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Chair: Mr. John Aldag



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• (1640)

[English]

The Chair (Mr. John Aldag (Cloverdale—Langley City, Lib.)): Good afternoon, everyone. I call this meeting to order.

Welcome to meeting number 107 of the House of Commons Standing Committee on Indigenous and Northern Affairs. We recognize that we meet on the unceded and traditional territory of the Algonquin and Anishinabe peoples.

Pursuant to Standing Order 108(2) and the motion adopted on Wednesday, April 10, 2024, the committee is meeting to study nutrition north Canada.

Now that we're in session, I'd like to remind everybody, both in the room and online, that photos are not allowed from this point until we adjourn.

We have a couple of points related to avoiding audio feedback that I'll take us through as well. We're trying to create a safe workplace for our staff, particularly our interpreters, so we have a new system in place. There are headsets here. You'll have to plug them in. When you're not using your headset, we ask that you place your earpiece down on the dot, the circle, that has been put on the table. You can select floor—which is the language being spoken—English or French. English is channel one; French is channel two. There are audio controls there. You don't have to touch the buttons; we have a team that will turn your microphones on and off. The big thing is making sure that when the red light is on, an earpiece does not go anywhere near the microphone. That's what can cause the audio feedback, so we just ask everybody to be very aware of that.

That's the introduction.

We have some witnesses for our first hour.

I'd like to thank all of you for making yourselves available to be here with us.

The representatives we have include, from Calm Air International, Gary Bell, president and chief executive officer; from Canadian North, Shelly De Caria, president and chief executive officer; from Kimik Co-operative Ltd., Jean-Pierre Goulet, general manager; and from The North West Company, Dan McConnell, chief executive officer.

I understand that everybody will have five minutes for their opening statement. I use a handy card system here, so when there are 30 seconds left, I'll give you the yellow card. When the time's up, I'll give you the red card. Don't stop mid-sentence, but finish up

your thoughts. The same thing goes when we get into the rounds of questions. Some of the members like to push the clock, so I'll be giving the cards to them as well. They tend to look towards the witnesses. If the witnesses are mid-sentence, they can just wind up their thoughts, and then we'll move on to the next round of questions.

I don't know if anybody wants to go first. I have the order listed as Calm Air, Canadian North, Kimik Co-operative, and The North West Company, so if you're good with that order, then we'll go to Mr. Bell first.

When you're ready, the floor is yours for your five-minute opening statement.

Mr. Gary Bell (President and Chief Executive Officer, Calm Air International LP): Good afternoon, Mr. Chair and honourable members of the committee.

Thank you very much for the opportunity to present today. I am pleased to join you in my capacity as president and CEO of Calm Air.

As a regional airline established in 1962, Calm Air now provides essential scheduled passenger and cargo services to 19 communities across central Nunavut and northern Manitoba. Operating 15 aircraft and employing 600 Canadians, including 150 Inuit and first nations, Calm Air also provides charter services across North America.

At Calm Air, we know we are an essential part of the communities we serve. We take our responsibility very seriously and do business as a responsible and conscientious community partner. For instance, of interest with respect to the study, we allow all Inuit beneficiaries in our network to ship locally harvested food, which is called country food, for free within our scheduled network.

With that context, I would like to share the following with the committee for consideration.

First, Calm Air is not a direct participant in the nutrition north Canada program. We appreciate that a considerable amount of the cargo we handle is food, and we prioritize the movement of that cargo accordingly. However, we price all freight consistently, and in that way, the cost to ship food is no different from the cost to ship other essential cargo, like medical supplies, industrial material or household goods.

Second, we know that getting freight transported quickly and efficiently across our network is vital in meeting our commitment to the communities we serve. Calm Air transports over 25 million pounds of freight annually, and we've made significant investments to make sure we're delivering on time. The key measures we've implemented include specifically modifying our aircraft to be "combi", or combination aircraft, which allows us to transport passengers and palletized freight on the same flights. This both subsidizes the freight, through cost-sharing with passenger sales, and allows us to increase frequencies into smaller markets.

We've also built a series of climate-controlled warehouses across our network in Nunavut, which allows us to fly freight 24 hours a day. It gives customers the opportunity to pick up their goods at times that are convenient to their schedules and allows us to recover operations much more quickly in the event of weather disruptions.

Third, we are deeply concerned with affordability. We know that part of providing the reliable service Calm Air prides itself on is our obligation to ensure that people can access our services from a price perspective. Right now, Calm Air's prices on freight are among the lowest in the Arctic, and our cargo business is not one of our profit drivers. We approach freight with a mind to finding a balance between offering affordable services and making sure our business remains sustainable.

Finally, while some of the cost drivers associated with freight services to the north—specialized equipment or the fact that very little cargo comes south, so the freight will need to bear the cost of travelling both ways—are problems you would expect to see in remote destinations, most of what is driving the cost today might not be apparent simply by looking at our route map. The costs associated with operating aircraft have risen exponentially, far outpacing even the elevated levels of inflation we see day-to-day. Fuel, labour rates, parts and maintenance are all costs that have risen significantly in the wake of the disruption caused by the pandemic.

Perhaps most importantly for this committee, government policy decisions made without proper consideration for the realities of life in the north also drive cost.

For instance, Transport Canada's use of the user pay principle disadvantages remote destinations, where there are few residents to soak up the cost burdens of aviation infrastructure. Apply this to a carton of milk. That carton, when shipped, doesn't just cover the cost of the plane; it covers the cost of the plane, both airports and all of the service providers in between.

Changes to the pilot fatigue requirements in December 2019 mean that we have had to add additional costs, being pilots, and change how we schedule airline service.

Finally, Canada's carbon tax has also increased fuel costs in certain remote destinations.

In conclusion, Calm Air prides itself on being a responsible partner in Canada's northern ecosystem. We are willing to work closely with government on policy solutions that keep aviation services in the north, including the shipment of food, sustainable for all.

Again, thank you for your invite here today. I appreciate any questions you will have.

• (1645)

The Chair: Thank you, Mr. Bell, for your opening statement.

You were just under the five-minute mark, and I appreciate that.

Next, we'll go to Canadian North, with Ms. De Caria.

When you are ready, the floor is yours for five minutes.

Ms. Shelly De Caria (President and Chief Executive Officer, Canadian North Inc.): [*Witness spoke in Inuktitut*]

[*English*]

Good afternoon, Mr. Chair and members of the committee. I appreciate the opportunity to address this committee today regarding the vital role of cargo delivery, particularly food transport, in the Canadian Arctic.

[*Witness spoke in Inuktitut*]

[*English*]

As an Inuk-born person, born and raised in the northern community of Kuujuuaq, I understand more than many what it means to struggle because of a lack of access to affordable food. As a child, I remember the hardship and strain it caused. Most of all, I remember going to bed hungry.

As you know, the issue is disproportionately worse in the north than anywhere else in this country, with rates of household food insecurity reaching 17%, 22%, 35% and 57% in the Yukon, the Northwest Territories, Nunavik and Nunavut, respectively.

At Canadian North, we know that we are not only providing a service; our aircraft touching down is seen by many as a lifeline in northern communities. In short, what we provide is an essential service. Our commitment to this essential service is unwavering, even in the face of unprecedented financial and logistical challenges.

First and foremost, it's important to note that our operations in the Canadian Arctic are not subsidized. I'll repeat that. We get zero subsidies under the nutrition north program. We are merely a conduit for the grocery and retail companies that are receiving those NNP subsidies to get their products on northern stores' shelves. Because of that, we must set rates that not only cover the cost of delivering cargo, including food, but allow for a minimum margin. Generally, I can say it is no more than 1%.

While NNP subsidies have been increasing, at Canadian North, our margins continue to shrink. Over the past two years, we've encountered significant cost increases, particularly in workforce retention and training, as well as fuel, infrastructure costs and key equipment purchases and maintenance. These challenges are exacerbated by strict and limiting conditions on us due to the original combination of Canadian North and First Air.

Despite these constraints, we continue to comply with regulations and strive to operate efficiently, while prioritizing serving the needs of our northern communities. As many of you are aware, operating in the north comes with its own set of unique challenges. There's inconsistent and insufficient airport infrastructure, like undersized gravel runways. Air navigation support is unreliable, primarily because of dangerously low staffing and shortages. On top of it all, there is a fuel supply shortage.

These are just a few examples of what we are facing. Moreover, our operations are frequently impacted by unpredictable weather conditions, darkness, freezing cold, whiteout snowstorms and more, all of which can delay deliveries for days at a time. There are, on average, 175 cancellations a month.

While we acknowledge the importance of the nutrition north program, we do not have any direct knowledge of how it's utilized by retailers to reduce food costs for northern residents. What we do know is that the subsidy is intended to benefit the Inuit and the communities we serve directly, yet we have seen mounting concerns that it is inadequate in offsetting the skyrocketing costs of food and food transportation. Something just isn't right.

I will wrap up my time by saying that the challenges we face in delivering essential cargo to communities across the Canadian Arctic are multi-faceted and complex. Still, we remain committed to providing this essential service to our communities.

I urge the committee to consider the unique circumstances and constraints we operate under. Collaborative efforts between government, industry and stakeholders are essential in addressing these challenges and ensuring the well-being of all northern residents.

We at Canadian North often say we are committed to making life better in the communities we serve. Personally, I think this should be the commitment made by everyone here today.

[Witness spoke in Inuktitut]

[English]

Thank you for your time. I'm happy to address any questions you may have.

• (1650)

The Chair: Thank you so much for your opening comments.

Next, we'll go to Mr. Goulet.

When you're ready, the floor is yours for five minutes.

Mr. Jean-Pierre Goulet (General Manager, Kimik Co-operative Ltd.): Thank you, Mr. Chair.

I represent Kimik Co-op, based in Kimmirut, formerly known as Lake Harbour.

[Translation]

Having a business in the Arctic is one thing, but operating it is another. It is very complicated. The operating costs are disproportionate to operating costs for businesses in the south.

Electricity costs 55 cents a kilowatt, while in the south they pay 10 cents or 15 cents. Water costs \$90 a cubic metre, while in the south it might cost \$2 to \$5 a cubic metre where there are water metres. Dual energy programs are not available to help the business.

What is more, maintenance costs are truly extreme. There is a lack of qualified tradespeople at the local level, such as plumbers, electricians or carpenters. In many cases, they have to be flown in.

Our insurance premiums have tripled because of our geographic situation. In the past three years, they have gone from \$4,500 to \$14,000 a month.

There are also the maintenance costs associated with the Nutrition North Canada program. Providing discounts to our clients through Nutrition North Canada is both an obligation and a pleasure. It is our duty: We receive the money, we distribute it to the clients. However, to distribute that money, we need to have a computer system that meets Nutrition North Canada requirements. Not every software program has that capacity. Supply is limited. Once we get our hands on the software, it then needs daily updates. This costs money and that cost is not covered by Nutrition North Canada.

There has also been an influx of new merchants. New merchants constantly appear online offering very low or no shipping fees. These merchants are looking for a share of the market. For our part, we have to pay shipping fees to the airline companies. The clients have limited funds and want to optimize the cost. The merchant offering the lowest prices wins. We cannot compete. This pushes the price of food up. Sales volumes are going down every month, not because consumers are eating less, but because they are buying their food online. An online store based in Ottawa, Montreal or Winnipeg does not have the same operating costs that we do, as I mentioned earlier. We have to absorb these costs; those merchants do not.

The Nutrition North Canada program should take this into account and perhaps review the amount of the contributions made to merchants located in the Arctic.

We understand that air transportation is subject to very strict regulations from Transport Canada or other organizations, but the fact remains that it is hard to be a supplier right now. For reasons unbeknownst to us, flights are cancelled because of the weather and then 15 minutes later a plane lands, without merchandise, to pick up someone in the community. The plane arrives quickly and leaves again carrying just one passenger, but no cargo arrives. We have to wonder if that is efficient.

Thank you for your time and for providing the Kimik Co-operative the opportunity to testify.

Qujannamiik. Thank you.

• (1655)

[English]

The Chair: Thank you.

We'll now hear from Mr. McConnell from North West Company for the last of the five-minute opening statements.

When you're ready, the floor is yours.

Mr. Dan McConnell (Chief Executive Officer, North West Company): Thank you.

Good afternoon, committee members, and thank you for the invitation. The North West Company is committed to working with parliamentarians to address persistently high food costs in the north. We are pleased to be here.

The North West Company is Canada's primary retailer serving northern and remote communities. We also operate stores in southern Canada, including some under the Giant Tiger brand, and serve communities in Alaska, the south Pacific and the Caribbean. We are more than just a store. We are a primary source of employment and a major economic partner in the places where we operate.

We're here to discuss nutrition north. However, we must put it into context. The nutrition north program is an important lifeline for reducing grocery costs by providing a consumer subsidy through retailers like North West. However, it does not fix the underlying infrastructure and supply chain issues that cause high costs in the first place, and neither does it address inflation.

Communities receiving year-round nutrition north retail subsidies do not have year-round road, rail or marine access. Most of these communities lack port facilities and appropriate mooring infrastructure, warehouses and other basic logistics infrastructure. Most do not have paved runways, hangars or sufficient airport weather services. Because of the historic lack of investment in northern infrastructure, these communities are isolated from the global supply chain, making them harder to reach and more difficult to serve.

These communities must rely on service by air. Where possible, we take advantage of the limited number of sealift deliveries arriving in each community in the summer and the short duration of winter roads to resupply staple goods at the lowest possible cost. We work with the few transportation companies serving these communities.

At the best of times, the state of infrastructure in the Arctic and remote indigenous communities makes supplying our stores challenging and costly. Weather and environmental challenges sometimes make it almost impossible. For example, after wildfires devastated the Northwest Territories in 2023, subsequent droughts on the Mackenzie River disrupted our ability to barge goods into the western Arctic.

Close to 10% of our scheduled flights are cancelled due to weather, and 60% of pre-takeoff cancellations occur because community airports do not have sufficient de-icing capability. Melting permafrost is putting infrastructure at risk, shortening ice road season, damaging runways and creating other challenges that drive up the costs of operating in the north.

There are other high operational costs in the north that nutrition north is not designed to subsidize. These include the high cost of energy, which in Iqaluit is almost six times more than in Winnipeg, and other utility costs, such as water. There is a lack of both heated and cold storage warehousing available to rent, which limits how much we can store at any one time. The cost of building in the north is substantially higher than in the south. Site maintenance costs in the north are three to five times higher than in the south.

The nutrition north program improves the accessibility of healthy foods and significantly reduces the cost of nutritious food in our stores. However, it does not fix the underlying inflationary issues that drive retail prices, such as fuel or cost of goods. The nutrition north subsidy lacks the investment needed to keep pace with inflation. As a result, its positive impact has eroded.

The subsidy, however, remains impactful. It still has the ability to efficiently lower prices for consumers. For example, because of the nutrition north subsidy, a four-litre jug of milk is \$4.09 in Oxford House, Manitoba. Without the subsidy, it would be \$18.28. In Arctic Bay, Nunavut, it is \$6.49 instead of \$61.32. For reference, in Winnipeg, where I live, it costs \$5.59.

We understand that the members have questions about how the subsidy is passed along to northerners. In our NNC-eligible stores, the subsidy is applied to eligible items at the appropriate subsidy level. Our shelf tags reflect the retail price of goods inclusive of the subsidy. The value of the subsidy for items purchased is printed on each customer receipt.

I want to further emphasize that the full value of the subsidy is passed on to our customers. We are independently audited by Canada and consistently found in compliance with the program's directive to pass along the entire subsidy to our customers. Our pricing team provides the Government of Canada with over 83,000 detailed, item-level records each month, and we are subject to random audits each month from the claims processor. We take our commitments to our customers, transparency and accountability very seriously.

● (1700)

We want to leave the members with one main message: The north requires significant attention and investment. We are your partner in northern development, and we look forward to any questions you might have.

Thank you.

● (1705)

The Chair: Thank you so much.

We're going to get into our first round of questions. The first four are six minutes each.

From the Conservatives, we'll have Mr. Zimmer up first for his six minutes.

Mr. Bob Zimmer (Prince George—Peace River—Northern Rockies, CPC): Thank you, Chair.

Thank you, folks, for coming to the INAN committee today to talk about nutrition north and food costs.

One of you mentioned that you are from Nunavut. I've been up there and saw first-hand some of the crazy food prices. It's insane. You mentioned some of the food prices yourself and what the subsidy is supposed to make more affordable, I guess, for people who live in the north, but for me, it's still a question about the lack of food security. At the end of the day, there's somebody in Nunavut or somebody in the territories who is left hungry because the job is simply not getting done.

This is from a recent article:

These high food prices, combined with limited economic opportunities and high rates of poverty, have led to Northern Canada having the highest rates of food insecurity in the country. Almost half of all Nunavut households are moderately or seriously food insecure.

It's incredible.

This is from another document, from the Nunavut Food Security Coalition: "Nearly 70% of Inuit homes in Nunavut are food insecure". This means that 70% of Nunavut families are basically going hungry every day. Again, it's incredible. It states, "This rate is one of the highest rates for an indigenous population in a developed country" in the world.

I don't need to state it all over again, but I'm going to ask you a question about affordability. Gary, you mentioned that part of the cost being so expensive is fuel costs. With your airline, you provide the food. You get the food to the communities. We also have things called sealifts to get the food up there, etc.

I'm going to ask you this individually, Shelly, Dan and Gary: Has the carbon tax made food more affordable or more expensive in the north?

Ms. Shelly De Caria: I speak about the CPI that we've experienced here in Canada, but it doesn't encounter what the aviation CPI has done to our airlines—

Mr. Bob Zimmer: My time is really tight. Please give just a simple yes or no.

Ms. Shelly De Caria: No.

Mr. Bob Zimmer: Has it made food more affordable or has it made food more expensive?

Ms. Shelly De Caria: I don't have visibility on how the nutrition north program is being done.

Mr. Bob Zimmer: Okay. This is about fuel costs, though, and you, as an airline, would know that carbon tax gets added to the bill. I talked to Mikey McBryan from Buffalo Airways, and he said that the carbon tax is a huge addition in cost when you buy huge amounts of fuel.

It's a really simple question. Has your fuel become cheaper or is it more expensive?

Ms. Shelly De Caria: It hasn't become cheaper.

Mr. Bob Zimmer: There you go.

We'll go to Dan.

Mr. Dan McConnell: Yes, definitely. It's just like every other cost pressure for a northern customer. It has definitely caused food to be more expensive.

Mr. Bob Zimmer: Gary.

Mr. Gary Bell: With the exception of Nunavut, which is exempt from the carbon tax, it's been more expensive throughout northern Canada.

Mr. Bob Zimmer: Right, and we know that even Nunavut is still affected by the carbon tax, because sealifts come up by ship, and that ship fuel is not exempt from the carbon tax. A carbon tax applies.

I'm going to ask you for just a bit more, Gary. Expand about how much that carbon tax actually costs airlines in the north. How much does the carbon tax affect your food transportation costs per year or per month? We talked a bit before. I don't know if that's a number that you have on hand, but maybe give us an idea of what the actual costs of the carbon tax are to flights of food and materials to the north.

Mr. Gary Bell: Right now, the cost of the carbon tax for the locations that it applies to is about a 15% increase on the price of fuel.

Mr. Bob Zimmer: Give us the number for a person who is going on the airline. We need to know the number in terms of dollars. Per flight, an average flight from Winnipeg to a destination of your choice, give us how much that would add to the cost of that particular trip—just the extra cost of the carbon tax.

Mr. Gary Bell: From Winnipeg to Churchill, the cost increase on that flight would be about \$2,000.

Mr. Bob Zimmer: Who bears the cost of that \$2,000?

Mr. Gary Bell: Initially, we do, as an airline, but we're having to pass it on to our consumers. Whether it's food, tourism or medical supplies, it's all being passed along.

• (1710)

Mr. Bob Zimmer: How much time do I have, Chair?

The Chair: You have one minute and 15 seconds.

Mr. Bob Zimmer: What you said there is a bit striking. At a time when food is even more expensive than normal—we see that 70% of people are going hungry in Nunavut, as an example—we see that, with this government, it has not improved after nine years. Then they're applying a carbon tax. It went up April 1, and it's going to continue to rise. How much is that carbon tax going to continue to rise?

Go ahead, Gary.

Mr. Gary Bell: I understand that it's just over 20¢ per litre right now, and I expect it to go to over 40¢ per litre by 2030.

Mr. Bob Zimmer: How much was the amount per trip from Winnipeg to Churchill? Was it \$2,000?

Mr. Gary Bell: It's about \$2,000 more now.

Mr. Bob Zimmer: Therefore, when it rises again, to 40¢, it's going to be \$4,000 per trip.

It's an obvious question, but does that make food less expensive or more expensive?

Mr. Gary Bell: That makes it more expensive.

Mr. Bob Zimmer: That's right. Here we're setting records globally on food costs in the north, and we have a government that still wants to slap on another carbon tax and further punish northerners. It's a shame.

Thank you, Mr. Chair.

The Chair: That's the end of the six minutes. That's good timing.

Next, we're going to go to Mr. Powlowski.

Mr. Marcus Powlowski (Thunder Bay—Rainy River, Lib.): Mr. McConnell and Mr. Goulet, you've been asked about the added cost of fuel due to carbon tax, but certainly other things have caused the cost of food to go up, such as the global supply situation—both in terms of food but also in terms of fuel—because of the war in Ukraine, supply chain issues coming out of COVID and pent-up demand. There was a recent article by a whole number of economists addressing the issue of how much of inflation is due to the carbon tax, and they almost universally attributed the percentage of the increased cost due to carbon tax as being pretty minimal.

What is your estimation as to how much carbon tax is contributing to the increased prices of food that you're seeing in the northern communities?

Mr. Dan McConnell: Would you like to go?

Mr. Jean-Pierre Goulet: I can go.

At our level, as we are the last barrier to take a margin on the product—

The Chair: I'm sorry; I'm just going to stop for a second.

Are we having an audio problem?

Mr. Michael McLeod (Northwest Territories, Lib.): Mr. Chairman, I'd like to ask our witness to speak into the mic.

The Chair: Yes, if you could just swing the boom a bit closer, that will help.

Okay, that's perfect. Thank you. I stopped the clock.

Mr. Jean-Pierre Goulet: A store is the last frontier before the customer, so all the costs that come down on us are mostly built in. Now, for sure, if there's a carbon tax fee built into the freight, there's not a separate line saying that this is carbon tax. It's not like a GST. For us, we don't see it, but if it comes by sealift, yes, there's a carbon tax built in. The cost of the sealift will go higher, maybe from 75¢ a pound to 85¢ a pound.

Regarding airline fuel in Ottawa, if there's a carbon tax to come to Iqaluit, it will have an impact. There are multiple other little fees that add up that are imposed by other organizations such as Transport Canada. This impacts the bottom line, the cost.

Mr. Marcus Powlowski: Mr. McConnell, my understanding is that, for transportation in the territories, they're exempt from the carbon tax as well. Again, your estimation as to how much increase—

Mr. Dan McConnell: Unfortunately, I don't have an estimation for you, but I will say that your comments are correct. There are a lot of inflationary pressures all across the business, of which the carbon tax is one. I don't have the pro-rated amount of what the contribution is from the carbon tax, but there are a number of inflationary pressures on the business that we're managing.

Mr. Marcus Powlowski: Mr. McConnell, I lived for a few years in Norway House and shopped regularly at the Northern store, which I kind of liked. It was the only place you could really buy food. Certainly, for anybody who lives in a place like that, the impression is that you guys have a monopoly, that there's really no competition. What's to stop you from basically charging whatever you want?

I would note that it's been well reported that grocery stores throughout Canada have had record profits this year. Has your company had the same sort of increase in profits? What keeps your prices low?

• (1715)

Mr. Dan McConnell: No, we haven't had record profits, even if you go back to the first quarter. We've always taken a balanced approach on passing the cost to the consumers, given the relationship that we have with our customers.

There is a lot of competition. Jean-Pierre talked about some of the outshopping and e-commerce opportunities. There are also a lot of local operators, whether they be co-ops or local independent grocers.

It's really the long-term relationship that we have with our consumers. We are publicly traded. We're very transparent with the market in terms of what our margins are, and I can say that they're equitable to those of other retailers, keeping in mind that our business is global, so there is a lot of put-and-take.

I would say that it's the relationship with our customer. It's the commitment we have to the community through our promise. You can see that it's a very transparent process, because our financials are listed online for anybody to see.

Mr. Marcus Powlowski: Are your profit margins in the north any different from your profit margins in the other areas, such as Giant Tiger or other places you served?

Mr. Dan McConnell: We don't break it out, but I would say that the same types of businesses have similar margins. For example, the traditional grocer versus the warehouse clubs, which is what we operate in other markets, would be aligned.

Mr. Marcus Powlowski: Your profits in the Canadian north aren't any larger than they are anywhere else, I take it.

Mr. Dan McConnell: It depends on the business. Again, we don't break it out, but in terms of our margins, which was the first question, I'd say there's an alignment among businesses of the same type of concept.

Mr. Marcus Powlowski: I have 30 seconds.

I guess I can ask the same question of Shelly and Mr. Bell. The question is about your competitors and the perception that you have a monopoly and therefore you can charge basically what you want.

Can you address that in 10 seconds?

Ms. Shelly De Caria: We were under restrictions with the merger of Canadian North and First Air, so we didn't have any say in what we could do for the last five years. Those have been changed because of what's happened in the last few years with the pandemic and pilot shortages, but for four years we were under conditions where there was nothing we could change.

The Chair: We'll now go to Monsieur Lemire.

[*Translation*]

You have six minutes.

Mr. Sébastien Lemire (Abitibi—Témiscamingue, BQ): Thank you, Mr. Chair.

I would like to begin with Mr. Goulet.

Obviously, since we are talking about a co-operative, it has members. Can you explain what place community members hold within your co-operative and how they participate in the co-operative's

choices? More specifically, do you offer discounts to members of your community?

Mr. Jean-Pierre Goulet: Yes, we offer discounts. As I mentioned, 100% of the money we receive from the Nutrition North Canada program is passed on to the clients. We offer different discounts, for example 5% or 10% and various other benefits.

A co-operative sort of becomes the heart and lungs of a village. A member of a co-operative comes to us, like any other client, and makes purchases. However, what differentiates us from others is that at the end of the year, we give back to our members a percentage of the profits. That money is redistributed. That is our strength.

That being said, we have to keep our members, keep them engaged. The price pressure in the north is far greater than in the south because of operation and maintenance costs. It becomes out of control, unfortunately.

Mr. Sébastien Lemire: I very much believe in the co-operative movement and I find your example very inspiring. You seem to have solutions that are a lot more respectful of the communities you serve.

What do you need to invest in infrastructure to increase your capacity? Market basket prices keep going up. Something has not been working for years. It feels out of control. As you say, everything costs a lot more. How could we rethink return on investment by adopting a more holistic approach? For example, we have to consider that every time a family is lifted out of poverty, that benefits the entire community. What can we do to help you ensure your survival?

• (1720)

Mr. Jean-Pierre Goulet: To ensure our survival, we need better supply logistics, otherwise fresh products are no longer fresh when they arrive. A lot of fresh products end up in the dump. For example, we no longer order ice cream because it is melted by the time we receive it. The cold chain is very hard to maintain back home. It is a big problem.

That being said, our co-operative is not limited to sales. We also help the community through other programs. If an artist comes to us, we buy a sculpture from them, which gives them money. They could use that money for food or to do some shopping.

However, to ensure our survival, air transportation logistics need to be improved. Canadian North does not fly to our region. We have to use subcontractors for airport infrastructure reasons. Why doesn't the airline fly to Kimmirut?

Mr. Sébastien Lemire: Is land use an essential value or rather a forgotten value these days? If we want to use the land, including for a host of benefits that would provide us in the application of our sovereignty, living in the north should not be luxury. The governments should instead be required to ensure that all citizens have a similar quality of life, regardless of where they live.

Does this value need to be strengthened? If so, what message could we deliver to the government?

Mr. Jean-Pierre Goulet: Living in the north and being able to admire nature is a privilege. However, it is hard to access, precisely because of the inadequate infrastructure. A lot of development needs to be done, but for reasons that are possibly financial in nature, development is not moving forward.

How can we improve things? As I said, we can improve things by improving air transportation logistics. Serve our region and we will grow.

Mr. Sébastien Lemire: Do you think there are solutions that are more respectful of the communities? I am thinking about first nations communities in particular.

Could we help hunters, trappers and fishers access the technical services that would help keep their refrigeration devices operational at all times, for example? Could we better support community organizations and community kitchens? Could we help promote traditional practices and reappropriate them? Communities are often generous when it comes to the game they procure. How could we develop that and promote distribution in the north?

Mr. Jean-Pierre Goulet: For development we need infrastructure and buildings to house these organizations. Development would in fact improve co-operation between members and improve relations. There would be great harmony. That being said, we need infrastructure, refrigeration and buildings, for example. We also need more technicians. There is some development to be done in that regard.

Mr. Sébastien Lemire: Thank you very much. *Meegwetch.*

Mr. Jean-Pierre Goulet: Thank you.

Mr. Sébastien Lemire: In fact, the Chair is not paying attention. We can keep going.

I want to come back to the issue of distribution. How can the regions also bring in agricultural services? I am thinking about the possibility of greenhouses for producing vegetables in the communities and offering them to the members.

Should the governments contribute to establishing subsidy programs for that type of infrastructure? Currently there are no programs for subsidizing agriculture infrastructure. Could that sort of project be useful for developing agricultural autonomy?

Mr. Jean-Pierre Goulet: That would be good—

[*English*]

The Chair: We're out of time here.

[*Translation*]

Mr. Sébastien Lemire: Thank you very much.

[*English*]

The Chair: Ms. Idlout, it's over to you now for your six minutes.

Ms. Lori Idlout (Nunavut, NDP): *Qujannamiik, Iksivautaq.*

Thank you to all the witnesses for appearing today on this really important issue.

I'm going to be asking my first set of questions of Mr. McConnell. Please keep your responses brief, as we have very limited time.

My first question for you is this: What is your salary?

• (1725)

Mr. Dan McConnell: My salary is listed in our information circular, so I would advise you, if you'd like to see it, to seek that online. I don't have it offhand.

Ms. Lori Idlout: Okay. Can you please provide it to the committee?

Mr. Dan McConnell: Absolutely.

Ms. Lori Idlout: How much did you get this fiscal year in bonuses?

Mr. Dan McConnell: That would also be in the same document, which I'd be happy to provide. It's a public document you can get online.

Ms. Lori Idlout: Could you please provide it to the committee?

What is the average salary of a cashier in Iqaluit?

Mr. Dan McConnell: Again, I'd be able to get back to you with that information.

Ms. Lori Idlout: Can you please provide it to the committee?

Mr. Dan McConnell: Yes, definitely.

Ms. Lori Idlout: The North West Company posted gross profits of over \$205 million. On the nutrition north's website, they said that they've spent \$145 million on nutrition north. I understand that the North West Company has received about \$67 million from the nutrition north program.

How do you justify the profits that you received over the subsidies that you received as well?

Mr. Dan McConnell: First of all, that is a net.... That's before taxes and interest, but nonetheless it is also through our entire company. That is the profit for the entire company. You mentioned that it's from the subsidies, and we'll address that in just a moment; however, I can tell you that, in addition to that, we've invested \$125 million.

Ms. Lori Idlout: I'm asking about the subsidy and the profits. How do you justify—

Mr. Dan McConnell: They're not connected, though, respectfully. They're not connected at all, because the profits are before taxes and interest, and the profits also come from the entire global company. I guess I can answer the question by saying that the subsidies are actually 100% passed through to the customer, so there's no correlation between the two.

You asked how we justify the profit. The profit is one thing, but then we invest \$125 million in the business, a lot of which goes into the infrastructure of northern Canada to make lives better within the communities we serve—

Ms. Lori Idlout: I do apologize. I do need to interrupt.

Mr. Dan McConnell: That's okay. No problem.

Ms. Lori Idlout: Reports are being shown that actually not 100% of the subsidy is going to the consumers from the North West Company; only 67¢ of the dollar is going to the consumers, which is completely unacceptable.

I have another question for you. I was in Kimmirut last March. In one day, I visited both the Kimmik Co-op and the Northern store. In the co-op, the price of a dozen eggs was \$3.99—I think they're using the subsidy appropriately. On that same day, I went to the Northern store, and the price of eggs at that store was \$6.49. How do you justify that you're using the subsidy properly when you can see a huge three-dollar difference in just the price of eggs?

Mr. Dan McConnell: I would like to see that differential, because our prices are actually very strong, and we do look to lead prices locally.

I don't know about that particular instance, but I can tell you that it has no reflection on the fact that we absolutely pass on 100% of the subsidy, and we do pride ourselves on trying to continue to bring the costs of products down in stores every day. Everybody within our organization comes to work every day to bring down the costs in order to pass that value on to the consumers. That's our company's mission, and it's a passion that we work with every day.

I can't comment on that particular item, but I would be very interested to see that, because it's not typically the case.

Ms. Lori Idlout: I saw it as a pattern. I've been to every one of the 25 communities that I represent, and whenever there was a co-op and a Northern store, there was always a price difference. It was always the co-op that made sure they were using the program appropriately to make sure those prices were going down. Always, every time, the Northern store prices were much higher.

I do have a question for Mr. Goulet. Thank you for appearing.

I do remember that, when I was in Kimmirut, I was shocked by the stories I heard about the co-op, which I felt very strongly about, because there were about 9,000 kilograms of products stuck in storage in Iqaluit. I wonder if you can explain the impact of what that means for the whole community of Kimmirut when there is fresh produce that is not able to land in their community.

● (1730)

Mr. Jean-Pierre Goulet: Yes, if I recall, at the time of your visit, we had about 9,000 kilograms of food sitting at the end of the air carrier. This morning, we had about 3,500 kilograms. It's still constant. The slate is never clear.

The impact is putting direct pressure on the price. It comes to a point where the shelves are empty. Empty shelves mean no food. I remember one time when the whole town had no milk, when the whole town had no bread. It just puts the price higher and higher because we incur losses. Also, claiming, as we've been told, is nice, but it's not an option. It doesn't fix the issue.

The Chair: That's the end of the six minutes.

We'll move now to our shorter round.

First up, we have Mr. Schmale, who will have five minutes.

Mr. Jamie Schmale (Haliburton—Kawartha Lakes—Brock, CPC): Thank you very much, Mr. Chair.

Thank you to our witnesses.

Mr. Bell, you talked earlier about the price that is added from the carbon tax on fuel on an average flight. About \$2,000 is now paid for in carbon tax. One thing that I guess we didn't talk about earlier is the carbon tax applied to the farmers and to the truckers to get it to your planes. Also, we didn't even talk about the warehousing. There are consumers who have to pay carbon tax on their home heating, etc. This is a massive cost of living component that is just being overlooked, unfortunately, by this government, and people are suffering because of this. Their lives are getting more miserable because their disposable income is getting eaten up, day after day, because of the crippling taxes this government enjoys placing on top of them.

You also mentioned pilot hours. On one side, we have costs being jacked up by the government. On the other side, we're having pilot hours being restricted. Maybe you can tell us a bit about that, please.

Mr. Gary Bell: In December 2019, Transport Canada changed the flight duty fatigue regulations. This was largely to counter some of the major airlines that were not counting the time of deadheading pilots, which means the time they're on board as passengers going to their destinations to start their flying. I know that we, Canadian North and most of the other airlines in Canada, do count the duty day as soon as that pilot reports.

Unfortunately, the change in that policy has had a devastating effect on the amount of time we have to fly every day. It often means that you can't do a second flight; you won't have enough duty day time for it. Also, if there's a delay because of fog or weather in the morning, the pilots, because of that delay, often don't have a chance to do a trip to a lot of our high Arctic communities.

For us, that cost has been substantial. When we look through our network, it's in the neighbourhood of 15% on our flight operation costs already. Therefore, it's a substantial increase due to that policy change.

Mr. Jamie Schmale: The carbon tax is about 20% on the average flight, you said, from Winnipeg to Churchill.

Mr. Gary Bell: I think it's about 15% on the cost of fuel.

Mr. Jamie Schmale: That significant price is just built in, servicing government taxes and regulations.

Mr. Gary Bell: That's correct.

Mr. Jamie Schmale: Based on the fact that we're now seeing carbon tax being charged to people trying to heat their homes... Obviously, you don't know exactly everything, but I'm sure you have an idea of what's being moved in your flights. Are you seeing a reduction in the amount of fresh food being placed on your planes as people compensate, unfortunately, for the increased cost of living that is causing people to make choices, to look for higher-calorie items rather than the fresh items on the shelves, which are probably more expensive in some cases?

• (1735)

Mr. Gary Bell: I think that's a great question. Jean-Pierre mentioned earlier that a lot of the time people were ordering less of the produce, vegetables and that healthy food and were buying other products instead, such as rice, pasta and those kinds of items. We don't break our product down in terms of every single category like that, but we certainly have seen, overall, a shift away from some of the produce and the vegetables into other categories because they're too expensive.

Mr. Jamie Schmale: On the pilot situation, we obviously have a pilot shortage. I guess wages are increased as a result, because there are more positions than there are people to pay.

There are increases in airport fees. I think one of you said that in your comments earlier. That's another government-imposed fee.

Nav Canada fees went up as well. How much did they go up?

Mr. Gary Bell: They went up 30%, and have only gone down 6% this year.

Mr. Jamie Schmale: Wow. Okay.

We have more taxes being increased, more fees, more regulations and more rules.

Give us a simple solution to this pilot problem.

Mr. Gary Bell: We would say, instead of restricting the pilots' duty day, simply change it so that when the pilots report for duty, that's when their duty day starts, instead of changing the number of hours they can operate in a day.

Mr. Jamie Schmale: Now, this is—

The Chair: That's the end of the five minutes.

We'll move now to Mr. McLeod for his five minutes.

Mr. Michael McLeod: Thank you, Mr. Chair.

Thank you to the witnesses for joining us here today to talk about nutrition north.

I represent the Northwest Territories, and I certainly recognize the cost of freight and travel there.

I received a copy of a plane ticket from an individual. Actually, he sent me two copies of tickets. One was for one person travelling from Norman Wells to Yellowknife. The cost of that ticket was \$1,859 for a flight that's a little over an hour. I then got a copy

of a ticket for two people flying Air North from Yellowknife to Whitehorse, which takes two hours, and it was only about \$630.

Could you explain to me why different airlines have such a difference in cost? I assume it's the same when it comes to freight.

Ms. Shelly De Caria: You can access the Yukon by road. In all of the communities we serve—25 of which are isolated—we invest in the infrastructure, maintenance and everything that comes with the airline industry.

We're not just doing a hub city on a jet. We're also doing the ATR services that we accommodate as an essential service. That cost cannot be completely subsidized by the jet service. We operate a jet and the ATR going into isolated communities. There is no road access to many of them. Offsetting the cost from there, which is higher, we've had to make—

Mr. Michael McLeod: Your cost doesn't include carbon pricing on the fuel, because we're exempt. All three territories are exempt. Aviation fuel is exempt for our airlines. That's not factored in the equation. Is that right?

Ms. Shelly De Caria: No, it's not factored in the equation.

We have different fare structures. The 14-day advance purchase versus the seven-day advance purchase and the “day of” purchase are completely different. We take into account all the other communities we're serving, not just the hub cities.

Mr. Michael McLeod: I want to ask Dan McConnell a question about how he applies the subsidy in some of the communities. Is it a flat rate that you apply, in terms of a percentage, on the foods that qualify?

I ask this question because I get complaints from the communities of Fort Simpson and Nahanni Butte, where they have seasonal subsidies. The community of Fort Simpson only receives subsidies during the breakup and freeze-up. Your stores then take the subsidy they get—which is usually about a month for breakup and a month for freeze-up—and apply them across the board, I was told, over a year.

Is that correct? Do I understand that correctly?

• (1740)

Mr. Dan McConnell: The mechanics are actually prescribed for us. We get it. It's allocated to a product, and we just pass the amount right through to the customer. For the mechanics behind it and the formulaic approach, you'd probably have to speak to the nutrition north administration.

Whatever we get is predetermined for the product, and we just pass it right through to the customer.

Mr. Michael McLeod: In those communities, there are huge spikes. October comes, the river starts freezing up, and everything has to come across with a helicopter. There's a huge spike, and then the complaints start coming in because we don't see the subsidies increase with the freight cost. It's the same in the breakup.

Is there a way to focus on the times when the costs jump way up and cause all kinds of problems?

Mr. Dan McConnell: I think that would be a conversation with nutrition north to understand how we can start to align it more with some of those peak periods. Again, we're just a flow-through. We don't make the rules on how it gets administrated.

Mr. Michael McLeod: I want to ask about climate change and its impact on some of your costs. As you know very well, last year we didn't even get the chance to take the buoys out of the river. The river was drying out, so they pulled all the tugs out and we couldn't move any of the freight. This year it looks like it will be even worse. We're looking at maybe shutting down ferries, never mind the tugs that come up and down the river.

Climate change is drying up our rivers in the north. The Nahanni River, the Mackenzie River, the Hay River—they're all at extreme and historic lows. Do you expect that this will cause you to require even more subsidy than what you're getting now in terms of the costs?

The Chair: We're out of time, but I'll allow a brief response.

Mr. Dan McConnell: I would say the answer is yes. I'd love to expand on that more, because that's not the only place where climate change has impacted our business. In engineering and a number of other things, there have been significant negative impacts on our infrastructure within the communities we serve. The answer is yes.

The Chair: Thank you.

We'll go now to Monsieur Lemire for two and a half minutes.

[Translation]

Mr. Sébastien Lemire: Thank you, Mr. Chair.

Mr. McConnell, I will continue the discussion with you.

First nations communities in the south often try to find solutions for feeding the northern communities. These days, businesses are making efforts to reinvent themselves and to review current systems, especially supply systems. It is rather sad to see Australian berry juice on your shelves when you could be promoting products from local or first nations businesses.

How important are distribution and Canadian-made products to you?

[English]

Mr. Dan McConnell: Can you just repeat the part about Australia?

[Translation]

Mr. Sébastien Lemire: I was saying that juice from Australia ended up on your shelves when we should instead be promoting Canadian products. I am thinking about Oasis juice from Quebec. Why are you being supplied by companies that are not Canadian?

In fact, should the Nutrition North Canada program, which seeks to ensure food security in Canada, not emphasize Canadian products or give them an advantage? I would be curious to know your thoughts on that.

[English]

Mr. Dan McConnell: I'm not familiar with the Australian juice, but I can tell you that we absolutely go for the most economic products that we can to be able to pass on that value to our customer. If there's an Australian juice on there, I would imagine it's because it's selling. The customers are asking for it and it's a cost-effective solution for us to offer.

[Translation]

Mr. Sébastien Lemire: Does your company have a procurement policy that favours the purchase of Canadian products from within a shorter distance, ultimately?

[English]

Mr. Dan McConnell: We don't have it in relation to Canadian products necessarily, but we do have it around indigenous-led and indigenous-managed companies. Actually, we've had some really strong success around that.

As far as Canada is concerned, we're a proud Canadian company. By all means, all things being equal, we would definitely proceed with the Canadian company to be able to support that as best we could.

● (1745)

[Translation]

Mr. Sébastien Lemire: I will repeat my question.

Since it is hard to make food profitable in remote regions, especially in the north, should Nutrition North Canada be focused more on Canadian companies that want to have access to your market to sell their products on your shelves? Is that where Nutrition North Canada subsidies should go, in order to supply people with lower-priced products?

[English]

Mr. Dan McConnell: I think I would align with the second part of your statement. Definitely it should be geared toward having more affordable products for customers. As to where the product comes from, I'm not sure that would align. I think the first mode of business should be getting more affordable product to customers within the north.

The Chair: Thank you.

[Translation]

Mr. Sébastien Lemire: Thank you very much.

[English]

The Chair: We'll now go to Ms. Idlout for her last two and a half minutes.

Ms. Lori Idlout: *Qujannamiik, Iksivautaq.*

I am not going to let you get away with keeping your salary a secret by giving it to us only in written form. According to the website, your annual salary is \$3.91 million. According to websites as well, the annual salary for a cashier in Iqaluit is \$37,000, so basically, your salary is 98 times higher than what your employees get, and that's what I want to leave with you. To give an example, the poverty rate in Nunavut is almost 40%. The food insecurity rate is 46%.

I am going to direct my questions to Gary and to Shelly.

The reason I wanted each of your airlines to appear before our committee is so that you can hear directly from retailers about what their challenges might be and so that you can be given the opportunity to tell us what solutions you can maybe try to help provide, understanding that some groceries, for example, in Kimmirut, might be in a cargo plane in Iqaluit for so long that when they finally land in Kimmirut, they end up going from the airport to the dump.

I would like to give you guys this opportunity to find ways to give solutions so that groceries don't end up going from the airport to the dump.

Ms. Shelly De Caria: I can start with that.

[Witness spoke in Inuktitut]

[English]

Jean-Pierre mentioned that Canadian North does not fly into Kimmirut, and it is because of the lack of airport runways. It is way too short for us to land there. It can only be used for landing by a Twin Otter. The infrastructure that we're landing into was built in the Cold War. There has been no investment in the airports that we serve in the north.

We oftentimes cancel flights because of global warming, climate change. In January alone, we cancelled a few flights going into Pangnirtung because it was 4°C. Our runway was melting, and we could not land. That's two days of not delivering any passengers, medical patients or cargo.

Crew duty has been a huge impact on our operations because we could operate at six o'clock. The pilots want to operate, but they're unable to because of crew duty. That's 17,000 pounds of cargo that we could have moved in 2022 and 2021, which we're unable to today, including the passengers we have a backlog on because of the fact that we can't operate two flights a day.

The Chair: Could you answer briefly, Mr. Bell? We are at the end of our time.

Mr. Gary Bell: I will answer briefly.

I appreciate the opportunity to respond to a really great question.

Our oldest piece of freight on hand today is three days old, and it's chips. We have a very sophisticated tracking system on our inventory. We make sure that the product is moved very quickly so that we don't have the waste that you're talking about.

We have warehouses in all the communities we deliver to so that, if we are recovering from weather disruptions, we can deliver 24-7

and put it in there. The co-op managers have the keys to our warehouses, so they can come and get it when it's convenient for them the next day.

Lastly, we have the system where we allow the movement of country foods throughout our network at no charge so that we can supplement what the stores are providing as well.

It's not to say that's a holistic solution, but it's a great start.

The Chair: We're out of time there.

Mr. McConnell, I know you didn't have a chance to make a comment. I don't know if you want to. We can leave it there, but I just want to give you the opportunity if you do want to.

Mr. Dan McConnell: That's okay. Thank you.

The Chair: The time has gone by very quickly, so if there is anything from the conversation or any additional thoughts you have that you'd like to send to us in writing, I would invite you to do that.

I know that often members will have an additional question, so if you'd be open to it, we may gather some additional questions based on the conversation today that we could send to you. If you're able to provide a response, we would have it translated and distributed to our committee members. I'll see if the members have anything else they'd like to put, through our clerk, to our witnesses.

Mr. Carr.

• (1750)

Mr. Ben Carr (Winnipeg South Centre, Lib.): Mr. Chair, I would kindly ask Mr. Bell to submit some information subsequent to the comment he made about the price he was referencing for a Winnipeg to Churchill flight and the increased cost. Churchill does not service nutrition north. It's not a community that is involved in that program. Beyond that, when we talk about northern communities, my understanding, Mr. Bell, unless I am mistaken, is that there is an exemption on aviation fuel taxes in the territories as well as between provinces. It would be beneficial to the members of the committee if you could provide us with the numbers, the information—

The Chair: We're getting *[Inaudible—Editor]*.

Mr. Ben Carr: Okay. No problem.

Mr. Bell, I'll follow up with you directly, but the committee will be asking for those numbers from you, to provide evidence and substantiate the comments you made.

Thank you.

The Chair: Okay.

Thank you so much to our witnesses for making time to come and speak with us today. It has been a very informative discussion. I'm sure we could have spent more time, but we do have the minister here for the next hour.

Colleagues, we're going to suspend at this point. We'll take five minutes to get everybody set up, and then we'll resume with Minister Vandal.

We are now suspended.

- (1750) _____ (Pause) _____
- (1755)

The Chair: Welcome back, everyone. We are here for our second hour of questions and answers.

For our second hour on our nutrition north discussion, first of all I'd like to welcome Minister Dan Vandal, Minister of Northern Affairs, and also, from the Department of Crown-Indigenous Relations and Northern Affairs, Valerie Gideon, deputy minister, a familiar face at our committee. Welcome back. We also have Georgina Lloyd, assistant deputy minister of northern affairs, and Wayne Walsh, director general of the northern strategic policy branch, northern affairs.

I'm going to remind everybody who's here that if this is your first time since we made changes to the set-up in the room, we're asking people, when they are not using the earpieces, to leave them face down on the circles to try to prevent audio feedback for the protection of our interpreters, and to try to keep the earpieces away from the microphones.

With that, welcome, Minister. When you're ready, we'll give you your five minutes for the opening statement. We'll then move into our rounds of questions.

We should be able to get through two rounds of questions. One of the reminders I'd like to give to everybody is that we try to keep the questions and the answers kind of equal. If people are giving a long question, we'll give the Minister a long answer. We'll try to balance it out that way.

With that, Minister, it's over to you for your five-minute opening statement.

Hon. Dan Vandal (Minister of Northern Affairs): Good evening, everybody. *Bonjour. Kwe kwe. Ullukkut.*

Thank you for inviting me to discuss and respond to your questions on food security in the north.

Northern and isolated communities are especially impacted by the higher costs of groceries, as food and other items have to travel long distances to get to their destination.

I am encouraged to be here today to discuss the federal government's strategy to help address food security in the north and the Arctic, including the nutrition north Canada program and the ways we can all work together to make it work better.

Launched in 2011, nutrition north is aimed at helping northerners save on food and essential items. Since then, we have made significant investments to grow the program to better support northerners, always in collaboration with our northern partners and communities.

Since its inception in 2011, the annual investment in nutrition north has more than doubled, introducing expanded eligibility, new

partnerships and a suite of other measures to better address food insecurity. In budget 2024, we've committed an additional \$23.2 million for nutrition north's subsidy program.

During my travel to northern communities, I have witnessed the high costs of food and spoken to community members about the impact this subsidy is having. There is room for improvement, but these subsidies are making a difference. This past February, the price of 18 large eggs in Kinngait, Nunavut, would have been \$14 without the subsidy; instead, it was \$7.99. In Igloolik, Nunavut, four litres of milk would have cost \$42, compared to \$5.69 with the subsidy.

These are meaningful decreases in price, but we know there is more work to do and the program can be improved. I am committed to ensuring that 100% of this subsidy is passed on to consumers and will continue to engage with our partners and different communities to always ensure that nutrition north is as effective as it can be.

We know that the subsidy alone isn't enough to support food security in the north, so we have also created the harvesters support grant and the community food programs fund. It's important to note that these programs were co-developed with indigenous and northern partners to support culturally relevant harvesting and food-sharing practices in 112 communities in the north. We've heard from partners that the design of these initiatives is working and that they are a meaningful step to not only addressing food security but strengthening food sovereignty and collaboration between our government and northerners.

Since 2020, more than 15,000 harvesters have been supported, and over 700 new food-sharing initiatives and 410 community hunts and harvests have taken place. In Manitoba, two large hunts with 11 hunters took place in Barren Lands First Nation, which provided more than 100 households with one caribou each. To put that into perspective, that's between 175 and 200 pounds of meat, not to mention the leather, the fur and other pieces of a caribou that can be used. Wasagamack First Nation and St. Theresa Point First Nation each participated in 20 fishing derbies and shared their catch within their communities.

In budget 2024, we've allocated \$101.1 million over the next three years to support the harvesters support grant and the community food programs fund so they can continue doing their good work.

Nutrition north is more than just a food subsidy program. It's also a harvesters support grant and a community food program. It is always evolving and seeking to improve programming by engaging directly with our northern communities. We have a nutrition north Canada advisory group, an indigenous working group, researchers and the Inuit-Crown food security working group. We are all working together to keep food on the tables of homes in the north and the Arctic.

We have started an internal review of the retail subsidy program, after which an external audit of the program will take place.

Additionally, with funding from the food security research grant portion of nutrition north, we are supporting five indigenous-led research projects that will inform program improvements as we move forward.

I'm looking forward to a very productive discussion, and I'm happy to answer any questions you may have.

Thank you so much.

• (1800)

The Chair: Thank you, Minister.

As we go through the discussion, I'll use my flashcards here, with the yellow card being "30 seconds left", and red being "time's up". You don't have to stop mid-sentence. Finish your thought, and then we'll move on to the next person.

First up, for six minutes, we're going to go to Mr. Zimmer.

When you're ready, Mr. Zimmer, the floor is yours.

Mr. Bob Zimmer: Thank you, Mr. Chair.

Thank you, Minister, for coming again.

We just heard from northern airline companies that the carbon tax has made fuel and food costs more expensive in the north. There's no question. We know that other forms of transporting food, by truck and by sealift, are also made more expensive by the carbon tax.

I'll quote from a recent article—

Ms. Lori Idlout: On a point of order, the interpretation is not working.

The Chair: We'll do a check to make sure the interpretation is working.

• (1805)

[*Translation*]

Mr. Sébastien Lemire: Interpretation is working well in French, Mr. Chair.

[*English*]

The Chair: Okay, we're good.

Mr. Zimmer, we'll go back to you. I'll restart the clock. The floor is yours.

Mr. Bob Zimmer: Thank you, Mr. Chair.

Thank you to the minister for coming to committee once again.

We just heard from northern airline companies that the carbon tax has made fuel and food costs more expensive in the north. We know that other forms of transporting food, by truck or by sealift, cost more because of the carbon tax.

You were interviewed by Nunatsiq News for an article published on April 20, 2024, entitled "Federal budget is about fairness says Northern Affairs minister". You said, "we are helping to make life cost less, and we're growing the economy in a way that's

shared for everybody in Canada. I think we have to make sure this is a budget that promotes fairness for all generations, especially young people living in the North and that's where we're going".

My question for you, Minister, is this: Is paying \$11.49 per kilogram or three dollars per apple fair?

Hon. Dan Vandal: First of all, you mentioned the fuel tax and the carbon tax on fuel. It's important to note that there is no price—

Mr. Bob Zimmer: I'm sorry, Minister. It's a simple question. I asked you a question about fairness.

The Chair: I'm going to stop the clock. We can't talk over each other.

Mr. Bob Zimmer: Time is very short, Mr. Chair, and I asked him a simple question.

Is paying \$11.49 per kilogram or three dollars per apple fair? He can answer yes or no.

The Chair: You have a minute and 15 seconds—

Mr. Bob Zimmer: That's not in the Standing Orders. He doesn't have equal time to respond.

The Chair: No, I had asked—

Mr. Bob Zimmer: I'm asking a simple question, and I would like a simple answer, Mr. Chair.

The Chair: I'll give it to the minister, but it was a minute and 15 seconds on the—

Mr. Bob Zimmer: It's my time.

Hon. Dan Vandal: I should get to answer for a minute and 15 seconds.

Mr. Bob Zimmer: No, that's not the way the Standing Orders go.

The Chair: Before I start the clock, we'll have the minister get to the point.

There was some preamble there, and I think it's reasonable that we hear some preamble to his response.

Hon. Dan Vandal: Yes, it's important to clarify some of the falsehoods in his opening statement, because that's what they were. They were dead wrong. There is no price on pollution for aviation fuel in the territories.

Mr. Bob Zimmer: That's not what I said. I said "the north", Minister.

Hon. Dan Vandal: There is no price on pollution in interterritorial or interprovincial travel—

Mr. Bob Zimmer: You'd know that the north, we define by northern Manitoba—

Hon. Dan Vandal: There is no price on pollution in interprovincial travel—

Mr. Bob Zimmer: I'd like to get back to my question, because you're trying to pivot to say something that I'm not even asking you.

Hon. Dan Vandal: No, I'm correcting the falsehoods that you stated in your preamble.

Mr. Bob Zimmer: I said “the north”.

The Chair: I'm going to suspend here if I have to.

We can't have people speaking over each other. It's one person on the mic at a time.

Mr. Bob Zimmer: He's already used up more time than I even used for my question, by far—

The Chair: It's stopped.

Mr. Bob Zimmer: —and he's not giving the answer. He's accusing me of falsehoods, which is false.

The Chair: I'm going to restart the clock, but I'm just saying that we can only have one person speaking.

Ask the question. Allow the minister to answer, and then we can go back and forth.

Mr. Bob Zimmer: I'm going to move to my second question, because he hasn't answered my first.

Is paying almost \$9 for a can of tuna fair?

Hon. Dan Vandal: First of all, I have to give some context to this. There is no price on pollution on aviation fuel in the territories. There is no price on pollution—

Mr. Bob Zimmer: You've said that already, Minister, and I've already said that the goods come to the north in other ways—

Hon. Dan Vandal: The fellow sitting here—

Mr. Bob Zimmer: —and come to the territories in other ways, and the carbon tax does apply to truck and searift.

Hon. Dan Vandal: The fellow sitting here from Calm Air gave the example of Winnipeg to Churchill. Churchill is not a nutrition north community. There is not one home in Churchill—

Mr. Bob Zimmer: We're talking about food affordability in the north—

Hon. Dan Vandal: —that receives a nutrition north subsidy.

Mr. Bob Zimmer: —and he's trying to go in a different direction.

Mr. Michael McLeod: Can we have some order, Mr. Chairman?

Mr. Bob Zimmer: It's null and void. The affordability in the north is what we're talking about here.

The Chair: Give me just a second. I'm going to pause it here.

Mr. Zimmer—

Mr. Bob Zimmer: The minister doesn't want to answer questions, and he hasn't before, about this. He's trying to evade the question.

Mr. Michael McLeod: I have a point of order.

The Chair: Mr. Zimmer, I'm asking you to stop, please.

We have a point of order. I need to hear from Mr. McLeod.

Mr. McLeod, go ahead.

• (1810)

Mr. Michael McLeod: Mr. Chairman, I don't know about the interpreters, but two voices on the microphone at the same time are impossible for me to follow with my headset. We have the guidelines here, and we have two people speaking at the same time.

Mr. Bob Zimmer: Well, but—

Mr. Michael McLeod: If there's a way you can try to have one person speak at a time, it would be much appreciated. Thank you.

The Chair: Thank you for that reminder. Yes, that's good not only for you, but to make a safe workplace for our interpreters.

I'm going to go back—

Mr. Bob Zimmer: So—

The Chair: Bob, I'm speaking, please. When my microphone's on, let me finish. I will let you ask a question. You will have the floor, but please let the minister respond. Then, when the minister is done, if you want to move to your next question, make it brief.

We can't have this talking. If I need to, I will ask the minister to wrap up and go back to you so you can continue. There are three minutes and 40 seconds left on your time. I'll ask you to continue.

Mr. Bob Zimmer: Well, I have three minutes, but they've used up most of my time in just debating. He's not even answering the question.

Hon. Dan Vandal: You're interrupting me.

Mr. Bob Zimmer: I'm going to ask the third question, because he refuses to answer the previous two.

Is paying \$13.29 for a one-litre bottle of ketchup fair?

Hon. Dan Vandal: Of course, it's too expensive, but the nutrition north program does do some good work. I gave the example of Igloolik and four litres of milk. It should be \$42. It was \$5.69. To answer your question—

Mr. Bob Zimmer: That was my question, and that was your answer, so I have another question.

I'll move on to the next point. From a 2023 study that I'm sure you're familiar with, in 2020, Nunavut had the highest food insecurity rates in Canada, at 57%, with a national average of 12.7%. That was from 2018.

I have a recent document from the Nunavut Food Security Coalition that says, “Nearly 70% of Inuit homes in Nunavut are food insecure”. That means 70% of Nunavummiut are going hungry every day now. This rate is one of the highest rates for an indigenous population in a developed country in the world, Minister. Clearly, nutrition north in your department has gotten worse. It hasn't gotten better.

I was trying to show people watching today that we already have a crisis in the north for food affordability. People are going hungry. Then your government disregards those concerns and slaps another carbon tax on top of it. To me it just shows, Minister, that you clearly do not understand what the needs are in the north.

Here is my simple question for you: Why won't you help northerners and axe the carbon tax?

Hon. Dan Vandal: First of all, the carbon tax is a canard. I just pointed that out to you.

Food insecurity is a critical issue in the north. We are working with northern partners. We're working with indigenous leaders and territorial partners to try to address it, but to think that the nutrition north program alone is going to solve poverty in the world is unrealistic—

Mr. Bob Zimmer: It's a reasonable question.

Hon. Dan Vandal: We are trying to take reasonable steps in the north in Nunavut, and I think there's been progress in the nutrition north program, but there's lots of work to do. There's lots of work for everybody—

Mr. Bob Zimmer: My time is very short. My question was in reference to nutrition north not working.

This was my question for you: Why won't you help northerners and axe the carbon tax?

Hon. Dan Vandal: I answered you. There is no carbon tax on aviation fuel in the territories—

Mr. Bob Zimmer: I answered you back, and you would know—

Hon. Dan Vandal: —and you cannot deny that, but that doesn't mean there is not—

Mr. Bob Zimmer: —that a carbon tax applies to diesel, to trucking food to the north and to sealfit.

The Chair: We have way too many people talking.

[*Translation*]

Mr. Sébastien Lemire: Point of order, Mr. Chair. There is no interpretation.

[*English*]

The Chair: We can't have multiple people talking. When I ask people to stop talking, I need them to do that.

Mr. Bob Zimmer: Mr. Chair, it's my time and not the minister's. I'm trying to get more questions in.

He's delaying this deliberately because he doesn't want to answer a question about carbon tax. He knows that.

The Chair: I'm going to ask both of you to stop for a moment. I can't have control of the meeting when people's microphones are on and people are talking.

When my mic is on, I need you to stop. We'll have an orderly discussion here.

Mr. Bob Zimmer: I'm trying.

The Chair: I'm trying as well. The Minister is trying as well. He's trying to answer questions.

• (1815)

Mr. Bob Zimmer: He's trying to answer in his way. He's not answering my question. It's clear he is not answering my question.

The Chair: My mic is on, and I can't have anybody else's on when my mic is on.

You had a question there, and we were down to 30 seconds left. I'll turn it to the minister to provide a response.

Do you have a final question, Mr. Zimmer, so we can look at the time?

Mr. Bob Zimmer: I do.

The Chair: Why don't we go to your final question, knowing that there's 30 seconds for the question and the response. I'll give the minister time at the end of your question for his response, and then we'll move on to the next question.

Let's get the question out, and then we'll have the minister respond.

Mr. Bob Zimmer: Nearly 70% of families in Nunavut are going hungry every day.

Why won't you axe the carbon tax?

Hon. Dan Vandal: We're here to talk about nutrition north. We're going to make improvements to nutrition north to try to get that number down.

I think we need a wider strategy that includes the federal government, certainly the territorial governments, indigenous governments, the Inuit and the wider community to address food insecurity in the north and in Canada.

Mr. Bob Zimmer: He still won't answer my question.

Thank you, Mr. Chair.

The Chair: That's the end of the first six minutes of questioning.

We're going to go now to the Liberal side.

Mr. Carr, you're up for six minutes.

Mr. Ben Carr: Thanks, Mr. Chair.

Minister, I will give you some time to perhaps clarify a few of the points.

Perhaps you would like to spend a moment briefly acknowledging the aspect of the question from my colleague across the way in terms of aviation fuel. Can you clarify that for us in terms of what the federal government's policy is vis-à-vis aviation fuel?

Hon. Dan Vandal: First of all, that's an excellent question.

I know the previous witness from Calm Air talked about the huge impact of the price on pollution from Winnipeg to Churchill. It's important to note that Churchill is not a community that receives nutrition north; it never has been, so I think that whole example is null and void.

There is no price on pollution on aviation fuel in the territories. There is no price on pollution on aviation fuel that goes from the provinces to the territories or for interprovincial travel. It is only within the provinces that there is a price on pollution.

The reality is that all sorts of studies that have been done say that the price on pollution's effect on food inflation is negligible.

I think that answers your question, and I'll wait for another one.

Mr. Ben Carr: Yes, I will add a little bit, if I may.

Minister, I've had the pleasure of sitting on the agriculture committee for the past number of months, so I've actually been exposed to a fair amount here because we did a study on food price inflation and how to stabilize food prices. There are a couple of things that were talked about quite frequently there that I thought I would just bring to your attention and the attention of the committee.

One is data from the OECD in 2023. It's a little dated, but it's still relevant in that it shows that food price inflation in the United States.... The United States and Canada were the two lowest in the G7. They were virtually on par; it was a little bit lower in the United States.

So, my question has always been this, and perhaps you can reflect on this during my little preamble here: How is it that the cost of food in one jurisdiction, the United States, where there is no national carbon pricing policy is the same as it is in a federal jurisdiction like Canada where there is a national carbon pricing system? It seems to me that the United States would be substantially different and more advantageous if a carbon price was, in fact, driving this.

The second, and perhaps more recent, is that we have data compiled by the Library of Parliament, using Statistics Canada information, which very clearly shows us that in the last 18 months there has been a sharp decline in food price inflation across Canada. Now, at the same time, there has been an increase in the price on pollution. How is it, then, Minister, that at a time when the carbon price has increased—and it's important to note that as that price has increased, so too have rebates to Canadians—there has been a steady decline?

I see some smirking from my colleagues across the way. I will show them that information either during this meeting or after. I'd gladly table it for the committee to look at. This is Statistics Canada and Library of Parliament information; this isn't anecdotal. I will gladly show it, Mr. Shields. I will gladly show it.

Minister, please feel free to comment on that, but if I may, I do want to turn for a moment to this. You have shared several times that the Government of Canada is committed to ensuring that 100% of grocery subsidies are passed on to northerners from this program. Can you talk to us a little bit about the accountability measures that are currently in place to ensure that the nutrition north programs directly benefit northerners?

• (1820)

Hon. Dan Vandal: First of all, that's an excellent point, and I commend the agriculture committee for doing that great work.

I think the whole issue that the Conservative Party has with the price on pollution is just slogan-based. It's not based in rationality,

and if you take a really hard look at the facts, their slogans unravel very easily.

Let's go back to nutrition north, because this is a nutrition north meeting. We established the nutrition north compliance and audit review committee, which consists of members from the advisory board of nutrition north, members from the indigenous working group, and regional representatives from the Inuit-Crown food security working group. We also established the food security research grant several years ago as part of nutrition north. Through it, we will fund researchers who want to do research work on food insecurity in the north to come up with better ideas, new ideas, to address that or to give us some research on how we can make our programs more effective and more efficient to address food insecurity.

Having said all that, I will say that food insecurity and food inflation in the north are a huge issue. We have to do a better job. We are going about it earnestly, rolling up our sleeves, forming partnerships, and talking and collaborating with partners from the territories and indigenous governments, and that's not going to stop.

Mr. Ben Carr: Thanks very much.

The Chair: Thank you.

We're going to go now to Monsieur Lemire, who will have six minutes.

[*Translation*]

Mr. Sébastien Lemire: Thank you, Mr. Chair.

Minister, thank you for being here.

I would like to know more about what your department has done or intends to do in terms of increasing capacity within indigenous communities.

Have you already made investments to increase capacity within communities so that they can supplement their diets by hunting, fishing and harvesting? Have you looked at more funding for the equipment they need to hunt and fish? Do you have an assessment of the needs of indigenous communities and the amounts that would be required to meet them?

Could consideration be given to providing more funding for the infrastructure and equipment that indigenous people need? This would allow them to better provide for their communities themselves, which in turn could have a clear impact on the prices of consumer products.

Hon. Dan Vandal: Thank you, that's a very good question.

It is important for our government to work in partnership with indigenous governments. A few years ago, we introduced the harvesters support grant under the Nutrition North Canada program. It provides financial incentives to aboriginal groups in the north so that there are more hunters, anglers, and gatherers in that region. This measure, which was developed in collaboration with our indigenous partners in Nunavut and probably Nunavik as well, is very popular and has shown good results. For example, since 2020, 15,000 harvesters have been supported. There have been 700 harvest-sharing initiatives and over 400 community hunts and harvests.

We continue to communicate and plan with our partners. We hope to develop other good projects together.

• (1825)

Mr. Sébastien Lemire: It is indeed an important step in the right direction. I am still wondering how these programs will work out in the communities. Sometimes, the deadlines are too tight and the requirements are too strict, which means that the money ends up going back to the consolidated revenue fund. However, you have provided us with examples of positive outcomes, and I would like to hear more.

At the same time, we also know where the needs are. Can the government be more active in helping communities set up greenhouses, for example, to produce some fresh vegetables? Right now, lettuce is flown in by plane. Are there no other solutions? I'll give you another example: a dozen eggs there sell for \$12 to \$18 more than here. In that case, wouldn't it be worthwhile to bring in hens and build heated henhouses? Given that a dozen eggs cost \$16 more there, having those henhouses in each community would be a fairly easy investment to get a return on.

Can local infrastructure solutions be implemented?

Hon. Dan Vandal: Yes, that's the idea.

First of all, it is important to note that in budget 2024, we invested over \$100 million over three years to maintain the harvesters support grant program. We are seeking to work together on developing food infrastructure in the north.

In terms of greenhouses, there are good examples in the Northwest Territories. In Iqaluit as well, we visited some impressive greenhouses that have been set up in old arenas. There was a lot of fresh and affordable food, and the community was involved.

Our challenge is to create partnerships and projects with local communities so that they become owners of that infrastructure and use their know-how to produce food.

Mr. Sébastien Lemire: Thank you for answering in French. I really appreciate it.

Along the same lines, are there other ways to produce food to ensure food security in these communities, so that they are less dependent on products that come from the south and are delivered by air? For example, is there a way to make community cooking programs eligible for permanent funding? Could there be more of a focus on community cooking programs in the north?

Hon. Dan Vandal: Again, that's what the community food programs are all about. We want to involve schools and seniors' resi-

dences in sustainable solutions so that these communities have access to good, nutritious food. It's about opening the door, sitting at the same table, working together and talking. I know our officials are working hard on those kinds of solutions.

Mr. Sébastien Lemire: Thank you. You will have the support of the Bloc Québécois to pursue these initiatives.

[English]

The Chair: We're at the end of the time.

[Translation]

Mr. Sébastien Lemire: That is one of the best answers I have heard since I was elected as a member of Parliament.

Thank you.

[English]

The Chair: Thank you.

Ms. Idlout, it is your turn for six minutes.

Ms. Lori Idlout: *Qujannamiik, Iksivautaq.*

I want to thank you personally, Dan, for inspiring this study, because it has been the lack of response that you've given to me since I've been elected that has come to this point. I asked my staff to look up how many times I've asked you questions in the House and how many times I've asked Order Paper questions. None of the responses that you have provided has been at all helpful to inform my constituents of what nutrition north is doing to alleviate poverty.

The Liberal government, as part of its effort to stabilize prices, invited grocery corporations like Loblaws to discuss what they're doing to lower prices. My first question for you, Minister, is this: Have you advised the Deputy Prime Minister and the industry minister to meet with the North West Company?

• (1830)

Hon. Dan Vandal: As members of cabinet, we talk regularly on the importance of food security, the importance of affordability—

Ms. Lori Idlout: Can you answer my question, please?

Hon. Dan Vandal: I am answering your question. On the importance of affordability in the food security area, I know that we are all on the same page—whether it's the industry minister, the Deputy Prime Minister or the Prime Minister—on addressing this important issue.

It's important to note that in budget 2024 there's over \$100 million for the harvesters support grant—

Ms. Lori Idlout: I'm going to interrupt you. I don't have enough time. From your response, I'm going to infer that you did not advise the Deputy Prime Minister and the industry minister to meet with the North West Company.

I've been alarmed to hear that this government is giving millions to companies that make \$200 million in profits. We learned today, for example, that the North West Company CEO makes \$3.91 million. Your Liberal government is subsidizing the North West Company.

How will you make sure that nutrition north is actually improving? I've been asking over and over again for reform, and your final response to me was to provide an internal review. Why do my residents not deserve an audit from the Auditor General? Why did you respond with an internal review?

Hon. Dan Vandal: With all due respect, Lori, you're only giving half of my answer there.

First of all, I told you how important affordability in the north is. I also informed you that we were doing an internal review. We have funded five research projects on nutrition north that are indigenous-led, which are very interesting. Also, we will do an external audit once the internal review is done. You've never said the last part of what I just mentioned about the external audit. You've only tweeted that I answered with an internal review.

We have these conversations. They're good conversations, but then you report only half of our conversation.

Ms. Lori Idlout: It is really unfortunate that you're choosing to ignore my direct request to you for an audit from the Auditor General; it really is.

Unfortunately, based on your responses and your unwillingness to make sure that my constituents get the answers they deserve, we are being forced to ask these kinds of direct questions.

I'm going to ask you a similar question that I asked the North West Company. I was in Kimmirut last March, and I took two photos: one at the local co-op and one at the Northern store, both of which use the nutrition north program. On that one day, in that one community, the price of eggs at the co-op was \$3.99, and at the Northern store, it was \$6.49. Why is it that the co-op is able to successfully use it, and why is it that the Northern store is not?

Hon. Dan Vandal: That's an excellent question. There's an internal compliance. That's why we're working together on that now. That's why we're doing the internal review, and that's why we're going to do an external audit once this is done. I'm 100% committed that 100% of the subsidy will go to consumers, the people who actually buy and need the food in the north. I've told you that many times, and I'll continue to say it, because it's really our government's commitment and my commitment.

I can say that I've had good conversations with some of the researchers who are doing this grant. They've raised some very valid questions, but all of them have also said that nutrition north is doing good work, and not to throw the baby out with the bathwater.

Ms. Lori Idlout: I'm going to repeat this: Obviously nutrition north is not working, when the poverty rate in Nunavut is almost 40% and the food insecurity rate is 46%. We are not looking for complete solutions. We are looking for solvable solutions. With the Liberal government, you are not doing what you can to make sure that poverty is being alleviated, not when these rates are that high and not when there's a difference between a co-op store offering a dozen eggs for \$3.99 and the Northern store in the same communi-

ty, on the same day, pricing them at \$6.49, and that same company is profiting over \$200 million.

• (1835)

The Chair: We're out of time, but, Minister, I'll give you the opportunity for a brief response.

Hon. Dan Vandal: I agree with MP Idlout. It's a shame that the poverty rate is as high as it is. It's more than a shame; it's horrible. Nutrition north will certainly work hard to do its part, but to think that one program in one department of the government will solve poverty in Canada or in the north is unrealistic. It has to be a whole-of-government approach. Territorial governments have to be involved. Indigenous governments have to be involved, and community leadership needs to be involved. We're committed to keep working in that way.

The Chair: Thank you.

We'll now move to the Conservative side.

Mr. Melillo, you're going to take the five-minute questions, so the floor is yours.

Mr. Eric Melillo (Kenora, CPC): Thank you very much, Mr. Chair.

Thank you, Minister.

Minister, what is the mandate of nutrition north?

Hon. Dan Vandal: The mandate of nutrition north is to support food security in isolated communities, in northern communities, and to make sure that the people living there have nutritious and affordable food, country food, local food and market food.

Mr. Eric Melillo: Thank you, Minister. I think that was a very simple question, and I appreciate the answer.

Do you feel, Minister, that, under your watch, nutrition north Canada has been successful in fulfilling its mandate?

Hon. Dan Vandal: I think nutrition north has made some good progress in certain areas. I'll cite the harvesters support grant. There are questions outstanding on the retail subsidy, and I think there's always room for improvement.

Mr. Eric Melillo: In short, no, it hasn't been successful, and I think that the information would show that.

Hon. Dan Vandal: That's not my—

Mr. Eric Melillo: We see high rates of food insecurity each year. You increase the funding. You noted that funding for the program has more than doubled, but each year food insecurity continues to rise, Minister. You continue to throw more and more money at the issue, but it's getting worse. Is that not failure, in your opinion?

Hon. Dan Vandal: I think there are issues in the north, which is why we're bringing forth a whole suite of programs, like \$10-a-day day care, dental care and affordable housing, and that member and his whole team have continually voted against all the affordability measures we've brought forward.

Mr. Eric Melillo: We're going to continue to vote against the disastrous economic policies of your government, Minister, which have driven up the cost of living and have made it very expensive for people across the north, not just in the territories, but also in the northern provinces as well. Minister, again, this is—

Hon. Dan Vandal: Canada has the strongest economic foundation—

Mr. Eric Melillo: Thank you, Minister. I didn't ask you a question.

Hon. Dan Vandal: —of all G7 countries in the world.

Mr. Eric Melillo: I believe I still have the floor.

The Chair: I'll just stop the clock. You still have three minutes.

I'm going to ask the minister to provide a brief response. There was a comment—

Mr. Eric Melillo: I don't think I asked a question. I wasn't asking a question yet. If I can ask my question—

The Chair: I've stopped the clock. I'll ask you to continue with your questions, and when the minister has the floor, he can respond.

Mr. Eric Melillo: Absolutely. Thank you very much, Mr. Chair.

Minister, I appreciate your eagerness to respond to my question before it came.

I want to expand on this because, under your watch, this program is not working. It's very clear, and the evidence shows that. The cost of living is exorbitant in the north. This committee has previously submitted reports asking for the mandate of the nutrition north Canada program to be changed to include food insecurity as a direct part of the mandate.

Minister, it doesn't seem like you have really taken the issue seriously to address those concerns that we've raised in reports, dating back to 2021 and even before. You can comment.

Hon. Dan Vandal: No, that's absolutely not true. I just explained, not five minutes ago, that nutrition north's mandate is to work with isolated and northern communities to make sure they get affordable and nutritious food, country food and other types of food, and to make sure that consumers, the people in the north, have access to that food. That is addressing food insecurity.

I think there have been some good developments, but there's lots of work to do. The last thing we need is a government that—

Mr. Eric Melillo: I appreciate that. There is certainly lots of work to do, Minister.

I believe it's been answered. May I ask my next question?

The Chair: I've stopped the time.

He had a concluding thought there. If you don't want to hear it, then we'll go back to your questions.

Mr. Eric Melillo: I'm good to continue with my next question, Mr. Chair.

Thank you, Minister. Again, I'm sure you can appreciate that we have limited time.

Twenty-eight first nations in Ontario, including 22 in the Kenora district, which I represent, utilize nutrition north. They're also sub-

ject to the carbon tax. Minister, I know that you don't want to talk about the carbon tax at this meeting—

• (1840)

Hon. Dan Vandal: I just did talk about it at length.

Mr. Eric Melillo: —but it's important to note that this is impacting the first nations across northern Ontario.

One hundred and thirty-three first nations, through the Chiefs of Ontario, have actually sued your government, arguing that the carbon tax is discriminatory and breaches the principles of reconciliation, leaving their communities worse off.

What is it going to take? Why doesn't your government just simply axe the tax to make life more affordable for first nations in northern Ontario and for people right across the country?

Hon. Dan Vandal: It's been demonstrated time and again by economists and other people working in the industry that the price on pollution has minimal effects on food inflation. Why the Conservative Party has this fetish on carbon tax time and again is something that I certainly can't explain. Only they can explain. They continually vote against every single measure we bring forward to enhance affordability for middle-class families. That's something that's simply irrational.

Mr. Eric Melillo: Thank you, Minister.

Again, the Chiefs of Ontario are saying that the carbon tax is a discriminatory policy. Do you disagree with them?

Hon. Dan Vandal: First of all, this is a discussion on nutrition north, not the price on pollution—

Mr. Eric Melillo: At the very least, Minister, would you and your government commit to—

Hon. Dan Vandal: Time and time again, economists have proven that the price on pollution has minimal effects on food inflation.

Mr. Eric Melillo: —passing Bill C-234 in its original form to take the carbon tax off farmers and farm families to make food more affordable for all Canadians?

The Chair: We're out of time here.

[Translation]

Mr. Sébastien Lemire: I have a point of order, Mr. Chair. We can't hear the interpretation.

[English]

The Chair: We're having an issue with multiple microphones being on, which creates a problem for everyone to participate.

That's the end of the five minutes.

I'm going to go to Mr. McLeod next. We'll start his five minutes.

Mr. Michael McLeod: Thank you, Mr. Chair.

Thank you, Minister, for joining us.

It's a very interesting discussion on nutrition north. I've been involved in these discussions for quite a few years. I used to be a minister with the Government of Northwest Territories, and one of my responsibilities was dealing with the transition from food mail to nutrition north. We had many interesting discussions then also.

At that time, the Conservative government was in power, and they were trying to kick all our communities off the list. We have 14 communities now, but at that time it was reduced down to eight. We were struggling to convince the government of the day, the Conservatives, to keep the program and to keep on the list the communities we had that were isolated. It was very challenging. The program was underfunded and didn't have any avenue for input, for advice.

I'm very happy that now we've made some progress. I have a number of communities that probably would not exist if we didn't have this program. There's room for improvement, but the budget has certainly increased significantly, and we have an advisory board that provides advice on the program to you and others.

It's important to recognize that this is an important tool, but it doesn't address the root cause of food insecurity in the north. I think we all need to agree that in order to have healthy and affordable food over the long term, we have to do more. More work has to be done to address the root causes. We need to talk about local food that's harvested within our communities in our regions. We need to talk about climate change. How much bigger can this program get? I have communities that are losing water access and barges that can't get in anymore. Ferries are not going to run. This is all reality. The waters are drying up in our rivers and our lakes.

At the time when we were talking about the new nutrition north program, which is quite a few years ago now, we all assumed that in the Northwest Territories we would have roads to each community and that we would have proper runways. We would have longer runways so that planes could land with a full load of freight, but we're not quite there yet.

I wanted to ask you if that is part of the discussion you have at cabinet and part of the considerations to make the program better when you look at options. Are you talking to other departments? Are you including all of these things to make things better?

• (1845)

Hon. Dan Vandal: That's a fantastic question, MP McLeod, and I thank you for it.

Food insecurity and food inflation are caused by many different variables. First of all, there's isolation. Isolation is expensive. There are also supply chain unpredictability, transportation issues, lack of infrastructure and, of course, climate change.

I was in Iqaluit a few days ago, with Minister Blair, Minister Joly and the three premiers. Yvonne Jones was there. She's parliamentary secretary to Minister Blair and me. We had some really great discussions on just what you're talking about.

I talked to the premier over breakfast about the Mackenzie Valley Highway and what we need to do to bring it to the next level. It's an incredibly expensive highway to build, but we have to do it, espe-

cially with the northern defence money we're going to be rolling out. There's never been a better time to do just that.

That's just one small area of the north, which is massive. We need to invest. I think it's important to point out that we need to invest on many different fronts while enhancing programs like nutrition north in the short term. I agree that it's a short-term band-aid over a problem that we have to get ahead of.

The Chair: Thank you.

Colleagues, that's the end of the time on that one.

We are at the end of our two hours, but I do want to allow Mr. Lemire and Ms. Idlout to have their two and a half minutes. We're going to move right into it. We'll be tight, and then we'll adjourn.

Go ahead, Mr. Lemire.

[*Translation*]

Mr. Sébastien Lemire: Thank you, Mr. Chair. I really appreciate the respect shown.

Minister, we've heard from indigenous co-ops about how difficult it is to make ends meet.

I am going to test your willingness to lift just one family out of poverty, as we talked about earlier. I will also test your willingness to think about the seven future generations who will be living in the north and the importance of the relationship that northern communities have with the land. These are the core values of these communities.

Have you looked at setting up refrigerated storage at the ends of the roads, so that food could be transported overland? This is one of the possibilities mentioned by the representative of the Kimik Cooperative. Indeed, it would be important to have access to refrigerated storage sites, particularly along the Billy-Diamond Highway in Quebec, for example, or near places where fresh food can be brought in.

I think we need to look at the logistics around short distribution channels and the cold chain. Investments in infrastructure could drastically improve the situation and help bring costs down significantly.

Hon. Dan Vandal: Thank you for that good question.

It is essential that we put more effort into building infrastructure and roads in remote communities to ensure that we can provide safe cold storage for food.

I've been to places like Arviat, Nunavut, where they have refrigeration systems underground. We need these kinds of systems everywhere in the far north. There are not enough of them.

However, the solutions will not come from Ottawa. We need partners on the ground, and that's why we're talking—

Mr. Sébastien Lemire: Since my time is limited, let me give you an example. In Abitibi-Témiscamingue, we have no slaughterhouses, particularly because there are no federal programs to build them. However, we could serve northern communities by road. I'm thinking about Cree communities, and even Inuit communities, to a certain extent, that could be served by air. However, we don't have any slaughterhouses. We have no local production capacity. Our animals have to be trucked to a slaughterhouse eight hours away, which makes no sense.

How can we invest in local infrastructure so as to have the necessary capacity?

I guess I am asking you to commit to talking to your colleague the Minister of Finance to set up such programs.

Hon. Dan Vandal: It's a real challenge.

Before speaking to the Minister of Finance, you should speak to the minister responsible for the Canadian Northern Economic Development Agency, or CanNor, that is to say me. We should have a coffee together to talk about the problems and the solutions.

• (1850)

Mr. Sébastien Lemire: I'd be happy to do that.

Thank you.

[English]

The Chair: Thank you.

Ms. Idlout, the floor is yours now for your two and a half minutes.

Ms. Lori Idlout: Thank you.

I'll be asking my questions of Wayne Walsh.

Thank you for appearing.

How many years have you been in this position that you're holding?

Mr. Wayne Walsh (Director General, Northern Strategic Policy Branch, Northern Affairs, Department of Crown-Indigenous Relations and Northern Affairs): I was appointed to this position in January 2016.

Ms. Lori Idlout: You've been in charge of the nutrition program since 2016.

Mr. Wayne Walsh: Among other things, yes.

Ms. Lori Idlout: I first saw you in an interview on CBC, when *The Fifth Estate* interviewed you about the nutrition north program. One of the things mentioned was that—and maybe one of the research projects funded by the nutrition north program found this—only 67¢ on the dollar went toward the subsidy.

Can you provide more information on that finding?

Mr. Wayne Walsh: The report you're referring to was done by Professor Galloway. I believe it was published in 2018 or 2019. With all academic reports, we look at the findings. There was another report that was recently published by Professor Naylor at the University of Guelph, and his findings were that nearly 100% of the pass-through—it was 97%—went through.

There are obviously some discrepancies between the two reports. We're looking at them and doing the analysis.

Ms. Lori Idlout: Thank you.

In that same documentary, you were asked about the profits that are being made. You have \$119 million in profit, with \$67 million going toward subsidizing the North West Company. In your response, you mentioned that it is “up to the consumer to decide if the level of profit is acceptable or not”, because they can choose on their own.

Do you stand by that statement you made on *The Fifth Estate*?

Mr. Wayne Walsh: The question that was posed to me was asking my opinion on the level of appropriateness of the profit margins of a particular company. My responsibility under nutrition north is to ensure that the program is delivered, based on the terms and conditions of the program.

The one thing I will add is that we recognize that competition is an issue in many of the communities. That's why we've expanded the program to include active measures like direct ordering, which I believe some of the CEOs referred to this afternoon, as competitors. We have introduced other measures to give those consumers a choice. They're not necessarily just in retail. They could be direct orders. They could be buying clubs. They could be investments they make under the community food fund or—

Ms. Lori Idlout: Thank you.

I have to interrupt you.

The Chair: We're out of time there, Ms. Idlout.

Ms. Lori Idlout: Have you been to the community of Clyde River?

Mr. Wayne Walsh: Yes, I have.

The Chair: Colleagues, thank you.

Thank you to our witnesses for being here. Minister and officials, it's always a pleasure to see you.

Colleagues, have a safe break week.

When we come back, we're here on May 22 with two panels of ministers and officials for our main estimates 2024-25.

With that, we are adjourned.

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