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Chair: Mr. Kody Blois



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• (1530)

[Translation]

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

Welcome to meeting No. 6 of the House of Commons Standing Committee on Agriculture and Agri-Food.

Today's meeting is taking place in hybrid format, pursuant to the House Order of November 25, 2021. The proceedings will be made available via the House of Commons website. So you are aware, the webcast will always show the person speaking, rather than the entirety of the committee.

Screenshots or taking photos of your screen is not permitted. In addition, we are following the public health guidelines imposed by the Board of Internal Economy.

[English]

Colleagues, we'll get right to it.

Pursuant to Standing Order 108(2), in the motion adopted by the committee on Monday, January 31, 2022, the committee is resuming its study of the agriculture and agri-food supply chain.

I would now like to welcome our witnesses on our first panel.

Joining us by teleconference today, we have, from the Canadian Produce Marketing Association, Guy Milette, who is the chair of the board of directors; and Ron Lemaire. Welcome to you both. From the National Farmers Union, we have Katie Ward, who serves as the president.

[Translation]

With us today from the Quebec Produce Growers Association, we have the president, Catherine Lefebvre, and the general manager, Patrice Léger Bourgoin.

[English]

We have five minutes for opening statements, and I'm going to turn it over to Mr. Milette to make the five-minute opening remarks for the Canadian Produce Marketing Association.

Mr. Guy Milette (Chair of the Board of Directors, Canadian Produce Marketing Association): Quickly, I would like to introduce Ron to begin that introduction. He will start.

Mr. Ron Lemaire (President, Canadian Produce Marketing Association): Thank you, Guy, and thank you, Mr. Chair.

I'd like to thank all the committee members, on behalf of the Canadian Produce Marketing Association, for the opportunity to speak on the ongoing supply chain disruptions having a significant impact on the fresh fruit and vegetable industry, agri-food supply chain and the Canadian economy.

I'll start by saying that many of the supply chain issues we're facing today existed before the pandemic and have been dramatically amplified and further complicated over the last two years. The committee has heard a lot about labour from earlier testimony, so we will not dive into this issue, except to say that labour is undoubtedly a significant piece of the puzzle.

In addition to our ongoing call for improved access to workers under SAWP and the agriculture stream of the TFW program, CP-MA is extremely supportive of the proposal for an emergency foreign worker program, as highlighted by Food and Beverage Canada and the Canadian Meat Council.

Regarding our supply chain disruptions, our members are facing death by a thousand cuts as a result of the layering of disruptions, which my chair will touch on shortly. Supply chain issues impacting a fresh produce supply chain that deals in just-in-time delivery of highly perishable food means not only lost sales but also product spoilage and food waste.

There is no doubt that the ongoing supply chain disruptions are complex and interconnected, and so too are the solutions. They require action across multiple federal ministries and departments as well as collaboration with provincial, territorial and local governments.

Short-term and long-term plans need to be established to start the creation of a mechanism to prioritize the movement of perishable and essential goods in the event of disruptions, as we've experienced over the last two years.

Additionally, there is a need for a centralized focus in the form of a supply chain commissioner who is mandated and empowered to bring the necessary parties together to find a solution.

We would be happy to discuss the recommendations that were provided to committee.

At this time, I would like to hand it over to my chair, Guy Milette, as he can provide his perspective on the situation and real-life experiences.

[*Translation*]

Mr. Guy Milette: Thank you very much, Mr. Lemaire.

Mr. Chair and committee members, I'm pleased to be able to speak with you today.

As chair of the Canadian Produce Marketing Association, or CPMA, I have visibility to the scope of challenges across our supply chain. As a Canadian wholesaler, importer and exporter based in Montreal, I live with these issues every day.

Even prior to the Omicron wave of the pandemic, a survey of CPMA members last fall found labour shortages reported by 92% of growers, 75% of wholesalers, and 100% of retailers—with warehouse labour noted as a particular area of concern.

As international shipping companies have sent empty containers back to Asia and posted record high profits, the availability and costs of containers have become a huge challenge for Canadian importers and exporters. Over the past two years, freight truck shipping costs have also increased 50% to 80%, both cross-border and domestically.

From my own experience at Courchesne Larose, I can attest that we are seeing the following areas of impact.

Between May 2021 and December 2021, when looking at our volume of at least 400 truck loads per week, we have seen a minimum increase of \$250,000 per week in freight costs. That's quite an increase.

We have seen important issues related to access to labour and absenteeism. We currently have a labour gap of 15%, which is lower than the market average of 20% for our sector. We are seeing absenteeism decline as we emerge from Omicron.

We are also suffering from an impact on availability of supply. The just-in-time program, which has taken over 10 years to build, is under tremendous strain due to the logistics issues, labour and delays. This is why consumers are seeing disruptions in product availability.

While every port of entry is different, we continue to see challenges both nationally and internationally as most jurisdictions are suffering from trucking issues and labour. Also, maritime ports are seeing significant unloading and loading delays, creating challenges to our integrated supply chain.

These examples all impact the average cost of fresh fruit and vegetables. In the last year alone—

• (1535)

The Chair: I'm sorry for interrupting you, Mr. Milette, but the five minutes are up. I have to move on to the next witness.

Ms. Ward, you have five minutes.

[*English*]

Ms. Katie Ward (President, National Farmers Union): Thank you very much.

Good afternoon, Mr. Chairman and members of the committee. I'm pleased to provide insights and recommendations from the National Farmers Union regarding agriculture and agri-food's supply chain issues. We represent farmers who operate all scales and types of farms across Canada. We've advocated for economic dignity, social justice and ecological health for over 50 years.

Today's topic is timely indeed but the acute supply chain issues that we face now have roots going back decades. Canada has set ambitious goals to increase agricultural exports, and our reliance on imports has increased. Multinational companies pursue global sourcing and just-in-time delivery to minimize their costs. Our food and agriculture system has now become dependent on long, complicated supply chains with weak links creating vulnerabilities.

We see ever-greater concentration with fewer and larger companies controlling inputs, processing, transportation, financing and distribution. When a small number of corporations dominate their sector, they are able to set prices to maximize their own profits at the expense of individual farmers, workers, small businesses and consumers.

A case in point is that of fertilizer. Companies charging exorbitant prices blame supply chain issues, and yet these same companies are making huge windfall profits. The NFU has asked this committee to investigate all the factors behind fertilizer prices, and we hope you will announce such a study very soon. As farmers, we are price-takers. We have no say in the price of commodities we sell or the inputs we buy.

In January, Statistics Canada reported that farm families continue to depend on off-farm sources for nearly two-thirds of their family's income. Furthermore, farm income includes program payment money, so income from the market averages less than one-third of farm family incomes. Farm families are subsidizing the system with their off-farm jobs. When agricultural supply chains break down, farmers bear the brunt of the costs.

For rural people, the supply chain is a one-way street such that the results of their work and the value of their crops and livestock disappear into the bank accounts of distant multinational companies. It is not surprising that so many feel left behind. Increasing economic inequality leads to social instability and disempowerment.

The climate crisis will also continue to disrupt production and infrastructure. The prairie drought of 2021 and B.C. and Atlantic floods cannot be seen as outliers but as signals that adaptation is no longer optional.

Resolving supply chain vulnerabilities requires planning to prioritize resilience and stability instead of putting all of our policy eggs in the export-maximization basket. Going forward, agriculture policy should be designed to build in safety valves and surge capacity so that disruptions are manageable challenges instead of full-scale crises.

We urge the committee to avoid the appeal of false solutions such as big data, automation and artificial intelligence, which would intensify inequality, reduce farmer autonomy and create new risks. True solutions will rebalance power, bring greater fairness and equity into our food system, and mitigate greenhouse gas emissions while implementing adaptation measures. The federal government can do this by providing the program, policy and regulatory support needed to develop and sustain our domestic market, creating broader and more diverse supply networks while retaining more of our high-value food dollars within Canada.

Whether the sector is beef, pork or vegetable processing, concentration of infrastructure ownership means that the packers, processors and retailers are benefiting regardless, but in all of these sectors, our past shows us that a different way of organizing our food system is both possible and desirable. Let's use the beef sector as an example. In 1988 there were 119 federally inspected beef-packing plants in Canada. All were 100% Canadian owned and the four largest beef plants killed 35% of Canada's cattle.

Now just two companies slaughter over 95% of our cattle. They failed to prevent COVID outbreaks and deaths, and cattle prices are low while grocery beef prices are skyrocketing. More smaller abattoirs located throughout Canada and available to serve producers in every region, coupled with regenerative production practices, would provide food system resilience and rural jobs as well as climate mitigation and adaptation benefits.

Banning captive supply and legislating caps on packing plant revenues would stop companies like JBS and Cargill from taking unfair advantage of farmers and consumers.

By learning from history and envisioning a more equitable and climate-friendly future, the federal government can create a better framework for rural jobs, infrastructure to serve farmers and farm prices that reflect the cost of production, to bring prosperity and stability to Canada's rural communities and agriculture sector.

I believe my time has nearly run out, so I thank you very much for your attention today and I look forward to answering your questions.

● (1540)

The Chair: Thank you, Ms. Ward, and, yes, you were right on time, so thank you for that.

[*Translation*]

Ms. Lefebvre, you have five minutes.

Ms. Catherine Lefebvre (President, Quebec Produce Growers Association): Good afternoon, hon. members.

I'd like to thank you for giving us the opportunity to speak before the committee today.

My name is Catherine Lefebvre, and I'm the president of the Quebec Produce Growers Association, or QPGA. With me today is our general manager, Patrice Léger Bourgoïn.

The issues we are discussing today are of concern to our economic sector. The availability and cost of inputs are a constant concern, especially in a context where increases in production costs aren't accompanied by similar increases in sales prices. In fact, the renowned business journalism website MarketWatch stated at the end of January that, despite rising retail food prices, several farm groups are finding that stagnant farm-gate prices and soaring fuel and fertilizer costs over the past five months are putting our operations at risk.

The globalization of markets has a negative impact on many aspects of the country's market gardening activities. Fruits and vegetables compete with imported products. In many cases, labour and enforcement costs are not comparable to those here. However, sales prices are generally similar.

The very nature of our industry means that producers have no control over the selling prices of their products. Most have a very short life cycle, and they can't be left in the field to be harvested later. Once harvested, they have to be sold and transported as soon as possible. This puts the producer at a significant disadvantage to the buyer.

However, several raw materials such as fertilizers, pesticides, seeds and other essential products such as cardboard, pallets, packing sacks, construction material and machinery parts are affected by the phenomenon of rising prices. Again, we're not in a position to influence the price of our vegetables.

Soaring energy prices have led several countries to cut back on the production of various fertilizers and reduce exports. That's the case for China and several European countries, including Russia. It goes without saying that producing countries will favour the domestic market over exports. Canada is therefore at the mercy of international markets. That said, fertilizer costs are expected to remain high. Farm Credit Canada estimates that fertilizer prices will increase by 60% in 2022. Pesticide and seed prices have also increased significantly.

I will now address the transportation and logistics challenges, also related to fuel costs. Transportation capacity is drastically reduced. Delivery times are increasing and rates are skyrocketing. The shortage of drivers and spare parts are crippling the transportation fleet. Right now, it's not uncommon for a producer of perishable products to pay 42% more to get fruits and vegetables shipped, compared to a few months ago. The situation is untenable. We are really caught in a bind. On the one hand, we need these trucks, but on the other, these costs are directly added to our production costs, which are exploding on all sides.

I will now talk about labour issues. As you know, there are fewer local workers to fill the needs. There are none left. We have had a quality foreign workforce for several decades, but the global pandemic has unfortunately exacerbated several constraints that have slowed the immigration process. In addition, recent changes by Service Canada allow temporary foreign workers in agriculture to be poached by people in the manufacturing and construction sectors. Labour costs continue to be a major challenge. In Quebec, minimum wage has increased by 14% since 2020. Market gardeners are having to absorb this increase without being able to pass it on in the selling price.

We believe that the federal government should move forward with the creation of a supply chain task force. Producers could speak to the key factors affecting their ability to produce, transport and distribute their products. The Government of Canada's appointment of a supply chain commissioner to lead a joint task force would be helpful in guiding this process.

With respect to labour, it is essential to improve programs by ensuring that administrative processes are more efficient and predictable. In that sense, a foreign worker who has been returning to the same place for many years and whose employer has an impeccable track record should be able to benefit from expedited processing.

Furthermore, the phenomenon of stagnating sales prices and the increase in all the main elements of our production costs greatly affect the profitability of our businesses and jeopardize their long-term survival. Emergency assistance should be put forward to ensure the country's food security.

In conclusion, our production sector operates in an open global market, which forces us to compete with countries with lower labour costs and a regulatory framework that is much less costly to implement. We have very little control over selling prices.

Thank you very much for your attention.

I would be pleased to answer any questions you may have.

• (1545)

The Chair: Thank you, Ms. Lefebvre.

Mr. Epp, you now have the floor for six minutes.

[English]

Mr. Dave Epp (Chatham-Kent—Leamington, CPC): Thank you, Mr. Chair.

I want to thank the witnesses for their excellent testimony and also for the materials they provided ahead of time.

I'd like to begin with the Canadian Produce Marketing Association.

I'm very interested in your support for a supply chain commissioner, taking a whole-of-government approach to tackle some of these issues. I'm very familiar with the dynamics of a problem that crosses jurisdictions and departments and ministries, having dealt with temporary foreign workers in my own riding and with the intersection of COVID with illegal workforces, bunkhouses, etc. Those dynamics I'm very familiar with.

It reminds me, actually, of my own household from a decade ago, as a father of four daughters. On Saturday morning at chore time I always had five—Alyssa, Carina, Brenna, Kiana and "Not Me". It was always Not Me's job to take out the garbage.

Starting on that lighter note, although this isn't light, can you provide some specific examples as to issues that have either been punted from department to department or have fallen through the cracks, or where a siloed approach has not been efficient in addressing the issue?

Mr. Ron Lemaire: Maybe I'll start, and then I'll see if Guy has any comments to add.

I think you need to start looking at this in a model where we see agriculture playing a significant role in Agriculture Canada and our supply chain being an economic engine for Canada. Based on that, we start looking across multiple jurisdictions. The first jurisdiction, as was noted by one of the witnesses, is on access to labour, especially the on-farm, and the challenges around while improving the process [*Technical difficulty—Editor*] making sure it's effective.

The greenhouses are a perfect example from your riding. They are the tip of the sword in production. They are one of the first to come in full steam relative to domestic production in Canada. While they have identified that it's been moving better than what they've experienced in the past, there still have been some challenges on delays with last-minute switches to paperwork due to worker changes in the pipeline. Overall, 3,200 workers are on-farm now, and they have another 4,000 to 4,500 coming in for peak in June.

When you start looking at the divisions, you have to look at the divisions between labour, and then you have to look at the other components around the simplicity of transport. If you're a ministry of transportation you start looking at the division of labour. You start looking at the municipal division and jurisdictions around health and the power of the municipal health department. As we start migrating forward, under a supply chain commissioner model, in a simplistic way, we start asking how we streamline. The first piece is looking at reopening Canada as one piece of the puzzle. What are the strategic moves—

• (1550)

Mr. Dave Epp: Thank you, Mr. Lemaire. I do want to pick up on something you identified there with regard to labour shortages.

I'm aware that your organization supported the emergency work-er program. We read all five components of that into the record in the last meeting. We heard from the processing and meat-packing sector about the cap, that raising the cap is primary.

I have two questions for you. First, what issue would be primary, from your perspective, of those five pillars? Second, are you making any progress? Are you meeting with officials? I understand that you had some meetings last night. Can you update this committee on the progress you're making?

Mr. Ron Lemaire: I'll start with the progress. Minister Bibeau has been very responsive to our request, to the 11 organizations that signed the proposal. It's our understanding that conversations on the proposal are under way. However, as industry we're looking for some indication from ministers Qualtrough and Fraser that our proposal is being considered for action and for implementation in the immediate future. This is, again, a jurisdictional challenge.

Even after two months, we've yet to receive a definite response on the proposal. We are requesting that ministers Qualtrough and Fraser sit down with our associations to discuss the proposal and to immediately look at the measures that can be taken to address the labour risk within that component of our supply chain.

Although the food and beverage processing side of the business is only one of several sectors undergoing labour shortages, the government has identified our sector, which includes that component, as part of Canada's critical infrastructure during the pandemic. The inability to meet those labour needs, as we heard on the meat side and some of the other pieces, is affecting [*Inaudible—Editor*] animal welfare.

Mr. Dave Epp: Thank you. I do want to get in another question.

Specifically on your call for investments in infrastructure with regard to port containers, shipping delays, etc., I know we're short of infrastructure in the greenhouse sector in my own area with regard to sewer capacity and things like that. Where else in Canada...or are those the main areas—ports facilities, address shipping costs, and other infrastructure for greenhouse growth?

Mr. Ron Lemaire: For greenhouse growth to the U.S., it's fundamental. They're our biggest trading partner. As an example, 80% of the product out of Ontario goes to the U.S. We need [*Technical difficulty—Editor*] a few key areas.

Going south, we need to ensure that we have access to the main means of transportation, and that is our trucking industry. It's not a federal rule, but we need to look at how we can support the provinces in driving access for more truckers through licensing, insurance schemes and some other strategies around bringing more truckers to market.

On the port side, it's around looking specifically at the issue of moving containers, at moving containers off the ports, so that they can move to distribution centres off the main hub and be addressed and moved out of the system and into the market as quickly as possible, but then go back into the system to be loaded with product to leave the country—

The Chair: Thank you, Mr. Lemaire. I appreciate that.

Thank you, Mr. Epp.

We're now going to move to Mr. Louis for six minutes, please.

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

I want to thank all the witnesses for being here and also thank everyone in their industries, the many people who continue to work every day to find those solutions to make sure that we have access to safe and healthy products.

I would like to start where my colleague left off: with the Canadian Produce Marketing Association.

You mentioned in your opening statement the layered disruptions: port congestion, costs of shipping containers, inconsistent product delivery, labour shortages, which we've already delved into, input shortages and stockpiling of consumer goods. Those were the major ones.

I want to continue with port congestion. With ships waiting to dock and unload, especially with perishable products, this could lead to food loss, food waste and loss of sales. What processes could be implemented to prioritize the movement of perishable goods or essential goods to mitigate the congestion and food waste?

Mr. Ron Lemaire: I'll quickly talk to that.

I mentioned the point earlier around creating that secondary hub outside the main port to be able to identify perishable items. On top of that is having the resources on ports, so that if it's CFIA or border services they can review and identify the products coming through and the inspections can happen in a timely manner to get the product moving into the system.

On the other side of that, it's also about working with the municipalities and the unions, such as the longshoremen's union, but also enacting the appropriate regulatory model that takes fresh produce as essential, so that in the event of any further disruptions the labour is there to move the product through the port. That's the fundamental principle. There are examples of similar approaches to this already in existence. We're looking for a similar approach for produce, in that if it's held at the port during a disruption, the longshoremen and others within the system are able to take the product and move it out to trucks.

I'll hand it over to Guy to see if he has any other comments.

• (1555)

Mr. Guy Milette: Real quickly, one of the issues with the major container companies—they're worldwide companies and they're not here in Canada—is that right now they've not been accountable for all their actions. With some of them, for the price fluctuation of the containers, we have absolutely no control, with prices that have more than doubled and tripled.

These companies are outside this country. Not only that, they send letters to receivers of fresh produce containers stating that they're no longer going to be responsible for delays in transit, so you don't even have recourse because they took 60 days to deliver your bananas instead of 21, even if the cargo is a total waste.

Mr. Ron Lemaire: On top of that, the fees themselves, sir, are a challenge.

Mr. Tim Louis: That was actually my next question, so I'll let you continue to talk about that exponential growth in container costs. We've heard about that price fluctuation, including for refrigerated containers, and that's obviously creating these challenges. Can you help us with out maybe some best practices that we can have if you've seen otherwise? Or, on that letter you're referring to, when did that start and how can we put that into the record?

Mr. Guy Milette: As soon as the container companies saw the disruptions in the transportation ports around the world, they knew that they were not in control of transit time anymore, so we go back to the beginning of the pandemic. We go back maybe about a year and a half and, as I said, every receiver with large volumes of containers was advised not to present any claims based on transit time. This is still ongoing today. I don't know when it's going to finish. We hope they're going to remove this rule very soon, because it's a struggle. We can count our losses in the hundreds of thousands.

Mr. Tim Louis: I feel for you there.

Are there any best practices that we can see elsewhere in the world and any solutions? Sometimes we can learn lessons from how other countries are working.

Mr. Ron Lemaire: We're actually part of a global supply chain group that is looking at this. It's representative of multiple associations and multiple countries. We're beginning to look at some of these best practices. The U.S. has started it. They're a bit ahead of us relative to our supply chain position, in targeting and requiring ports to implement key strategies to move perishable products through to the external hubs off port so that trucks have quicker access to put the product to market.

It's also ensuring that the ships that are arriving are not leaving empty. This is part of the need we have to start driving towards: How are we managing those ships coming into ports so that they are not dead weight going back to China or other markets, but taking Canadian goods with them to create that reciprocal trade model? Part of that is speed at port.

We're beginning that process of doing the analysis. We hope we'll have information to report on in the coming months.

Mr. Tim Louis: Thank you very much.

I have less than a minute left, but I want to check with Ms. Ward.

Thank you for being here.

You said that 66% of farm family incomes were from off-farm jobs. Can you confirm that? I mean, we always think of farmers as farming 100% of the time and having a job that has income security.

Ms. Katie Ward: I am happy to provide the link in our submission to the committee. It's from Statistics Canada as of January, which was just published.

Mr. Tim Louis: Thank you.

Ms. Katie Ward: That one-third that's remaining includes program payments.

[Translation]

The Chair: Thank you very much, Ms. Ward and Mr. Louis.

Mr. Perron, you now have six minutes.

• (1600)

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

I'd like to thank all the witnesses for being with us this afternoon.

I will address Ms. Lefebvre first.

Ms. Lefebvre, you raised several points in your presentation that bothered me, including the difference between the price you get for your fresh fruits and vegetables and the price they sell for on the market. You note that the market price is going up, but the price you're getting is stagnant.

Could you explain the causes for this discrepancy? What's the problem?

Ms. Catherine Lefebvre: We're competing with international markets. Today, vegetables from Mexico are coming into the country, while we still offer vegetables in Quebec. As for the cost of labour, wages are \$80, \$100 or \$120 a week in Mexico, while the wages for a similar number of hours of work here are \$700 to \$800 a week.

When we see the price of containers, we don't understand how it's possible to export commodities here and still offer better prices. I haven't yet found an answer to that question.

Mr. Yves Perron: What could we do to help you with this?

Would this relate to reciprocity of standards?

Ms. Catherine Lefebvre: In terms of reciprocity of standards, the reference margins are quite different from those of our neighbouring countries or countries that produce the same vegetables as we do. In Mexico and Guatemala, for example, the on-farm food safety and environmental standards are completely different from ours.

Reciprocity is important, but something has to be done about the prices we can get so that we can compete with those countries. Right now, a box of peppers from Mexico sells for \$10, and our growers who are lucky enough to be working in Florida during the same period are unable to sell theirs for \$15. I'm not even talking about greenhouse peppers that we are trying to sell for even more. It is an incomprehensible phenomenon.

Mr. Yves Perron: Indeed, this is an important issue because there is a strong desire to promote local food and food self-sufficiency.

I have a concern about transportation. You're telling me that you're paying 42% more for transportation and that you can't sell your products at a higher price. You'll disappear from the market if nothing is done.

Do you have any comments on this?

Ms. Catherine Lefebvre: We are currently losing orders for root vegetables from Quebec. For my farm alone, two orders that were going to be exported on the weekend were cancelled. The price difference is unbelievable.

The exchange rate usually helps, but it's not that different right now. We also have to think about the price of transportation, the price of our labour and all the costs that will be added in 2022.

At the moment, we aren't able to compete, so I can't imagine what the situation will be in 2022 because of input costs.

Mr. Yves Perron: What government measures could support you concretely?

Could a code of conduct help you?

Ms. Catherine Lefebvre: Yes, we definitely need a code of conduct, but we also need programs to support farmers. We want to feed people, but we don't want to feed them at a loss. It's the loss of businesses that we foresee, in many cases, those that will not be able to make it.

Mr. Yves Perron: Okay.

There are two parts to it: one is to apply the same requirements to products that come in from outside, such as the carbon tax and environmental standards, and the other is to provide direct support.

Have I understood you correctly?

Ms. Catherine Lefebvre: Yes.

We can go even further than that and talk about wash water, for which new committees and new standards are added every day, every week and every month.

Mr. Yves Perron: Okay.

I don't want us to forget about labour. There is a big problem with temporary foreign workers. There are often moments of panic because of the delays.

What are the problems?

I'm giving you the opportunity to tell us what needs to be changed quickly in the temporary foreign worker program.

Ms. Catherine Lefebvre: For impeccable employers, it has to be three-year predetermined contracts. It isn't complicated.

Currently, processing a request normally takes 20 weeks. Today, Service Canada still processes applications manually. This results in a processing time of 12 to 15 weeks. This leaves no time for foreign countries to prepare and help our workers prepare. Our workers aren't arriving on the right dates. We've been experiencing the same phenomenon for three years, and it's not new this year. We've been wondering for three years whether our foreign workers will arrive on time.

• (1605)

Mr. Yves Perron: So it's a matter of timing. I think we could easily do a labour market impact assessment by site.

You mentioned poaching in your presentation, which is something I've looked at. When I ask the government people questions, they tell me that it's not true and they tell me to check the site. You're experiencing this problem.

Can you tell me about it quickly?

Ms. Catherine Lefebvre: Mr. Léger Bourgoïn, could you answer that?

Mr. Patrice Léger Bourgoïn (General Manager, Quebec Produce Growers Association): Yes. You can round out my answer.

Essentially, we see that, as part of the COVID-19 amendments, Service Canada has put in place a process to try to speed up the processing of applications. However, this approach has been understood by people from other sectors that are not related to agriculture, and they have put in place a system to facilitate poaching of employees who come to Canada to work in agriculture.

Ultimately, Mr. Perrault, the market gardener pays for the whole administrative process and for the airline tickets, foreign workers arrive in Canada and, a few days later, workers are diverted by the manufacturing or construction sector, for example, which won't have to pay the costs associated with the worker's arrival.

Ms. Lefebvre, I'll let you continue.

Ms. Catherine Lefebvre: We have to be careful. We don't really endorse—

The Chair: I'm sorry, Ms. Lefebvre, Mr. Léger Bourgoïn and Mr. Perron. The six minutes are up.

Mr. MacGregor, you have six minutes.

[*English*]

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

[*Technical difficulty—Editor*] from the National Farmers Union.

I think you made it quite clear in your opening comments that the supply chain issues cannot be looked at in a silo apart from the on-going climate crisis. In my home province of British Columbia, last year we transitioned, in the space of three months, from brutal wildfires to some of the worst flooding we've ever seen, effectively isolating Vancouver and its port from the rest of the country for a fair amount of time.

Of course, we've seen disastrous droughts in the Prairies and the incredible impacts they've had on farmers and supply chains there. I invite you to expand on some of your opening remarks. From your perspective and the National Farmers Union's perspective, what do we need to shift systematically to create resilience and flexibility in our food system that will mitigate our having to put out these fires or react all the time to these events, which we know are going to part of a pattern in future years?

Ms. Katie Ward: Absolutely we need to see systemic change, more holistic management of the supply chain as a whole. We have in the past proposed a Canadian farm resilience agency that would be able to provide assistance to farmers in terms of education and cover cropping. We're currently facing a fertilizer crisis as one of our big supply chain issues. Farmers need to find low-cost alternatives that are more environmentally friendly and that will still fit their needs. A lot of farmers just got notice this past week that Bayer has declared *force majeure* for one of its most popular pesticide products. Farmers are scrambling to figure out how they're going to implement their production for this year. We really do need to find ways for farmers to be less dependent on these inputs, because when something breaks at a factory overseas, all of a sudden we're scrambling and anticipating yields going down and costs going up again.

We really do think that systemic changes at the level of a Canadian farm resilience agency and more holistic views of the whole supply chain are absolutely in order.

Mr. Alistair MacGregor: Those are measures that seem to, of course, increase resilience but also positively impact a farmer's bottom line because of the cost of inputs and so on.

Also, as you may recall, in the last Parliament, our committee looked at processing capacity in Canada, and I really appreciate your remarks about JBS and Cargill and their absolute dominance of the Canadian market. The shift in a few short decades and the way the free market has really been centralized to give complete control to just two players has been quite incredible.

I'd like you to expand a little bit more on that, because processing capacity and supply chains are intricately linked. Maybe you could take some time to expand on what you would like to see our committee recommend, vis-à-vis the federal government, to ensure

that smaller communities have better access to processing capacity and therefore increased resilience.

• (1610)

Ms. Katie Ward: I think there needs to be a program of support to open new small abattoirs across the country. I think one way to ensure that those maintain competitiveness going forward is to look at something like what we have for grain transportation, whereby we have maximum revenue entitlement for grain transportation by the rail companies because otherwise you take away all of the options.

For example, I was at my local abattoir in October picking up some pork, and they were already taking calls for pigs to be brought in in October of this fall, so that was months before the piglets would even be conceived. That's just one small part of eastern Ontario. The shortage is far worse for cattle because all of the knock-on effects from the federal slaughter system have flowed into the provincial abattoirs and there's just not enough space. People are losing orders. They are deciding to just not kill as many animals or are reducing herd sizes. It's going to create really big problems in the long term.

Mr. Alistair MacGregor: I can personally verify that for our local provincial abattoir. You have to book in early. It's an absolute must.

I will close with the CPMA. The Agri-Food Innovation Council has provided us with a brief and testimony recommending more research and innovation in fruit and vegetable cultivation, things like vertical farming and so on. I know I have only 30 seconds for you to answer, but do you want to add anything to that, Mr. Lemaire?

Mr. Ron Lemaire: It's an opportunity. We have to look at every opportunity available to us but we also have to look at our existing infrastructure and at reinforcing and ensuring that it's able to meet market demand. It's an opportunity, but we have to look at what we have in our hand, a bird in the hand as opposed to in the bush in some ways.

Mr. Alistair MacGregor: Thank you so much.

I'll end there, Chair.

The Chair: We're going to go to Monsieur Lehoux.

[*Translation*]

Mr. Lehoux, you have five minutes.

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

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

My question is primarily for Ms. Lefebvre.

Ms. Lefebvre, you mentioned a number of situations where you have very complex problems, including the cost of fertilizer or transportation.

I'll address the labour issue. First of all, we heard Mr. Milette talk about an agreement and the fact that there is progress with Minister Bibeau. There are still discussions to be had with Mr. Fraser and Ms. Qualtrough. Has anyone thought about creating a joint committee to bring these three departments together?

There seems to be a particular difficulty in communicating to get the files moving more quickly. There's a problem, particularly with the issue of labour market impact assessments, or LMIA's, and the whole issue of poaching. We know that there have been changes. I understand that because producers in my region have asked me why this was brought forward because of COVID-19. That didn't help vegetable producers. In fact, it hurt them.

How do you see the poaching situation?

What do you think about a joint committee bringing together the three departments? I'm a little tired of hearing that they're passing the buck between them. Couldn't they all sit down together and sort this out? How is that seen by the producers you represent, Ms. Lefebvre?

Ms. Catherine Lefebvre: We would like nothing better than to have a joint committee of those three departments. We've done the same thing on our side. We've created a committee that brings together the Union des producteurs agricoles, or UPA, the Quebec Produce Growers Association, or QPGA, and the Fondation des entreprises en recrutement de main-d'oeuvre agricole étranger, or FERME, in order to unite our voices to be able to debate the real issues affecting foreign workers. So we are united, and I have to tell you that we would like nothing better than to have the three departments listening to us at the same time.

Mr. Richard Lehoux: Are you seeing any progress?

I ask because our committee would like to make recommendations along these lines. Indeed, this isn't the first time we've heard of such a situation, such a relationship and coordination problem between departments.

Faced with this lack of coordination, we have to wonder who should take the lead. What is your growers association doing in this sense?

• (1615)

Ms. Catherine Lefebvre: I would ask Mr. Léger Bourgoïn to complete my answer.

Mr. Patrice Léger Bourgoïn: Mr. Lehoux, I would say that when we were in a crisis situation in November, there was a tripartite committee. We participated in it, and it worked very well.

It would be a matter of making this committee [*Technical difficulty—Editor*] permanent so that everyone can coordinate.

Mr. Richard Lehoux: Does it seem like there's a desire to put forward such a sustainable committee that would facilitate coordination?

I think it's a must if we want things to happen faster for our foreign workers when it comes to immigration.

Mr. Patrice Léger Bourgoïn: [*Technical difficulty—Editor*] only when there is an emergency situation. So it would indeed have to become permanent.

Mr. Richard Lehoux: I think it was Ms. Lefebvre who raised the issue of the qualification of businesses to obtain longer-term permits.

In fact, some producers have impeccable records and use the same workers every year.

Ms. Lefebvre, how are things progressing within your association in relation to this issue?

Does the department seem to want to go ahead and introduce these longer-term permits for producers who are known to welcome and treat their workers well?

Ms. Catherine Lefebvre: We would like [*Technical difficulty—Editor*], but we aren't hearing [*Technical difficulty—Editor*] of promises or anything so far.

This is our solution. It's a solution [*Technical difficulty—Editor*].

Mr. Richard Lehoux: I imagine that you would be very pleased to see in the committee's report a specific recommendation in this regard and that you would like to have very quick answers so that this solution can be put in place.

This would solve and alleviate the situation you're currently facing, which is linked to the requirement to reapply every year.

Would you be in favour of better coordination between departments and for us to recognize this?

Ms. Catherine Lefebvre: Yes, absolutely.

Mr. Richard Lehoux: I'll come back to poaching. Everything seems to have worked out well for you in some respects. From what I understand, there seems to be some concern about spring 2022.

In my riding, I've seen producers lose workers to manufacturers—

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

We'll now hear from Mrs. Valdez for five minutes.

[*English*]

Mrs. Rechie Valdez (Mississauga—Streetsville, Lib.): Good afternoon, colleagues, Chair, and thank you to all the witnesses who are here to share their perspective on the matters at hand.

I too have questions related to resilience. This question is for the Quebec Produce Growers Association.

As you know, farming operations need to embrace innovation so they can remain competitive. Can you describe what innovations have been leveraged during these times to assist with supply chain?

[*Translation*]

Ms. Catherine Lefebvre: We have a vegetable innovation fund that is taking shape. This fund will be used only for research to produce field vegetables.

We are currently limited in what we can offer our members, but this project will change everything.

[English]

Mrs. Rechie Valdez: Thank you for answering that.

Are there any other witnesses who want to answer that question?

If not, I'll move on to my next question.

This is open to all witnesses. I'm curious to hear what type of business risk management tools your organizations, or members within your organization, have adopted to become more resilient?

Ms. Katie Ward: I would be happy to respond.

I know that when the committee did a study at the beginning of the pandemic on AgriStability, we were quite enthusiastic about the possibility of removing the reference margin and making the program much more valuable to farmers.

We've seen over the past year, with the absolute upheaval with weather affecting production, from northern Ontario, everywhere west, that AgriStability and AgriRecovery have been absolutely key for farmers to be able to just maintain a toehold, frankly. Without them, I think that the situation on our farms and our ranches would be orders of magnitude worse. We need to do everything we can to maintain access to those programs for farmers, and to improve access.

• (1620)

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

Does anyone else want to comment on the BRM tools?

Mr. Ron Lemaire: Perhaps I could go back to your question on innovation quickly, if that would be all right.

Mrs. Rechie Valdez: Yes, that's fine. Thank you.

Mr. Ron Lemaire: I just want to note that one of the comments we have seen throughout our industry is the strain on the market and part of the challenge is lack of investment on innovation because of the challenges around the pandemic.

That is part of the issue we're dealing with. It is not a lack of interest, but everyone within the supply chain from growers right through to retail are looking at that complexity of labour, which we heard through testimony, the complexity of all the attributes that are causing challenges in getting product to the consumer.

The innovation side is secondary in some ways. It's just a matter of, especially for our fruit and vegetable world where you sell it or smell it, wanting to get the product off the farm and into the truck, if they have a truck, across the border—at this point we aren't in full production, but if it's greenhouses, it's likewise—and then into a warehouse. In some cases it's the warehouse not having enough labour to get the product into the store and then not having enough labour in the store to get it on the shelves to the consumer. All those pieces come into play.

Guy didn't have an opportunity to talk to the increase in cost. I will just note that from our sector, operations like Guy's have seen a 16% minimum increase in cost, so the 5% food inflation number we heard in January, we can expect the numbers from the fresh fruit and vegetable perspective to be much higher coming down the pike.

Mrs. Rechie Valdez: Did Guy want to—

[Translation]

Ms. Catherine Lefebvre: If I may, I'd like to respond to you on risk management.

I agree with Ms. Ward on the AgriStability program that it would take a majority of provinces to sign on to for changes to occur. When we hear about a 100% rate to increase AgriStability margins, we find that incomprehensible. There are only two provinces that don't want to follow suit, while the problem is glaring in all the other provinces. We need to find a way to merge the answers and move forward. This is a program that should be tailored to our farms.

The Chair: Thank you, Madam Lefebvre and Mrs. Valdez.

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

Mr. Yves Perron: Thank you.

Ms. Lefebvre, I'd like to let you finish your answer on poaching.

Ms. Catherine Lefebvre: Last fall, farms had to deal with this situation. The labour market impact assessments were approved. We were lucky because it happened at the end of the season, when they went to Montreal to work for construction companies.

Unfortunately, what we are experiencing now is that poaching also occurs between farms with different specialties. There are some for whom it has less impact on the bottom line. Some people can afford to pay a higher wage, but that poaching has to stop now. This includes the removal of the job bank that is presented in Spanish.

We have written to Ms. Qualtrough and Ms. Bibeau about this, as solutions must be found and implemented as soon as possible, especially before many foreign workers arrive in April and May.

Mr. Yves Perron: Could you send these solutions to the committee in writing? We could benefit from them and include the need in our report as needed.

I'd like your opinion on the proposed structure of the procurement commissioner's office. Other witnesses have told us that it wouldn't necessarily be effective, that it could be a structure that produces reports, but that it would have no impact.

Is this something you think should be put in place?

Ms. Catherine Lefebvre: We believe that, yes, it could provide effective solutions. As long as there are concrete and quick results, we aren't opposed to other ideas. We see the creation of a commissioner's office as an idea that could get us out of this situation.

• (1625)

Mr. Yves Perron: Okay.

Should there be a coordinator rather than a commissioner?

Ms. Catherine Lefebvre: I don't know the difference between the two. I'll let you make that decision in an informed way.

Mr. Yves Perron: Okay.

I'd like to hear Mr. Milette speak briefly on the subject.

Mr. Guy Milette: For us, it's very simple.

Of course, we would agree that there should be someone in government who would look at many more issues than just agriculture. Our problems are far greater than those of producers, although they are very significant. Our difficulties are really in the areas of transportation and various interprovincial regulations.

The Chair: Thank you very much, Mr. Milette.

I'm sorry, Mr. Perron. Your speaking time is up.

Mr. MacGregor, you have the floor.

[English]

Mr. Alistair MacGregor: Thank you, Chair.

Maybe I'll turn to the Canadian Produce Marketing Association. When we had the Agri-Food Innovation Council before our committee, there was a little bit of a back and forth with them regarding looking at people's supply chains in real-time when they might be impacted by something unexpected; for example, when the Port of Vancouver was cut off by flooding, and of course most recently when three of our major border crossings were blockaded by illegal blockades.

Can you talk to me a little bit about businesses in your sector? Are some of them starting to incorporate technology that allows them to get real-time updates on supply chain problem? Also, does the Government of Canada need to do more to invest in this type of technology so that shipments can possibly be re-routed using artificial intelligence.

Do you have anything you can contribute to that conversation?

[Translation]

Mr. Guy Milette: I will answer very quickly.

When we talk to truckers, we have the flexibility to change their route relatively easily. The impact of the Ambassador Bridge closure was felt immediately. It caused delays for us, as trucks got stuck in long lines. So trucks can be moved easily. However, if you want to change the route of a container, it's a tedious process that can often take one to two weeks, which is often the same delay you'll experience if you keep the same route.

There are already tools provided to us by maritime companies. We are in a very modern era, so a lot of tools are available. I don't think we are looking for tools to have flexibility in terms of transportation. Rather, we are looking for tools to establish rules, find truckers and make the job attractive. New generations don't want to become truck drivers, and there are fewer and fewer of them.

Some jobs need to be made more attractive. Farm workers, warehouse workers and truck drivers are all jobs that are no longer in demand. So we have to do everything possible to make sure that the people who take these jobs can get what they need out of them.

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

On behalf of all members of the committee, thank you very much for appearing this morning, for your testimony and for your work in the industry.

Have a good day.

[English]

Colleagues, we're going to take a slight break, and we'll be back shortly, so please don't go far.

Thanks.

● (1630) _____ (Pause) _____

● (1630)

The Chair: I call the meeting back to order.

It is great to see everyone. We will continue with the second hour of our testimony here today.

With us by video conference, from the Canadian Chamber of Commerce, we have Robin Guy, who serves as the senior director of transportation, infrastructure and regulatory policy, and Jarred Cohen, who is a policy adviser. From Pulse Canada, we have Greg Northey, who serves as the vice-president of corporate affairs. From the Retail Council of Canada, we have Jason McLinton, who is vice-president of the grocery division and regulatory affairs.

Welcome to all our witnesses. As you know, you have five minutes for opening remarks.

We are going to start with Mr. Guy.

Mr. Robin Guy (Senior Director, Transportation, Infrastructure and Regulatory Policy, Canadian Chamber of Commerce): Thank you very much, Chair.

Honourable members, it's a pleasure to be appearing at this committee for the first time. My name is Robin Guy. I'm the senior director of transportation, infrastructure and regulatory policy at the Canadian Chamber of Commerce. I am joined today by my colleague, Jarred Cohen, policy adviser.

I recognize that it may seem out of the norm for the Canadian Chamber of Commerce to appear at this committee, but as the country's largest industry association with members in all sectors, we have a deep stake in the success of the agriculture and agri-food industry. Our membership includes companies and associations at various points of the agriculture supply chain, including producers, processors, retailers and ancillary business.

Over the last number of months, the Canadian Chamber of Commerce has been running the Canada's FoodLink campaign, which has been seeking to draw visibility toward a number of priorities for the industry, such as regulatory competitiveness, trade and innovation. As such, the committee's study is both welcome and timely.

Before discussing a few specific priorities for the committee's consideration, it's worth noting the volume of papers littering the town talking about the sector's potential. This includes the advisory council on economic growth, the agri-food economic strategy table, the industry strategy council and the Guelph statement.

Although the sector has remained resilient in the face of a destructive two years, I mention these reports not for posterity purposes, but to underscore that it's important to ensure we take the voluminous work that has been produced and put it into action. I hope this committee can catalyze on that action.

In the time available, allow me to focus on a few points in the areas the committee has identified as points of interest.

The first is regulatory. While, oftentimes, the cost of input fluctuations is due to market forces, the regulatory burden imposes a significant cost on companies and it's a cost that is within our control. Diverging from regulatory best practice and science-based international standards raises the cost of business. It makes Canadian companies less competitive and it prevents small business owners from running their companies. Too often, regulators do not give sufficient consideration to economic and business impacts when making decisions. To remain competitive, this cannot be the case.

We would urge the government to adopt an economic and competitive lens mandate for regulators to ensure that they do not hinder growth for Canadian business. As Canadian business turns to recovery, I would also stress that now is simply not the right time to introduce new regulations that would hurt economic growth and add new strains to our supply chain.

The second point of interest is transportation corridors. Extreme weather events and aging infrastructure remain challenges to ensuring we can get products to buyers and to markets. We have a serious infrastructure deficit in Canada, which will require us to perform triage. It's essential that we avoid the temptation to spread whatever money is available like peanut butter across Canada. Infrastructure capacity takes time to build and we need to move now to reap benefits later. We cannot simply address existing gaps, but must look to our future needs to reach our potential. This forward vision is essential to ensuring that our transportation system can meet the future needs of our economy.

The Canadian Chamber of Commerce commends the government for its investments through the national trade corridors fund. Through this program, we must continue to look at building redundancy through tools such as twinning of rail in high congestion areas, increasing the capacity of our bridges and protecting industrial lands around airports and ports.

I would also stress that the investments must be based on clear priorities with measurable economic returns. These priorities must be clearly communicated by governments, so that the private sector can act accordingly, and they must be backed by data to ensure we can see the impact projects are having to strengthen our trade corridors.

I would also like to commend the government for launching the supply chain summit. Partnership and dialogue between the government and the private sector are critical to working through these complexities. Establishing supply chain work groups for informa-

tion sharing and moving issues forward cannot be overlooked. These are not flash-in-the-pan issues that will be solved overnight.

The third and last point of interest is supporting supply chains through innovation. The success of the Canadian agriculture sector relies on our ability to adopt new technologies that will support the sustainable economic growth of the agriculture and agri-food sector. The long-term viability of the industry also relies on innovation to enable the tackling of climate change. The government needs to work closely with industry to develop a technology-neutral, net-zero transition plan, such as the 4R nutrient stewardship program, and support carbon capture, usage and storage for the upcoming federal budget.

Thank you again for the opportunity to address the committee.

I look forward to your questions.

• (1635)

The Chair: We're going to now move quickly to Mr. Northey for five minutes.

It's over to you, sir.

Mr. Greg Northey (Vice-President, Corporate Affairs, Pulse Canada): Thank you, Mr. Chair.

Good afternoon to committee members. As was mentioned, my name is Greg Northey. I'm the vice-president of corporate affairs at Pulse Canada.

Pulse Canada is the national association representing growers, traders and processors of Canadian pulses, which include peas, lentils, beans, fava beans and chickpeas. We are proud to be leading the future of healthy, sustainable food through the growth of Canada's pulse industry. We are the world's largest exporter of pulses, shipping to over 130 countries. Our industry's growth is directly related to our ability to meet global customer demand. To do that, we need a reliable, functioning supply chain.

Unfortunately, our sector is currently facing historically poor rail performance. In addition, for the past two years we have experienced considerable disruption to service in the Canadian container shipping market. Roughly 40% of pulses are exported via shipping container, which means the current container disruptions we are seeing are severely impacting our industry's ability to participate in international trade.

I want to be very clear about what these disruptions have meant for pulse growers and exporters. Shipping lines have removed historic routes to the Indian subcontinent, South America and other destinations that our trade has traditionally relied upon. As a result, average transit times for our containers of pulses have gone from between 20 and 40 days to reach destination to now between 70 and 90 days, depending on the destination.

We have experienced record low schedule reliability due to vessel delays and blank sailings. An estimated 90% of pulse exports were either rolled to a later vessel sailing or missed shipment altogether in 2021. Some containers of pulses have sat at port for up to six months before getting on a vessel.

In addition, Canada's export shipping capacity has effectively been cut in half through the decision by container shipping lines to ship empty containers back to Asia instead of shipping containers fully laden with Canadian exports.

As a result, our industry has experienced lost sales and cancelled sales contracts, which has impacted our competitiveness in international trade markets. This has been exacerbated by record high freight rates and additional supply chain costs. For example, the cost to retain a single shipping container for use for export increased from between \$1,300 and \$1,800 for a container in 2020 to between \$4,000 and \$5,000 in 2021.

At the same time there have been these excessive freight increases and poor service, it is notable that the profitability of container shipping lines has hit record levels. It is predicted that collective carrier profits for 2021 are in the region of \$120 billion to \$190 billion. This is a record for them. There is no doubt that a good portion of these profits has been extracted from the pockets of farmers, exporters and Canadian consumers.

This is why Pulse Canada helped found a cross-commodity initiative beyond agriculture, called containercrunch.ca, which is calling on the federal government to act to fix the container crunch and fix the issues facing the containerized supply chain.

We are here today to advocate for two things. The first is that the government immediately open an investigation under section 49 of the Canada Transportation Act to investigate what is contributing to the current container disruptions and to better inform the legislative and regulatory changes required to address the competitive failures in the container shipping industry. We do have a real need to update our legislative system regarding the governance of shipping lines.

The second piece is that we are asking the government to name a supply chain commissioner to lead the recently announced industry-government task force to bring together stakeholders to identify immediate solutions to address supply chain disruptions specific to containerized shipping.

These two actions are critical next steps to help ensure that we identify immediate solutions to the disruptions, but also to help ensure that we are able to move to a new, more desirable state with improved operating levels and financial performance for all who are using the containerized supply chain.

When given a level playing field, Canada's pulse industry can compete in any market around the world. If we are to increase the

production and export of sustainably grown, nutritious pulse crops, our industry needs access to a well-functioning, resilient supply chain.

The committee has an important role to play by helping to draw needed attention to this issue, and by providing recommendations that will end the harm this issue is having on Canadian businesses and consumers.

I want to thank you for the opportunity to be here today, and I look forward to answering your questions.

• (1640)

The Chair: Thank you very much, Mr. Northey.

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

[*Translation*]

Mr. Jason McLinton (Vice-President, Grocery Division and Regulatory Affairs, Retail Council of Canada): Thank you, Mr. Chair and members of the committee, for the opportunity to come and discuss the agriculture and agri-food supply chain with you today.

Let me give you a quick introduction to the Retail Council of Canada, the RCC.

Retail is the largest private employer in Canada. Over 2 million Canadians work in our industry. Recognized as the voice of retail in Canada, the RCC represents more than 45,000 businesses of all types, including department stores, specialty stores, discount stores, independent businesses, online shops and, most importantly, food retailers.

RCC member food retailers are a proud and integral part of the Canadian food system. They are the stakeholders who are in direct contact with consumers, providing Canadians with the wide variety of foods they eat every day.

The COVID-19 pandemic has caused unprecedented upheaval in the Canadian food supply system. The RCC and its members have worked closely with Canadian producers, processors and importers throughout this crisis to adapt to emerging challenges and changing consumer behaviours and demands.

We recognize and applaud the work that the government of Canada has done to date, but more needs to be done to ensure that the country is well placed to meet the medium and long-term challenges of maintaining our food supply chain in the wake of the COVID-19 pandemic.

In this regard, I would like to point out that our members are already expressing serious concerns about the current supply chain challenges and pandemic-induced shortages that are greatly affecting the availability and costs of food products on retail shelves.

• (1645)

[*English*]

Challenges include international container availability and cost; extreme weather events, such as the flooding in British Columbia; rising fuel and transportation costs; the availability and cost of labour; and rising costs that suppliers are charging for goods. These challenges have been severely exacerbated by border crossing blockades, and this at a time when Canada is particularly dependent on fruits and vegetables from outside the country, impacting their perishability and further compounding the issue of availability and price.

RCC is respectfully calling on the federal government to help stabilize supply chains and lower inflationary pressures in three key areas.

First, as significant progress has been made towards removing existing blockades, RCC is asking the federal government to work together with all levels of government to swiftly develop proactive solutions for each unique crossing, point of entry—land, air and rail—and critical supply line in Canada to prevent future disruptions elsewhere in the country in the days and weeks ahead.

Second, we ask the government to delay the implementation of any discretionary regulations so that retailers can focus resources on ensuring the stability and reliance of their supply chains. While RCC members are supportive of the intent behind such proposed regulations as front-of-pack nutrition labelling and reformulating labels for natural health products, every new regulatory consultation and requirement requires a shift in focus and adds additional costs at a very sensitive and fragile time.

Finally, the federal government can help ease inflationary pressures in areas where it has direct control. This includes allocating quota under Canada's new free trade agreements at the retail level, which is the level closest to Canadian consumers, if Canadian families are to see some of the benefits of free trade agreements in the form of savings and choice. Quota is currently being allocated by Canada to processors. This adds an unnecessary layer and added cost, and essentially gives all the quota to those who compete with the very products that would be imported.

This also includes conducting a review of the process for setting dairy prices in Canada. The Canadian Dairy Commission's current process does not include, in any meaningful way, the views of the grocery and restaurant retail industries, along with those of consumers, and instead relies on self-reported and unverified data. We ask the federal government to improve this process based on the need for greater representation, transparency and authentication.

[*Translation*]

I will be happy to answer your questions.

The Chair: Thank you very much, Mr. McLinton.

Before moving on to questions, I'd like to welcome Mr. Boulerville to our committee.

I will now give the floor to Mr. Barlow, who has six minutes.

[*English*]

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

Thank you very much to our witnesses for some great information.

Mr. Northey, I'm going to start with you. You brought up a couple of what I think are pretty critical issues that we have been trying to raise for some time. In fact, a letter was written to some of the ministers several weeks ago at this point.

You mentioned, in one of the points that you're asking of this committee and certainly asking of this government, initiating that investigation under section 49 of the Canada Transportation Act to address some of the supply chain disruptions and to be proactive so we can address some of these things in the future. I assume from your points that it hasn't happened yet.

What has been the explanation from the government as to why that step has not been taken, considering it's been many weeks since it has been raised as an option?

• (1650)

Mr. Greg Northey: We initially raised this about a year ago, and it was in response to what we're seeing particularly in the U.S. but in other countries where, at the highest level, and certainly in the U.S.... The current administration at the presidential level has raised containerized supply chain issues as one of the key drivers for economic growth and for risks to their economy.

One of the things that we felt section 49 would do, if launched, would be to raise the profile of the issue that we believe is an incredibly important issue, not just for us but for many people in the supply chain. An investigation would be similar to what other countries have done. Regulators have looked at the issue, assessed it, collected data and evidence, and they've mapped a path forward.

We haven't seen that happen in Canada; we haven't seen a section 49 investigation. Obviously there's potential to do that now. We'd like to see it launched as soon as possible.

Mr. John Barlow: I'm sorry, I don't want to cut you off, but I have limited time.

Has the government, the Minister of Transport, Transport Canada or anybody given you an explanation why that hasn't happened?

Mr. Greg Northey: No, we haven't received any reason for why it hasn't happened.

Mr. John Barlow: Another issue you brought up was the possibility of a trade commissioner. The United States—more than a year ago and maybe up to two years ago now when we first started to see this and you probably were raising section 49—appointed a trade czar, a supply chain czar, and implemented some very heavy fines to the shipping companies specifically if they were not playing fair with shipping containers, for example.

Have you seen that have an impact? Has the shipping issue been more intense or more acute in Canada compared to the United States as a result of the steps that the United States took compared to our not having undertaken a similar action?

Mr. Greg Northey: We have seen improvements in the U.S. Obviously their supply chains are equally problematic, and we hear about issues at port. One of the things that has happened is that the shipping lines have recognized that they'd be under scrutiny, both by the agency and Mr. Pocari in the U.S. He was appointed to that position.

What we've seen in Canada, in fact, is that, if we're looking to receive containers, say, to go through Montreal, the priority is given to you as shippers to utilize containers through our Canadian ports...in the U.S., so they have more ready access to export containers. I think part of the reason is that there is so much more scrutiny on the shipping lines in the U.S.

Mr. John Barlow: Thanks.

I'm going to shift to the Canadian Chamber of Commerce.

As a result of the United States having the shipping czar and now Canada not being able to get our products to market, we're seeing shipping lanes being diverted from Canada to pick up products in the United States, because we are losing our reputation as a trusted trading partner. This is not a new issue. This is certainly something that's been going on.

To Mr. Guy, I know that, in the fall or when it was announced that there would be the vaccination mandates on international truckers, the Canadian Chamber of Commerce strongly encouraged the government to delay that decision. Of course it did not, and we've seen a result of that.

Has the chamber or any of your members provided the government with any scientific evidence or data that would show that the trucking mandate was not necessary, that this was not a step that needed to be taken?

Mr. Robin Guy: We have a truck driver shortage in the country, and I think that's something that we found out through conversations with our members. Adding new stresses has the possibility to create problems with the supply chain. With the rules implemented in Canada and the United States, we are focused on increasing awareness. In terms of the specific data, I think some of our members did share data, yes.

Mr. John Barlow: Have you had any consultation or insights with the government in terms of a potential of interprovincial trucking mandates that we now hear are a possibility?

• (1655)

Mr. Robin Guy: No. I think most of our conversation right now at this point is just focused on aggressive public health information and ensuring that vaccine efficacy is understood.

Mr. John Barlow: Mr. Guy, has there been a negative economic impact on your members as a result of the trucking mandate? What would be the impact on an interprovincial trucking mandate if that were to be implemented?

Mr. Robin Guy: I think we have a truck driver shortage in the country right now. I think that's going to be something that continues to be an issue.

Again, right now, I think we're focused on focusing on that increasing awareness of the rules that are in place right now.

Mr. John Barlow: Have your members given you any data? I guess my point here is that we have a very fragile supply chain as it is, and when you add these obstacles or burdens upon it, it's certainly going to be damaging—

The Chair: Mr. Barlow, I apologize. We're at six minutes.

Thank you.

Mr. Turnbull, you have six minutes.

Mr. Ryan Turnbull (Whitby, Lib.): Thank you, Mr. Chair.

Thanks to all the witnesses for being here today. We appreciate your testimony and your time.

I'm going to focus first on the Retail Council of Canada.

Mr. McLinton, I have a couple of questions for you.

I think that unfortunately we've heard a narrative for the past few weeks, mostly from the opposition party members—or some of the members there—that the grocery store shelves are empty and this is caused by the federal government's vaccine requirements for cross-border truckers. The Retail Council is quoted in an article published on February 16 as saying that “the council's grocery members have reported that 90 to 94 percent of products that are supposed to be on shelves are actually currently available.”

There still seem to be individuals in the opposition benches who are pushing this, I would say dangerous, narrative that Canadians are going to go hungry. Can you confirm the quote from the council, published just yesterday, about the high percentage of products still available on Canadian grocery store shelves?

Mr. Jason McLinton: Grocery retail is a highly resilient industry. There are a number of pressures, as I mentioned in my opening remarks, that members are facing. Certainly, the blockades have been a major contributor recently, but there are a number of pressures, so to point to any one of them to say that this is the one thing that is causing the challenges I think is inaccurate. There are a number of challenges facing the industry.

At the best of times, our members are never at a 100% fill rate. It's probably closer to 98% or something like that. A couple of weeks ago, we were hearing that for the fill rates, depending on where you were in the country, maybe the lowest we were hearing of was in the lower 80% range, so we're probably at around the 90% range.

It's a very resilient industry. What our members need to do is to be able to do their jobs, and that's by having reliable points of entry, and that's by avoiding unnecessary regulation and whatever the government can do to lower inflationary pressures. If these things are in place, then retailers are highly resilient.

Mr. Ryan Turnbull: I note that Michelle Wasylyshen, the spokesperson for the Retail Council of Canada, said recently, "There is no threat to the overall robustness of the food supply system in Canada."

I think it's also important to remember, from my perspective, that there's a reputable professor from the University of British Columbia Faculty of Land and Food Systems, James Vercauteren, who said recently that, if anything, panicking and hoarding might make the shortages last even longer.

I wondered if you think that it's actually kind of irresponsible for people in leadership positions to be scaring Canadians into potentially panicking and hoarding food and other supplies. Couldn't this exacerbate the challenges we're already experiencing, Mr. McLinton?

Mr. Jason McLinton: Thank you, Mr. Turnbull. I guess there are two parts to that question.

In terms of panic buying, that does not help. We saw that early on in the crisis with food. We saw it with other products; I think everybody heard about toilet paper and things like that. That not only does not help, it wasn't necessary, because grocery retailers are very resilient, have very good relationships with their suppliers, did whatever they had to do and continue to do that in order to adjust.

I think the real issue here, though, is being able to allow retailers to operate in the environment that they're best at in order to be able to do their business, and it's by doing all the things I mentioned. Any assistance is helpful. There are many pressures, and so any areas where the government can assist will alleviate some of the pressure on supply chains.

• (1700)

Mr. Ryan Turnbull: I appreciated your recommendations in your opening remarks.

I want to step over to the Chamber of Commerce, and talk about the impact these blockades had on our supply chains. They've certainly interrupted the flow of goods across the border.

Mr. Guy, could you speak to the costs? I'm told the Ambassador Bridge has over \$300 million worth of goods crossing over the border. Is that correct?

Mr. Robin Guy: The blockades have caused serious economic and reputational consequences. I stress the reputational consequence for years ahead. Not only was it a strike against the rule of law but it also undermined Canada's international reputation. Our

members, who we're talking to, want to be able to use the critical infrastructure to get their goods to and from markets.

Mr. Ryan Turnbull: I wonder if it would be safe to say that the illegal blockades were far more damaging on supply chains than the cross-border vaccination requirements.

What would you say to that, Mr. Guy?

Mr. Robin Guy: I don't think I'd be in a position to comment on that.

Mr. Ryan Turnbull: We learned from the Minister of Transport that there was very little impact on cross-border trucking traffic. "No measurable impact" is what he's been quoted saying. If vaccine requirements didn't actually change the number of trucks going across the border, then they didn't have a noticeable impact per se on—

[*Translation*]

The Chair: I am sorry, Mr. Turnbull and Mr. Guy, but the six minutes are up.

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

Mr. Yves Perron: I'd like to begin by thanking the witnesses for being with us today and for offering their testimony. We are grateful to them.

Mr. McLinton, there is a lot of talk about labour and foreign workers in the agricultural sector. The retail sector, which you represent, also has a lot of labour issues, but the foreign worker issue doesn't really apply to it.

What government measures do you need to help you meet your labour force needs quickly?

[*English*]

Mr. Jason McLinton: Labour has definitely been a challenge from our perspective. Some of our members do avail themselves of the temporary foreign worker program, so some movement in that regard would be helpful.

What it comes down to is this. There are a number of pressures on the system right now impacting labour, not the least of which is a lack of immigration in Canada. We're in a pandemic. There are a number of things that could be done. We're looking forward to seeing that as well as.... The primary thing would be immigration.

[*Translation*]

Mr. Yves Perron: Do you have any concrete measures for people who are already in the country?

For example, would providing a tax credit for people aged 65 and over who want to continue working help your sector?

[*English*]

Mr. Jason McLinton: It would be interesting to engage in a discussion around that, but what would be most helpful would be the recommendations I mentioned in my opening remarks, so that retailers can do what they do best, and go about doing business.

[Translation]

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

Mr. Guy, I'd like to hear your comments on the issue of labour.

When it comes to your needs, would you have one or two recommendations for the committee to include in its report?

[English]

Mr. Robin Guy: I think talent pipelines start early on. We need to ensure that StatsCan is collecting a robust set of data to enable education quality...to make the right choices. Labour shortages cost an estimated \$3 billion in lost sales in 2020.

By implementing a trusted employer program for temporary foreign workers to ensure regular users of the program, the government should commit to a timely approval of labour market impact assessment applications for TFWs within six to eight weeks. It should ensure a transparent tracking process to confirm timelines are being met, including easy and accessible quarterly reports.

If allowed, I'll turn to my colleague, Jarred, to see if he has anything to add.

• (1705)

Mr. Jarred Cohen (Policy Advisor, Canadian Chamber of Commerce): Thanks, Robin.

There's not much to add there. As Robin mentioned, time is really of the essence in this case. We know the growing season is starting soon.

The key is transparency, and ensuring that these labour market impact assessment applications for temporary foreign workers are completed within six to eight weeks.

[Translation]

Mr. Yves Perron: Thank you very much.

Mr. Northey, I'd like to hear your comments on labour and foreign workers.

If you had one or two specific recommendations for the committee, what would they be?

[English]

Mr. Greg Northey: On foreign workers, we have no comment.

However, related to our current supply chains, our bigger issue with labour is that we're having to lay people off because we can't execute trade. With regard to members of our supply chain, whether it's transloaders through Vancouver, through to traders and processing plants, right now we can't move product, so we're having to lay people off.

Obviously there are different checks and balances that have to happen, but with the labour perspective, that's our current problem, and then it's getting them back if we do manage to get our supply chains working again.

[Translation]

Mr. Yves Perron: But they are likely to be working elsewhere.

Mr. Northey, in your opening remarks you talked about the creation of a procurement commissioner. We have looked at your proposal. However, we have heard from other witnesses that the creation of such a position might not be the answer. It would create an additional structure, there would be reporting, but it would have little effect.

Could you tell us more about this recommendation?

Would you not prefer establishing a coordinator position or minister responsible for this file?

[English]

Mr. Greg Northey: I think it would have to be defined by two main things.

The first one we would like to see is someone given a mandate to bring together members of the supply chain to address current issues. If you take the Vancouver ecosystem right now, there are multiple players in the containerized supply chain side who are making suboptimal decisions and creating more havoc. In the immediate term, someone who can come in and address that would be key.

Over the long term, in having a position like that, whether it's a commissioner or someone else, the real outcome we need is someone to be able to assess the Canadian situation and ultimately containerize the supply chain, by June specifically for us, but for all of them—

[Translation]

Mr. Yves Perron: I am sorry to interrupt you, but shouldn't we create a ministerial position that would be responsible for coordination and accountability?

[English]

Mr. Greg Northey: The U.S. is a good example. The supply chain commissioner there was empowered to bring members of the supply chain together. Obviously there would need to be accountability with that and a mandate drawn up.

Clearly, there needs to be accountability, because in making changes like this within a supply chain, in the short term there needs to be left behind it. Whether it's deputized from a minister or it's a minister himself, the outcome is what we're really after. However, the mechanics of it...as long as it reaches those outcomes.

[Translation]

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

Please note that I added about 20 seconds to accommodate interpretation services.

Mr. Boulerville, you now have the floor for six minutes.

Mr. Alexandre Boulerville (Rosemont—La Petite-Patrie, NDP): Thank you very much, Mr. Chair.

I'm very pleased to be participating in this meeting of the Standing Committee on Agriculture and Agri-Food.

I would like to thank all the witnesses for being with us today to share their reality and to talk to us about these issues which are crucial, especially for companies and for the members of the associations they represent.

The pandemic and the temporary shutdown of the economy have disrupted all economic activities, and resuming these activities is very complex. Indeed, it is not as easy as simply flipping a switch. Many people and subcontractors are working to make all kinds of products available to our citizens. Disruptions in the supply chains are a big part of the reason for the rise in inflation, which is driving up the cost of living for many of the people we represent as elected officials. So the issues we are talking about today are critical in many ways.

My question is for Mr. Northey of Pulse Canada.

Mr. Northey, you said that a shipment normally takes 20 to 40 days to reach its destination, and that, because of the disruption, some shipments are now taking 70 to 90 days to reach their destination.

Could you tell us more about the containercrunch.ca initiative you mentioned earlier, which is related to the container issue?

What kind of partnership with government would be needed for your sector to put in place effective measures like this initiative?

• (1710)

[English]

Mr. Greg Northey: Specifically on those numbers, that is the transit time once a container is on a ship to a destination.

If we take India, for example, which is a major market, previously it would take upwards of 40 days and now it could take about 90 days. That is really down to changes in the cancellation of certain routes that would have been quicker and more transshipment having to happen in other countries. It exacerbates that there's a deprioritization generally of our ability to execute to the markets we have. From the shipping line perspective, they're not as profitable.

Our main piece here is that the immediate fix is.... I mentioned when somebody...the outcome being that we're able to bring together members of the supply chain immediately to address those sub-optimal decisions that are being made. Ultimately, from a container supply chain standpoint, our big need is to work within Canada, but with other partners, on the proper governance structure around shipping lines.

We have a piece of legislation that exempts them from the Competition Act, which is over 40 years old and out of date. Right now we're in a really great position to look at what kind of structure we need to put in place to govern shipping lines. Ultimately, every country is looking at this right now. The U.S. has a bill that's being deliberated specifically on this issue. We have the opportunity right now to make sure that we're actually doing that correctly.

[Translation]

Mr. Alexandre Boulerice: In your opinion, should the federal government show more initiative and leadership on this issue?

[English]

Mr. Greg Northey: Absolutely. There's a good opportunity for the federal government to show leadership. Ultimately, it's acknowledging the problem and recognizing how big the problem is. I'm talking about the pulse sector but containercrunch.ca represents 12 different organizations across multiple different commodities. It's much bigger than just us. It's a huge issue for the economy. Taking leadership, acknowledging what needs to happen, addressing it and deciding which tools are necessary to resolve it are key.

Ultimately, it's an oligopoly as far as shipping lines are concerned. Three alliances control 80% of the global market for container shipping. This is a major problem and all countries have to wrestle with it. Canada could be a leader in wrestling with that problem.

[Translation]

Mr. Alexandre Boulerice: Thank you very much, that's very interesting.

Mr. Northey, the recent blockades on the Canada-U.S. border caused a lot of disruption to the agricultural sector. Indeed, the resulting costs are likely to run into the billions of dollars.

Planting season is coming up in a few weeks. Have these delays had an impact on essential products, such as seeds or fertilisers, that have been held up at the border?

What effect, if any, have these blockades had?

[English]

Mr. Greg Northey: That affects both exports and imports. We export through Coutts and Emerson to the U.S. The U.S. is a large market for us with dried beans and dried peas. Getting through those borders is essential. Any time any kind of border is stopped, it's a real problem because you can't execute. You can't ship and the process is shut down.

As far as coming north is concerned, anything that's produced as inputs in the U.S. that would utilize those borders, whether it's pesticides, fertilizers or seeds, any time it stops, it creates problems in an already fragile situation, because we're already short on many of those major inputs.

[Translation]

Mr. Alexandre Boulerice: That's perfect.

I would now like to ask Mr. McLinton a question.

Mr. McLinton, you mentioned the problem of labour shortages. You are not alone in facing this problem, as it is widespread throughout Quebec and Canada. Part of the answer is immigration, as you mentioned. We in the NDP agree with that.

However, what troubles me is the processing time for files sent to Immigration, Refugees and Citizenship Canada. For the past two years, the department has slowed to a crawl, hasn't been meeting deadlines...

• (1715)

The Chair: Mr. Boulerice, I'm sorry to interrupt you, but your six minutes are up. You will have two and a half minutes in the next round of questions.

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

[English]

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

I appreciate the time and I appreciate the witnesses and their presentations.

I would like to go back to the conversation with Mr. Turnbull and Mr. Guy for a second.

I don't think it's panic that some of us have brought up with our constituents. I do have pictures of empty grocery shelves in Regina: produce, yogourt and fruit. We can't take that out of context, because there are some issues. Just because grocery stores in other parts of the country have their shelves stocked, it doesn't mean there aren't issues in other ridings. Even if those grocery shelves are stocked, the prices are getting so high that people can't afford their groceries anyway. This puts a bit of context into what some constituents are feeling in other areas of the province.

Mr. Guy, you talked about the blockade being an issue for the supply chain. Did you contact the Liberal government in 2020 to take proactive measures back then when there were blockades backing up the port in Vancouver and shipping lanes?

Mr. Robin Guy: Yes, we did.

Mr. Warren Steinley: Could you tell me what kind of conversations you had and who you had them with? Was it with the transport minister or did you submit some ideas in writing that you could table with the committee?

Mr. Robin Guy: I can get back to you with that information.

Mr. Warren Steinley: I'd really appreciate that. Is there a timeline? Do you think you could do it this week or early next week?

Mr. Robin Guy: Yes, I'll try my best for this week.

Mr. Warren Steinley: Thanks.

At the start of your presentation you said that regulatory burden raises the cost of business, which I agree with completely. Is there a distinct regulatory burden that you could bring forward to committee as we're talking about supply chain? What would be your top three? I'm imagine some trucking regulations would be in there.

What would be the top three regulatory issues that you see as challenges to a stronger supply chain across the country?

Mr. Robin Guy: I think regulatory measures can create complexities.

Focusing on alignment within Canada and also with our trading partners in the United States would avoid unpredictable regulatory

standards. The chamber is supportive of adding an economic and competitive mandate to any regulation. I'd say some interesting points are interprovincial trade barriers, which are a glaring example of inefficiency and cost regulations. While Canada has the Canadian Free Trade Agreement, many interprovincial barriers remain.

Mr. Warren Steinley: I don't have much time.

I'm the shadow minister for interprovincial trade barriers. Are there two that you have at top of mind?

Most people talk about trucking regulations as being one of the issues within interprovincial trade in our country. Have you heard from your membership what would be one of the easiest things that we could come together to talk about and get rid of to make it easier for trade to go between provinces? Is there a top one or two you'd have?

Mr. Robin Guy: There are 144 specific examples that we can get. Maybe we can connect and chat about what those are. Again, I would just say that focusing on the economic and competitive mandate to any new regulations would be key.

Mr. Warren Steinley: I'd like to connect later. Thank you very much for that.

Saskatchewan is the home of a lot of pulse crops. I'd be remiss if I didn't say hi to Mr. Northey and say thank you very much for your presentation. We are looking at even expanding our value-added in pulses in Saskatchewan for the next few years.

I'm wondering what you see as some of your members' biggest issues with expanding their businesses. What would be some of the regulatory burdens that you see that we could work together to eradicate to make sure our pulse producers are as successful as possible and have more access to markets going forward?

Mr. Greg Northey: Obviously, Saskatchewan is an incredibly important province for pulse production. Right now, from a supply chain standpoint, we hear from the processors—particularly exporters who ultimately drive the demand for these products because they're out seeking international markets—that their big question right now is why they would expand production, facilities or export programs when they can't get capacity to actually ship them to customers. It's impossible to retain customers and defend market positions globally if supply chains don't work. It's an age-old problem. Right now it's being exacerbated.

As far as the production side is concerned, ultimately processing plants, particularly around pulse proteins and these things that are going into food for—

• (1720)

Mr. Warren Steinley: Thank you very much. I'm sorry to cut you off.

I wanted to get into the fertilizer—

The Chair: Mr. Steinley, I'm sorry. We're at five minutes. Thank you.

I wish we always had more time for these. It's great testimony. Thank you, Mr. Northey.

We're going to go to Ms. Taylor Roy now for five minutes.

Ms. Leah Taylor Roy (Aurora—Oak Ridges—Richmond Hill, Lib.): Thank you very much, Mr. Chair, and thank you to all the witnesses for being here.

I want to start with the Chamber of Commerce.

You made some comments early on about regulatory burdens and also investment in transportation infrastructure. You mentioned that you wanted to look at measurable economic returns. Again, with regulatory burdens, you mentioned economic and competitive mandates.

Your third point was really more about climate and net-zero plans, etc. How do you bring together the need for climate action and climate events when you're just looking at economic returns in these first two areas and not really factoring in environmental concerns? It seems like it's rather broken out into separate silos, if you will.

Mr. Robin Guy: Yes. In terms of investing in transportation infrastructure specifically, I think it can still be something that is environmentally friendly. I think it's something that definitely needs to be looked at.

Again, it's about making sure that we actually have the capacity to move cargo. We've heard from different witnesses today about the struggles of that. I think it's important to support redundancy in critical infrastructure, such as the twinning of rail in high-congestion areas. It's about making sure that if there is a problem going to one area, there's an opportunity for us to look at other options.

Ms. Leah Taylor Roy: Absolutely. I agree. But when you were talking about making the decision on where to put this infrastructure spending so as not to spread it too thin, you mentioned looking at measurable economic returns. Do you look as well at the environmental impacts or what the environmental consequences might be of some of these investments?

Mr. Robin Guy: I think it's definitely important, but it can't necessarily be the one and only thing we look at. I think it's also important that we do look at some of those others in a holistic approach.

Ms. Leah Taylor Roy: Thank you very much.

I have a question for Mr. McLinton from the Retail Council of Canada.

You mentioned that retailers were highly resilient and that most of the shelves were still quite full despite the different impacts we've had to our supply chains, but labour was really one of the big issues. During the pandemic, the frontline workers in retail operations were given an increase in their hourly wage. Despite that, our large retailers still had record profits.

Do you think maintaining those higher wages for these essential workers might help solve the labour shortage you're experiencing in retail operations?

Mr. Jason McLinton: This has been a very challenging time for everyone across the supply chain, as we've heard from witnesses today. There have also been record costs associated with the grocery retail sector in Canada, if you think about having to adapt to all of the changing public health measures that have been put in place. They have also been facing, and continue to face, unprecedented price increases from producers and suppliers.

While I'm not in a position to comment about any individual member of the Retail Council and their individual business decisions, there are a lot of pressures facing members right now. They are not immune to the current challenges.

Ms. Leah Taylor Roy: My last question is for the pulse industry. I happen to be a big fan of that as well, being a vegetarian and loving those products.

Mr. Northey, about the shipping, you mentioned that the regulatory burdens are really not your big issue right now and that some of the other countries have looked at these containerized supply chain issues and mapped a path forward. Given that you said there are basically three alliances that control most of the market, perhaps we could learn from the path that other countries have mapped. I'm wondering if you could share some of those findings and some of the specific things you think we can do to address this global problem.

• (1725)

Mr. Greg Northey: New Zealand is a great example. They would have had a system similar to Canada's, where they had an act that exempted shipping lines from their competition legislation. It's essentially an exemption, and then the alliances could work together to do certain things.

The focus right now for a country like New Zealand is that they've dropped that provision. Shipping lines are now under their normal competition act. That creates a whole different dynamic for those shipping lines. They have to function in a very different way in terms of how they provide service.

The Chair: Thank you, Mr. Northey. I tried to let you finish your thought there, and I'm glad we got it on the record.

Thank you, Ms. Taylor Roy.

[*Translation*]

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

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

Mr. Northey, earlier you were saying that there was a problem with the fact that container shipping was controlled by three large companies and that something really needed to be done about that.

Do you have a concrete recommendation for the committee on this? How could we help you?

[English]

Mr. Greg Northey: Global container shipping is controlled by three major alliances, which are combinations of companies, so there are about nine major companies that form three alliances, controlling 80% to 90% of the market. Facing the situation we have in Canada regarding our legislation and seeing how other countries are approaching it, our recommendation at this point would be to repeal the Shipping Conferences Exemption Act, which is the current legislation that's out of date and was meant to exempt shipping lines from the Competition Act. We would advocate that the shipping lines be placed under the Competition Act and the Competition Bureau, which would automatically create a different dynamic for them.

We would also say that the U.S. has taken a stance that is similar to how we would handle the railways in Canada. You look at the tremendous market power and you have a regulatory solution to that where you have an agency—our agency, particularly—able to investigate specific instances of service failure. It's a twin approach. You would look at building something like that into the Canada Transportation Act, which is much more focused on regulatory solutions to market power, and removing the exemptions to the Competition Act for shipping lines.

[Translation]

Mr. Yves Perron: This sounds like an interesting avenue, so if you have any documentation on this, you can submit it to the committee. Thank you very much.

Mr. Guy, you talked about investment and innovation needing to be addressed very urgently in the industry. Could you suggest one or two concrete steps that the government could take to encourage innovation and investment in business?

[English]

Mr. Robin Guy: I'll turn it over to my colleague Jarred to answer that question.

Mr. Jarred Cohen: Thanks, Robin. I'll be very quick.

[Translation]

Thank you, Mr. Perron.

[English]

Innovation comes from digitizing the supply chains. Digitization is a big issue for many farmers and SMEs within the supply chain, so there could be significant innovation. We've seen farmers use rural broadband and universal broadband on—

[Translation]

The Chair: Thank you, Mr. Cohen.

I'm sorry, Mr. Perron. Your time is up.

Mr. Boulerice, you have two and half minutes.

Mr. Alexandre Boulerice: Thank you very much, Mr. Chair.

I'm going back to the question I started to pose to Mr. McLinton during the previous round of questions.

Immigration can be an answer to some labour shortages. As New Democrats, we agree with that. That said, there have been significant delays at Immigration, Refugees and Citizenship Canada for months under the Liberal government. In my riding, we hear horror stories about all kinds of applications, whether they are for work visas, temporary workers or permanent resident permits. The processing times can be as long as 12, 18 or even 24 months. As an industry, are you worried about these delays from Immigration, Refugees and Citizenship Canada?

• (1730)

Mr. Jason McLinton: Thank you, Mr. Boulerice, for your question.

[English]

I'm sorry. I'm hearing translation in the background.

Anything that would streamline that sort of process would be helpful, and we'd be pleased to participate in those discussions.

[Translation]

Mr. Alexandre Boulerice: My next question is for Mr. Robin Guy, from the Canadian Chamber of Commerce.

Mr. Guy, in Quebec, about 70% of our beef comes from inter-provincial trade. In your experience, are there any regulatory barriers to inter-provincial trade in beef? If so, what are they?

[English]

Mr. Robin Guy: I'm sorry. I'm not an expert on beef on the inter-provincial side. I apologize.

I would say, again, making sure that there's the ability to have that alignment within Canada is a massive aspect to success there.

[Translation]

Mr. Alexandre Boulerice: Thank you very much.

Mr. Chair, that will be the end of my questions for today.

Thank you again to all of the witnesses and the analysts.

The Chair: Thank you very much, Mr. Boulerice.

This brings our second round of questions to an end.

I would like to thank our witnesses very much for being here this afternoon, for their testimony and for their work within the agriculture and agri-food industry.

I would also like to thank our interpreters and the whole team for their work.

[English]

Colleagues, thank you so much for your time. We will see you back on March 1. Have a great day.

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