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Chair: Mr. Kody Blois



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• (1530)

[English]

The Chair (Mr. Kody Blois (Kings—Hants, Lib.)): I declare this meeting open. I want to welcome you to meeting number 10 of the House of Commons Standing Committee on Agriculture and Agri-Food.

I have a few reminders, folks. We've been here before.

This meeting is taking place in a hybrid format, pursuant to the House order of November 25, 2021. The proceedings will be made available via the House of Commons website, and the webcast will always show the person speaking rather than the entirety of the committee.

Screenshots are not permitted and, frankly, the rest we've heard before.

To our witnesses, thank you for being here.

If you need to toggle between languages, all of that is available, and, of course, we have the sound check.

We're going to get right to it.

This is the last meeting on the study. Pursuant to Standing Order 108(2) and 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 to our first panel.

Joining us via video conference today is Al Mussell, who is the research director of the Canadian Agri-Food Policy Institute.

Mr. Mussell, welcome back. We know you had technical difficulties. You won't have any opening remarks, but you'll be available for questions, and I'm sure members will take you up on it.

We have, from the Keystone Agricultural Producers, Bill Campbell, president; and from Pattison Food Group, Julie Dickson Olmstead, managing director of public affairs and corporate responsibility at Save-On-Foods Limited Partnership. Welcome.

Finally, with the Union des producteurs agricoles, we have Martin Caron, general president; and David Tougas, coordinator, business economics.

Each party will have five minutes for opening remarks.

I'd like to invite Mr. Campbell to make an opening statement of up to five minutes.

Mr. Bill Campbell (President, Keystone Agricultural Producers): Thank you very much, and good afternoon, everyone.

Mr. Chair and members of the committee, thank you for this invitation to appear before you today to discuss agriculture and the agri-food supply chain. My name is Bill Campbell, and I am currently serving as president of Keystone Agricultural Producers. Keystone Agricultural Producers is the voice of farmers in Manitoba. We represent over 4,600 farms across the province, along with 20 commodity groups and organizations. We advocate on behalf of all farmers to all levels of government.

Over the past couple of years, Canadians have come to see how agriculture and agri-food supply chains can no longer be taken for granted. Floods, fires, overseas conflicts and railway work stoppages have highlighted how interconnected and fragile our supply chain is. Creating resiliency and long-term stability in our supply chain is a complex endeavour. This resiliency and this stability are dependent on a supply system in which each individual part operates in unison with the others. Having a resilient and stable supply chain means that problems are addressed in an efficient and effective manner.

Labour shortages, transportation issues and rising input costs are all top concerns for Manitoba producers. These uncertainties can impact market stability and eventually supply. Nearly all grain elevators in Manitoba are served by CP or CN, which means that grain farmers are fully reliant on a single railway to have their products shipped to market. This railway structure makes disruptions such as work stoppages or natural disasters detrimental to our industry and has cascading effects throughout the supply chain. Farmers are not only reliant on class I railways to have their products shipped to market, but are dependent on the railways for inputs such as fertilizer and feed for livestock. Fertilizer is very important to crop yields and ultimately farm revenue. The latest CP work stoppage created serious concerns amongst Manitoba farmers given the closeness to the seeding season and the need for nutrient sources and feed shortages. Given how critical rail transportation is to the agricultural supply chain, our organization recommends that the federal government classify class I carriers as an essential service, which would limit an unfettered strike scenario.

Another issue of concern for Manitoba farmers is the cost of inputs. Producers are seeing significant price increases for nitrogen, phosphorous and potassium fertilizers. For example, last year the average producer in Manitoba paid around \$700 a tonne for urea; they are now paying close to \$1,300. Some prices for anhydrous fertilizers are quoted as being \$2,270 per tonne, while in the fall of 2021, the price was \$1,170. Furthermore, high input costs and high grain prices are burdensome for livestock operations that require the growing and buying of feed for their animals.

Chronic labour shortages have been an ongoing problem in the agricultural sector. Currently there exist challenges with hiring skilled workers, difficulties with employee retention, geographical recruitment barriers and an aging workforce. A few pork producers in the province have commented that 50% of their barn positions remain unfilled.

Agriculture is perhaps one of the most critical and essential industries in Canada. Consumers often take for granted the quality, safety and availability of food found in grocery stores. A large part of the population is unaware of all the steps that are required to bring livestock, wheat or other commodities from a field to the grocery shelves. Widespread drought and severe supply chain issues can have major impacts on the availability of food in stores. Water and food are essential and basic human needs. If these needs are not met for most of the population, then the outcomes are dire.

Nearly all Canadians lack the skills, knowledge or access to land needed to obtain an independent supply of food or water outside of grocery stores. For this reason, the producers and workers who are part of the agricultural supply chain are an indispensable component to ensure the health and safety of all Canadians. There is perhaps no better time than now to act on addressing the current issues in our supply chain.

Thank you once again for the opportunity to meet with you today. I am more than happy to answer or address any comments or questions you may have.

• (1535)

The Chair: Thank you, Mr. Campbell. That was right on time, which is lovely.

Ms. Dickson Olmstead, we'll go over to you for five minutes.

Ms. Julie Dickson Olmstead (Managing Director, Public Affairs and Corporate Responsibility, Save-On-Foods Limited Partnership, Pattison Food Group): Thank you and good afternoon, Mr. Chair and committee members.

My name is Julie Dickson Olmstead, and I am speaking to you from the traditional unceded territory of the Katzie, Semiahmoo, Kwantlen and Coast Salish Peoples of British Columbia. We very much appreciate the opportunity to be here today to provide a perspective from the west.

I'm here on behalf of the Pattison Food Group, which is Canada's largest western-based provider of food and health products, originally established in New Westminster, B.C., in 1915. Collectively we employ 30,000 team members, and our companies are proud to be recognized as among the top 100 employers in B.C. and Canada.

We have 11 retail banners, with close to 300 food and drug retail locations throughout western Canada, Whitehorse, Yukon, and Washington state and Oregon. Our largest and signature company is Save-On-Foods.

Our four wholesale businesses cater to nearly 2,000 independent grocers, restaurants and specialty retailers, from B.C. to Quebec. We operate five food and pharmacy production facilities.

Innovation is a hallmark of our company, and agility has never been more important to our business than in the last two-plus years. Supporting our communities is at the heart of our business. We serve over 2.3 million Canadians every week, travel tens of millions of miles annually on western Canadian highways and depend on all forms of distribution to move our goods efficiently.

Doing business with local growers, producers and suppliers is a key priority for us. We carry thousands of locally made products from more than 3,500 local growers and producers, including up to 75% of our produce when in season.

With that backdrop, and in consideration of the short time we have, allow me to focus on the following, and then I'll be happy to answer any questions.

In the food sector, the greatest impediment to growth is the lack of regulatory harmonization and coordination. Understanding that food regulations lie with different jurisdictions in Canada, it cannot be said often enough that these disparate rules represent the greatest costs and greatest growth impediments for small to mid-size grocery businesses.

With that in mind, we would encourage this committee to consider convening provincial, territorial and federal agri-food officials, and industry stakeholders including grocers, to come together to review, address and agree on a framework that would not only eliminate regulatory barriers in the supply chain but also allow for greater speed of innovation. This includes food, but also transportation, labour and various other matters.

Of great importance is a focus on better alignment and communication between federal ministries, specifically Agriculture Canada, Health Canada, and Innovation, Science and Economic Development Canada, and the need for these ministries to better understand the role of all stakeholders in the agri-food supply chain, which includes small, mid-size and large grocers.

Grocers and their partners in the agri-food supply chain continue to incur huge costs from the inconsistent rules and regulations and the lack of harmonization in standards and increasing red tape.

Speaking of regulations, let me address a question that was asked by members of this committee regarding the proposed grocery code of practice.

As a member of both the Retail Council of Canada and the Canadian Federation of Independent Grocers, both of which serve on the FPT code steering committee, I can attest to the hard work under way to develop a made-in-Canada code, one that reflects the unique nature of our country and its agri-food sector, and one that is national, inclusive of all supply chain partners, reciprocal, mandatory, enforceable and non-regulated.

Speaking on behalf of many of my colleagues, I would ask that we avoid referring to it as the “retail fee code”, but more accurately refer to it as the “grocery code”.

Finally, I would urge this committee to support the ongoing work of the FPT industry steering committee. It has taken time to develop a framework and ensure that there is extensive stakeholder engagement, but I believe you would agree with me when I say that no code would be better than a bad code. We all want a good code, one that will ensure stability, healthy competition and fair negotiations, sustained growth and a thriving agri-food sector in Canada, and also one that doesn't add costs and complexity to the business, which would ultimately drive up the cost of groceries for consumers.

In closing, together with government, we must enable the Canadian food industry to build a sustainable food supply system, with competitive pricing for consumers, by levelling the playing field between domestic businesses and multinationals so that Canadian businesses can compete. This includes investing in new technologies and innovation, and investing in ways that enable our sector to attract and retain a skilled workforce that can meet the demands of today and tomorrow. We must guard against over-regulation and red tape.

If there is a lesson we have learned during the events of the past two years, and more recently during the catastrophic climate events that happened in British Columbia last November, it's that when we truly partner together to solve problems, we can move mountains overnight, literally.

To be successful, we must together collaborate and commit to innovate with urgency.

Thank you.

● (1540)

[*Translation*]

The Chair: Thank you, Ms. Dickson Olmstead.

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

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

I thank the members of the committee for inviting me to testify today.

My remarks will focus on two points, namely the labour shortage and the fluctuating cost of inputs.

On the labour front, temporary foreign workers, or TFWs, are essential workers in the agri-food sector and they are critical to the food security of Canadians. The pandemic has shown just how important they are.

The unemployment rate is 5.5% in Canada, and 4.5% in Quebec. Farm production, however, is increasing by 8% per year. In some areas such as the Chaudière-Appalaches region, the unemployment rate is 4%. The labour shortage is expected to last another 10 years. This explains the 10% per year increase in the number of temporary foreign workers. As this number will continue to grow, it's essential that the program's administrative requirements be reviewed.

Employers prefer to hire the same workers every year, for the same period and the same duties. Applications for labour market impact assessments, or LMIA's, should therefore be valid for three years. This would be a quick and practical way to reduce the administrative burden. It would reduce delays and time wasted at each of the many steps in the process. Every setback in the process can potentially delay the arrival of workers, and even increase the risk that they won't arrive at all.

At this point we have to deal with three different programs. We recommend reducing the number of programs and simplifying the paperwork. On several occasions we have tabled a sample form that is six pages long instead of the current twelve.

We also recommend that you do away with the National Commodity List for the seasonal agricultural workers program. Simply refer to the definition of "primary agriculture" set out in the Immigration and Refugee Protection Regulations. It took 10 years for maple syrup production to be added to the list, and several other industries are still missing, including rabbit breeding and forage production.

There is another issue to consider. Small farms are not able to offer TFWs a 40- to 50-hour work week. The rules should be changed to allow producers to share a worker's hours. Workers could split their time between two farms, depending on their needs and priorities. They could, for example, milk cows on one farm in the morning and on the other in the evening.

With regard to the second point, fluctuating input costs, if you go back a few years you'll realize that we can't count on the certainties of the past in the future. The U.S.–China trade war has made it clear that the world's major agricultural powers are interdependent. These countries all have a role to play in the global agri-food supply chain, including Canada's. The pandemic and the war in Ukraine have confirmed this. The idea that all links in the global supply chain will be dependable in the future has been put to rest.

The impact of this new reality can best be described in one word: volatility. Current agricultural commodity prices were the first to experience volatility and it has now spread to inputs. Fertilizer prices have doubled and fuel prices, including diesel, have risen by 24% in 12 months. The prices of plant protection products, packaging and plastics have also risen faster than inflation over the past year. Add to this the impending rise in interest-related expenses due to the recovery announced by the Bank of Canada. All of these items account for 25% of farm operating expenses. If you include food-related expenses, such as grains and feed, you have 35% of expenses rising faster than inflation.

The solution to this problem may seem complex, but in reality it's very simple and already almost within reach. You need to enhance the AgriStability program. The program was designed to handle exactly this type of situation. It's designed to deal with fluctuations in operating margins. In the past, these fluctuations were generally caused by price volatility in the markets. The volatility of input prices in recent years, and even in recent months, may generate margin declines that will require AgriStability. However, in its current form, the program is unable to adequately support farms experiencing margin declines due to rising input costs.

• (1545)

In order for this program to step in, the margin has to be 30% lower than the historical margin.

The Chair: Mr. Caron, I'm sorry, but your time is up. I know that all committee members want to ask you questions.

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

[English]

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

I'd like to begin with Ms. Dickson Olmstead. You referenced in your testimony the creation of a grocery code of conduct for a fair and equitable process down the line.

On March 8, a large retailer sent the following letter to a food processor in my riding. I'm just going to read the one relevant paragraph. Note that this was from three weeks before the potential CP lockout or strike. It says that in the event that a CP labour dispute causes service interruptions, it's the retailer's expectation that freight will continue to be delivered on time to service its stores and its customers. The letter also says there will also be no exemptions from fining due to late POs as a result of any rail issues.

This letter was written by a retailer, I'm told, that has an extensive history of using fining with its suppliers. Would a voluntary, non-regulatory code of conduct influence the existence of threatening letters such as this, or would there be no effect at all?

Ms. Julie Dickson Olmstead: That's a great question. I'm familiar with the retailer who wrote that letter.

I'll speak first to the intent of that letter and then I'll answer as it relates to the code. The letter you referred to was intended to be a way of allowing for a dialogue to occur between the retailer and the supplier community, so that everyone was aware of the need to appropriately plan and, more importantly, appropriately communicate should there be disruptions to the supply chain that needed to be managed otherwise.

That would be my comment about the substance of that letter. I wouldn't have thought of it as particularly threatening, but rather as a way to open the door to a dialogue and prevent some of the issues that have occurred, in particular in the west, where we routinely have no-shows in our deliveries and there is a lack of communication and issues with constraints on our docks when we're expecting shipments that simply don't show up for one reason or another.

• (1550)

Mr. Dave Epp: Thank you. I know that the processor in question took it as a threat, given the statement about there being no exemption from fines.

Mr. Chair, I'd like to cede the rest of my time to the member for Provencher.

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

Thank you, witnesses, for your presentations. They're very helpful to our current study on supply chain challenges.

I'd like to start with Mr. Campbell from the Keystone Agricultural Producers.

Mr. Campbell, you indicated that rail capacity was a significant issue for prairie farmers. Can you tell the committee more clearly what inventory levels are like at grain elevators across the Prairies?

Mr. Bill Campbell: In terms of railway transportation and how dependent we are on it to move our products to market, in 2019 to 2021 we exported 47 million tonnes of grain. It's anticipated that may reach 63 million tonnes by 2030. If we are to achieve those goals, we will need to be able to ensure a very time-effective transportation system.

Currently, under the grain plan, the railway transportation system compiles a forecast for moving forward on grain transportation. Currently we are seeing that it is not being followed and we are sitting with high levels of grain inventories at Manitoba terminals. We are concerned that if we have a traditional average crop, that will have a significant impact on our ability to move our products to market.

Mr. Ted Falk: Thank you very much.

You also talked about the increase in the price of crop inputs. I met with the Young Cattlemen's Council this last week, and they told me that feed challenges are also a problem—not only accessing and acquiring feed for their cattle but also the price of it. It's almost not affordable to feed cattle. Could you comment on that a little, and on how supply chain issues are affecting the price?

Mr. Bill Campbell: As we have encountered a drought in western Canada, the supply of feedstocks has become quite apparent. We are getting closer to the end of the feeding season, but there are producers who are having issues acquiring alternative feed sources. We have utilized every means possible: outside sourcing of feeds, salvage crops and just utilizing anything green at a particular point in time.

I agree with you that some of these alternative feed products have become uneconomical for the feeding of livestock herds, so there is a financial impact that may be felt on producers as we move ahead. We have done a very good job of adapting to the situation, but there is the potential for an economic crisis within the livestock industry because of the high cost of feeds and alternative feed sources.

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

Mr. Falk, that's six minutes.

We now have Mr. Drouin for six minutes.

[*Translation*]

Mr. Francis Drouin (Glengarry—Prescott—Russell, Lib.): Thank you very much, Mr. Chair.

I want to thank all the witnesses appearing before the committee today.

My first question, which is for Mr. Caron, is about foreign workers transferring from one sector to another. There are some concerns about that.

Mr. Caron, I understand that you agree with allowing foreign workers on one farm to go work on another.

Is that correct?

• (1555)

Mr. Martin Caron: That's right. We're talking about worker mobility, allowing workers to move from one farm to another, staying in the agricultural sector.

Mr. Francis Drouin: The Union des producteurs agricoles (UPA) represents some really good dairy farmers in Quebec.

Mr. Caron, you stated that workers could milk on one farm in the morning and then travel to another farm in the evening to provide that same service.

Are your members telling you that even if farmers want some downtime, they often can't do it because there is no replacement service in the farming industry?

Foreign workers would provide that service, because they could go and do the work on neighbouring farms. I think that's also a factor to consider.

Is that right?

Mr. Martin Caron: That's right. The need to give farmers that break is one of the important factors to consider. We mustn't forget the issue of development in outlying rural areas, where people have needs.

Smaller operations are not always able to hire full-time workers. If the employees could work for two or three farms, it would keep these operations in our rural areas afloat and contribute to food self-sufficiency in Canada.

Mr. Francis Drouin: You also recommend that LMIA applications, which prove that you need temporary foreign workers, be done every three years rather than every year, because you don't find any more workers from year to year.

Can you tell us more about that?

Mr. Martin Caron: Yes, we need that. Right now, we have to apply each year. In our opinion, the process really needs to be streamlined so that we can apply every three years.

Administratively speaking, we need to cut down on paperwork. We recommended that the number of pages in the form be reduced from 12 to 6, which would eliminate 24 very repetitive questions.

Farmers are being asked to be more and more efficient. However, we would like to see systems that are as efficient and flexible as possible within the established framework.

Mr. Francis Drouin: My riding is right at the Quebec border, where the sun rises in Ontario.

What are the costs associated with paperwork when you have to prove that you can't find workers in the Vaudreuil area, for example?

What does it mean to farmers to have to go through this process again each year? Is there a cost attached to that?

Mr. Martin Caron: The administrative requirements involve substantial costs.

We represent horticultural producers and vegetable growers who grow asparagus, onions and so on. The first real problem they encounter comes when they need to buy their seed, whether it's for produce or horticulture. They have no guarantee that they will have workers in time to do the seeding.

This leads to insecurity, and that's what we are trying to avoid. I've had farmers tell me time and time again that they have asked for 15 temporary foreign workers and been assured they will get six, but they aren't certain they will get the rest.

That's why we're asking for less paperwork, because naturally there are costs associated with it. If we want to be more efficient, we need to reduce costs.

[English]

Mr. Francis Drouin: My next question would be for you, Ms. Dickson Olmstead, with regard to your opinion on the grocery code of conduct and how that relates to supply chain issues. Is there a link that's directly related to the issues your members, or the companies you represent, are having with regard to problems with supply chain issues within your industry?

Also, just before I give it over to you, you've proposed a non-regulated approach, so that's a voluntary code of conduct. Is that correct?

• (1600)

Ms. Julie Dickson Olmstead: That's correct. Yes.

Yes, a mandatory.... I'm sorry. I'm getting a lot of echo there.

We proposed a voluntary...a mandatory code that is non-regulated. That's correct.

To answer your question as to how we think a code would satisfy issues as it relates to supply chain constraints, I think that a code built on transparency, collaboration and reciprocity, where there's a good, solid understanding of the way we do business, is never a bad thing. It's always a good thing, but it needs to be something that industry works on together and collectively solves together, so that we don't inadvertently end up with language that gets in the way of innovation, the speed at which we have to move or the ability to collaborate and adjust, as we've needed to do over the last two years in particular.

The Chair: Thank you, Ms. Dickson Olmstead.

Thank you, Mr. Drouin.

[Translation]

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

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

First, I would like to thank all the witnesses for being with us this afternoon.

Mr. Caron, I'd like to continue discussing foreign worker mobility. You are asking for flexibility to create some sort of cooperative of smaller operations, which would allow them to make worker transfer agreements. Some farmers have also often told us about the current raiding problem. It draws some workers into other sectors.

Could you shed some light on the danger that comes with that and the difference between the two situations?

Mr. Martin Caron: Right now, we're facing a labour shortage in all sectors, and agricultural workers are not the only ones being targeted for raids. They are also happening in processing, lumber, construction and other industries.

We see workers arrive here with a contract with the farmers who hire them, and then they are raided and they decide to leave the farm. It puts farms at risk, and the farmers have to start from scratch again. Farmers can't seek redress for the time and money they put into the process.

Having said that, you do understand that we're only talking about those cases. We don't tolerate farmers or employers neglecting workers. Workers must be allowed to leave these places.

Mr. Yves Perron: What would need to change in the current regulations to stop this from happening, while also giving you the flexibility in the farming community to occasionally transfer workers from one operation to another?

Mr. Martin Caron: Employment contracts should be recognized, along with the sectors with which they are associated. In other words, when temporary foreign workers or seasonal workers decide to apply for a farm labour program, it should be made clear that they must remain in the farm labour sector.

I would also say that farmers need a redress process to make it easier for them and to keep them from having to start from scratch should an employee decide to leave.

Mr. Yves Perron: I feel you are being very reasonable, especially in suggesting that you apply for LMIA's every three years. Personally, I would prefer it to be every five years, but we will go with your requests.

You're quite pragmatic. You make simple recommendations in your brief. For example, you recommend reducing the number of pages in the form from 12 to 6. That's music to my ears.

Who have you recommended this new form to?

Could you submit the form to the committee so that we can include it with our report?

Mr. Martin Caron: We can certainly submit it to the committee. As you will see, we kept the really important questions and got rid of those we found redundant. We were able to eliminate 24 questions and six pages.

Like I said, as farmers we're often asked to take action against climate change and make our farming operations more efficient. I feel this form can be redesigned to simplify it and we can still meet the requirements of the Canadian government and other countries.

• (1605)

Mr. Yves Perron: If you have any other great recommendations like this, I urge you to submit them.

I need a clarification on the third point you made.

Can you elaborate on the removal of certain goods—you mentioned the maple syrup industry—from the National Commodity List?

Mr. Martin Caron: As far as forage and rabbit production are concerned, some commodities are still not included on the list. Farmers often mention that to us. That's why we need to work on defining "primary agriculture".

Mr. Yves Perron: So that's very easy. Removing one little thing will make it so much easier for you.

Am I right?

Mr. Martin Caron: I think everyone can agree on that. It's just a basic administrative change.

Mr. Yves Perron: I'd like to briefly go back to something you mentioned earlier but didn't have time to explain: enhancing the AgriStability program to increase the margin from 70% to 85%. This has been discussed for a long time, and some provinces are against the idea. However, there is a strong consensus on this issue in Quebec. Quebec is asking the federal government and provinces that are willing to do so to move forward on this.

What is your opinion on this issue?

Mr. Martin Caron: The current margin is 30%. We're asking to go back to the 2013 margin, which was 85%. That's really critical.

People are worried about operating margins right now, given the volatility and the impact of cost overruns due to inflation.

We already have a program and there's no need to reinvent it. We need to use this program, but we must raise the margin to 85%.

I will give you a quick example. A producer or farm that averages \$60,000 in revenue and \$50,000 in allowable expenses generates a margin of \$100,000. Let's say expenses go up 8%. That's an additional \$40,000 in expenses. The margin is no longer \$100,000, but \$60,000. Under the current program, the farmer would only get \$7,000. If the program were enhanced by raising the margin to 85%, the farmer would get \$17,500. That's quite—

The Chair: I'm sorry to interrupt you, Mr. Caron, but your time is up.

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

[English]

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

My questions will be for Monsieur Caron and Mr. Campbell.

I want to talk about your experiences and the experience of your members with our transportation networks.

My riding of Cowichan—Malahat—Langford is on the west coast of Vancouver Island. I'm on the coast, so I see a lot of the

bulk carriers at anchorage as they wait for their turn at the port of Vancouver.

If we look at the statutes we have in place, like the Canada Transportation Act and the Canadian Transportation Agency, is more needed to unify the information that your producers are getting from our railways and port authorities and from the freighters themselves?

Mr. Campbell, I'll maybe start with you.

Have we lost everyone?

The Chair: To our witnesses, if you can hear us, it looks like we've had a bit of a technical difficulty. Bear with us as we get things up and running.

We're going to suspend for one or two minutes, and we'll be back momentarily. Hold tight.

• (1605)

(Pause)

• (1610)

The Chair: It looks like we're back. I'm sorry for those technical difficulties. I'm told it's across all committee rooms right now.

Mr. MacGregor, you had just started. You were at about 40 seconds in, but given the technical difficulties—I'm feeling very generous today—I will let you start at six minutes again.

We'll go over to you.

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

My question is going to for Mr. Campbell and Monsieur Caron.

The preamble I was leading with was that I wanted to get the point of view from your organizations and your members on our transportation sector as a whole, because our railways and our port authorities all fall under federal jurisdiction, of course.

What I want to know is whether, beyond the railways, we need the federal government to step in to ensure your members are getting timely information from rail, from the port authorities and from the freighters that are lying at wait to receive your product.

If there's anything you can share with this committee in terms of the recommendations we should be making to the federal government, that would be greatly appreciated.

• (1615)

Mr. Bill Campbell: Do you wish for me to go first?

Mr. Alistair MacGregor: Yes, Mr. Campbell. You can start first, please.

Mr. Bill Campbell: I'm getting a bit of an echo here, but I will try to work through that if I can.

Transport Canada announced last year an active vessel traffic management program. It's unclear how the Government of Canada intends to improve efficiency at port. Delays at port have a cascading affect on the supply chain.

We currently have \$25,000 to \$35,000 a day per vessel of demurrage charges when these vessels are sitting without product to load. These costs are passed on through the grain terminals and grain companies, and eventually are borne by the producers. They pay these demurrage charges.

With regard to a plan, we need to have a coordinated effort between railways, loading facilities and vessels so that they have the product in time to load it. We should utilize financial penalties to class 1 carriers if they are unable to fulfill their grain plan commitments. We need to ensure that these vessels are loaded in a timely fashion, as sales are made with commitments to other countries.

Mr. Alistair MacGregor: Thank you.

Monsieur Caron, can you provide some feedback on that as well?

[*Translation*]

Mr. Martin Caron: Thank you for the question.

Transportation is a major consideration in agriculture. We need only think of the impact the 2019 CN strike had on farmers. That strike led to millions of dollars in losses.

We need to clearly understand the issues associated with delayed shipments. We also need contingency plans for similar situations. We need to know what action to take so that we can respond quickly. If the rail system is down, farmers all across Canada have to deal with the consequences.

[*English*]

Mr. Alistair MacGregor: Thank you.

I will continue with you, Monsieur Caron.

In your opening statement, you were talking a bit about the volatility in prices. Of course, we need to talk a lot about the inflationary pressures of climate change and how that is going to continue to affect fuel prices well into the future. I think that the war in Ukraine is a sneak peek into what our future holds.

If we're centring on the theme of resiliency—we conducted a study in the previous Parliament on increasing processing capacity in our local communities—is there anything you would like to see our committee recommend to the government in terms of increasing the resiliency of our communities and having better processing capacity so that we can better withstand these shocks that we know will be coming in the decades ahead?

[*Translation*]

Mr. Martin Caron: There absolutely must be measures in place in case of problems.

As I mentioned in my opening remarks, some programs would at least restore the situation with regard to operating margins. There are huge cost increases right now. Mr. Campbell mentioned input costs and so on, and I would add diesel. In the past year, it has increased by 24%. So in two years, there's been a 51% increase.

There's also a need to think about putting in place programs and solutions that will contribute to agricultural resilience. We will be asking for support in that regard. We find this kind of support is much greater in the United States and Europe, particularly around

sustainable development and climate change. I think we need to have that ecological vision.

As producers, we have to remain competitive, because we are in the same markets as the United States and Europe.

[*English*]

Mr. Alistair MacGregor: Mr. Campbell, in the 45 seconds I have left, are there any thoughts you'd like to add on that same line of questioning?

Mr. Bill Campbell: Yes.

With regard to that, we need to ensure there is a competitive market and, as we move forward, any impediments to having competition for the supply of inputs need to be closely examined through the Competition Bureau.

I also believe that there's an element of potential for more local processing so that we can reduce our carbon footprint on the movement of products. We need to entertain that component of value added in a regionalized area.

• (1620)

[*Translation*]

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

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

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

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

Mr. Caron, could you send us this infamous form that has been reduced from 12 pages to six? It would be interesting if we could recommend in our report that this form be adopted. I like it when we simplify paperwork.

Along the same lines, we received the Minister last Monday. She mentioned that the need to recognize the problems of owners and make it easier for them to bring in immigrant workers.

Along with the redesigned form, could this be included in our recommendations, as well as the proposal that LMIA's be valid for three years instead of one? I think these would be very important things to add to the report.

Could you send us that?

Mr. Martin Caron: Certainly, Mr. Lehoux.

We'll be pleased to send you the form. In fact, we've already sent it to members of the Standing Committee on Citizenship and Immigration. We'll be happy to send it to you, too.

Mr. Richard Lehoux: Okay.

As for the possibility of allowing temporary foreign workers to be transferred from one farm to another, it might be appropriate to provide us with comments and clarification on this. Currently, concerns have been raised in my riding by producers about the poaching of temporary foreign workers by some companies.

Current regulations may need to be adapted to address this issue.

Do you agree?

Mr. Martin Caron: Yes, I agree with you. This needs to be corrected.

There was a slowdown in the fall, but the government and other authorities still allowed us to get support quickly.

Poaching has an impact on the ground. As I was saying, it poses risks to producers as well as causing uncertainty for them. The situation is alarming.

Mr. Richard Lehoux: So it would be important to regulate that and recognize the problems businesses are experiencing, as the Minister said.

Ultimately, it would be appropriate to increase the validity of LMIA's from one year to three years to ensure that foreign workers are working in companies that follow certain rules.

Is that right? Is this part of your recommendations?

Mr. Martin Caron: That's right.

We talk about foreign workers, but in many cases, these workers become members of the family. Producers even decide to visit these workers in their own country. A real community is being created. That's why we have to extend the validity period from one year to three, and perhaps even longer. The process needs to be simplified for the benefit of the worker and the producer.

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

The committee recently re-tabled its report on processing capacity. We would like to get positive responses from the Minister on everything related to temporary foreign workers as there is a significant labour shortage. You mentioned earlier that the unemployment rate in the Chaudière-Appalaches region was 4% and that it was less than 3% in Beauce. So clearly there is a dire need. So the issue of temporary foreign workers would be really relevant, because we have leading processing companies.

I'm going to talk about the other point you made about input price volatility. You suggested raising the threshold of the AgriStability program from 70% to 85%. This recommendation was included in our report, "Facing the Unexpected: Enhancing Business Risk Management Programs for Agriculture and Agri-food Businesses". No concrete action has been taken.

We understand that agreement is required from all or a majority of the provinces to move forward.

In terms of the agriculture sector in Canada, is there any way to agree on a way to work so that provinces that want to can make this change?

Could we all work together in this regard?

• (1625)

Mr. Martin Caron: One of the things we've been discussing is the flexibility of the programs with our partner, Mr. Campbell, who is here today, and with representatives of the Canadian Federation of Agriculture. We've talked about how we can address that.

Our organization represents all producers. There may be some programs that apply across Canada, but we would like them to be flexible.

I think we can agree. Given what we're going through right now, if we don't want to lose businesses, we need to put programs in place quickly.

I'd like to say that, right now, businesses in rural areas are being put at risk, whether because of the labour shortage or financial problems. We really don't want to lose these businesses, and I'm sure everyone on the committee—

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

The Chair: Mr. Louis, you now have the floor for five minutes.

[English]

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

I want to quickly give thanks and appreciation for the IT support just when we got lost. I had a phone call from my team to make sure everything was all right. They are very thorough, and that allows us to be here in various parts of the country at the same time, so thank you to the IT department for making this happen.

Also, in both official languages, *merci beaucoup* to our translators for allowing me to talk to everybody at once.

I thank all the witnesses for being here, but I thank you especially, Mr. Campbell and Monsieur Caron. Please extend our thanks to your members. You have been dealing with the pandemic, dealing with droughts and dealing with flooding in British Columbia. We've heard about the blockades at some of Canada's critical border crossings, the invasion of Ukraine by Russia, and all of these things, and yet still you persevere, and food is still on our tables. I want to thank your members on behalf of a grateful nation.

My friend and colleague, Mr. MacGregor, mentioned resiliency.

Monsieur Caron, you mentioned that support was needed to remain competitive, and that's one of the things we want to do. We've heard a lot on the supply chain. One thing I want to focus on now is managing food waste on farms. When you're the farmer who's growing the food, any product that goes to waste before it even reaches market is going to be bad for your bottom line. I'm confident that farmers are doing everything they can to ensure that as little as possible of the food grown is wasted. That is essential for our supply chains, but reducing food waste and getting more of the produce to market would be one of the best ways to improve profit margins. With study after study, we have seen how small profit margins can be for farmers.

What I'm looking to learn is this: Are there ways farmers can manage food waste on farms, and more importantly, are there ways we can support those measures, given those thin margins you're working with, as far as planning crops or harvesting goes?

Mr. Campbell, go ahead.

Mr. Bill Campbell: That's a very good question, and it hits home as we work on the landscape. I am a primary producer and I am certainly aware of waste. I'm quite conscious of that part.

Any of our products that are not utilized in the food system are then utilized in supplementation for livestock. We have that alternative with that, be it heated grain or out-of-storage grain or other components. We need to ensure that we have a diversified portfolio that is economically viable so we can utilize all of these products. We see the utilization of dried distillers' grain in the ethanol process. We also see some of the other products, such as in the protein strategy in Manitoba. We utilize some of the pea milk, as they call it, as a protein.

One of the things that are very important in ensuring that there is no food waste would be the removal of the carbon tax on grain drying and the heating of barns for livestock. If we can get our commodities into a safe storage position, we will not have that potential for food wastage and degradation and the decline in value of product. We are very proud of what we do, of growing the best product we can, but if we don't have the tools to ensure that safe storage and delivery.... I think you need to realize that our products are delivered 12 months of the year to export positions and that there is that storage component to that. In Canada we do not always have the most favourable harvest conditions.

To your question, yes, we do the very best we can, because we need to secure the most revenue we can on our farms.

Mr. Tim Louis: Thank you.

Monsieur Caron, I will ask you the same question. Are there things that you can do to reduce food waste and programs we can use to help you?

• (1630)

[*Translation*]

Mr. Martin Caron: I'll add something to what Mr. Campbell said about processing, which could be done on a local basis. We need to support and invest in the processing sector. The pandemic has shown us how enthusiastic Canadians are about Canadian products. I think we need to put in place local processing systems.

One example is organic production, which we don't talk about enough. There's a lot of demand for organic products, but there isn't enough supply. There are many imported organic products. We need to support local production, such as organic production, and have local processing plants. When we invest in this, we also invest in sustainable development.

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

[*English*]

Thank you, witnesses, for your time here.

That ends our first panel. We are going to move quickly to our second panel. Please, members, do not go far.

To all our witnesses, thank you for your work, for your leadership in agriculture and for contributing to our study. Have a great day.

• (1630)

(Pause)

• (1635)

The Chair: Colleagues, we're back, and we're going to get started with the second panel.

Thank you to all the witnesses for being here today. Each of you has five minutes for opening remarks.

We have Mr. Mussell here and, as a reminder to committee members, I think some of you want to ask questions. Unfortunately, we're going to have time for only one round of questions, for about 24 minutes.

We're going to have five minutes for opening remarks.

I'm going to start with Mr. Sands. It's over to you for five minutes, my friend.

Mr. Gary Sands (Senior Vice-President, Canadian Federation of Independent Grocers): Good afternoon. Thank you for your invitation to appear today. My name is Gary Sands. I am the senior vice-president of the Canadian Federation of Independent Grocers.

There are approximately 6,900 independent grocery stores in Canada, and in some provinces, such as this one, Ontario, independents actually account for the majority of grocery stores.

Some of you may have read the op-ed article I wrote in the Toronto Star this past weekend on food affordability, and for those of you who did, please forgive me for repeating some of the points I made in that article.

As you know, Canada is like a tapestry. It's woven together from a myriad of urban, semi-rural, rural and remote communities. We need to bear in mind that in many of those rural and remote communities, an independent grocery store is often the only grocery store. That context is extremely important when we talk about issues of food affordability, fair supply, uneven fluctuations in the cost of inputs, labour shortages and the spiralling costs of things like trucking and fuel.

Over the course of the last two years and dealing with the challenges of a global pandemic, the supply chain is probably experiencing what could best be described as combat fatigue. We weathered catastrophic flooding in British Columbia, resulting in significant damage to infrastructure and transportation corridors. Omicron followed up with another blow, as it ripped through the supply chain, causing widespread labour shortages. In roughly the same time frame, we had the so-called "freedom protesters" set up blockades at some of our critical border crossings, resulting in more supply chain disruption and delays and higher costs for our members.

Of course, the most recent hit will soon be felt as a result of the invasion of Ukraine by Russia, which we know will significantly impact costs for a range of products. As I have said before, the supply chain stakeholders could be forgiven for thinking that Vladimir Putin and the four horsemen of the apocalypse have decided to forge new careers in the food industry.

The cumulative impacts to the entire supply chain that arise from these challenges are not always borne entirely equally. We know that many of our members are seeing cost increases from suppliers in the range of 25% to 30%. They are seeing trucking costs more than double, and fuel surcharges have gone through the roof.

Again, going back to my earlier comment about independents being the only grocery store in many communities, we have to remember that food security for those areas is very much predicated on the ability of those grocers to access fair supply at affordable prices. Retail grocers operate on overall averages of 1.5% to 2.5% lower than other sectors, yet they are dealing with significant increases in prices for dairy, eggs, bread and meat. The rationale given by all of these sectors is that costs are rising—yes, they are—but they are rising for independent grocers too. Who do we pass these costs on to? There is no alternative but to pass them on to the consumer.

This month, a study commissioned by the Beef Farmers of Ontario found that while the price of beef has risen significantly, the source of those increases is getting lost somewhere between gate to plate. According to the study, while farmers' share of profits fell from 41% in 2016 to 39% in 2021, "Grocers and butcher shops fared worst of all...earning an eight per cent share of the profit margin in 2016, to just over two percent in 2021."

As the last link in the supply chain, and the one who interfaces and is sometimes on the firing line with the customer, the resistance to increasing prices by grocery stores is commendable, but for small and medium-sized independent grocers, it's simply not sustainable. Based on the shared experiences of the last two years, governments and industry, I believe, recognize that they need to work collaboratively together to develop long-term solutions to sys-

temic issues and vulnerabilities that have become very apparent in our supply chain.

One of the last areas that I heard discussed on the last panel and want to address is that of a grocery code of conduct. I want to emphasize that it is a grocery code, not a retail code.

I am one of the members of the steering committee currently working on that industry-led process, so I'm bound by a confidentiality agreement and I have to be careful about what I say. I am raising this issue only because it has been raised with this committee by another organization that is also a member of the steering committee and I would like to expand on those comments.

CFIG has been advocating for a code of conduct for longer than any other association in Canada. We have done so because the Competition Bureau has never been a realistic or helpful instrument for our members in dealing with unfair competition and, in our view, excessive consolidation. We support the concerns that suppliers have with respect to fines and penalties imposed on them by chain retailers. That highly concentrated market has resulted in distorted and sometimes unfair market practices. However, there is also a power imbalance between the independent grocers in your ridings and the large suppliers.

• (1640)

Price increases are often imposed on our members, not negotiated, and often not even explained. We have fought hard—and we shouldn't have had to fight hard—in the last two years to secure fair supply for some essential products. That's not equal supply, but fair supply.

A grocery code of conduct is not just about protecting or helping large, multinational suppliers. It needs to ensure that Canada's small and medium-sized suppliers and processors, and its small and medium-sized retailers, have an instrument that can provide more transparency and fairness in the industry.

We also support a mandatory code that is enforceable, but we do not support a legislated code, which would have to be enacted in every single province—

The Chair: Thank you, Mr. Sands. I apologize, but we're at five minutes and we have to keep it tight.

We'll go now to the National Cattle Feeders' Association, with either Mr. Bekkering or Ms. Tranberg, for five minutes.

Mr. James Bekkering (Chair of the Board, National Cattle Feeders' Association): Thank you, and good afternoon. I am James Bekkering, chair of the National Cattle Feeders' Association and a feedlot owner in Taber, Alberta. I am joined by Janice Tranberg, president and CEO of the National Cattle Feeders' Association.

NCFA was established in 2007 as a unified voice for Canadian cattle feeders. We are a business- and solutions-oriented organization focused on sustainable growth and profitability, improved competitiveness, and industry leadership and partnership.

Agricultural supply chains are under tremendous pressure and are negatively impacting national food security. In the beef industry, much of the current stress stems from two challenges: securing critical farm inputs, especially feed, and keeping cattle and beef products moving smoothly through the supply chain.

Last year's drought was unprecedented, causing significant shortages of livestock feed and resulting in a surge of feed imports from the U.S. Increased feed demand, along with fires and floods in B.C., has exposed weaknesses in our transportation systems, such as inadequate unloading infrastructure and lack of storage facilities.

Transportation bottlenecks are magnified by a severe trucker shortage, which is expected to triple by 2023. In addition, recent protests that stopped traffic at the Canada-U.S. border and labour stoppages at CP Rail have added further stress to the supply chain. The recent CP Rail labour disruption caused severe angst on my farm and on many others.

In Alberta, we have only a one- to two-week supply of feed grain available, and cattle cannot easily switch their diet in a healthy way, even if other feed grains are available. It was difficult to watch my family farm go through this—we wondered how we would feed our animals, especially when CP Rail and the union had the option to enter into binding arbitration and allow rail movement to continue. While we recognize the right of Canadians to strike, the Government of Canada must declare rail an essential service when animal welfare is on the line.

Ms. Janice Tranberg (President and Chief Executive Officer, National Cattle Feeders' Association): This year magnified how critical our supply chain is for agriculture. Last fall, we started to see the impact the drought was going to have on cattle feeders. The entire value chain was not able to fully comprehend the amount of corn and dried distillers grains we were going to require, or the importance of timely delivery. In 2020, Canada imported around 600 railcars of feed from the U.S. In 2021, that rose to over 8,000 railcars, and we've already surpassed this number in 2022.

Train delays depleted our supplies early in 2022 and, just when we thought things were running smoothly, the border was blocked by protesters. This meant not only that beef and live animals could not exit or enter our country, but also that dried distillers grains, which are needed as a feed protein source, were prevented from entering Canada. DDGs are primarily delivered by truck. Therefore, the border closure added another devastating blow. Now, after the CP Rail strike, there is no feed buffer left. Without regular shipments, most feedlots would have been out of feed within one to two weeks, leaving animals compromised.

We appreciate that the agriculture standing committee is looking into supply chain issues. For the cattle sector, this is about more than just the CP Rail strike. It's about the Government of Canada ensuring that essential supply chains are not blocked.

The government must declare railways an essential service. There are no alternatives for the delivery of essential supplies, as we have just outlined. It's not only the railways. Border crossings and other critical supply chain routes cannot be blocked. Any impediment to.... The flow of critical goods necessary for the health, welfare and safety of Canadians must be upheld.

Second, we need the Government of Canada to create an infrastructure funding envelope dedicated to rural infrastructure and the transportation needs of agriculture. Beyond a focus on rural broadband, agriculture desperately requires essential investments in hard economic assets, such as roads, bridges, local transportation networks, and improved rail transfer, storage facilities and infrastructure.

Thank you.

• (1645)

The Chair: Thank you very much.

We're going to now move to Mr. Hemmes—I think I'm saying that right—for five minutes.

Mr. Mark Hemmes (President, Quorum Corporation): Thank you, Mr. Chairman and committee, for the invitation to participate in today's meeting.

I'm Mark Hemmes, the president of Quorum Corporation, which is based in Edmonton. Quorum Corporation has been responsible for monitoring Canada's prairie grain handling and transportation system on behalf of Transport Canada and Agriculture and Agri-Food Canada since June 2001.

The grain monitoring program reports to the government and to industry on the efficiency, reliability, structure and operation of the grain handling and transportation system, as well as any impacts that change may have on producers and the industry.

The GMP tracks grain from the farm gate to the destination at port, including the performance of port vessel activities. We collect industry data and develop and maintain over 250 key measures on the GHTS and publish weekly, monthly, quarterly and annual reports on the grain handling system, in addition to ongoing analysis and discussions with industry stakeholders.

I'm not going to repeat many of the excellent points that have been made by some of the previous presenters, but I do wish to expand on some of the issues that have been raised.

First, a continued focus on infrastructure improvement throughout Canada's transportation network is imperative to Canada maintaining its place in the global agricultural marketplace. The grain industry has enjoyed an annual volume increase of 3% a year over the last eight to 10 years, and the grain companies have invested well over \$4 billion in that time, adding to and expanding the capacity of their portion of the supply chain. In order to remain competitive, the balance of the supply chain partners must continue to invest in their infrastructure to match that rate of growth.

Second, the shortage of empty container capacity is crippling an increasing proportion of Canadian specialty grain markets that have successfully been developed over the past 15 years, and is putting those markets at a risk of loss. An important point is that in Canada we have an extreme lack of detailed short-term data on container movement and performance. The data that is available comes more than six months after the fact and describes only the traffic moving from port position, without any information on where the traffic originated. Therefore, the inability to determine the impact of the shortfalls or disruptions in the supply chain cannot be examined in detail until as long as six months after the fact. In contrast, we have extraordinary detail on the movements and effectiveness of bulk movement and export movements.

The lack of data and information on container movements is a critical issue for Canada's container exporting sector, in particular in times such as we're experiencing right now, with shortfalls in available empty capacity and extended service delivery times. At present, we can refer only to anecdotal evidence until the actual data becomes available.

Thirdly, the resilience and recoverability of the railways after the unplanned service disruptions they will always incur is another critical factor that impacts Canada's reputation as a reliable and consistent supplier of products into the global markets. At issue, and what draws the consternation of the rail shippers, is the length of time it takes to recover from outages, which can often extend to months, as in the case of the present post-B.C. flood period.

Regarding resilience and recovery, the measures that come from the GMP and the Ag Transport Coalition provide good examples of how data and statistics can help identify problems in the supply chain. The graph that was provided in the document we've sent on uses GMP and ATC data to show the causal relationship when railways do not meet shipper demand and how it impacts the port grain terminals and may cause vessels to stack up waiting for that grain to arrive. The graph portrays the comparison over the last three and a half years, where six times we can see the almost immediate effect of shortfall in shipper demand, causing terminals to run out of cars to unload, ultimately lengthening the time vessels wait and

therefore causing vessel lineups to grow, consequently filling the anchorages in the Vancouver port area.

We see this even in the current crop year, where volumes have been reduced by 40% as a result of the summer's drought conditions and grain vessels should be much lower. Despite this, the railways have not been able to maintain consistent service or supply adequate car supply to meet demand, and the vessels that are in port are experiencing much longer wait times and creating record levels of vessel demurrage. Should there have been a normal-sized crop this year, as Bill Campbell mentioned earlier, this situation would have been very much worse.

• (1650)

While shortfalls in car supply and cars available for unloading—

The Chair: Mr. Hemmes, I apologize, but we're at five minutes, and I know members are eager to ask questions of you and the other witnesses.

Mr. Barlow, it's over to you for six minutes.

Mr. John Barlow (Foothills, CPC): Thanks, Mr. Chair. I'm going to try to move through this quite quickly.

First, to the National Cattle Feeders' Association, certainly I understand that we dodged a bit of a bullet with the CP Rail strike, which could have been worse, but certainly, we were feeling that already, as suppliers did not want cars abandoned or stranded in Canada.

We see the potential of another rail strike by 3,000 CN workers in July. There could be another potential strike with CN and CP at the end of December this year.

How critical is it to come up with some solution—perhaps by making it an essential service—so that you will not continue to have these kinds of impediments to your supply of corn and DDG from the United States in the next several months?

Mr. James Bekkering: It is very important. One thing we've discussed here is that all over the world there are supply chain issues. It's unfortunate that such a small number of people, a small part of the population—be they unionized workers or those in the recent blockades—can bring cause a detriment to this economy by slowing down the supply chains in an unnecessary fashion.

Our supply chains are stretched to the limit as it is, and we cannot afford to have our own Canadians causing any further issues.

Mr. John Barlow: Thanks, James. I'm sorry but I have to really zip through this as quickly as I can.

You talked about the blockades, but I would assume that the trucking mandates have also had an impact on your ability to move grain and cattle. Now there's some potential for an interprovincial trucking mandate.

What kind of an impact has the international trucking mandate had on your industry, and what implications could an interprovincial mandate have on the cattle feeders and the cattle industry?

Mr. James Bekkering: The international mandate has definitely had an effect. It has taken another portion of the workforce out of what is already an industry with a short supply of truckers. I can't even imagine what an interprovincial mandate would do. So much cattle flows between provinces. To my mind, that would just be catastrophic.

Mr. John Barlow: Thanks, James.

Ms. Janice Tranberg: Maybe I can quickly add to that. In the cattle industry and other industries, an open border between Canada and the U.S. is critical. We bring up feed or cattle from the U.S. We take live cattle down there. In this particular case, as was mentioned, dried distillers grain was not able to come up by truck. We need to have an open border, and with the trucker shortage, that really slowed things down. It's critical, and interprovincial mandates would be just catastrophic.

• (1655)

Mr. John Barlow: Thanks. I'm going to move to Mr. Hemmes.

We had a witness earlier—and I know you would know Murad Al-Katib well—who chairs the Agri-Food Economic Strategy Table. He said we need to get products that belong in pipes into pipes and we need to get products that belong on rail on rail to try to address the shortage of railcars and access.

Would you agree with that statement?

Mr. Mark Hemmes: Yes, I would, to a degree. The thing that people have to keep in mind is that the dominant direction of the flow of grain in Canada is to the west coast. There's not a lot of competition between that and oil. I think what Murad was referring to is getting oil back into pipelines as opposed to railcars. The dominant direction for oil is into the United States, so there is some competition between the two products in the middle of the Prairies, though not a lot. Doing that would certainly help in the allocation of the rail resources that are necessary to move it.

Mr. John Barlow: Thank you. I'm going to give the rest of my time to my colleague from Ontario here.

Mr. Dave Epp: Mr. Mussell, much has happened since you testified here. We have only a little time, but can you quickly address how the world food flows and the World Food Programme have changed or been impacted by Russia's invasion of Ukraine? I'll give you the rest of the time.

Dr. Al Mussell (Research Director, Canadian Agri-Food Policy Institute, As an Individual): Thanks very much.

Coming into this year, we were already in a position of having very low stocks of cereal grains. Many of those stocks are held in places where they're not really available to offset shortages in other places. For example, China is currently sitting on an estimated 70% of the corn stock globally. Some countries have national stockhold-

ing programs in an attempt to hoard to feed their own populations, while others have invoked embargoes.

There's a lot written about Ukraine. As a country, it exports a lot of grain and oil seeds. It exports wheat, corn and barley. For corn, it exports over half as much as does the U.S., which is the leading corn exporter.

The markets for those products have been heavily regional—North Africa and the Middle East. In the case of wheat, of which Ukraine is a major exporter and supplier to those countries, those countries are heavily dependent on wheat flour as a source of calories in their diets, and they spend a very high proportion of their incomes on food. This means—

Mr. Dave Epp: How does that affect Canada? Where does Canada come in, as a supplier?

Dr. Al Mussell: Another aspect of this impact is that we have input, particularly fertilizer, and particularly nitrogen fertilizer that is of Black Sea origin—Russian urea, specifically.

The latest data I've seen is in excess of 500,000 tonnes imported into eastern—

The Chair: Mr. Mussell, I apologize. I should have cut Mr. Epp off before he set you up for that.

Many of the committee members would like to hear your thoughts, but I gave you a few extra seconds.

We're going to go to Ms. Valdez for six minutes.

We will move over to you, and maybe we can carry that on.

Mrs. Rechie Valdez (Mississauga—Streetsville, Lib.): Good afternoon, Chair and colleagues.

Thank you to all the witnesses who are here today. I am going to split my time with my colleague from Whitby. My questions are for Mr. Hemmes.

Thank you for sharing your reporting trends regarding prairie grain handling and the transportation systems.

You mentioned that there is an extreme lack of short-term data on container movement and performance. Can you describe what insight you'd be able to gain from that short-term data?

Mr. Mark Hemmes: First of all, we would be able to tell where the problems are occurring. Right now, we have a difficult time trying to discern what commodities are moving in the short term. We have to wait about six months to try to quantify some of the effects of the delays that are occurring right now. It has to wait until six months after the fact.

Certainly, if we were able to get greater detail on any of that movement, we would be in a better position to be able to analyze it and identify any of the causal relationships, much the same as we do with the bulk movement.

Mrs. Rechie Valdez: Thank you.

What sorts of decisions or recommendations would Quorum be able to put forward when you have that type of data?

• (1700)

Mr. Mark Hemmes: If we had that kind of data, we would be able to identify where the problems are occurring and possibly offer solutions as to how they could be addressed. If we were able to give it to both the stakeholder community and the government policy-makers, they would be better informed.

Today, I can't say the same, because of the lack of data.

Mrs. Rechie Valdez: Thank you.

A witness from Keystone Agricultural Producers in the last committee said that to achieve future sales or output grain goals, it is important to have a very time-effective transportation system.

What recommendations would you feel give the greatest opportunity to assist in these issues that we're having today?

Mr. Mark Hemmes: That's a really good question, and I don't have a quick answer to it.

It probably centres around a greater level of accountability for the performance that the railways are putting forward today, which really is somewhat lacking. I think that would be the place to start.

It would be a combination of policy and commercial types of penalties and incentives that would need to be in place to make sure the railways have adequate resources and assets to offer up the kind of resilience that the shippers of grain and other products need, and that really isn't there today.

Mrs. Rechie Valdez: Thank you, Mr. Hemmes.

I will pass it over to you, Ryan.

Mr. Ryan Turnbull (Whitby, Lib.): Thanks, Rechie. I appreciate that.

Dr. Mussell, I'm going to try to be a quick as possible here.

Recently, on Canada's website Swine News, I understand that you expressed concerns around the loss of small farms across Canada.

I wonder if I could ask you a point-blank question. If you had your way, would you choose more small farms in Canada, or fewer farms?

Dr. Al Mussell: That's a bit of a complex question.

The worry we have is that farms get larger for a reason, and it has to do with efficiencies and a whole range of things. However, there are things that get left behind as a consequence of that, particularly the aspect of agriculture that ties the enterprise to a household, as it always has been. It is the rationale for a lot of the instruments we have that provide agriculture with special status. In large part, it's the reason we have a Department of Agriculture federally, in provinces, etc.

We have to be very careful that some of the aspects of that community don't begin to erode. Agriculture is not going to succeed on

a uniquely industrial model. There's part of it that has industrial aspects to it, but that's not a future—

Mr. Ryan Turnbull: Thank you. Let me jump in there, because that was a great answer.

I wanted to ask you about another point in my question.

Do small farms struggle to get their product to market because of a lack of capacity within distribution and processing at a regional food systems scale or a community-based scale? Is that the gap or one of the big problems they experience at the smaller-scale distribution and capacity at the community level?

Dr. Al Mussell: I'm not sure there's a simple answer to that.

There are some small farms that are unsuccessful because they're not of a threshold size to be able to make use of reasonable amounts of capacity or provide a reasonable income. There's a whole range of things in here.

I don't think I'd want to speculate on that specific point.

Mr. Ryan Turnbull: Okay.

In your view, would small-scale farms, if we had more regional food systems, contribute to a greater resilience within our food system?

Dr. Al Mussell: They certainly could.

Whether you're talking about processing plants or farms, to some extent, there are advantages with small, because small can be nimble. The difficulty is trying to get efficiencies in the system at a small scale, where you tend to have economies of size.

Mr. Ryan Turnbull: Do small-scale farms have a greater cost of compliance when it comes to a regulatory burden?

Dr. Al Mussell: It probably depends a bit, but in general I would expect so.

Mr. Ryan Turnbull: Mr. Chair, do I have any time left?

The Chair: You have 25 seconds.

Mr. Ryan Turnbull: Wonderful. I don't know how I got all of this in.

We heard from Mr. Campbell that local processing was an issue.

Would you say that this is an issue for a lot of our small-scale farmers?

• (1705)

Dr. Al Mussell: Regionally, it could be an issue, but it depends on the context. It could be, yes.

The Chair: I'm sorry, Mr. Turnbull. We're at 25 seconds.

Go ahead, Monsieur Perron.

[*Translation*]

Mr. Yves Perron: Is it my turn, Mr. Chair?

The Chair: Yes, Mr. Perron. You have six minutes.

Mr. Yves Perron: Dr. Mussell, I'll continue with the very interesting topic of regional processing and small farms.

You said that it was difficult to achieve profitability.

Would it be a good idea for the government to support small processing plants in the regions to overcome this profitability issue?

[English]

Dr. Al Mussell: The context is very important here.

We have to remember back to the lessons that Canada learned following the BSE instance in the early 2000s. We publicly funded the erection of meat-packing plants, beef plants specifically. One of them is back in business now, but in the years following recovery from the BSE incident, every single one of them for a period of time—I believe there were seven of them—went bankrupt.

For the established plants, it made things very difficult on the competitive front. We have to be very cautious about getting into those kinds of arrangements.

[Translation]

Mr. Yves Perron: Is there a way to support this sector permanently? We could be more innovative, for example, by offering tax exemptions or things like that?

What do you think?

[English]

Dr. Al Mussell: I'll talk about meat plants again. There are all kinds of processing plants, but when you get into the meat plants, it's a hyper-competitive situation. They operate on very thin margins. It's very difficult through public policy to give an advantage to some of the plants and not the other plants.

What smaller plants can do is specialize in particular niches. There are ways we can look at setting up plants differently that do a better job of attracting talent and people. Alternatively, if resilience is going to be an ongoing problem, whether through climate or because we have to worry about warfare now—any range of things—there is greater resilience in having a larger number of smaller plants than having a small number of very large plants. However, the large plants have a unit cost advantage, so you're giving up efficiency in order to do that.

That's a trade-off we may have to understand better, but the marketplace hasn't necessarily done that for us.

[Translation]

Mr. Yves Perron: As I understand it, this would increase resilience.

Thank you, Dr. Mussell.

Ms. Tranberg, you talked about the need for very fluid lines of communication.

Would moving processing facilities closer to producers in some cases help them?

[English]

Ms. Janice Tranberg: We're hearing that labour is the number one issue. We already have a significant shortage. How do we ex-

pand if we don't have the people to work in the plants? While bringing additional processing, I think that if we could add some processing capacity closer to where the cattle are, for example, perhaps we could see an expansion. We need to address some of the barriers to that before we go to that, and certainly, labour is one of those major barriers that we need to address.

[Translation]

Mr. Yves Perron: Thank you.

Mr. Hemmes, you raised the problem related to containers, lack of data and congestion. Another witness suggested that we lift the exemption from the Competition Act for companies operating in this area.

What do you think?

[English]

Mr. Mark Hemmes: I don't know whether there's an exemption for anyone.

• (1710)

[Translation]

Mr. Yves Perron: In fact, we've already heard from a witness that many companies aren't subject to the Competition Act in the container sector, because it's international shipping. He suggested that we remove that exemption.

What do you think? Would that be a big improvement? Would you recommend that?

[English]

Mr. Mark Hemmes: I think it would improve it greatly, yes. Now I understand. You're talking about the—

[Translation]

Mr. Yves Perron: Dr. Mussell, do you have one or two specific recommendations to make?

[English]

Dr. Al Mussell: Maybe I'll speak to the current situation that has to do with Ukraine, and the worries about a global food crisis.

One of the things we have to realize is that with Russia now having lost its most favoured nation status with many countries, access to fertilizer, specifically nitrogen fertilizer and potash, is now a strategic matter. Potash is an issue for other countries but not for Canada, because Canada is the largest producer of potash.

Canada is a country that's rich in natural gas. We need to be able to do something that helps to wean us off the need to import urea and other nitrogen fertilizers from Russia. That's very important, particularly for eastern Canada.

Canada needs to be part of a multinational effort to serve the customers, particularly in the Middle East and North Africa, that can no longer be served by Ukraine.

[Translation]

The Chair: Dr. Mussell and Mr. Perron, your time is up, even though I gave you an extra 30 seconds because of the delay in the interpretation.

[English]

Colleagues, the bells are going to start ringing in four and a half minutes. I need unanimous consent for us to continue beyond the bells.

Is it agreed?

Mr. MacGregor, you have the floor.

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

Mr. Hemmes, maybe I'll start with you. In your position as the president of Quorum Corporation, you obviously have an incredible view of our grain handling system.

My riding is on Vancouver Island, and many of the anchorages for the port of Vancouver are located in and among the Gulf Islands. Residents in my riding can obviously see that many of them are anchored there for six to eight weeks at a time, and many of those anchorages are being used. They are noticing that far more are being used than even a decade ago.

With respect to the bulk carriers and trying to find efficiencies in their arrival time, is there anything that you can recommend the Government of Canada do to facilitate more efficiency in terms of port operations, how freighters are arriving, and lining them up with the correct cargo, etc.?

Mr. Mark Hemmes: That's a tough one to answer. It's a good question, but I don't think you can schedule the arrival of vessels much better than what they do today. In order to have a bulk freighter come into a port, you have to book that freighter anywhere between six and 12 weeks ahead of time.

You do all your logistical planning with the idea that you're not going to keep that vessel there any longer than you absolutely have to, but if the product doesn't arrive at the port to be loaded into the vessel, there's very little anyone can do about that. You're planning three, four and five weeks ahead of time, and when the railways don't provide you with the car capacity to move that product to the port to put it in position to load into a vessel, there's not a lot the port or the terminal operators can do, other than let it wait.

I have to emphasize the fact that there is no shipper or anybody who's contracting a vessel who has any desire to have a vessel sit there for as long as six or eight weeks, because they're paying vessel demurrage on that. Right now, for this year alone, we estimate that the vessel demurrage in Vancouver is exceeding about \$35 million, which is a huge number. None of these people want to pay that money, but they're left with no choice.

Bill Campbell pointed out earlier in this session that this is money that ends up coming out of the producer's pocket eventually.

• (1715)

Mr. Alistair MacGregor: Thank you for that.

Mr. Sands, I'd like to turn to you. Your members, of course, have a lot of daily interactions with the trucking industry, and we certain-

ly have seen, especially in the last year, that there was a significant increase in vacant positions.

In your members' conversations with truckers, is there anything you can relate to the committee about the kinds of working conditions they're operating under? Have they provided any feedback about what their industry needs? Is there some kind of national training strategy?

How could the federal government be most effective in trying to encourage more people to get involved in the trucking industry so that sectors like yours are not having to pay the consequences?

Mr. Gary Sands: It's a very good question. I don't feel qualified enough to really comment on that in detail, only to tell you that, yes, we've heard from our members. They have had conversations with truckers and, as you can imagine, there have been a lot more conversations due to the increasing costs.

The two issues that come up a lot are the very high costs of insurance and also training programs. That comes up a lot anecdotally in my conversations with our members.

Mr. Alistair MacGregor: Yes, I've heard the same with the class 1 licences. It's a significant investment for people.

Dr. Mussell, on this same question, is there anything you would like to relate with regard to the trucking industry?

Dr. Al Mussell: I'm going to say that it's a bit out of my wheelhouse to deal with in detail, but I think you bring up a good point having to do with working conditions. I believe it's the Bureau of Labour Statistics in the U.S. that has done studies in which it's found, in the truckload segment of the trucking industry, enormously high turnover rates and poor working conditions. Surely that has an impact.

Perhaps it speaks to a bigger issue having to do with human resources, in which we look in agriculture and food at how we compete for talent, rather than how we try to reduce labour costs. I think the latter is an old way of looking at it, and attracting talent is really where we need to be today.

Mr. Alistair MacGregor: Thank you very much.

The Chair: Thank you, Mr. MacGregor.

To all our witnesses, that is all the time we have today, unfortunately, but we really enjoyed your testimony. Thank you for your respective leadership in your commodity groups, and thank you for being here today.

For colleagues who are on the line, you have in your email a link to be able to get to the in camera session for our last 15 minutes. Please go as quickly as possible and join, so that we can get helpful feedback to our analysts.

Thank you so much, everyone.

[Proceedings continue in camera]

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