged and rewarded also for the great practices they are currently doing. There are creative ways to do this, and the promotion of best management practices needs to be strategic. Farm organizations like ours can help you with this.

Finally, too often research into the best solutions for farming can't happen because of dollars. I'm aware of sectors that are struggling to get investment in research facilities and of research that isn't field-trialled because the dollars aren't there. Publicly funded agriculture research benefits all of society. It is trusted more and can answer some of society's concerns. Both basic research and knowledge transfer are critical to seeing Canadian farmers continue to be the best they can be.

As president of OFA, I see farmers' passion for growing things. Few have a desire to stay the same. They want to be the best that they can be in an environment that has tight profit margins and has

many factors outside of their control. Our slogan is "Farms and Food Forever". Farming isn't thought about in terms of years or decades, but rather in generations, and we should reflect on global food security, or insecurity, in the same way.

Thank you.

• (1710)

**The Chair:** Thank you very much, Ms. Brekveld.

[*Translation*]

The next speakers will be Mr. Tougas and Mr. Caron, from the Union des producteurs agricoles.

Mr. Caron, you have five minutes.

• (1715)

**Mr. Martin Caron (General President, Union des producteurs agricoles):** Thank you, Mr. Chair.

My name is Martin Caron. I am the general president of the Union des producteurs agricoles du Québec. I am also a dairy and field crop producer.

Let me begin with a word for the Ukrainian people. The war in Ukraine has shown us that the food supply of our fellow citizens must depend as little as possible on external markets. The resilience of the world's food supply depends on its distribution around the globe. No state should be overly dependent on international markets to ensure its population's food security.

The most obvious strategy for increasing Canada's food resilience is to produce a significant portion of the food consumed by our citizens within our borders. In this regard, the UPA has been advocating the concept of agricultural exemption for many years. Agriculture and food have both commercial and non-commercial aspects. Of course, this is the case for other products, such as cultural products. But none, except water, are as vital to humans. Freedom from hunger is a basic human right.

Agricultural exemption is based on the idea that the agricultural sector deserves a special status during negotiation of international rules and treaties for trade and investment. There are several reasons for this, including the strategic aspect of minimum independence in food supply that a state wants to achieve or maintain. This is what Feeding Humanity Sustainably, a coalition in which the UPA participates, is defending.

For Canada, the principle of agricultural exemption would make it possible to maintain the supply management system in its entirety, without it being challenged by other countries. Indeed, this system promotes food security by stabilizing food production and helping to prevent disruptions and shocks in the supply chain. Canada needs to thoroughly analyze all links in its food chain to find weak points that can undermine the public's food security.

As you know, the foundation of Canada's food chain is the agricultural production sector, which generated over \$80 billion worth of agricultural products in 2021. However, the global political and economic situation is affecting the agricultural sector's resilience. Although Canadian agricultural production occurs within our borders, some required inputs are imported.

First, the Canadian agricultural sector is increasingly dependent on temporary foreign labour, particularly in the horticultural sector. This means that availability of and access to these workers must remain a priority for the government.

Second, three of the key production inputs, specifically feed, fertilizer and fuel, have experienced dramatic price increases since the fall of 2021. For horticultural products, the price of containers also rose significantly. The average price of these inputs rose by about 50% while the CPI increased by only 6.8% over the same period.

For Quebec's agricultural sector, these increases represent nearly \$2 billion in additional annual expenditures. For the Canadian sector, it's \$10 billion. This is unprecedented.

Because of their higher debt load, next-generation businesses and start-ups are being hit hard by soaring production costs and rapidly rising interest rates.

In this context, considering the essential nature of agriculture for food security, the government must act quickly to support the agricultural sector and limit this unusual inflationary context. We insist on the need to intervene quickly to support agricultural enterprises in financial difficulty. Assistance could be modelled on the Canada Emergency Business Account, combining liquidity support with assistance to support businesses' financial viability.

The government must also optimize the tools and programs already in place so that they respond adequately to the current context. For supply-managed production, price adjustment mechanisms must be reviewed to make them more flexible and creative. It is important to limit the consequences of rising input prices on businesses' liquidity in this sector.

• (1720)

Our agricultural businesses are at the heart of Canada's rural fabric. They shape the face of our regions' geography, communities and economy. Their potential for growth is almost limitless, due in part to the growing demand for food, the quality of our products and the enthusiasm of our fellow citizens for local products.

Let's always keep in mind that investing in agriculture is also investing in the health of Canadians, the economy of the country and the food supply of future generations.

Thank you.

**The Chair:** Thank you very much, Mr. Caron.

We will now begin the question-and-answer period.

Ms. Rood, you have the floor for six minutes.

[English]

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

Thank you to the witnesses for being here today.

Ms. Brekveld, you touched on a couple of things that are near and dear to me, coming as I do from a very highly agricultural area in southern Ontario where we do a lot of fruit and vegetable production. I've been in the fruit and vegetable business for a lot of my life. My family has a long history there.

Seeing that we're heading into a recession, which is what we're hearing from experts out there, you talked about PACA—the Perishable Agricultural Commodities Act—and the importance of having this in place for fruit and vegetable growers. If we're going to see a recession, I'm sure we're going to see some downturn for some of our businesses. I'm just wondering if you could speak to how important it is right now that we get this measure in place to protect our fruit and vegetable production.

**Ms. Peggy Brekveld:** I was speaking to a representative from Ontario Fruit and Vegetable Growers just today. They talk about the financial challenges right now, with the input costs rising significantly, whether those are carbon pricing, the tariff on fertilizer or just simple inputs. Labour prices have gone up, and bringing in packaging and such has been difficult. We want to manage as often as we can to provide some financial risk assurances. We used to make it better, and this is one opportunity to do that by using a model that's already there.

One of our biggest export customers is the U.S. We want to make that process as good as we can for our fresh market. It's a perishable product. You can't put it back in the box and send it back, so let's ensure that they get paid for what they grew.

**Ms. Lianne Rood:** Thank you very much.

As we are talking about food insecurity and food sovereignty and ensuring that we can grow fresh product for ourselves here in Canada, I think this is an important part in that.

You touched on how a lot of farms in Canada are generational. I think that's something that the general public doesn't think about. It's the fact that healthy soil means that we can have generations of farmers producing food in this country to feed the world.

You touched input costs just a second ago. The input costs have gone through the roof, whether it's for fertilizer, especially in Ontario with the tariffs on imported fertilizer from Russia that are adding extra expense, or whether it's the carbon tax and the potential tripling of the carbon tax going forward. What would you like to see in policy to help reduce some of those costs so that we can ensure we continue to have food security in this country?

**Ms. Peggy Brekveld:** Farmers have paid a lot of tariffs. That certainly is evident as we looked at bills this spring and as we look to the new season. I really think that there's an opportunity for government to take those tariffs and return them back to the farming community as a whole, to agriculture, and find ways to reinvest that. Whether that is to help with promoting more best management practices or whether that is to bring it back to the farmers themselves so that they can invest in better technologies that will help reduce emissions, there are a lot of opportunities there and a lot of creative ways to bring those dollars back to the industry, including even the potential for production of fertilizer in eastern Canada.

One thing I will say is that farmers are very, very nervous about the potential of losing the ability to use inputs, including fertilizer. There has been clarity that the government is looking to reduce emissions, and I understand that, but on the other side, many farmers see that if we measure using fertilizer, we're probably making a mistake, because when we use fertilizer, if we don't use enough, we actually degrade the soil. The plant will slowly but surely take the nutrients from the soil, and eventually you won't have a good quality of soil. If we use more but it is the right amount for the crop that we are currently growing, if the crop absorbs it and uses it the way it should, with the right trait, the right product, the right timing and the right placing, we actually will see good fertilizer usage and reduced emissions.

I think the better way to measure for emissions would be to use a reckoning of how many best management practices farmers are using on the land. We know from research that those actually will reduce emissions, and I do think that it also will provide us with the ability to continue to produce more and more food for the world. That's what your committee is looking for: answers that will make us the best growers.

• (1725)

**Ms. Lianne Rood:** I have just one more quick question, as my time's almost out.

I'm wondering if the OFA was consulted on the fertilizer issue, the reduction.

**Ms. Peggy Brekveld:** We've had conversations and we certainly engaged in the process. I know people around the table here who I've spoken to on the issue and I appreciate the opportunity to do that.

**The Chair:** Thank you very much, Ms. Rood. Thank you, Ms. Brekveld.

[*Translation*]

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

[*English*]

**Mr. Ryan Turnbull (Whitby, Lib.):** Thanks to the witnesses for being here today.

Ms. Brekveld, I'll start with a couple of questions for you. Welcome to the committee.

A number of years ago, in 2015, some colleagues that I know quite well produced a report called "Dollars & Sense". It was funded by the McConnell and greenbelt and Metcalf foundations. Some really great research there showed that in 2015, southern Ontario had a \$10-billion trade deficit. In other words, the economy in southern Ontario could actually produce \$10 billion more food that didn't necessarily need to be imported from California, Mexico or wherever else. That's the concept of import substitution.

Since then, we've experienced quite a number of crises, from COVID-19 to the war in Ukraine to numerous extreme weather events, that I think have consistently exacerbated the challenges that farmers are already facing.

I'm wondering, especially with the droughts in California and this global integrated food system that we have, how Ontario is going to respond. We can grow more food for export, but there's also a lot to be said for growing more food at home for the people of Ontario.

What is the OFA doing on that front?

**Ms. Peggy Brekveld:** Both domestic and international production are important. It doesn't matter if you're producing for global or for domestic consumption; both of them require the land, the soil and the best management practices, etc.

I will go back to this: We actually really do need to protect farmland. OFA has worked very hard to make it known that in the province, we are losing 319 acres a day. That adds up to 75 million carrots, or 25 million apples or 1.2 million bottles of VQA wine, if you want to have something in the evening. That's significant—

**Mr. Ryan Turnbull:** That's great. I love wine. Thank you very much for relating it to wine. I always appreciate that.

I don't mean to cut you off; I just want to get another question in.

In terms of your perspective and the OFA's perspective, I know you have a large membership in Ontario. I know many of the farmers and have worked with them in the past. Do you support regional food systems?

Often times, in regional food system work that I've done in the past, there's this missing middle. There are small-scale distribution and storage options and obviously abattoirs and processing. It is a real challenge. We know regional food systems are better for the environment and reduce the number of kilometres on all food that's produced. It's those short supply chains.

Are you working to develop regional food systems across Ontario?

**Ms. Peggy Brekvelde:** We have approximately 50 federations across the province and we certainly work with each one. Part of that work is asking what it looks like in their area.

Local food is a big component of our work. We certainly are engaged in promoting local food, such as the Source Local program that we just did recently for Ontario Agriculture Week.

We love that, but we know it isn't the only food we're going to produce. We are going to produce for export markets as well, whether in fruits and vegetables, beef, pork, or grains and oilseeds.

● (1730)

**Mr. Ryan Turnbull:** Sure.

Multiple times at this committee I've heard people say and reiterate that Canada can feed the world. I get it that we have a strong suit in agriculture and we can export product around the world, but if we're relying on international trade to supply ourselves at a time when we could actually produce a lot of that food here, are we not setting ourselves up—with climate weather events and supply chain disruptions—for more challenges within our domestic food system?

**Ms. Peggy Brekvelde:** When World War II happened, in Holland they had famine at a certain point because the war had destroyed so much land. For a long time, Holland had a pretty strong national food system. They cared about their food producers for quite a few years after the war happened, because they knew what food insecurity was. When I think about Canada, I certainly agree. We need those regional and local food networks to be strong, but we also have an opportunity to export beyond that.

If you want me to say I'm a supporter of local food, I am. I love—

**Mr. Ryan Turnbull:** Yes, that's what I wanted you to say. Thanks.

**Ms. Peggy Brekvelde:** I will also say that we can't envision ourselves as doing it only for Canada.

**Mr. Ryan Turnbull:** How much time do I have?

**The Chair:** You have 45 seconds.

**Mr. Ryan Turnbull:** Mr. MacDonald, I'll go to you.

I read your report from CN on intermodal transportation, which I thought was quite good. I note there was a really good piece in there on the GHG reductions that can be achieved with further rail transport, which I think was really great to see.

You also mentioned that funding innovation was going to be key in streamlining processes for infrastructure funding. Can you give us a little more detail on what innovations you're speaking of, other than automation, because I noted that? Is there anywhere else within the intermodal system that CN works with where there are opportunities for innovation?

**The Chair:** Mr. MacDonald, I hate to be cold water. Unfortunately, Mr. Turnbull, you had 45 seconds, and the preamble was about 45.

Mr. MacDonald, I know you'll get another opportunity, so my apologies. Perhaps you'll table that one.

[*Translation*]

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

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

Thank you to the witnesses for being with us today.

My first question is for the individuals from the Union des producteurs agricoles, or UPA; specifically, for Mr. Caron.

Last May, you addressed two levels of government to alert and inform them about the unusual inflationary environment and the increase in input costs. You also asked them for support.

My first question is this: Since the month of May, have you received an answer about this at the federal level?

**Mr. Martin Caron:** [*Technical difficulty*]

**The Chair:** I'm sorry, Mr. Caron. I think there is an internet connection problem.

**Mr. Yves Perron:** Mr. Tougas could answer my question, in the meantime.

Can you tell us whether the federal government responded to the letter sent in May? Were there discussions or anything else?

In his remarks, Mr. Caron talked about the Canada Emergency Business Account, among other things, and about having some sort of specific assistance program to prevent farm closures. Were there any discussions on this? Is something happening along those lines, or has there been nothing since the month of May?

● (1735)

**Mr. David Tougas:** As far as we are concerned, we have not had any direct discussions regarding these requests. However, there were other relatively positive discussions about agri-environmental initiatives. That said, to my knowledge, there have been no specific developments since last spring on the matter of Canada Emergency Business Accounts.

**Mr. Yves Perron:** Mr. Caron, your image seems more stable than it was earlier, so let's try again.



You asked both levels of government to act quickly. However, as I understand it, not much has happened. In order to reemphasize the need you expressed, could you tell us about the current situation for start-ups, including the impact of rising interest rates?

**Mr. Martin Caron:** [*Technical difficulty*]

**Mr. Yves Perron:** It's not working, Mr. Caron.

**The Chair:** I'm sorry, Mr. Caron.

**Mr. Yves Perron:** I will ask Mr. Tougas to answer my question.

**Mr. David Tougas:** Actually, start-ups are generally more indebted than the average farm business. Furthermore, the average debt ratio of Canadian and Quebec farm businesses has increased significantly in the last few years, for all sorts of reasons. Many have complied with new environmental or animal welfare standards.

**Mr. Yves Perron:** Are you concerned about closures if there is no support or if measures aren't taken?

**Mr. David Tougas:** The increase in interest rates announced since the beginning of the year will certainly put pressure on a number of agricultural businesses and, in particular, on next-generation businesses. So, yes, it will probably increase the rate of closures.

**Mr. Yves Perron:** So, you're expressing a need for support that could take the form of an emergency account or something else, but there has to be something. Would you recommend that to the committee?

**Mr. David Tougas:** I will let the president comment on that.

**Mr. Yves Perron:** Yes, but the president doesn't have internet.

**Mr. David Tougas:** That is indeed our request.

**Mr. Yves Perron:** Perfect. Thank you.

In your remarks, you also talked about supply management. We know my preference for this system. It works well, is safe and is stable.

Do you have a recommendation to make to the committee to protect and sustain supply-managed production sectors, which ensure food security?

**Mr. David Tougas:** Indeed, as the president mentioned in his speech, supply management is entirely consistent with self-sufficiency and food security. That means we really must preserve the system to keep its advantages for productions that benefit from it, such as milk, poultry and eggs. That means excluding this system from the next trade negotiations and preserving it in its entirety, especially in the current environment, which poses risks for food supply chains. It has never been more important to preserve this system.

**Mr. Yves Perron:** All right. Thank you.

Would you be in favour of protecting it through legislation?

**Mr. David Tougas:** If it's necessary, why not?

**Mr. Yves Perron:** Very well.

I will now talk about the workforce. You will have about 30 seconds to answer. According to the president's earlier statement, access to foreign labour is difficult. Do you have one or two specific

recommendations to help your business get access to these workers?

**Mr. David Tougas:** : Actually, the biggest recommendation we made recently is more administrative in nature. It would be to streamline the paperwork, the criteria and all that. I don't have the list in front of me, but it's mostly administrative. I would say that the pandemic added a layer of complexity to bringing these workers to Canada. So, we need to be vigilant about that complexity and keep it to a minimum for our Canadian farm businesses.

**Mr. Yves Perron:** Thank you.

**The Chair:** Thank you very much, Mr. Tougas and Mr. Perron.

I now give the floor to Mr. MacGregor for six minutes.

[*English*]

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

Thank you to all of our witnesses for being here today.

Mr. MacDonald, I'd like to start with you and CN Rail. I'd like to talk to you about labour. Not having enough of a workforce and so on is a perennial theme at this committee across all sectors.

CN Rail also had a little bit of labour strife over the summer, and I'm wondering if you can comment on your labour gap. Do you have enough employees to satisfy the capacity you would like to be at currently? Looking forward, do you feel that your labour relations are at a pretty good point right now? Do you expect any more strife in the future? Can you comment on that?

● (1740)

**Mr. Doug MacDonald:** That's a great question.

Today we think we are fairly staffed up for the upcoming fall peak. We've hired 500 new conductors to help move trains, and conductors become engineers, so it's a progression. We're hiring another 800 in Q4 and Q1, and then we have another 500 coming in Q1 and Q2.

Is it hard to find labour? The answer is absolutely yes. In major centres, it's not so bad. In rural areas where we still move a lot of our freight—places like northern B.C. and other places—it's very hard to attract people. It's very hard to find living accommodations. One of our biggest hubs is Jasper, Alberta, where you're not allowed to build housing unless you have a reason to reside, so people are having to commute for 45 minutes to an hour to get to their jobs. In a big city, we're used to it, but not out in rural Alberta. We'll continue to hire in for that, but we think we're staffed up well enough to do it currently.

From a labour strife standpoint, I think we're all set up. We have some negotiations that are ongoing now with Unifor. I was actually in Montreal this morning kicking that off. We have a lot of things in common, and I think we'll be able to come in and negotiate a solution as we usually do.

We have all the other main unions—the running trades, we call them—and they will start negotiating soon. We expect that to go through winter, and we hope to come to a good solution. It will be contestable a little bit around wages, obviously, because of the inflation. That's the biggest thing.

**Mr. Alistair MacGregor:** I noted that when you made your opening statement and were talking about disruptions and supply chains, the first thing you cited was climate change.

My home province is British Columbia. In the space of a number of months, we went from raging wildfires that burned some communities to the ground to an atmospheric river, which was not part of our lingo before last year. Parliament is being dominated by a conversation about inflation right now, and we're having conversations about taxes, but I don't think enough parliamentarians are paying enough attention to the inflationary aspects of climate change.

My province of B.C. shelled out more than \$10 billion to fix the damage from the atmospheric river. You talked about the stress and threat that climate change poses to our critical infrastructure. You know very well what that atmospheric river did to our rail lines, effectively cutting off the port of Vancouver, our busiest port, from the rest of Canada. Going forward, of course, like any corporation with billions of dollars in assets, you must be mapping out where the greatest threats are.

Have you identified any particular links in your rail lines that are particularly vulnerable at the moment, and that we, as a committee, should be paying attention to within the context of food security—the ability to move food from point A to point B and ship it across the world?

**Mr. Doug MacDonald:** We've been mapping those out for years. I'll say right off the bat that B.C. is obviously a hot-button issue these days. It's seen the most volatility. We're very focused on that. We've made a lot of changes in how we operate and what we look for, working with both the B.C. government and all our other partners there. As an example, today it's very dry in southern B.C. We have to control the track more. We do things like that. We're on the lookout for fires all the time. We'll continue to do that and actually run more slowly and do other things when it gets too dry.

We try to do everything according to the guidelines set by Transport Canada, but we also have guidelines internally. It's critical. We are learning as we go, just like everybody else. No one saw an atmospheric river before, and that was devastating. We were out for three weeks. I will say that what we did to get back from that was a feat of engineering, but we expect to see more throughout Canada.

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

I'd like to turn to the OFA.

Ms. Brekveld, it's good to see you again.

You took some time in your opening statement to mention a few things that are key to this study on food security and combatting

food insecurity. You took the time to mention soil health and its importance. It's no surprise to people around this that it's also a very big passion of mine.

Could you develop that a bit further? How are you particularly establishing the link between the importance of soil health to farmers and what our committee is studying right now under this particular theme?

• (1745)

**Ms. Peggy Brekveld:** I will say two things about this.

One, we should know and assess what our soils are across this county, and ensure we have the right labelling for everything.

Two, we have to understand how soil works and understand that if we don't take care of it or feed it, we will see the degradation of it. There are places where farmers have decided that fertilizer or manure are not accessible. Perhaps the livestock operations are too far away, or perhaps the fertilizer is priced to the point where they can no longer afford it because the margins are too small, so they don't put enough on. You can watch how, in two or three years, the soil changes colour and the plants get smaller and smaller. In the end, you just end up with weeds.

**The Chair:** Ms. Brekveld and Mr. MacGregor, unfortunately, we're at time. Thank you both.

We'll now go back to the Conservatives and Mr. Lehoux. You have up to five minutes.

[*Translation*]

**Mr. Richard Lehoux (Beauce, CPC):** Thank you, Mr. Chair. I'm going to share my time with Mr. Barlow.

Mr. Caron, I hope your microphone is working. If not, you can answer, Mr. Tougas.

I will ask a simple question. We are doing a study on food security. We know that the war in Ukraine and the pandemic had serious impacts on all international markets.

If you had two or three recommendations to make to the committee on how the federal government can help our agriculture achieve the best possible results, in spite of these circumstances, what would they be?

**Mr. Martin Caron:** [*Technical difficulty*]

**The Chair:** I'm sorry, Mr. Caron. The connection is very bad.

We'll go to Mr. Tougas.

**Mr. David Tougas:** We had some recommendations to that effect in our speech.

**Mr. Richard Lehoux:** I'm sorry, Mr. Tougas. What were they?

**Mr. David Tougas:** We talked about special programs to maintain the financial health of businesses suffering from the rising cost of inputs.

We didn't mention it directly, but you have to keep an eye on the fertilizer tax and the availability of fertilizer in the eastern part of the country. I don't know what needs to be done to ensure a supply, but farmers need these fertilizers to keep up their production.

Those are probably our two main recommendations.

**Mr. Richard Lehoux:** You mentioned that the labour issue is still a major challenge.

In a previous study by the committee, there was talk of cutting down on the famous forms to be filled out. There was even a recommendation to that effect in one study.

Have you noticed any concrete action in this area? Are we still dealing with the same thick red tape?

**Mr. David Tougas:** That's what I understand, but it's not my file. We are still in the same place.

**Mr. Richard Lehoux:** Very well.

You touched on inflation, which has a significant impact on the cost of inputs.

In your opinion, should we suspend certain taxes instead of inventing programs? How do you see that?

**Mr. David Tougas:** What would help would be to abolish taxes or return the money collected to the agricultural sector, as Ms. Brekveld mentioned. That money is no longer available for producers, and increases production costs for everyone.

**Mr. Richard Lehoux:** That's perfect, thank you.

Mr. Barlow, it's your turn.

[*English*]

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

I want to go back to Mr. MacDonald.

I believe there are eight labour agreements between you and CP that are set to expire by end of the year when we're looking to move commodities like grain. The Liberal Minister of Labour announced today that they were going to have legislation against replacement workers. I know that when there is a strike in the railways, a lot of times the managers step up to fill those voids.

I guess I have two questions. First, were you consulted on this new legislation from the Minister of Labour? Second, if it does impact your ability to allow management to step into some of those key roles during labour disputes, what impact is that going to have on moving commodities via rail should a strike happen?

**Mr. Doug MacDonald:** First of all, to my knowledge, we haven't been consulted. Second, when you look at rail, you see we just don't have enough managers to run the railway, so that doesn't happen. We did have a strike with our signals workers this summer, and we did have enough managers, as well as a few third party outside people we brought in to help run the railway in that interim period.

Do we want replacement workers? There are only certain areas where we could use them—like that small union that went out—but for the major part of our railway, we could not do it. We would simply have to shut down.

• (1750)

**Mr. John Barlow:** You say, "only certain areas". Should this happen and this legislation go through, are we talking about rail not moving, or are we saying there'll be, let's say, a 50% reduction in capacity or the ability to move product? Do you have an idea what that would quantify as?

**Mr. Doug MacDonald:** No. With respect to this bill, it's not going to have a major impact on CN. We would shut down regardless, whether this bill is passed or not.

**Mr. John Barlow:** Okay.

We had a witness in a previous study, Murad Al-Katib from AGT Foods, who I'm sure you know well. He said that one of the key issues for the supply chain and food security was ensuring that commodities that could be moved by pipeline are moved by pipeline and that commodities that need to be moved by train are moved by train. Is that something you would agree with? Is it important that we have all supply chain options available?

**Mr. Doug MacDonald:** Absolutely. We should be moving goods by the lowest-cost method to bring them to market. That helps everyone maximize what they're going to make, from the farmers all the way through to whoever is moving that product, and it helps to have the cheapest cost for the people who buy it.

**The Chair:** Thank you, Mr. MacDonald.

**Mr. John Barlow:** The pipeline is lower on GHG emissions too.

**The Chair:** That's fine. Thank you, Mr. Barlow.

We'll go to Mr. Louis now for five minutes.

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

Actually, I am going to split my time with Mr. Turnbull and let him go first. He seemed to be on a roll in the last round.

**Mr. Ryan Turnbull:** Thanks.

Mr. MacDonald, I'll go right back to you with the question I posed.

I'll refresh your memory. It was about the innovation you spoke about and funding that innovation within our supply chains, specifically looking at the intermodal system that CN Rail relies upon and, to some degree, oversees.

I think it's surge capacity and resilience within that supply chain that I'm really interested in, and where, specifically, there are strategic investments and innovations that we could be helping fund.

**Mr. Doug MacDonald:** There are two things for innovation. First of all, very briefly, we're going to basically electrify a lot of the cranes, I'll say, and things like that within the terminals. That will help out.

What you're really talking about is how we add capacity at the same time. One of the things we want to do is add smaller regional terminals within smaller population centres. Why is that good? That allows us to cut down on trucking. Right now it's port or major city to major city. A lot of trucking comes out of our intermodal terminals. A lot of the trucking is for one, two, three or four hours, and some of the trips are a lot longer.

By putting in smaller regional terminals...and we're actually working with the port of Hamilton to do one now. It's key for us to be able to actually cut those GHG emissions and make things more available for everyone at a cheaper cost.

**Mr. Ryan Turnbull:** That's great.

I noticed that in your package here, "Intermodal 101", you said that about 30 kilometres of empty cars have to go into the different ports in order to be able to be filled with product coming in. Is that right?

**Mr. Doug MacDonald:** Yes. It seems like a big number, but it's not. When you look at all the ports in Canada, we deliver 30 kilometres of cars a day. Usually they're stacked full with loads going for export, or they're empty containers. They get off-loaded. Then they get reloaded and shipped out the next day.

**Mr. Ryan Turnbull:** Yes. I know that in the trucking industry we talk about backhauling and the idea of making sure that trucks aren't driving empty. I'm wondering if there are any opportunities for that within your system and whether that's something you've looked at. I'm sure you have, but I'm just wondering.

**Mr. Doug MacDonald:** Probably about 70% of the containers we move back into the ports are actually loaded for export going out of Canada. Only about 30% are empty.

**Mr. Ryan Turnbull:** That's great.

I'll go back to my colleague Mr. Louis, who was gracious enough to share his time.

Thanks.

**Mr. Tim Louis:** I want to say thank you to the witnesses. I appreciate everyone being here.

Mr. MacDonald, in your report in 2022, you talked about the... Well, Mr. MacGregor spoke about the importance of the climate crisis we're going through and how much it's affecting things. Now we're moving into resilience. With the closure of a navigation system for the seaway system here in Ontario, that end-to-end grain supply chain capacity is going to be reduced when the Great Lakes St. Lawrence Seaway system is closed.

What kind of resilience measures are being taken to prevent the damage, and what more can be done?

● (1755)

**Mr. Doug MacDonald:** The key thing is using every output you can. We have tried to present a balanced plan within the industry. When the Great Lakes closes down and Thunder Bay shuts down for grain, you can move more to Montreal and do export, or go through Hamilton, if you want to do that. Generally, Montreal and Quebec City are the two major export ports for us, and Trois-Rivières; or you can go west.

The issue is that it's not really taken full advantage of strictly because the grain companies make more profit going over to Vancouver. That's fine and that's their prerogative, but it leaves open a large supply chain. The St. Lawrence Seaway in the winter used to do something like 10 million tonnes a year via rail through those export ports, and now it's down to two or three million, so there's a lot of capacity there that could be used. It just won't be as profitable for the grain companies to do it.

**Mr. Tim Louis:** You mentioned container shortages in your opening statement, and you talked about the rates. In the previous Parliament we did a study on the supply chain and the rates. You said they're coming down, or that you hope they're coming down.

What needs to be done? I hate to use the word "predictions", but what would your predictions be?

**Mr. Doug MacDonald:** The market has brought them down. When you're looking at containers coming inland, they're down into almost the historic levels, not those of the last two years.

In terms of export, it's not the container supply. The supply is there. It's actually that with COVID, the trade lanes out of Vancouver were cut to almost nothing. Now containers are forced to go over to Montreal, which still has all their trade lanes open. It's created a whole different supply chain that's in effect.

I'll say that the supply is there, but the ocean steamship lines have to reopen their trade lanes to make it more competitive for Canada to get to other markets.

**The Chair:** Thank you, Mr. MacDonald, and thank you, Mr. Louis.

[*Translation*]

Mr. Perron, you have two minutes and thirty seconds.

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

I will turn to Mr. Tougas.

Together with Mr. Caron, you have made a number of interesting recommendations to the committee.

What about increasing regional processing capacity?

We have heard other witnesses raise the importance of developing this network. Other committee members even talked about it earlier. I'd like to hear from you on that. I would also like to know if you have a recommendation, a potential solution to propose to the committee in that regard.

**Mr. David Tougas:** Actually, we at the Union des producteurs agricoles believe that all types of markets are important, from the local and regional markets to the export market.

We are therefore in favour of these markets. As I mentioned earlier, regional markets have advantages, such as reducing GHGs, close customer relationships, and so on. They offer a lot of advantages. That said, at the same time, our industry also needs the bigger markets, such as commodities markets, which we call export markets. To have dynamic agriculture, we need all these markets.

We are in favour of regional markets, but cannot overlook other types of markets, and so on.

**Mr. Yves Perron:** Of course. Obviously, it's not exclusive.

What difficulties do you encounter in regional processing? I'm thinking of slaughtering, for instance.

Do you think that support is necessary? Is there another potential solution?

**Mr. David Tougas:** Those are good questions.

I know some projects had regulatory constraints. There are probably funding constraints and profitability issues too. It's case by case, and there are several elements, but regulatory issues are probably at the top of the list.

**Mr. Yves Perron:** Thank you.

A number of people mentioned the importance of funding innovation, or at least encouraging it. Do you think that makes sense? How can we encourage innovation?

Would recognizing and rewarding positive environmental actions by producers give companies the capital to innovate?

**Mr. David Tougas:** That's a very interesting idea. Farm businesses are already spending a lot in agri-environment, and will continue to do so in the coming years. Rewarding businesses for it will give them the cash flow they need to invest elsewhere, especially in improving their efficiency, automation, etc.

That is indeed an interesting solution for farm businesses.

**Mr. Yves Perron:** Thank you very much.

**The Chair:** Thank you very much.

Mr. MacGregor, you have the floor for two and a half minutes.

[*English*]

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

For my last question, I'll turn to the OFA and to Ms. Brekveld again.

Food prices are a big topic these days. Staying on the theme of food security within Canada, we know that we're very lucky to be living in a country that produces far more food than its own citizens can consume, but we also know that across the entire food supply chain, fully a third of food ends up wasted. That's a pretty significant amount. I know previously the government has brought in the food waste reduction challenge and stuff like that. If you look at the stats, they show we still have a major problem on our hands.

If we have fully a third of our production along the entire supply chain ending up in waste and not getting to people who need it, does the OFA have any recommendations on what you would like to see the federal government do to meet this challenge and help farmers in addressing this issue and making sure that people who are from day to day wondering where their next healthy meal is going to come from...?

If you have any thoughts to add, they would be appreciated.

• (1800)

**Ms. Peggy Brekveld:** I think COVID highlighted the fact that there were challenges throughout the process line. I think it also highlights ways that we could certainly improve the process and reduce waste.

We need to ensure at the farm gate we have the ability to have enough people on our farms to harvest the crop to make sure that it gets in and to make sure that it can get out. We need enough truck drivers and healthy transportation lines to bring that product to consumers. At the consumer level, we need the right ways to ensure that the products can be consumed or purchased before the best-before date.

Beyond that, we have to ensure that consumers understand the best way to utilize the food that they purchased before it is a waste.

There are pieces along the whole chain that certainly could be improved and ways that government can help inform and improve it and benefit all consumers. If we have a healthy food chain, we will have less waste and more people able to purchase food.

**The Chair:** That's a great way to finish on our first panel.

Thank you, Ms. Brekveld. Thank you, Mr. MacGregor.

[*Translation*]

Thank you, Mr. Tougas and Mr. Caron.

[*English*]

Thank you here in the room, Mr. MacDonald. Thank you to all of you for your collective work in agriculture and the transportation that moves agriculture products.

Colleagues, don't go far. We have a great second panel. We do have a hard stop at 7:00, so I want to get this meeting started again as soon as possible.

• (1800)

(Pause)

• (1805)

**The Chair:** I call this meeting back to order.

Thank you for the quick turnaround. We have the second panel. We're going to get started. We have three really good witnesses here today.

First of all, we have the Honourable Ted Menzies. I have a lot of similarities to Mr. Barlow because of his predecessor. I'm sure they said it was very difficult to fill Mr. Menzies' shoes, and for me, it was Scott Brison's.

Ted, it's great to see you here. Thank you for your work as a parliamentarian, and thank you for what I know will be an informed discussion today about the ways in which we can help propel agriculture in the days ahead.

We also have Russel Hurst, who is joining from the Ontario Agri Business Association. Mr. Hurst is joining us online. Thank you for being here.

From Protein Industries Canada, we have William Greuel. I know him as Bill. Bill, thank you for your work in helping to drive plant protein research and opportunities not only across Canada but particularly in the western provinces.

With that, we're going to get right to it. I have Mr. Menzies for up to five minutes for opening remarks, and then we're going to turn to questions.

It's over to you, Mr. Menzies.

**Hon. Ted Menzies (As an Individual):** Thank you, Mr. Chair.

First, let me express my appreciation for this committee's work and efforts on an increasingly crucial issue, which is food security.

You have heard from many experts already, and they have provided some very credible and compelling facts and advice, so please allow me to provide some personal viewpoints and experiences from a Canadian farmer's perspective. I will share some sustainable food production methods and outcomes.

My wife and I spent 30 years actively growing field crops, starting with mostly wheat and barley and then evolving to rotations that help offset disease and pest challenges and help increase the sustainability of the soil. Those included oilseeds, pulse crops, legumes, varied winter and spring crops, and even spice crops. Our

farm lies within the geographic prairie triangle that was famously reported by explorer John Palliser to be unsuitable for crops.

Over the years, we adapted and improved our methods, our varieties and our equipment. This year, for example, barley on our home farm with rainfall of eight inches, or 20 centimetres—which is about one-third of the Canadian average rainfall—averaged 99 bushels per acre or six tonnes per hectare. That's more than we've ever grown before. That's double the yield of 40 years ago.

There are many factors that have improved both yield and quality through research, such as improved varieties for drought tolerance, shorter season maturity, in-plant pest deterrents, timed-release nutrients and improved photosynthesis.

The use of satellite technology for data collection, GPS guidance and sectional equipment control have all enhanced efficiency and sustainability. Producers can grow more with less. This is good news for the grower, good for the consumer and good for the environment.

Never forget that sustainability has two fundamental components—environmental and economic. Many countries provide a stark example of not considering both. The EU's nonsensical farm-to-fork strategy has proven actually to reduce food. Sri Lanka's failed organic experiment that caused immediate mass starvation was and still is devastating.

The full-bellied activists want all food to be grown under the guise of regenerative agriculture, a term for which no two people could offer a similar definition. I would invite these activists, who have not set foot on a farm in search of knowledge, to explain to a mother in Kenya, Ethiopia or Somalia growing cassava to feed her hungry family that she should not nurture her crop with fertilizer or protect it from pests and diseases with approved safe chemistries. I was privileged to observe agriculture in Africa that used primitive agrarian practices. Subsistence farming is not sustainable, either for the soil or for food supply.

Why do I give these comparisons? It's because governments tend to listen to loud activists who care less for those who go hungry than they do for their unscientific research gleaned from their own Internet algorithms. They claim we would all be better off growing less food and using less crop protection, but they fail to understand the harm this would cause to the air, water and soil through organic practices that require increased tillage, which causes soil erosion, and organic pesticides, many of which are more harmful to nature than are those approved by certified regulatory bodies. The result is substantial increases in greenhouse gas emissions from excess field equipment passes.

Many of Canada's food-producing regions benefit from a changing climate, but along with that comes the moral responsibility to help feed those who are negatively impacted by a changing climate, and shame on us if we don't, or if we are not allowed to, step up to that responsibility.

Canada's farmers and ranchers stand ready to do that.

Several witnesses have shared how the war in Ukraine has created serious food insecurity in regions with the fewest available options. They all need our support.

- (1810)

In Canada, we produce more food and continue to do so, but beware of reckless theories, such as a blanket reduction of nitrogen fertilizer use as an attempt to reduce emissions, with no understanding that actions already taken by farmers have accomplished more to reduce emissions through practical methods that don't limit food production.

**The Chair:** Mr. Menzies, I apologize. I gave you an extra 20 or 30 seconds. We are at time, but I know that you'll be able to continue your thoughts and your testimony because all of us will want to engage.

I'm going to now turn to Mr. Hurst for up to five minutes, please.

**Mr. Russel Hurst (Executive Director, Ontario Agri Business Association):** Thank you.

Good afternoon, Mr. Chair and members of the committee.

My name is Russel Hurst. I serve as the executive director of the Ontario Agri Business Association, which is based in Guelph. We represent companies that range from single owner-operators to large multinationals that operate country and terminal grain elevators, livestock feed mills and crop input facilities operating out of approximately 500 locations throughout the province.

In terms of our sector's economic impact, on an annual basis we generate in excess of \$16 billion in sales, employ over 30,000 employees and contribute over \$4 billion in value-added GDP annually.

Ontario agribusiness members are on the front lines, helping Ontario farmers grow stronger, healthier crops and livestock through the utilization of cutting-edge innovation, implementing established best practices, supplying quality products that increase crop yields and quality, and producing healthy and productive livestock, all while focused on ensuring that our precious environmental resources are enhanced for the next generation.

In respect of recommendations on how this government can improve Canadian exports on the global stage, we view this as an opportunity with two distinct areas of focus. The first is to enable Canadian farmers and the suppliers who support them with the business predictability and access to innovations that allow them to produce food that is desperately needed by the world's population. The second is to have domestic supply chain infrastructure and trade policy that supports the sector domestically and globally.

Our recommendations, Mr. Chair, are the following.

First, we need a predictable business environment that allows for agricultural products to be sourced globally for utilization on Canadian farms.

Eastern Canadian farmers have relied on nitrogen fertilizer imports from the Baltic and Black Sea regions for decades. We are very supportive of the Government of Canada's imposed economic sanctions on Russia as a result of the invasion of Ukraine, but we would prefer sanctions that do not negatively impact our domestic agricultural supply chain. Moving forward, our request is that the tariff be removed to allow our members, who import fertilizer and retail it to farmers, to best negotiate fertilizer imports within an incredibly competitive global marketplace. This will allow for business predictability and a degree of price stability.

Number two is domestic supply chain resiliency through increased value-added processing capacity.

We need a practical and predictable regulatory environment so that our members can make long-term investment plans. Supply chains must be resilient so that our products can get to and from farmer customers domestically. We can add value through further processing, and products can be shipped to both our domestic and global customers so that we can contribute to addressing the global hunger gap and play a leadership role in doing so.

Third, we need strategic investments in transportation infrastructure for this generation and the next.

Canada is a trading nation. A strong agribusiness economy needs to prioritize infrastructure investments in necessary road, rail, pipeline and water-based transportation hubs such as the port of Hamilton. Over 50% of the soybeans and 70% of the wheat grown in Ontario transition through that facility into the global marketplace. In short, the port of Hamilton and its highly efficient transportation corridor are vital to the economic viability of the agriculture sector in Ontario.

Fourth is to foster innovation and climate change resiliency.

Our sector has worked diligently to ensure farmers have both the economically and environmentally optimal amounts of fertilizer to grow their crops. Our members are not only experts in fertilizer products but also in innovative best management practices for fertilizer use. The 4R nutrient stewardship concept has been championed by industry, government, academia and farmers for well over a decade. Embracing 4R nutrient stewardship is the solution that both supports continuous improvement and respects nutrient utilization and environmental responsibility.

In conclusion, global food security is complex. In many cases, it incorporates both political and economic stability concerns. I commend the committee for exploring the role that the government can play in being a champion for Canadian agriculture.

Given the right tools, policy and trade environment, the Canadian agri-food industry is among the best and most resilient in the world. There is capacity to grow and export more. Our members have the ability to efficiently source inputs, provide technical expertise to farmers and export Canadian-grown crops to the world, given a predictable business environment that supports long-term growth.

• (1815)

Thank you, Mr. Chair.

I look forward to any questions the committee may have.

**The Chair:** Thank you, Mr. Hurst.

We're now going to turn to Mr. Greuel for up to five minutes, and then we'll turn to questions.

**Mr. William Greuel (Chief Executive Officer, Protein Industries Canada):** Thank you, Mr. Chair and committee members, for having me here today.

As mentioned, my name is Bill Greuel; I'm CEO at Protein Industries Canada. We are one of Canada's five global innovation clusters and are working to accelerate innovation in Canada's plant-based food and ingredients sector. We're doing this by building off Canada's strong foundation that makes our agriculture and food sector one of the best in the world: farmland, an abundance and diverse variety of rain-fed crops, and people who are committed to bringing healthy food to the tables of Canadians and around the world.

Over the past four years, Protein Industries Canada, along with the sector, has invested almost half a billion dollars to advance plant-based ingredient processing and food manufacturing right here in Canada. This investment represents a Canadian-made solution to a global food challenge. As a global agriculture powerhouse, Canada has the means, resources and skill to turn crops into food and transform the way the world eats. With this innovation, we believe we are advancing solutions to some of humanity's greatest challenges, including climate change, human health and food security.

As you are all aware, we are facing global food production and distribution challenges at a scale that of many us have never experienced before. The lingering effect of fragile supply chains impacted by COVID-19, combined with climate change and global conflict, have led to food inflation and, in some cases, food shortages. Un-

fortunately, this is not a one-time event; we should expect food shortages to persist as climate change continues to impact our ability to not only grow food but transport it. This, layered with a growing global population, means that the number of food-insecure people will only increase.

There is no doubt that Canada has an important role to play in helping mitigate this crisis. To do so, I believe there are three main areas where Canada must focus its efforts to increase exports and help lessen global food insecurity.

First, we need to increase domestic ingredient processing capacity. With our strengths in the production of commodities, Canada can do more to support global and domestic food security by processing those crops here at home. Plant-based ingredients and food are a source of sustainable economic growth. Increasing processing allows Canada to seize more value here at home, creating jobs and capturing the economic value associated with food and ingredient processing, which is an estimated additional \$25 billion per year and 17,000 jobs by 2035. It will also strengthen our own domestic food supply chain, minimizing our reliance on food import from other countries in a highly competitive global marketplace. It tempers the effects of non-tariff trade barriers that can disrupt the movement of commodities. Put simply, ingredients and food are less likely to become a part of a trade disagreement, meaning that they can continue to be exported to get into the hands of those who need them. Finally, processing and exporting ingredients will require more diversified transportation to lessen the agriculture sector's reliance on rail.

My second recommendation is the need for a regulatory climate that supports and rewards innovation. While Canada's regulatory system is key to our ability to deliver safe food, we can also use it to drive innovation. We need a regulatory system that is timely and predictable and more closely aligned with our key trading partners, such as the United States. This will allow for better flow of ingredients across the border and, ultimately, to other countries.



My final recommendation is that we need to do more to build Canada's international reputation as a supplier of reliable, nutritious, sustainable ingredients and food products. Historically, we have been focused on commodities, and we have a strong reputation as a supplier of bulk grain. However, we are in the middle of a food revolution, and Canada is at the forefront. We have a once-in-a-lifetime opportunity to become the preferred global supplier of plant-based foods and ingredients. To take full advantage of this opportunity, we need to tell our sustainability story and create the systems to define and defend our global brand.

I want to thank you for your time today and I look forward to any questions that the committee may have.

• (1820)

**The Chair:** Thank you very much, Mr. Greuel.

Colleagues, just for your knowledge, we're going to be a little bit tight on time. We'll definitely get the first panel in with the six minutes. I'll then go to the Liberals and Conservatives; it might even have to be a bit condensed. I'll do my best to get to the other parties, but Bloc and NDP members, please make sure that you exhaust all your questions in the six minutes in case I can't get back to you.

We're going to Mr. Barlow for six minutes.

**Mr. John Barlow:** Thanks, Mr. Chair.

Mr. Menzies, I would invite you to submit your opening remarks to the clerk, since you weren't able to finish them, so that we have those on the record.

I think some of your comments about our moral obligation to help feed the world resonate. I think part of that shows the importance of fertilizer, crop protection products, and certainly biotechnology and innovation, but I would argue that this government is starting to make some policy decisions based on politics and ideology rather than sound science, and that's hurting our reputation.

For example, can you speak about the government's decision to pause the review on the MRLs—the maximum residue limit—and the impact that might have on our ability to meet our commitments and on us as a trading partner?

**Hon. Ted Menzies:** Thank you for that question, Mr. Barlow.

Just to clarify your question, the maximum residue limits are set up by an international body, and we have one of the most revered systems around the world as far as health protection goes in the CFIA, as well as in our Pest Management Regulatory Agency.

They have to do regular reviews, and we understand that. That's our commitment to other bodies around the world, but these are some of the safest products. The maximum residue limits, the numbers, are usually.... Using glyphosate as an example, you'd have to eat 8,000 tons of something that had been sprayed with glyphosate to have even a sore stomach. These are very health-conscious regulations, but there are concerns that they're not listening to the science, so we as farmers are very concerned.

As I mentioned in my comments, this is the way that we have stopped soil erosion and stopped a repeat of the dirty thirties. It's through these new technologies. Don't take them away.

• (1825)

**Mr. John Barlow:** I'm glad you spoke about the PMRA as well, and certainly I would caution the government that it is injecting politics into some of these decisions that should be science-based. For example, on the PMRA, they have now created a politically appointed advisory panel.

Just to quote from part of their mandate, they will insert themselves prior to “evidence-based” decisions on PMRA on pesticides. To me, that is saying that there's going to be a political decision before the science ever comes to fruition.

Do you know any other country that has a similar policy in place?

**Hon. Ted Menzies:** I would certainly hope that there isn't one.

You folks sitting around this table.... I was one, and I was never an expert in every discussion that we had, whether it was on the floor of the chamber or wherever it was. We depend on scientists to give us that information. We can watch what we've gone through with COVID. We depended on science rather than our emotions. To have people who are not the scientific experts as a precedent is very concerning.

**Mr. John Barlow:** Mr. Menzies, what would be the risks to Canadian agriculture, potentially, of politicizing departments like the PMRA in their decision-making, rather than ensuring that it is science-based and that politics are not a part of those decisions? What would be the impact if glyphosate decisions, for example, were based on politics and activism and not on sound science?

**Hon. Ted Menzies:** Very bluntly, our credibility around the world.... Very simply, would they be so comfortable buying food from Canada if we had a partisan system of reviewing what was safe and what wasn't safe?

**Mr. John Barlow:** Thank you.

At the end of your comments when you ran out of time, you were mentioning what the fertilizer emissions reduction policy is, for example. It doesn't bring into consideration the understanding of the steps that producers are already taking to ensure that they are not only environmentally efficient but also economically sustainable.

One of our colleagues was very adamant the other day that farmers aren't making these changes to innovation and technology unless they are being punished with carbon taxes or being forced to reduce emissions and usage of fertilizer through a regulation. Do you think that's a fair statement, or do you think farmers are doing everything they possibly can to innovate and embrace new technology when it becomes commercially viable and available?

**Hon. Ted Menzies:** Have you looked at the price of fertilizer?

**Voices:** Oh, oh!

**Hon. Ted Menzies:** Why would a farmer waste it?

As I mentioned, we've changed our processes. We use more fertilizer where there's a potential of a better crop. I've left 60 acres of my farm to wildlife because it was not good soil. I don't spend any money putting fertilizer on that. I put it on the good land.

You will have seen a report out of Brazil, where they're very concerned about next year's crops because, with the price of fertilizer, farmers have reduced their inputs. Brazil is a major food source for all of South America, so that is another concern simply because of the cost of fertilizer, and that's without a regulatory burden placed on top of it.

**Mr. John Barlow:** I'm out of time.

I want to mention your 40 acres. What will happen if you have to use less fertilizer is that you're going to try to force yourself to cultivate those 40 acres, which probably isn't good for agriculture. It is actually going to increase your emissions and use of fossil fuels.

**The Chair:** Mr. Barlow, we'll have to leave it at that on an editorial note, but I know Mr. Menzies, if asked again, will be able to respond.

Mr. Drouin, you have six minutes.

**Mr. Francis Drouin (Glengarry—Prescott—Russell, Lib.):** Thank you. It's amazing what a market mechanism can do to change behaviour.

• (1830)

**Mr. John Barlow:** It's awful.

**Mr. Francis Drouin:** I'm going to put that out there.

Mr. Menzies, you've made some statements—and I agree with you—that a lot of farmers are using good practices. I'm wondering, because the Government of Canada just gave \$17 million to the Canola Council of Canada to help implement more widespread use of 4R. Are you saying that all farmers are currently doing 4R? I'm going to call them up and get \$17 million back, because if we're wasting money....

I know that some farmers, as there is always a bell curve, are at the forefront of technology and that some of them take longer. It's not because they're bad people; it's just the way that society behaves. I know. I have farmers back home. It takes one neighbour to start the ball rolling. They come and they kick the tires. They say, "Okay, now that I see you guys are doing this, maybe I'll adopt it."

I know we can get to almost anywhere between 50% to 75% of our target just by implementing 4R. I would say that flexibility in the way you farm back west is completely different from the way

that our farmers farm back east. Cover crops in your neck of the woods don't make any sense. You'd spend more resources and more carbon implementing cover crops, so flexibility in order to produce more food is key here.

**Hon. Ted Menzies:** Yes, it certainly is. No, not everybody is practising 4R nutrient stewardship, but it's good that there's an incentive. It will get more people interested.

It's like environmental farm plans. People can put down on paper what they are doing. It's good for our credibility around the world, as well, that we are practising it, but focusing on fertilizing the good land more and the poorer land less and using sectional controls have all contributed to less use of fertilizer.

We used to overlap way too much without GPS. I can drive straight, but not really straight, and we wasted. We wasted seed, we wasted fertilizer, we wasted manpower, and all of that. That simple improvement, GPS technology, made immense improvements in our environmental footprint.

Then there's zero till. I went to zero till back in the eighties. I was one of the first in our area. I cut my fuel consumption by 40% in the first year. Look at the greenhouse gas emission reductions just there.

Not everybody can do it. They're working on it, but they don't—

**Mr. Francis Drouin:** It has to make sense, because growing season would start about a month and a half later if there wasn't access to tilling, just because there's too much clay in the area.

I think the key here is that there are different ways to get to an objective. Governments have to recognize that there has to be flexibility in ways that we can achieve the same objectives.

Thank you for your comments.

Bill, thanks so much for coming before our committee. I know you guys have been doing an amazing job, and you've come up with about three recommendations. One of them is to increase ingredient processing capacity in Canada.

What is it that you think the government could do to do that? Is it through more incentives? Is it through more potential grants?

**Mr. William Greuel:** There are a couple of things. To set the stage in terms of the numbers, we produce on average 90 million metric tons of crops in this country and we're processing 16 to 21 million metric tons, depending on what you put in the bucket, so the delta is huge.

Incentives in investment and innovation are critically important, but what the sector really needs is a competitive business environment in which organizations and companies can make large investments, because we're talking about investments of upward of \$600 million. It's anywhere from \$200 million to \$600 million, so greater access to capital is certainly something that organizations need.

We've talked a bit about the regulatory environment in Canada. The novel food regulations and ingredient regulations in this country need to be thought about and reformed to make it more attractive for companies to invest and to support the entire value chain. One reason that Canada is an attractive place for ingredient manufacturing is producers like my good friend Ted beside me. These producers ensure that we have access to supply. Really, it is about bolstering the whole of the Canadian agriculture economy. We shouldn't be thinking about ingredient manufacturing in and of itself.

**Mr. Francis Drouin:** Thanks for that.

I know we can't have this conversation in two minutes right now. I'd love to sit down later, after this meeting, to discuss specifics of how we can modernize that regulatory environment so that it makes sense.

You also mentioned international reputation. You mentioned that if we produce more food here, or process more ingredients, we can avert some of the non-trade barriers we sometimes face. I'm wondering whether Canada should focus more on making their international trade deals work—the ones we currently have—or continue signing trade deals left and right. In an ideal world, we'd have resources to do both, but I think we probably don't.

I'm wondering about your opinion on that.

**Mr. William Greuel:** We have trade deals with a large number of global consumers. As you say, you can always do more, but the reality is that as a net exporter of food, crops and ingredients, we have to do a bit of both. The markets where we have trade deals today are probably the most lucrative for us, from an agricultural perspective, especially as we think about evolving from commodities to higher-value ingredients.

• (1835)

**Mr. Francis Drouin:** Thank you.

**The Chair:** Thank you, Mr. Drouin and Mr. Greuel.

[*Translation*]

Mr. Perron, you have the floor.

**Mr. Yves Perron:** Thank you very much, Mr. Chair.

I thank the witnesses for being here today.

Mr. Hurst, you drew up a very interesting list of recommendations. Among other things, you said we need to improve trade predictability and facilitate innovation. You also mentioned access to fertilizer.

You said that you agree with the sanctions against Russia, but that this should not affect our local supply chain. I tend to agree with you.

Do you think we can secure access to fertilizer, considering that this conflict is not about to end?

Have you received any information on it?

[*English*]

**Mr. Russel Hurst:** Thank you for the question.

From a fertilizer security standpoint, I think eastern Canadian farmers and fertilizer importers play in a global value chain. The difficulty we experienced collectively with the fertilizer sanctions is.... Russia was a very significant, major player until last spring, in terms of Canadian fertilizer imports. One challenge with the tariff is that it hampers our members' and fertilizer importers' ability to successfully negotiate good terms with other global fertilizer players. They fully realize that our negotiating power is significantly hampered when there are particular sanctions on such major producers.

Moving forward, I won't speak for any individual business decision. However, generally speaking, the fertilizer importers bringing product into eastern Canada are looking to source product from other regions of the world. When there are certain issues around negotiating power, anything you can do to make Canadian importers and, directly, farmers more competitive in a global marketplace and not hamper them with sanctions that have an unintended consequence for Canadian farmers is something we bargain for.

[*Translation*]

**Mr. Yves Perron:** Mr. Hurst, there could be a compensation system to make up for imposed sanctions.

You said that we are unable to negotiate elsewhere.

What is preventing these negotiations?

[*English*]

**Mr. Russel Hurst:** There are two parts to that.

We're certainly very supportive of growers in eastern Canada receiving some degree of compensation. I think it's been discussed with the farm associations. Peggy noted that today, previously.

To the second part of your question, the difficulty is that when supply opportunities at a global level specifically for nitrogen fertilizer become significantly restricted, the ability for Canadian importers to secure the quantity of nitrogen required to satisfy the needs of eastern Canadian growers becomes quite stressed. Therein lies the challenge for us: making sure there aren't any external factors that hamper importers' ability to negotiate good prices.

The reality is that a significant portion of Canadian nitrogen fertilizer used in eastern Canada came from Russia, previous to this current year. It poses a lot of challenges for those importers looking to secure other supply chains.

[*Translation*]

**Mr. Yves Perron:** Thank you very much.

In your opening remarks, you talked about the need to encourage resilience in the food chain.

Do you think we need to strengthen or improve our processing capacity at the regional level?

[*English*]

**Mr. Russel Hurst:** Absolutely.

I think Bill noted a bunch of really good examples there, but from our standpoint we export way too many commodity crops that we could be further processing domestically. Specifically within the province of Ontario, that's something we would look for: a business environment that fosters agribusiness investment domestically, where they see a predictable business environment and see a positive return on investment moving forward.

I think Bill gave a lot of really good examples of what that may look like specifically on the protein side of the business.

• (1840)

[*Translation*]

**Mr. Yves Perron:** Thank you very much, Mr. Hurst.

Mr. Greuel, you talked about supporting local food processing.

Can you add a few comments on that?

[*English*]

**Mr. William Greuel:** The only thing I would add is that local processing of crops and ingredients is really the foundation of the next stage, which is plant-based food production in Canada.

Anything we can do to move further up the value chain in the conversion of our crops to plant-based foods is a critical piece. If you want to think about local food production and domestic food production, I would say the first and critical step is ingredient manufacturing and the conversion of our crops into high-value ingredients in Canada.

[*Translation*]

**Mr. Yves Perron:** I understand your point.

You said this would help us avoid non-tariff barriers.

Is that correct?

[*English*]

**Mr. William Greuel:** Yes, I do think that would avoid non-tariff trade barriers, because what we're seeing mostly in trade barriers is at the commodity level. If we're better integrated into supply chains on a global basis with high-value ingredients in food products, it becomes more challenging for those to be subject to non-tariff trade barriers.

[*Translation*]

**Mr. Yves Perron:** Thank you, Mr. Greuel.

[*English*]

**The Chair:** Thank you, Mr. Greuel.

We now have Ms. MacGregor for six minutes.

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

I want to continue on the discussion we're having around fertilizer.

Thank you, Mr. Menzies, for your opening statements. What you've been able to do in your career of farming is remarkable and very commendable. The amount of food you've been able to produce with fewer inputs is remarkable. It shows that many of our farmers are the ones who are leading the way on this.

When it comes to the discussions we've been having, it's become very politically charged. Some people are using fertilizer reduction when actually it's an emissions reduction target.

I think you would agree with me that if you gave two farmers the same amount of fertilizer, they could have wildly different emissions depending on how it was applied. Am I right?

I think having an emissions reduction target is a good thing, and it speaks to the 4R principle that many people are employing. Given that it's a voluntary target, I think the political hoopla over this is based on a lot of misinformation. It's an emissions reduction target that we're trying to achieve. Many farmers are already doing this. I think ultimately it's something we want to encourage the sector to do.

I want to change the subject.

In your opening statement you mentioned RADARSAT and how it's helped your operation and helped many farmers. I went to a reception on Monday from Space Canada. Canadian technology in space is well known. We have the Canadarm and RADARSAT. The astronaut who was there was speaking of the need for further federal investments in space technology, particularly RADARSAT.

Can you discuss how that Canadian technology has helped you and other farmers, and possibly the uses you see for it in the future within the theme of our study today?

**Hon. Ted Menzies:** Thank you. That's a very good question.

A lot of it is tied to data and data collection and ways of analyzing data. Farmers collect that data. Part of the problem—and I'll digress a bit here—is that most farmers collect all of this data in their combine or tractor and can't download it until they get home at two o'clock in the morning because they don't have Internet access out in the field. We have to work on that too, but that's a side point.

That data I collect as to where in the field I could use more fertilizer and where in the field I don't need to use more fertilizer is cross-referenced with the yield so that I can tell the high spots that need a little more fertilizer. Where there's a yield bump for this year, that goes into the planning for next year. It's beyond me how this is all done and collected, but the collection of data is so valuable.

Something I want to add is that when we're talking about trade and exports here, the one thing we can export without even having to get into trade negotiation with another country is technology, our scientific advances—just what you're talking about—and our knowledge. It's not just food. Nobody puts a tariff on exporting knowledge, helping other countries or bringing students here to our post-secondary institutions, which are amazing places. There are no trade barriers on that whatsoever.

I digress, but I wanted to get those points out. You're right: Canadian technology is great.

• (1845)

**Mr. Alistair MacGregor:** Thank you. I appreciate that.

I'd like to turn now to Protein Industries Canada.

I've been fortunate enough to be a member of this committee for four and a half years now. It's a real passion of mine. Back in 2018, during the 42nd Parliament, this committee went across the country as part of our technology and innovation study. I believe one of our stops was in Saskatchewan to look at one of the superclusters. We were treated to some of the amazing food products that Canadians were developing from things like lentils, and they were able to derive those proteins from plants, which is what you're all about right now.

We know that right now many Canadians are struggling with the price of food. They're making difficult decisions, and we know that protein-rich foods tend to be pretty expensive. I think that ties in with the theme of food security. Can you explain how the ability to derive more protein from plant-based sources, through what this technology offers, is ultimately going to help Canadians who may not have the means and give them more options to have a protein-rich diet?

**Mr. William Greuel:** Thank you.

I think what you've described underpins the imperative that we increase food and ingredient processing in Canada, because at the end of the day, consumers want choice and accessibility, and they want to choose food products for whatever reason, whether it's environmental health, their own health or animal welfare. The choices are theirs. What we need to be able to do in this country is to give them choices for doing that and to make the choices affordable.

The way to get there on the plant-based food side so they can make those choices is to support ingredient manufacturing in this country, because the more ingredient manufacturing we have, the more we can drive down costs through having price parity, bringing in more choice and supporting that with innovation and development of new food products. This is really the nexus of environmental sustainability, food security and economic growth for the country. It all really hinges on our support for ingredient manufacturing.

**The Chair:** Thank you, Mr. Greuel.

Thank you, Mr. MacGregor.

Colleagues, we're only going to have time to go to the Conservatives and then the Liberals, and then I have a few final notes before we go for the day.

We have Mr. Steinley up next for up to five minutes.

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

I have a lot of stuff to get through, so it's going to be rapid-fire.

Mr. Menzies, what government policy moved you and your farm to zero tillage?

**Hon. Ted Menzies:** None did.

**Mr. Warren Steinley:** Mr. Menzies, what government policy moved you towards using GPS in your machinery?

**Hon. Ted Menzies:** That was my own decision.

**Mr. Warren Steinley:** Mr. Menzies, what government policy moved you towards using 4R on your farm?

**Hon. Ted Menzies:** It was my own decision—well, mine and my wife's. I had better clarify that. Can I add that to my first answer?

**Some hon. members:** Oh, oh!

**Mr. Warren Steinley:** That is a very good answer, Mr. Menzies.

Is the EU farm-to-fork program based on science? Is this policy based on science? Do you think it is a direction that Canada as a country should move in?

**Hon. Ted Menzies:** I do not think Canada should follow that. I can't tell you whether or not it's based on science, but it certainly doesn't appear to be.

**Mr. Warren Steinley:** To wrap it up, of all the innovations that you've done on your farm since the mid-eighties, how many of those innovations were brought to you through government policies and direction, or was it based on your own knowledge of your land and the fact that you wanted to get better at what you did, become a better steward of the land, make sure that your land and soil were sustainable for your generation and the generations to come on your farm?

**Hon. Ted Menzies:** You've basically written my bio. That is what it is. I talk about sustainability; it's environmental, but it's economic as well. If it's not economic, you won't get to the environmental sustainability that you want to get to.

**Mr. Warren Steinley:** Thank you very much. I'm going to move to Mr. Greuel. Thank you for being here, Bill. I appreciate it. We've known each other for a long time.

We were talking about bringing more value-added to agriculture. I believe Regina can be the capital of value-added agri-food. We're seeing a boom in the opportunities to use canola crush plants, renewable diesel at the co-op refinery.

You were talking about bringing in new companies and new processing facilities. You touched on it a little bit. If you were scouting out where to take a new facility, if there was a jurisdiction that didn't have an ever-increasing carbon tax versus a jurisdiction that has a carbon tax that's always going to affect your bottom line, how would you decide where to put this facility?

• (1850)

**Mr. William Greuel:** I think the variable costs will always be a consideration for wherever an organization is going to site a plant. When I talk to ingredient manufacturers on a global basis, they're considering everything from the competitiveness of the business environment to the geopolitical environment, as well as access to raw commodities, the variable costs that will be associated with utilities, and other taxes, so I'm not sure that most businesses would look at it in terms of one factor isolating itself as the decision.

What I would say is we need a highly competitive business environment in Canada, and we're not competitive with our major jurisdictional competitor, which is the Midwest U.S.

**Mr. Warren Steinley:** Yes. Thank you very much.

We were talking about one of your recommendations, which would be to have a regulatory climate that would foster investment. I think one issue that some companies see is a carbon tax that could go from \$50 a tonne to \$170 a tonne, which would affect not only the power the facility uses but also the trucking costs and everything in between. I think that's something that would come into effect, but I'll move on from there.

My other question would be around one thing that's happened around Regina. A lot of people now in the area, with the crush plants coming in, are looking to grow canola more than in the past. I would like your comments on how you feel about this. With food security being an issue, some arable land in that area and around Saskatchewan is going to be moved from food consumption to fuel consumption, which probably brings in a bit of a moral question. As we want to grow our plant-based proteins, how do you think those two are going to coincide with each other? What do you think is going to be possibly an unintended consequence of using more arable land for fuel instead of food?

**Mr. William Greuel:** I think what you've underpinned is the need for continued innovation in advanced breeding technologies, the development of varieties and farming technologies so that we can keep pushing yields up, because the more we divert cropland to industrial bioproduct use, the more challenges we create. It's innovation on-farm—

**Mr. Warren Steinley:** I have one more quick question. The ability to create more yields would also be contingent on fertilizer use at some point in time. Are we going to be able to continue to make those yields greater if farmers are forced to lower their fertilizer use?

**Mr. William Greuel:** I think I heard it here today: Farmers need all the tools in their tool box to be successful.

**The Chair:** Thank you, gentlemen.

We're going to turn to Ms. Valdez, who I think might be splitting her time with Ms. Taylor Roy, for up to five minutes.

**Mrs. Rechie Valdez (Mississauga—Streetsville, Lib.):** That is correct, Mr. Chair. I'll be sharing my time with Mrs. Taylor Roy.

Mr. Greuel, a November 2017 report from this committee noted that tariff barriers in Canada have decreased, but non-tariff barriers and technical requirements for Canadian exports have become more difficult. How can Canada reform its international trade policies to make it easier to export Canadian products like yours?

**Mr. William Greuel:** I think again it's a focus on what it is that we're exporting. I would contend that our biggest opportunity to insulate ourselves against those is better integration into international supply chains with high-value products such as ingredients in food products, as opposed to raw commodities.

**Mrs. Rechie Valdez:** Thank you.

Your organization has helped Canada claim itself as a global leader in the agri-food sector. What role can plant protein play in addressing food shortages and providing more affordable food options for Canadians?

**Mr. William Greuel:** I think this is a critical one, and the requirement for protein is going to grow on a global basis. What we need to do is provide additional choices for consumers on a global basis, based on the crops that we produce, but also domestically. The more we can help companies innovate and increase ingredient manufacturing, the more we will push down the price so that it becomes more accessible for more Canadians, leading to better food security domestically as well.

**Mrs. Rechie Valdez:** Thank you.

Mr. Menzies, you've spoken to audiences around the world. Earlier, you referred to and shared your stories of my birthplace, Africa. I was hoping that you could speak to any of the best practices you've seen in other countries that could strengthen our food production and trade here.

• (1855)

**Hon. Ted Menzies:** Get men off the couch in Africa to help women grow food.

It's shocking. I'm sure you know what I mean.

**Mrs. Rechie Valdez:** Yes.

**Hon. Ted Menzies:** Yes.

I go back to our technologies. We have some incredible technologies. Through research, we have developed crop varieties that require much less water. In Japan, they're now growing rice that doesn't have to be grown in water. Those technologies can be exported tariff-free to help Africa.

I don't need to tell you how frustrating it is to watch. I saw a rice processing plant in the Limpopo River valley, where there were 70,000 acres that used to be in rice. That flooded. The plant is sitting empty now. It's just frustrating. We could help with so much.

We have grain storage technology in this country beyond what other countries have. We can protect against food loss simply by exporting some of our technology on how to keep grain and how to keep vermin out of grain to save it so that people can actually eat it.

**Mrs. Rechie Valdez:** Thank you.

It's over to you, Ms. Taylor Roy.

**Ms. Leah Taylor Roy (Aurora—Oak Ridges—Richmond Hill, Lib.):** Thank you.

I have a quick question for you, Mr. Greuel, but I wanted to start by saying that I consider myself a full-belly activist. However, I fill my belly on plant-based proteins, which, as I'm sure most people here recognize, since we're all concerned about farmland preservation and use, use 47% to 99% less land than conventional protein and are much more effective at addressing world hunger.

Mr. Greuel, I was wondering if you could comment on the super-cluster, on the innovation that this government began in 2018-19, and how that's helped your endeavours to solve the problem of world hunger by using plant protein.

**Mr. William Greuel:** Yes. With the investment from the Government of Canada of \$173 million, we've been able to work with trail-blazing companies across Canada to inject almost half a billion dollars into innovation. I'm a firm believer that innovation will not only underpin the growth of the plant-based food sector but also lead to domestic and global food security.

The incentive that government put on the table has really leveraged business investment in research and development, which is severely lacking in this country. I think the outcome in terms of jobs, GDP growth and the intellectual property portfolio that we've been able to create will sustain growth for the sector for years to come.

**Ms. Leah Taylor Roy:** That's fantastic. Thank you so much.

I have a half a minute left, so I have just one follow-up question.

How important do you think plant-based proteins are in solving the world hunger problems in places like Kenya or South America, where I did visit in international development and looked at farms in those areas, as well as here?

**Mr. William Greuel:** I'm not familiar with diets in those areas, but the reality is that protein consumption on a global basis is increasing, just as population is increasing and just as more people are entering the middle class. Canada has a responsibility, as I've heard today, to be a global supplier of high-quality food, and not just plant-based proteins but all high-quality foods.

**Ms. Leah Taylor Roy:** Thank you.

**The Chair:** We're going to have to leave it there.

Thank you, Ms. Taylor Roy, and thank you, Mr. Greuel.

Let me just thank our witnesses.

Mr. Menzies, Mr. Greuel and Mr. Hurst, it was a really important discussion today. Thank you for your testimony and thank you for your leadership in the agriculture sector. Our committee is certainly better off as a result of your testimony today.

Colleagues, before we go, we have just a few minutes and I have to run a few things by you.

In terms of our scheduling plan, I've been working with the clerk on when we would do clause-by-clause study for Bill C-234. I've asked her to schedule legislative counsel for November 14.

On that basis, here is what I would ask your permission for in moving forward on a schedule plan.

For next week, Monday and Wednesday are already set. The clerk is working on having those witness panels lined up. I think we've truly fully exhausted our witness list for Bill C-234, so I would propose that on Halloween we allow members to use that two-hour period to discuss potential amendments.

When we're back after the break, we would use November 14 for the clause-by-clause study, as I mentioned. Otherwise, we would continue with the global food security study.

I am going to be away next week, so I need you all to be on your best behaviour for Mr. Barlow. Mr. Barlow, let's have no funny tricks while I'm gone.

Is what I've just proposed something you all want to move forward with?

I'm seeing consensus. Okay. That's how we'll move forward on the schedule.

I have just two other notes. On Agribition, Warren Steinley sent me a text to remind me that November 28 to December 3 is a major show in Saskatchewan and of course for the whole country. Maybe our leaders can have a conversation about whether or not we could perhaps use MP travel points to be a part of that. I'll leave that to the leaders on the committee to discuss.

I want to thank our translators and our technical team. We had a bit of a delay with the vote. We did push this right until seven o'clock. Thank you to our translators and thank you to our entire team.

The meeting is adjourned.

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