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# Standing Committee on Industry, Science and Technology

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Chair: Mrs. Sherry Romanado





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• (1805)

[English]

**The Chair (Mrs. Sherry Romanado (Longueuil—Charles-LeMoyne, Lib.)):** Good evening, everyone.

I now call this meeting to order.

Welcome to meeting number 12 of the House of Commons Standing Committee on Industry, Science and Technology. Pursuant to the order of reference of Saturday, April 11, the committee is meeting for the purpose of receiving evidence concerning matters related to the government's response to the COVID-19 pandemic.

Today's meeting is taking place by video conference, and the proceedings will be made available via the House of Commons website.

I'd like to remind our witnesses today and our members to please wait until I recognize them by name before speaking. When you are ready to speak, please unmute your microphone and then return it to mute when you have finished speaking. When speaking, please speak slowly and clearly so that the translators can do their work. Please use the language channel of the language in which you are speaking.

As is my normal practice, I will hold up a yellow card when you have 30 seconds left in your intervention, and a red card when your intervention time has expired.

Now I would like to welcome our witnesses. From the Beef Farmers of Ontario, we have Mr. Rob Lipsett, president, and Richard Horne, executive director. From the Canadian Cattlemen's Association, we have Bob Lowe, president, and Fawn Jackson, director of international and government relations. From the Canadian Federation of Agriculture, we have Keith Currie, vice-president, and Scott Ross, assistant executive director. From the Dairy Processors Association of Canada, we have Philip Vanderpol, vice-chair; Dominique Benoit, treasurer and member of the board of directors; and Gilles Froment, secretary. From Morton Food Service, we have Robert Calcott, president.

We will have five-minute presentations by each of the five groups, followed by our normal rounds of questions.

With that, we will start with the Beef Farmers of Ontario.

**Mr. Brian Masse (Windsor West, NDP):** I have a quick point of order, Madam Chair.

**The Chair:** Yes.

**Mr. Brian Masse:** Thank you.

At an appropriate time, can we have five minutes of committee business, or will I use the end of my time to introduce a brief motion that would deal with committee business, with the previous study that we had on fraud? I just want to flag that now. I don't want to obstruct proceedings, so I'll leave it to you to decide.

**The Chair:** I appreciate that.

Mr. Masse, just to let you know, based on the motion that was passed in the House on April 11, we cannot consider any other business during these meetings, so unfortunately we will not be able to accept the motion with respect to a previous study. We cannot do committee business during this time, but I'm happy to have that conversation with you after we finish. Is that okay?

**Mr. Brian Masse:** That's fine.

**The Chair:** Thank you.

With that, we will start with the Beef Farmers of Ontario.

You have five minutes.

**Mr. Rob Lipsett (President, Beef Farmers of Ontario):** Good evening. My name is Rob Lipsett. I am a beef producer from Grey County, Ontario, and the president of the Beef Farmers of Ontario. Joining me tonight is BFO's executive director, Richard Horne.

Like our colleagues from the Canadian Cattlemen's Association, we strongly believe that if the current challenges are strategically addressed, the beef sector will emerge as a key recovery sector post-COVID-19. But time is running out.

Our sector has faced a number of serious challenges in the last couple of years that have limited our growth potential and hurt our financial viability, the largest being the lack of sufficient processing capacity and the market price volatility. COVID-19 has significantly amplified these challenges and has placed our farm operations at a critical tipping point in the face of real threats to family beef farms like mine and to the security of the food supply chain.

The losses beef farmers are experiencing, particularly within the feedlot sector, are simply staggering, mirroring those we experienced during the BSE mad cow crisis of the early 2000s: Farm gate prices have plunged, despite increases in wholesale beef prices; corn distillers, one of the main feed ingredients that producers in Ontario use to feed cattle, have doubled in price since March 1; and per-head losses have averaged around \$300 per animal during COVID, despite the fact that eastern Canada has largely maintained its processing production.

Before Richard speaks to our recommendations, I want to share part of a story an Ontario beef producer sent me regarding the impacts COVID-19 has had on their farm:

We try to sell cattle to the processors every week but currently we have had a load of cattle listed for sale for more than 3 weeks with no bids because the processors are backed up.

When cattle are fed past the date when they should have been harvested, they lose efficiency and this costs us extra money to feed them. When this happens, we incur weight discounts at processing between 15-35 cents per pound.

Each month I have to do a statement of inventory for my banker. Since March 1st we have lost \$245 per head. Through the BSE years government did an excellent job of supporting farmers and that is likely the number one reason I'm still farming today.

Production on my farm helps feed approximately 32,000 Canadians per year, and my operation deals with over 100 suppliers and support companies annually. We can't wait much longer for support from our governments.

Ladies and gentlemen, we need help. Beef farmers need immediate financial support—direct support. Our farmers cannot borrow their way out of this. The current funding announced through the CERB, wage subsidies, loan programs and others is almost entirely unusable by our farmers.

I'll now turn it over to Richard Horne.

• (1810)

**Mr. Richard Horne (Executive Director, Beef Farmers of Ontario):** Our first recommendation is to introduce immediate enhancements to business risk management programs. Our strong preference is for the federal government to immediately contribute to Ontario's risk management program. In our belief, this is the most effective way to ensure support for beef producers in Ontario.

We support the recommendations made by the CFA and others, such as the CCA, to enhance the current suite of BRM programs. However, our strong preference is that you immediately contribute the federal government's 60% share to our provincial RMP, similar to what western Canada is asking for with respect to the western livestock price insurance program. This would also support farmers in the grains sector and the non-supply managed livestock sectors in Ontario. These recommendations not only would support farmers quickly but would put in place the necessary safety net to mitigate future market shocks, be they COVID or otherwise, particularly over the next six to 12 months.

Our second recommendation, an equally important two-pronged approach, is to immediately establish a cattle set-aside program for fed, feeder and cull cows to help manage cattle supplies, given the current and potential disruptions at processing. The U.S. is looking at similar programming to help their cattle sector manage COVID-induced volatility, and Canada used this type of program during the BSE crisis. We need this tool available immediately.

That concludes our formal remarks. We would be happy to entertain your questions.

Thank you.

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

Next we have the Canadian Cattlemen's Association.

Mr. Lowe, you have five minutes.

**Mr. Bob Lowe (President, Canadian Cattlemen's Association):** Thank you, Madam Chair, and I thank everyone on the committee for allowing us to testify here.

Good afternoon. My name is Bob Lowe and I'm a rancher and feedlot owner in southern Alberta. I'm also the current president of the Canadian Cattlemen's Association, the national voice of Canada's 60,000 beef operations. With me is Fawn Jackson, director of government and international relations.

The beef industry is the foundation of jobs for 228,000 Canadians and contributes \$17 billion to the Canadian economy. As you've likely seen in the news, challenges brought forward by COVID-19 have resulted in a number of Canadian and American meat processing facilities significantly reducing their processing capacity.

Due to these reductions in processing capacity, we estimate that we have built up a backlog of 100,000 head of cattle that are ready for market with nowhere to be processed. As a result of COVID-19, this group of cattle alone has dropped in value from \$250 million to \$166 million. It costs approximately \$400,000 per day to feed and care for these cattle. The loss in value is only a small portion of the economic impact, as all market-ready cattle have dropped significantly in value and financial hardships are rippling through the full beef supply chain. We can't stress enough how important swift action is to mitigate the scale of the problem we are faced with.

The CCA estimates that if this is left unaddressed, the Canadian beef industry will lose half a billion dollars by June on market-ready cattle. Again, this doesn't account for the full supply chain impacts and the growing costs of feeding and caring for cattle that would otherwise have gone to market.

It has been two weeks since the Cargill plant at High River shut down, removing 36% of Canada's total beef cattle processing capacity. That plant's reopening today does not change the urgency of our recommendations, as it, along with other packers, both in Canada and the U.S., is and will be operating at significantly reduced levels. We estimate that 6,000 to 9,000 head of cattle per day are still being backed up within the Canadian beef supply system.

Eastern Canada was dealing previously with these shortages, and you just heard from Rob about the problems in Ontario, so I won't go into those.

As we have stated from the onset of COVID-19, the beef industry has three immediate recommendations.

First is to establish a set-aside program. This program would help manage inventories within the beef supply systems and help us avoid a large backlog of market-ready cattle.

Second is to address the sky-high premiums that have made our main risk management tool—price insurance—unusable. We would also like the tool to be made available to the Atlantic provinces. This program is very important to our young and new producers.

Third is to adapt the advance payments program, similar to what was done for canola producers last year, to provide added liquidity and financial flexibility.

These changes will enable cattle producers to market their commodity at the best time and actually make reinvestments in their herds.

The CCA has also stressed the importance of assisting with challenges at processing facilities. It should be noted that the existing suite of BRM programs comes nowhere near being able to address the current challenges we are facing. For example, AgriStability has only 31% total farm enrolment, and for the beef industry the utilization rate is much lower due to the structure of the program not being suitable for beef farms. If our recommended changes are made to this program, it will be more usable by the beef industry in the future, but it should be noted that this program was never designed to be able to address a pandemic.

Utilizing AgriRecovery, another one of the BRM programs, with the provinces could be one method through which funding could be quickly delivered. However, this is yet to be completed. Furthermore, as Rob mentioned, the current funding announced—the CERB, wage subsidies, loan programs or otherwise—is almost entirely unusable by our industry.

The Canadian beef industry knows the impact of hard economic times, having lived through them during the early 2000s. Following the difficult financial times of BSE, 27,000 beef farmers exited the industry, marking it as one of the largest economic, social and environmental structural changes in Canada's agricultural industry. We lost a generation of young producers during the BSE crisis, and today our younger and newer producers are once again the most vulnerable group in our industry due to the extreme hardships we are currently facing. We have to do everything we can to find ways for all producers to weather this storm, and immediate multi-faceted action is needed.

• (1815)

Thank you.

We look forward to your questions.

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

Next up we have the Canadian Federation of Agriculture.

Mr. Currie, you have five minutes.

**Mr. Keith Currie (Vice-President, Canadian Federation of Agriculture):** Thank you, Madam Chair and committee members, for this opportunity to speak to you tonight and to talk about the difficult realities that farmers and food supply chains across Canada are facing due to this pandemic. These next days and weeks are essential if we are to ensure that Canada's domestic food supply is secure, both now and into the future.

I am Keith Currie. I am vice-president of the Canadian Federation of Agriculture, and I'm also president of the Ontario Federation of Agriculture. My colleague Scott Ross is with me here tonight as well.

CFA is Canada's largest general farm organization, providing a unified voice for the 200,000 farm families right across this country. Food systems around the world are being challenged by unprecedented challenges and untenable operating conditions. The challenges and the uncertainty they introduce highlight the importance of a domestic supply of affordable and nutritious Canadian food, a critical factor in good public health. It must be the leading priority behind the direct public health impacts of COVID-19.

Canadians have always been able to depend on farmers to grow food, but today Canadian farmers are asking for immediate assistance from our federal government to be able to continue fulfilling that responsibility. Without it, Canadian consumers could see a decrease in the amount and variety of food at their local grocery stores as well as higher prices in the months ahead.

I applaud the collaborative efforts of all levels of government in mobilizing their resources to protect Canadians' health, demonstrating what can be accomplished in the face of urgent challenges when we work together. There's no shortage of issues facing Canadian farmers and their food supply chain. A primary concern is the labour shortage impacting farms and food processing.

We welcome many of the measures taken to date. However, continued logistical and recruiting challenges will likely see many Canadian farmers short on critical labour needs. This extends to processors and other key buyers of agricultural products, who continue to experience disruptions, absenteeism, and reduced capacity. The second concern is the increasing, unexpected costs COVID-19 is placing on Canadian farmers. Supply chain disruptions like plant closures already see farmers having to hold on to livestock where they can, or face immediate animal welfare challenges and the prospect of depopulation where they cannot.

Regardless, this equates to additional expenses, reduced revenue and less production. Meanwhile, shifts in the retail and food service landscape have seen markets evaporate literally overnight. These challenges erode the confidence needed to invest in planting a crop and maintaining livestock herds: decisions that directly affect the availability and affordability of food later this year. Unfortunately, the lumpy revenue of many agricultural businesses leaves them ineligible for wage subsidy, or their operating structures also preclude them from accessing most other COVID-related measures.

I would be remiss in not stating the extreme level of frustration and stress farmers are experiencing, particularly as they're repeatedly told to look for support from existing business risk management programs that farm organizations have identified for years as inadequate and in need of reform prior to this unprecedented crisis. Reports from individual farm businesses identify losses well in excess of tens of millions of dollars, and these programs just weren't designed to deal with the kind of financial challenges we're seeing play out this year. I implore you to recognize the urgency of this situation and the need for immediate, targeted programs to respond.

The CFA is calling for an emergency preparedness plan that gives farmers confidence to overcome these challenges, targeting investments in a number of key areas. Most immediate is a flexible and responsive emergency fund, giving farmers and food businesses confidence that there will be expedient financial support for targeted programming to help them address previously unforeseen challenges. Following a survey of agriculture commodity organizations across Canada, farm and food businesses are calling for \$2.6 billion in immediate support to respond to the myriad issues I touched upon earlier. In addition to this, producers need enhancements to Canada's business risk management suite to provide confidence that they'll receive adequate support from AgriStability if they do see significant losses throughout this year.

Finally, further measures are needed to encourage Canadians to work on farms and in Canada's food processing plants. This includes financial incentives, but just as critically, prioritizing access to personal protective equipment, second only to health, to ensure that all agri-food workers feel safe coming to work. Canadian farmers take pride in the fact that we feed Canadians every day. If government invests now in risk mitigation, it will ensure that our food system is secure and our grocery stores continue to be well stocked with safe and affordable food, preventing more costly issues down the road and positioning the agri-food sector to help drive Canada's economic recovery.

● (1820)

I thank everyone for their time, and I welcome any questions.

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

Our next group is the Dairy Processors Association of Canada. You have the floor for five minutes.

**Mr. Philip Vanderpol (Vice-Chair, Dairy Processors Association of Canada):** Thank you.

On behalf of the Dairy Processors Association of Canada, thank you for the invitation to appear today to discuss the impact of COVID-19 on Canada's dairy processing sector. I am the vice-chair of the DPAC board and the president and CEO of Vitalus Nutrition. Joining me on this call are Dominique Benoit, treasurer of the DPAC board; and Gilles Froment, secretary of the DPAC board.

In these difficult times, DPAC is grateful for those who continue to work diligently to provide Canadians with essential goods and services. Like all Canadians, we are especially thankful for the hard work and dedication of our health care providers.

I want to highlight the work done by the dairy sector to ensure continuity of dairy product supply in Canada. These are unprecedented times, and dairy producers and processors working together are doing their part.

Since the beginning of the COVID-19 crisis, the dairy industry has donated almost five million litres of milk, which has been processed into nutritious dairy products and distributed to food banks right across Canada. This speaks to the strong commitment of dairy producers and processors towards their respective communities.

COVID-19 has put a lot of pressure on all aspects of the country's economic and social infrastructure. Canada's food manufacturers are no exception, and dairy processors are under tremendous strain today as they adapt to the challenges brought on by COVID-19. Providing Canadians with a continuous and ample supply of nutritious dairy products, while protecting employees' health, remains the very top priority of dairy processors.

**Mr. Dominique Benoit (Treasurer and Member of the Board of Directors, Dairy Processors Association of Canada):** My name is Dominique Benoit, from Agropur. I will continue in French.

[*Translation*]

Depending on their product and market mix, the majority of dairy processors have seen their revenue decline anywhere between 0% and 50% due to the reduction in the food service market. Furthermore, dairy processors have seen an increase in expenses due to costs related to COVID-19, such as a rise in absenteeism, higher PPE costs, and so on.

The combination of decline in sales and increase in cost means that many dairy processors are under significant financial stress as a result of a much lower or even negative bottom line.

We recognize and appreciate the emergency support programs announced by the federal government to help businesses mitigate the impact of the COVID-19 pandemic. However, these programs often fall short for most food processing organizations. As such, we recommend expanding current support programs.

First, selected elements of the business risk management programs should be extended by Agriculture and Agri-Food Canada to the critical food processing sector to address margin losses, notably the impact on earnings before interest, taxes, depreciation and amortization, or EBITDA.

Second, as currently structured, the Canada emergency wage subsidy will leave some food manufacturers without support because revenue declines will not meet the 30% threshold in April and May. We propose that the government provide a sliding scale of support for revenue reduction between 10% and 30%.

• (1825)

[English]

**Mr. Gilles Froment (Secretary, Dairy Processors Association of Canada):** We cannot come here today without putting in broader context the impact of COVID on the dairy sector.

At full implementation, when considering the last three trade agreements, Canadian dairy processors will lose about \$320 million per year on net margin. On top of the market access concessions, CUSMA has a clause that imposes caps on worldwide exports of Canadian milk powder, which will make it increasingly difficult to balance the supply management system.

As per the clauses of the agreement, there's a significant difference between year one of CUSMA and year two, both in terms of export caps and level of access into the Canadian market. There is no question that having CUSMA entering into force on July 1 instead of August 1 will have a huge impact on the dairy sector, as it means that year one of CUSMA will last 30 days as opposed to a full year.

We trust that the government will keep its promises to fully and fairly compensate dairy processors for their losses. As such, we would like to remind the committee of the twofold approach to mitigate the negative impact of these trade agreements: first, allocation of import licences to Canadian dairy processors; and second, a dairy processor investment program.

In conclusion, the pandemic has brought unprecedented challenges to the entire Canadian economy, and the dairy sector is facing significant pressures endangering its financial viability. It is imperative that essential activities such as ours be treated as such by our governments.

We thank you for your time and consideration of this important topic, and we welcome any questions you might have.

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

The last witness is Mr. Robert Calcott from Morton Food Service.

You have five minutes.

**Mr. Robert Calcott (President, Morton Food Service):** Good evening, committee.

My business, Morton Food Service, just celebrated its 100th year in 2019. We employ over 110 individuals throughout southwestern Ontario. As some background, we started as a small retail shop on Ouellette Avenue in Windsor, and we have progressed to become a broad-line food service distributor to independent restaurants in all of southwestern Ontario, including the Niagara Peninsula and the first nations reserves on the Grand River.

Over 75% of our 1,200 customers have closed their doors as a result of the Government of Canada's mandate to the restaurant industry. They were simply not equipped to convert their operations from sit-down to takeout, and they're also very concerned about the safety of their employees. They've come to realize that their fixed expenses—such as rents, mortgage payments, equipment leases, taxes, insurance, etc.—are still accumulating and that they will eventually be responsible for paying them.

The Canada emergency wage subsidy is not very helpful to our accounts, nor to my company. Subsidies do not create revenue, which is what we require. The CEWS will be helpful when my accounts are allowed to reopen and we begin to build up some revenue, but only if it's extended well beyond June 6. Can you imagine trying to cover your fixed expenses and pay employees when your business is only doing 25% of its normal volume?

As for Morton Food Service, we have a number of specific hurdles that have yet to be addressed. We have around a million cubic feet of fully temperature-controlled warehouse space to ensure the safety and integrity of the 6,500 food products we regularly have in stock. The expenses we incur to maintain this space are substantial, including rent, hydro, insurance and distribution equipment, to name a few. We also have a fully refrigerated fleet of delivery vehicles, 20 vehicles on full-service leases that cost us approximately \$70,000 per month. Other items include equipment leases, insurance, hydro to keep our building fully temperature-controlled, and the lease of a sophisticated computer system to fully track all food products from farm to table, etc. We incurred all of these expenses in order to properly and safely service our customers.

The Government of Canada has legislated our customers to close their doors, causing an 80% decline in our overall business, yet we are still responsible for maintaining these fixed expenses with next to no revenue and a very poor cash flow. It hardly seems fair.

To make matters worse, our competition consists primarily of two multinational companies, Sysco food services and Gordon Food Service, both based out of the United States. They would love to see businesses like mine be forced to close, as they would simply control even more of the Canadian food distribution landscape.

We have partnered with many local southwestern Ontario farming businesses to provide us with products that our multinational competition doesn't carry in its inventory. This provides the small local farmer with an avenue to distribute products, and it provides us with some unique items that our competition does not carry. It is clearly a homegrown win-win. As our business suffers, so do the small local suppliers.

I'm obviously very passionate about my business, my customers, my suppliers and my employees. If we are unable to continue, our market will be fully controlled by the two U.S. mega-distributors I already mentioned.

Federal assistance in the following areas is desperately needed to keep afloat not only my company but also my small local suppliers and my customers. One area is the continuance of the wage subsidy for many months after the restaurants are allowed to reopen. It is of very little help right now.

Two, we need subsidies to cover the fixed expenses I mentioned earlier. These expenses were incurred in good faith in order for my company to be in business and service the independent restaurant trade in southwestern Ontario. We have no way to fund them while our business is down 75% to 80%. This will cause us to permanently close our doors if it is not addressed in the very near future.

Three, we need subsidies to cover mortgage payments for those businesses that choose to purchase rather than rent their premises. Many of my customers are in this situation. They didn't want to simply rent their premises and build up no equity, so they purchased their building with a large mortgage. Covering rent will not help them. Loans will also not help. How would they ever be repaid?

I'd like to close with one final item that hasn't been discussed yet. It has to do with severance pay. The present Employment Standards Act requires that an employee is considered to be severed after being on EI for 13 consecutive weeks.

● (1830)

The financial burden that severance pay would have on my business and my customers' businesses would cause us to close our doors. It would be impossible for us to sustain these costs and continue operating our businesses. Clearly, we cannot get back to anything that resembles normal for quite some time. As a result, many employees will reach their 13-week threshold—

**The Chair:** Mr. Calcott—

**Mr. Robert Calcott:** I'm just finishing.

**The Chair:** Okay.

**Mr. Robert Calcott:**—and be considered to be severed, with the associated severance liability going to the employer. Lastly, full relief from this severance obligation must be provided if you want businesses to pick up the pieces and try to rebuild themselves.

Thank you for your time.

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

We will start with our first round of questions. I just received a new list for this round of questions.

Our first speaker, for six minutes, is MP Dreeshen. The floor is yours.

**Mr. Earl Dreeshen (Red Deer—Mountain View, CPC):** Thank you very much, Madam Chair, and certainly thanks to every one of the witnesses who have appeared here today.

I know these are very difficult times for farmers and ranchers. My Conservative colleagues and I are certainly trying to make sure that you get the help you need so that our food supply chains remain as strong and vibrant as they were before. As a former cattleman, I know something about the challenges you face.

Today I'd like to start by addressing my questions to the Canadian Cattlemen's Association.

It was 40 days ago when the Liberal finance minister told Canadians that when it came to support for our critical oil and gas industry, we could expect action: "hours, potentially days, that we can ensure that there are credit facilities for especially the small- and medium-sized firms in that sector." Well, the reason I mention this is that our critical agriculture industry is getting the same treatment from this government. Last week, we had the Minister of Agriculture before this committee, and incredibly she told us in no uncertain terms that it was too soon to announce any kind of new aid packages for the agriculture sector.



I understand that the Canadian Cattlemen's Association has also been meeting with the minister since the middle of March. Privately they have told you that they agree that the current BRM programs are insufficient to address the challenges that you face today. You suggested that what's needed are changes to the BRM, as well as a national set-aside program and enhancements to the advance payments program.

Can you tell this committee what the results will be if the government fails to immediately move forward on what you're suggesting today?

• (1835)

**Ms. Fawn Jackson (Director, International and Government Relations, Canadian Cattlemen's Association):** Maybe I can start and then hand it over to Bob.

I think that history taught us a very important lesson with BSE. Following BSE in the early 2000s, we lost 27,000 farmers throughout the Canadian beef sector, and that certainly had the largest impact on our young producers. Therefore, for many reasons, we know what programs work. We know a set-aside program works, and that's why we want it implemented as soon as possible. It essentially puts some animals in the supply chain on a maintenance diet and helps us manage our inventory so that we don't have a ton of cattle coming onto the market and essentially creating a race to the bottom and seeing a complete market collapse.

We know what happens. We also know the tools that work, and that's why we're urgently asking the government for the set-aside program and for the livestock price insurance, at premiums to be cost-shared, and that's particularly important for our young producers. Also, we're asking for changes to the advance payments program, similar to what was done last year for canola.

**Mr. Earl Dreeshen:** Bob, do you have any thoughts here, especially on BRM?

**Mr. Bob Lowe:** The basic suite of BRMs don't work for the cattle industry. They never have. Now there's an opportunity to fix it so it does.

What we're looking for is the government to do something to carry us into the future, so when this happens again, everything's on the shelf and we just pull things off the shelf as we need them.

Further to Fawn's comments, with BSE we not only lost 27,000 producers, but that directly was the reason we also lost five million acres of native pasture. As we move forward in science, what science tells us is that native grasslands are fairly critical to almost everything that we have.

I'll just finish with that.

**Mr. Earl Dreeshen:** Thanks very much, Bob.

I think one of the other aspects is the advance payments program, and of course, what was done as far as canola was concerned was tied specifically to the fact that we were having issues with canola exports.

How do you see the advance payments program working? Will there be any nuances to this that you think we should be aware of?

**Ms. Fawn Jackson:** Our recommendations with the APP is to increase the interest-free portion for beef cattle to half a million, to increase the overall cash advance limit to \$3 million and to extend the repayment terms for beef cattle to 36 months. Essentially, this will enable producers to invest in their beef herds and also not have to sell at the bottom of the market. They can hold the cattle for a longer period of time, not putting this continual downward pressure on the market. It's about enabling producers to make the best financial decisions they can, so it gives them flexibility.

**Mr. Earl Dreeshen:** Under those circumstances, whether it be the cow-calf operator or the feedlot operator, in the way you see this advance payments program they both would have access.

• (1840)

**Ms. Fawn Jackson:** Yes, and I think the key thing here is that, right now, we're at a 30-year low for the total beef-cow herd here in Canada. We see opportunity for growth, and we see we can be one of the engines for the Canadian economy. Last year, we saw just under a 20% increase in the value of our exports, so if we can get this managed correctly, we'll be able to grow the Canadian economy.

**Mr. Earl Dreeshen:** Thank you.

I know you're not directly associated with the food processing sector, but certainly it's important to your organization. Effectively, 80% of cattle destined for processing plants are backed up in the system. According to the Western Stock Growers' Association, revenues are down by 90%, and the cost to producers—

**The Chair:** MP Dreeshen, unfortunately that's your time for this round.

Our next round of questions goes to MP Lloyd Longfield. You have six minutes.

Mr. Longfield, you're still on mute.

**Mr. Lloyd Longfield (Guelph, Lib.):** That's going to be the quote of the COVID crisis.

Thank you to all the witnesses for coming and representing the groups as well as the individuals who are facing the crisis we're all facing right now.

I'm going to start my questioning—and possibly Mr. Currie or others might want to join in—on the industry-government panels that are discussing this, working with the provincial governments, the federal government and the industry. Can we have a quick status report on how that's going? So far, we've been talking a lot about the federal government, but we know that the business risk management programs all share jurisdiction with provinces. Where are those discussions right now?

**Mr. Keith Currie:** With respect to Ontario—that's what I can speak to more easily, compared to the rest of the provinces, because that's where I'm from—there's a little frustration with the province and the discussions with the federal government. They've been desperately trying to maintain that communication, not just with BRM but with all the things going on in agriculture, and there is some frustration that it is not happening.

As for some early intakes of CAP and things like that, they have managed to secure some small amounts of funding, to help with things like online e-commerce for farms and things like job matching, but nothing specific that's really going to help us survive this tidal wave that's coming into the primary agriculture sector.

**Mr. Lloyd Longfield:** We know time is ticking. Is it a similar experience in Alberta? Possibly one of the Alberta reps can answer. Is there frustration with the province or the federal...? What part of the system isn't working in the business risk management program that we developed in our ag policy framework? Mr. Dreeshen and I were on the ag committee when that was being developed. The triggers were changed in 2016 from 85% to 70%, and we're still in that area. Where's the province at in these discussions?

**Ms. Fawn Jackson:** I can't speak for the province of Alberta, but perhaps I could give some insight into the business risk management programs.

Certainly, we see that they're not the right tool for us to be managing right now, or they need to be triggered. For example, if we look at AgriStability, we find it to be a reactive program, but our producers aren't generally utilizing it anyhow. We have to match the problem with the right solution, and that's like trying to put a round peg in a square hole.

**Mr. Lloyd Longfield:** Right, that's understood. That point was made earlier, and I thank you for that. But in terms of maybe AgriRecovery being used, or working in conjunction with the western livestock price insurance program...we could maybe do AgriInvest.

One of the things we've been trying to do is work within frameworks, knowing we have to augment them, but we have channels that need to be opened up, and I'm trying to find out why those channels aren't working.

**Ms. Fawn Jackson:** Certainly AgriRecovery could be an option to address some of the problems. It could be a funding mechanism to get it dealt with quickly, but it hasn't been yet. Anything that anybody can do to get it implemented...the more quickly we're going to be able to deal with the problem.

• (1845)

**Mr. Lloyd Longfield:** On industry partners, the industry-government working group, we've used those types of groups with canola and with other diseases that have hit. We had tuberculosis a few

years back. We've had grain not moving because of the rail problems we had with cold winters and locomotives not working. These working groups have been very helpful. It doesn't look like this one is being as responsive, and I'm trying to find out why.

This is not just for you, madam, but anybody, Mr. Lowe or...

**Mr. Bob Lowe:** Like Fawn, I can't speak for the Alberta government any more than I can speak for the federal government. I think everybody will agree that all governments have been exceedingly silent, and that's bothersome to us in the industry, the lack of communication from all levels of government.

**Mr. Lloyd Longfield:** Has anybody on the witness list been part of the discussions with the industry-government working group?

Okay, that might itself be an issue, and the composition is maybe something for us to take back to government, to say that these working groups aren't being represented by the people who are here. Maybe that's an issue that we have to look at.

Finally, on the distribution—I have 30 seconds left—it's very important to have Canadian distribution systems. Have you been able to pivot any of your distribution towards the retailers, or are you working only with restaurants?

**Mr. Robert Calcott:** I can answer that.

We just launched an e-commerce site to be able to sell directly to the public, who are tired of waiting in line at Costco and grocery stores with masks on. It's something we never thought we'd do, but we're trying to do anything and everything to keep people employed.

**Mr. Lloyd Longfield:** Congratulations.

**Mr. Robert Calcott:** It was launched a few days ago.

**Mr. Lloyd Longfield:** Thank you.

That's my time.

[Translation]

**The Chair:** Thank you.

Mr. Lemire has the next question.

You have six minutes, Mr. Lemire.

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

I can see the situation is critical. I want to thank the members of the Standing Committee on Industry, Science and Technology for their flexibility in agreeing to take the agri-food sector as the first topic for in-depth study. We can see that agriculture may be the sector that's struggling the most right now and that should be at the core of the Quebec identity and the Canadian identity.

Let me elaborate. What is a Canadian? What separates us from the Americans, if not our food sovereignty and our culture? Those are two areas that are tremendously at risk of being swallowed up by the Americans, especially in the context of the COVID-19 pandemic and the repercussions of the free trade agreement that was just signed and that will come into force on April 1.

We've just heard the news that the beef industry is being hit hard right now and that prices could plummet, which would harm cattle farmers in eastern Canada, especially in Quebec. Despite the fact that they were expecting to increase the number of cattle slaughtered to more than 1,000, a case of COVID-19 in an industry can have a shattering impact, as happened in western Canada. It's always beef producers that will suffer the consequences, because collapsing prices will significantly increase their risk of going out of business, which would be a major tragedy.

We need to protect our economy, especially our SMEs, our little guys who are up against the Americans. An aid package was announced a while back, but the money isn't getting to our farmers, especially small farmers who pay themselves in dividends. Action is urgently needed in that regard. I think action will be need to be taken on federal aid.

Since we're joined by dairy processors today, I'd like to take this opportunity to talk about the impact of the coming into force of the new free trade agreement, CUSMA, in the current context of the COVID-19 pandemic. Because the agreement was signed before May 1, the dairy year will begin on July 1. There will be a reduction of nearly 40% in Canadian dairy sector exports, which translates to a loss of over \$100 million in the short term and \$330 million annually.

What kind of compensation are you hoping to get in order for your industry to survive, particularly in the context of the COVID-19 pandemic?

• (1850)

**Mr. Gilles Froment:** I can answer that question. I'm Gilles Froment, secretary of the Dairy Processors Association of Canada.

I think you're right. COVID-19 is having a very clear impact on all of our businesses. For the three agreements we've signed, namely the agreement with Europe, the Trans-Pacific Partnership, and the new agreement with the United States and Mexico, which will come into force in July, processors are calling for about \$750 million a year.

Regarding the free trade agreement signed with the United States and Mexico, we were told very clearly that there was an informal understanding that it wouldn't come into force until August 1. As you said, the fact that the agreement is coming into force on July 1 and not August 1 means we're basically losing the first year of implementation, which was supposed to give us some flexibility. We're supposed to get to export 55,000 tonnes of skim milk powder

and milk protein concentrates in the first year. Now, we're only getting a month to do it, which is completely ridiculous. The second year starts immediately after 30 days of implementation, and that represents a significant loss for our industry.

**Mr. Sébastien Lemire:** That certainly is a catastrophe. It should be understood that milk consists of two substances: fat and protein. Sales of the fat, meaning milk and cream, are on the rise, while sales of the protein are in decline. The competition is fierce. One of the consequences is that the United States has just blocked the sale of milk powder on the global market. One solution proposed by your industry is, of course, tariff rate quotas.

Could you tell us what mechanism could or should be put in place to ensure the survival of our farms and our processors?

**Mr. Dominique Benoit:** I'm Dominique Benoit from Agropur. I can answer your question and add to what Mr. Froment said.

Regarding import quotas, I should point out that the demands of the processing industry are also supported by producers. Processors are calling for the vast majority of the import quotas to be granted to the dairy processing sector, because in Canada, that's the sector that will suffer the repercussions of the three agreements that were mentioned earlier. Products coming into Canada won't be manufactured here anymore. Milk won't be produced or processed here anymore. In our opinion, at the very least, the quotas should go to the processing sector.

**Mr. Sébastien Lemire:** That's why we're talking about food sovereignty. Thank you very much.

**The Chair:** Mr. Lemire, your time is up.

[English]

Our next round of questions goes to Mr. Masse.

You have six minutes.

**Mr. Brian Masse:** Thank you, Madam Chair.

I'm going to continue with the dairy processors.

With regard to the current situation in terms of your business plan being altered by the trade agreements, did you have a business plan prior to COVID-19 that had some benchmarks or at least some established normalizations, so to speak, after the trade agreements came into effect and potentially some of the programs that were promised? Was that ever identified or developed by the industry itself in terms of a normalization period to adjust to the trade agreements, because they do have a negative impact on your operations in general?

**Mr. Gilles Froment:** Clearly, all along we had discussion on the compensation. Last summer we got into the discussion when CUSMA was going to be implemented, and we were promised a compensation package that never came. Now we're into a COVID-19 environment. There was a rush to sign the agreement. I think I can understand from an overall Canadian perspective, but from a dairy industry perspective, it's certainly not the best news we've received over the last number of weeks.

As I said earlier in French, we were looking for a package of \$750 million per year, over a six-year period, that would cover our losses for the implementation of the three agreements.

• (1855)

**Mr. Brian Masse:** I've been around long enough to have governments before this current one promise packages that were never delivered on other trade agreements. We'll leave that for another day.

Mr. Calcott, I want to note some of the distribution challenges you face. Part of our food security is our supply chain. Are you aware of what your American competition might be receiving in terms of supports from the U.S. at this moment?

You might not have that information right now, but can you in general give a sense of the competition you face?

If you cede your section of the market, there is no replacement.

**Mr. Robert Calcott:** My American competition has a great lobby, and I'm quite sure they have something in the works to help them. Let's face it: There are two sides of the food distribution network in Canada; one is retail and one is food service. We're in the food service sector, distributing to restaurants, and we're clearly going to need assistance. They have a very strong voice over in the United States, given the size of the companies that dominate that market.

As I mentioned earlier, I was speaking about my company, Morton Food Service, but there are about 20 companies similar to mine across Canada, relatively small and competing with Sysco and GFS, and they are all in the same situation we're in. If we don't get relief in the way I mentioned in my talk, it will leave Sysco and GFS controlling our marketplace. There's clearly some relief that needs to take place.

**Mr. Brian Masse:** Would it be fair to say that you and similar operations that are regional in nature deal with more of the organic and local food supply chains, and that maybe some of the larger ones go to the chains or do not engage the smaller to medium-sized businesses?

**Mr. Robert Calcott:** I think all of my associates in businesses across the country use that as an advantage to deal and compete with Sysco and GFS. We deal with companies like Gray Ridge Eggs and Norfolk Potato Company. These are all Ontario companies like Shaw's Ice Cream and Ubbelea mushroom farm. They all use them as an opportunity to have unique products that Sysco and GFS simply can't carry. Without us, those companies would have no way of getting to market.

**Mr. Brian Masse:** You've introduced the notion that this CEWS program may be extended.

I'm also curious to know if you were a recipient of any supports to shift your business. This is going to be one of the interesting things that take place. I think some of the restaurant industry is going to have a cultural shift from some customer bases that will require other businesses to shift as well. Is this something that you did on your own?

I know, for example, in industry in the past we've had support and development grants and a whole series of other things that have been supporting business. Is this an initiative that you did yourself? It sounds like you're transitioning your model a bit, and others might need some supports to do so as well to stay in business, because it won't be the same.

**Mr. Robert Calcott:** Well, Brian, instead of sitting still, we've tried to look at other avenues to sell our products. We have about \$4 million of inventory in our Windsor warehouse. We looked at other ways of trying to start moving product and gain some revenue to cover some of our fixed expenses, so we started an e-commerce site with no support. We didn't ask for any support; there was no time to ask for support. We had to move as quickly as we could, so we launched that e-commerce site last week, and we're starting to sell directly to the public. I'm in contact with a number of other distributors across the country, and some of them are starting to do the same thing.

When you get back to the restaurant end of the business, if they don't have some sort of incentive to reopen their business.... An incentive isn't just a reopening, because if they reopen, they have to pay wages, fixed expenses and potentially severance pay to employees that they can't keep on. They simply won't reopen, so I don't know how they are going to segue out of COVID-19, but without significant assistance they won't be able to.

• (1900)

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

Our next round of questions is five minutes, and I give the floor to MP Patzer.

You have five minutes.

**Mr. Jeremy Patzer (Cypress Hills—Grasslands, CPC):** Thank you very much, Madam Chair.

My questions will be for the Canadian Federation of Agriculture.

I'm just wondering how concerned you are about the state of agriculture and what the forecast is looking like as the 2020 crop is being seeded.

**Mr. Keith Currie:** Certainly there's a lot of uneasiness in our industry, as there is right across the country in all industries. The horticultural sector in particular really has to do individual business analysis on what they're going to do in terms of production. In a lot of cases, it's cut back dramatically. I live north of one of the major fresh vegetable-growing areas in Ontario. It supplies about 90% of the fresh vegetables. It's called the Holland Marsh. They're at anywhere between 50% and 60% production right now, which is very scary.

I think the bigger picture for agriculture in general is that part our ask here today isn't just about helping us keep our heads above water, which is part of it, but it's also about what happens after COVID-19. If we're looking at a reduction in horticulture products.... For example, if we're looking at culling of herds and culling of livestock, that doesn't serve well for the long term. Agriculture's very well positioned to be that economic driver going forward, because although a lot of industries just aren't going to recover quickly, the food production system is great in this country, and we need to really enhance that.

The reality is that we have a moral obligation as a food exporting country that also helps feed the world, so those opportunities beyond COVID-19 are extreme, but if we don't get the help now, there are going to be opportunities lost. Not only are we going to lose producers; we're going to lose those economic opportunities for the country going forward.

**Mr. Jeremy Patzer:** Thank you for that.

You mentioned the risk of losing farms, and it's reported that as many as 15% of farms could be lost by the end of this year if we don't see any relief package. The agriculture minister, as we heard last week, said it was too soon to comment on any aid relief for agriculture. I'm just wondering when it will be too late. When is it going to be too late for an announcement or for any kind of relief to come to our farmers and producers who are looking for help to get the crop into the ground and to get this season under way?

**Mr. Keith Currie:** We're looking for action now. We've been calling for action almost since this started, and we haven't had much of a response. As you heard earlier, our current suite of business risk management programs aren't working for anybody. We've been asking for the last four and a half years to get adjustments and changes to our business risk management programs, and nothing has happened. To hear that's their road of perhaps salvation for the industry is very discouraging, because it's not going to work. It doesn't work now because people don't enrol in a lot of the programs because the programs are not effective and they're slow in reacting.

AgriStability is a safety net program that has been very underutilized because it's not effective and it's not time sensitive. That's the big problem with AgriStability. It's not effective in a lot of sectors in the industry.

We need action now, not only to keep our people's heads above water but also because we're going to see the long-term effects of this. There are a lot of people who have invested in their businesses, and facilities are being built. Mortgages have been taken out on those new facilities, but with cutbacks, people are not able to make their mortgage payments consistently. Destruction in the industry

might lead to people exiting the industry long beyond the near future. It might go on for several years as people struggle to get out of this.

**Mr. Jeremy Patzer:** Yes, it's definitely a huge concern.

Another concern that people have been raising with me is that there are massive delays in processing loans through the Canadian Canola Growers Association, and it just began because of COVID-19. Everybody's working from home. There have been some delays and issues because of that.

One of the other issues that has arisen because of it is the loan limits being increased from \$400,000 to \$1 million. There were some additional regulations put in place that are proving to be a huge barrier for people to get access to capital through these loan programs.

I'm wondering if you're hearing those same concerns out east, because I'm definitely hearing them a lot out west.

**Mr. Keith Currie:** Yes, we're hearing very similar comments from our colleagues about the increased amount. I don't know if it's because people are working remotely from home. I don't know if additional security is being asked for.

If you look at the year 2019 in general, you see it was a very tough year for agriculture based on a number of things out of farmers' control, such as trade issues not being handled well and rail blockages. These were all things that weren't the fault of the farmer, but we are bearing the brunt of the financial impact of them, so we've had to bear big financial costs. To ask us to go deeper into debt is very troubling as well.

● (1905)

**The Chair:** Thank you very much. Unfortunately, that's all the time for that round.

Our next round goes to Nathaniel Erskine-Smith. You have five minutes.

**Mr. Nathaniel Erskine-Smith (Beaches—East York, Lib.):** Thanks very much.

I'd like to continue with the Canadian Federation of Agriculture. I want to make sure I have this right. With the closure of meat processing plants for human safety, I understand there's now a significant backlog of animals. The Canadian Cattlemen's Association mentioned a backlog of 100,000. Presumably in other sectors of livestock there are backlogs as well.

What will happen to these animals?

**Mr. Keith Currie:** That's something that's very concerning to everyone. We have a slowdown in all meat processing facilities, whether it's pork or poultry, and essentially farmers are going to try to keep these animals as long as possible. When it comes to poultry, market birds or market hogs, that time frame is very short.

The producers are going to have to make a business decision to depopulate, because not only is it troublesome for the animal, but with no income coming in and the same costs being incurred in keeping these animals, there's a decision that has to be made. The last thing we want to see is euthanasia, but in some cases it's the only answer to solve this problem.

We're looking for the government to help these processing facilities as much as it can by introducing more PPE and whatever they need to keep the processing at whatever normal is in today's world.

**Mr. Nathaniel Erskine-Smith:** Not all farmers are in a similar situation, obviously. If someone is a canola farmer, or, like my father-in-law, has soybeans.... There are obviously economic considerations for all farmers; however, for livestock farmers, there's this additional consideration of animal welfare. To your knowledge, have any steps been taken to prioritize animal welfare? Are your farmers who have livestock looking to prioritize animal welfare?

**Mr. Keith Currie:** Absolutely. I'll maybe let Bob jump in here too, but animals are like family to producers, so certainly animal welfare is of grave concern.

You talked about grain and oilseed producers. Right now they're planting, but they don't know what their market's going to be in the fall—

**Mr. Nathaniel Erskine-Smith:** Of course.

**Mr. Keith Currie:** If our animal populations decrease, that hurts the market for the grains and oilseed sector as well.

I don't know, Bob, if you want to jump in on the animal welfare side of things.

**Mr. Bob Lowe:** Sure.

As we've heard, pork and poultry have a shorter time frame. The beef sector is longer. One of the reasons we want to increase advance payments out to three years is that it covers the cycle of beef. However, as producers, there is not a producer on the planet who will talk about euthanasia unless it is absolutely the last-ditch effort.

**Mr. Nathaniel Erskine-Smith:** That's a useful segue into my next question. I've already seen reports of euthanasia. P.E.I. is an example. I saw hundreds of pigs that had been euthanized.

Mr. Currie, is your organization tracking the number of euthanized animals or tracking the number of animals that are to be euthanized? Is there any system of reporting here?

**Mr. Keith Currie:** Our system stays in collaboration with our national commodities and we get reports back from them.

You're right that in particularly the pork sector there is grave danger. I know that Manitoba, Quebec and P.E.I. in particular are looking at euthanasia. Ontario is very, very close. We even had a producer in P.E.I. who spent \$50,000 out of pocket to run an extra shift at the Olymel plant in Quebec on the weekend just to get his market pigs through. He's never going to recoup those costs, but he didn't want to euthanize his animals, so he found money to run an extra shift.

To Bob's point, farmers will do what they have to do to keep these animals alive, but at some point in time a decision has to be made.

**Mr. Nathaniel Erskine-Smith:** When that decision is made.... I don't know if this is right, but it was provided to me. I'd like some clarification with respect to approved and authorized practices for euthanasia. Is the practice of thumping actually approved for pigs?

• (1910)

**Mr. Keith Currie:** I can't answer that, because I'm not a veterinarian. I also can't answer in terms of a particular provincial law.

I don't see farmers who would do that. Farmers are going to euthanize in a humane way. They will work with their veterinarians to make sure this done in a proper way.

**Mr. Nathaniel Erskine-Smith:** I hope that is the case. The National Farm Animal Care Council suggests that blunt-trauma euthanasia is acceptable and is administered by "grasping the hind legs of the piglet and striking the top of the cranium firmly and deliberately against a flat, hard surface." I've seen pictures, certainly, of the cranium hitting a flat cement floor. If that's approved, that's a challenge.

I will close with this, because I'm running out of time. It just seems to me that this is what happens when we treat sentient animals as commodities. Of course, there are economic fallout, but there's also a serious fallout for animals.

Thanks very much.

**The Chair:** Thank you very much, Mr. Erskine-Smith.

The next round of questions goes to Lianne Rood. You have five minutes.

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

My question is for you, Mr. Lipsett.

The beef industry in Ontario and eastern Canada has faced severe processing capacity shortages for months. I have been asking the federal government since December of 2019, which was when the Ryding-Regency plant closed here in Ontario, what their plans were to ensure that our beef producers had somewhere to send their cattle for processing. I've also been hearing from many industry representatives and farmers across my riding of Lambton—Kent—Middlesex that the current business risk management programs are not able to address the challenges they're currently facing. That's something you alluded to in your opening remarks.

Now with the COVID-19 pandemic, we're seeing the vulnerabilities in our food supply chain. There may be shortages across Canada for Canadians trying to access Canadian beef. Many farmers, including our beef producers in Ontario, are facing very critical times. They're questioning their financial viability going forward.

What immediate initiatives can the federal government take to help our cattle and beef industry through this crisis, and perhaps specifically in Ontario? You alluded to the cattle set-aside program. Perhaps you would like to elaborate on that a little bit more.

**Mr. Rob Lipsett:** Sure. Thanks, Lianne.

It's kind of a two-pronged approach for us in Ontario. Our ask for the Ontario risk management program top-up is really vital. It's a program that has been proven to work. It goes hand in hand with CCA's national ask to cost-share the premium with the WLPPI as well. We need the set-aside program at the same time, because that set-aside program allows us to control the flow of market animals. There's a mechanism set with the committee that lets them speed up or slow down that flow. We could release animals early if there was room at processing, or we could hold them back longer. The costs to hold them back longer would be covered off.

I think the real answer is that the set-aside and a top-up to our Ontario risk management program go hand in hand.

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

You did allude as well in your opening remarks to the many programs that the federal government has announced to help Canadians weather the COVID-19 pandemic, including the CERB, wage subsidies and loan programs. Are any of these government-announced programs helpful for the beef industry? Would Mr. Currie like to weigh in on this question? I know you've touched on it a bit, but what about specifically here in Ontario?

**Mr. Rob Lipsett:** Yes, sure.

Part of the problem with the wage subsidy program is that.... I'll use cow-calf operators as an example. Their revenue comes in two to three times a year, based on their sales. Right now we're not showing a revenue reduction because of the market uncertainty. We can't move those animals at the present time, so we don't have a significant enough price decline currently to qualify for that program.

When we look at the Canadian emergency business account, we see that the current program's payroll requirements exclude what many cattle producers have for payroll expense at the current time. The other piece of it is that many of the larger feeder operations are too large to qualify, because they go over the \$1.5 million cap.

**Mr. Keith Currie:** I'll just add that on top of a revenue loss perhaps not being shown, what we are seeing is a doubling of expenses, so the net profit is way down. It's very problematic that we can't seem to get across that these incurred expenses are going up and up without that revenue stream continuing to follow suit.

• (1915)

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

I've also been hearing from farmers in my area in southwestern Ontario that they're considering not planting corn this year. They've been telling me that the carbon tax has been adding to their margins at drying, and ethanol has lowered in value and oil has dropped. Obviously this is going to be a problem in the fall, because we could potentially see feed shortages.

I'm not sure, Mr. Currie, if you want to comment on that. What do you see happening down the supply chain if indeed farmers are not going to be planting the corn that's needed?

**Mr. Keith Currie:** This is what I spoke to earlier. Not only do we need immediate help, but we also need help in the long-term aspect of what we're doing. Every single farm business is making that independent decision on what they do or don't do this year. For a lot

of people it's cutting back, and even though the impact immediately isn't on grains or oilseed, they're looking at the future and saying, "Hmm, I'm not sure I want to plant as much this year." It will have an impact, yes.

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

**The Chair:** Thank you.

The next round of questions goes to MP Lambropoulos. You have five minutes.

**Ms. Emmanuella Lambropoulos (Saint-Laurent, Lib.):** Thank you.

To begin, I'm going to ask the Dairy Processors Association of Canada a few questions, mainly because in Quebec it's a very important industry, and in my riding there are quite a few facilities, such as Saputo, Agropur, etc.

I had read a couple of the things you had mentioned with regard to COVID-19 and I listened to your earlier comments today regarding the impact on the dairies. Could you give us a bit more of a description and explain how these fluctuations have impacted your sector? You said that the wage subsidy doesn't necessarily apply to you, as you haven't lost 30% of your revenues. However, it would apply to you if it were a slightly lower amount.

**Mr. Dominique Benoit:** Yes, I can certainly answer your question, and *bonjour*, it's nice to see you again.

I guess the dairy processors are in the following situation. We have lost a very significant share of our market, which is the food service business, as it has disappeared in large part. We have not been able to recuperate that business entirely from the gross growth in retail, so we end up in a situation of processors losing sales. Their mix of product is different, too, but certainly they're facing a lot higher costs to operate.

I think, thanks to all the processors and our labour, we've been able to maintain supply in the market and feed Canadians, and we're really proud of that. However, the reality is that we're facing lower sales and higher costs, and none of those programs put in place to cope with the COVID situation have been made for our situation.

What we're asking for are changes to current programs to support our industry, because right now our situation is that the financial viability of businesses is at risk. Furthermore, when you take into account the trade environment that we were already in, and it's even worse now that CUSMA is coming into play, we're facing a tough situation and we need help now.

**Ms. Emmanuella Lambropoulos:** Thank you very much.

You are in my riding, and I haven't received any kind of feedback from you or from any of the dairy processing companies. I would encourage you to reach out to your MPs. That's our role here. We want to make sure we're getting feedback to the government when these programs are rolled out so quickly.

Obviously the COVID-19 situation was one that we had to adapt to very quickly. We tried to help as many people as possible, as quickly as possible, but it's important to hear your feedback in order to change the programs to better reflect your needs, so thank you for that.

Turning to the Fédération canadienne de l'agriculture, you mentioned that there are many things we can do as a government to help your industry. If we were to make changes today in order to make sure we secured an affordable domestic food supply, what would those changes be?

• (1920)

**Mr. Keith Currie:** I'm sorry; was that question for me? You cut out there.

**Ms. Emmanuella Lambropoulos:** I forgot to change the language on my computer screen. I'm sorry.

Yes, that question was for you. Basically, if we could implement changes today to the programs that are available, which ones would you recommend that we change immediately to help your industry?

**Mr. Keith Currie:** We've been advocating for changes to AgriStability, certainly raising the reference margin level, but that would not be responsive enough or quick enough. It would be part of a suite of what we're looking for. Certainly, we've been asking for a direct investment of 5% of 2018's annual net sales into Agri-Invest accounts. That will provide the cash necessary for people to try to keep their operations afloat and keep going.

We certainly need investment all along the entire value chain. If processing is healthy, so will our sector be. As we see now with processing backing up, we need some investment there, along with our distribution system as well. I think Morton has highlighted that this is important to us as well.

It's a tiered approach to how we invest in the industry to make sure it's healthy.

**Mr. Scott Ross (Assistant Executive Director, Canadian Federation of Agriculture):** Just to add to Keith's remarks, I want to highlight—

**The Chair:** Thank you very much. Unfortunately, that's all the time—

**Mr. Scott Ross:** —that one of the core elements that the CFA has highlighted as a concern is the need for immediate funding of \$2.6 billion. That's in recognition of a whole series of identified—

**The Chair:** Mr. Ross, thank you.

Our next round of questions goes to Sébastien Lemire for two and a half minutes.

[Translation]

**Mr. Yves Perron (Berthier—Maskinongé, BQ):** My name is Yves Perron, and I'll be taking this round.

I have a question for Mr. Froment or Mr. Benoit. Earlier someone mentioned that verbal promises were made before CUSMA came into force. I gather those promises weren't kept.

Promises were made before the signing of the Trans-Pacific Partnership and the treaty with Europe, and they weren't kept either. I think the whole committee would agree that it's high time you got something.

You said earlier that the distribution of the import quotas could soften the blow. Those are rights to import products that are exempt from import duties, because they're products that need to be imported under the terms of the treaty.

If you don't get a large percentage of those quotas, what will happen? How would it adversely affect the market?

**Mr. Gilles Froment:** Mr. Perron, we saw the impact this had after the agreement with Europe was signed, where half the quotas went to retailers and distributors. That meant we lost half the quotas, as we mentioned.

Our margins were also affected, because it displaced Canadian and Quebec products that are on shelves. What we want is to import the products we need to round out our range of products that are made here in Quebec or Canada. If we don't get that, our businesses will of course be at risk, because it will be possible to import products that will completely displace products we already make here in Canada.

**Mr. Yves Perron:** If I understand correctly, the products that processors would import would be complementary, so giving the import quotas to processors helps not only processors, but producers as well.

I'd also like to hear your thoughts on the compensation that had been costed out for previous agreements.

Why do you think you're not getting that compensation now? I would think now is as good a time as any to inject money into businesses that are struggling.

**Mr. Gilles Froment:** Good question.

We're still waiting. We hope it's coming. Producers got some compensation for the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, or CPTPP. We're still waiting, but we have high hopes that it will come very soon.

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

[English]

The next round of questions goes to Mr. Masse. You have two and a half minutes.

**Mr. Brian Masse:** Thank you, Madam Chair.

Mr. Currie, I believe it was you who referenced an example of someone paying out of their own pocket, so to speak, to cull animals. I think it was a pork farmer. How much underutilization of processing plants is taking place?



Where I'm from, the auto industry, you just throw on another shift. Some have two or three shifts. To suggest that there's capacity but there's just not money to use the capacity is a little surprising. Could you maybe enlighten us a bit on that aspect?

• (1925)

**Mr. Keith Currie:** It's just not quite as simple as throwing on another shift in the processing plant and carrying on. The processors have been dealing with a lot of absenteeism. A lot of people are not showing up for work because either they're sick or they're scared to go in case they get sick, so that has been an issue.

In the case you mentioned, he was able to secure enough of a workforce on a Saturday to process those pigs. However, the problem with trying to do extra shifts is that these facilities have strict food inspection rules in place, and there's disinfecting and cleaning of machines between shifts, and so on. It's not just as easy as adding more and more shifts to try to speed up capacity. There are strict rules, especially with food safety, that they have to follow, especially with cleaning of the equipment.

**Mr. Brian Masse:** Sure, and I didn't want to sound as though it was that easy in the auto sector either. The same ISO standards, and so forth, apply.

Is there an underutilization of processing right now? Provided there were proper incentives, and taking into account the workforce issues you described and the training issues, as a result of off hours or other hours, how much underutilization of processing is there?

I'm looking for a time frame here in terms of what we have. Is there an opportunity to increase processing instead of destroying animals? That's what I'm looking for.

**Mr. Keith Currie:** Training people in a hurry to run a processing facility is not easy. Certainly I know processors would be willing to do that if time allowed, but it's not a simple solution.

We need more processing in general in eastern Canada. It's sorely lacking in processing.

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

Our next round of questions goes to MP Gray. You have five minutes.

**Mrs. Tracy Gray (Kelowna—Lake Country, CPC):** Thank you, Madam Chair; and thank you to everyone for being here.

My first question is for the Canadian Cattlemen's Association.

Mr. Lowe, as I'm sure you're aware, the federal-provincial standardization of meat inspection regarding abattoirs is due to be completed by the end of 2020, per the free trade agreement. One of the concerns I've seen is about the high cost and amount of time it takes to register meat-processing abattoirs federally so they can export interprovincially. I've noticed through my research that this is a concern that your organization has been raising for some time now.

First, is this still a significant concern for your members?

Second, as part of that, with possible concerns now about domestic supply capacity and supply chains, would taking action to expedite reconciliation on these issues be beneficial to your members to help move products between provinces at this time?

**Ms. Fawn Jackson:** Bob, do you want to answer that?

**Mr. Bob Lowe:** I was waiting for you to jump in.

If we could get the federal and provincial inspections to be the same, that would of course help a bunch. More beef could be processed at smaller plants and be eligible for export interprovincially or internationally. It's something that I've been talking about for probably 15 years at least, and where it gets to, I don't know. However, if this can speed it up, that would be nothing but a good thing.

Fawn, do you have anything to add?

**Ms. Fawn Jackson:** We have a recommendation for an export development fund that could help with some of the investments that need to be made, as MP Masse was talking about previously, to be able to enhance the capabilities at some processing facilities. For us right now, all options are on the table in terms of solutions, but certainly our immediate asks are the three we outlined earlier.

• (1930)

**Mrs. Tracy Gray:** Thank you.

As part of this, it's my understanding that on their Canadian Free Trade Agreement website, the government recently stated that the resolution of the interprovincial trade issues as laid out in the 2019-20 plan may be delayed, including this issue regarding abattoirs. Has the federal government been in constant contact with you on this particular issue, the issue that there is now a delay?

**Ms. Fawn Jackson:** I'm not sure about that specifically. I could get a further answer for you, but I know that there is work under way right now on the regulations for the interprovincial trade of meat.

**Mrs. Tracy Gray:** Thank you for that answer. It looks as though, due to COVID, they're delaying that.

I have some questions regarding farmers' markets. Across the Okanagan, where I'm from in British Columbia, farmers' markets play a really important role for our producers to sell products, and this is really important, especially for our smaller farms. Many farmers' markets have begun to move to online sales, and some are going to open with a limited capacity. There's a lot of concern about whether or not these smaller producers will be able to get by.

Perhaps to the Canadian Cattlemen's Association and the Dairy Processors Association, have you heard concerns from your producers about their being able to get products to farmers' markets this year, and what those concerns might be?

**Ms. Fawn Jackson:** That's not something that I've heard.

Go ahead, Bob.

**Mr. Bob Lowe:** I think we're going to say the same thing. I have not heard anything about that specifically, so I really can't answer that.

**Ms. Fawn Jackson:** I think the challenges with processing for us have been with the larger facilities, so I haven't heard that side of things.

**Mrs. Tracy Gray:** Do any of the other speakers who are here today have any comment on that before I move on?

**Mr. Keith Currie:** The governance of the farmers' markets is a provincial jurisdiction, so depending on the province you're in, they may or may not be open. If they're not open, obviously it's a problem, but there are some provinces that are trying to make it easier for farmers to get access to farmers' markets for the sale of their products.

**Mrs. Tracy Gray:** Thank you for that.

This is just a quick question to the Canadian Federation of Agriculture. With concerns over international supply chains and increasing costs of importing food, would you recommend that the federal government take more action to help ramp up domestic production and promote local agricultural producers locally here within Canada?

**Mr. Keith Currie:** We can ramp up the production, but we need the processing to go along with it. We can produce the products, but we need to get them processed. The value of our products is in the value-added, so let's ramp up the processing.

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

Our next round of questions goes to MP Jowhari.

You have five minutes.

**Mr. Majid Jowhari (Richmond Hill, Lib.):** Thank you, Madam Chair.

Thank you to the witnesses.

Madam Chair, I'll be splitting my time with MP Longfield.

I have one question that is going to go to Morton Food Service.

Mr. Calcott, you indicated that you carry about 6,500 different food items, and you carry, I'm not sure, either one million dollars' or four million dollars' worth of inventory. You made a large investment in the infrastructure to be sure you would be able to maintain the quality of that food when it's being distributed. You also talked about shifting your business and about e-commerce. Can you quickly explain what is unique about food that is prepared for restaurants, which is food services, that doesn't allow you to redirect that food to retailers? If that could be done, what would inhibit that?

**Mr. Robert Calcott:** The primary inhibitors are the pack sizes of the food we carry. They're very large packages. For example, when you have a 50-pound case of chicken wings, it's not very easy to go into a retail establishment. We are looking at items from an e-commerce point of view that the consumer could readily take to their home. You might say Costco already sort of created a market for that when they got us used to buying in larger quantities. That's allowed us to sort of segue into that market to try to make up a small

percentage of what we are down. It's going to take a lot more than that to help us get back to normal.

I hope that answers your question.

**Mr. Majid Jowhari:** Yes, so it's basically the packet size that is an inhibitor to be able to get it into the retailers, because they then have to unpack.

• (1935)

**Mr. Robert Calcott:** Well, if they can't easily unpack.... There's no labelling on a lot of our products internally. The restaurants don't need to have internal labelling. On a six-by-two kilogram case of french fries, they don't have to have the labelling that would be required in the retail trade. They're used to buying large quantities. That's where they get discounts, and it's better for them from that point of view.

Clearly, our end of the food distribution business is quite a bit separate from the retail trade.

**Mr. Majid Jowhari:** Okay, that was a good explanation. Thank you.

Mr. Longfield, over to you.

**Mr. Lloyd Longfield:** Thank you.

I want to direct my question to Mr. Horne. We've been working together on supply and demand in our part of Ontario. We've also worked on the beef research centre. I was working with Conservative MP Alex Ruff, who has a lot of cattlemen in his area. We have a Cargill processing plant in our area. The coordination of efforts across parties and across governments is so important.

I was getting frustrated during my round of questioning that it doesn't seem like we have the same coordination going on between the provincial and federal governments, and that this might be something we need to address. Do you have any comments on that? Have you been working with the provincial government in Ontario and trying to bridge those gaps?

**Mr. Richard Horne:** Thank you for your question, Mr. Longfield.

Yes, absolutely, we've been working with the supply chain in Ontario and our provincial ministry and minister, and so have my counterparts in the other provinces. Yes, it's frustrating that there seems to be somewhat of a finger-pointing exercise between levels of government occurring, but I think our response back to that is that the beef sector has been very clear on the needs of our producers across the country. My counterparts in the other provinces share with the Canadian Cattlemen's Association on the approach that we need, so the politics of what's needed are delaying what needs to be done in terms of supporting primary producers and the rest of the supply chain.

I would invite our colleagues at both levels of government to come back to the table and work together, because I agree with your points about coordination. It's absolutely essential, and we're seeing a lot of delay and confusion. I don't think there is any on the beef side. I think we've been very clear in our requests for what we need and what we want.

**Mr. Lloyd Longfield:** Very good.

Maybe I'll also go to Mr. Lowe. In looking at what happened a few years ago with the tuberculosis outbreak, we were able to very quickly respond. What's different this time?

**Mr. Bob Lowe:** I've been wondering that myself. Two years ago when I was really involved in that, we got AgriRecovery going really quickly. It just happened a lot faster and I don't know why.

**Mr. Lloyd Longfield:** AgriRecovery is triggered by the province.

**Mr. Bob Lowe:** Yes, it is.

**Mr. Lloyd Longfield:** We need the province at the table.

Thank you.

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

Our next round of questions goes to MP Patzer. You have five minutes.

**Mr. Jeremy Patzer:** Thank you, and I'll be sharing my time with MP Rood as well.

Last year's growing season definitely was one we won't soon forget. I was talking to a constituent named Dave on Friday, and he was actually in his combine trying to finish off harvest before he can begin seeding. For the Canadian Federation of Agriculture, do you know how many acres of crops across Canada didn't get harvested last year and still had to be dealt with this year before seeding could begin?

**Mr. Keith Currie:** I don't know the exact numbers, but I know there are a lot. I planted corn yesterday beside a field that still has to be combined, so there's a lot of that going on out there. I don't know whether Scott may have some statistics.

Scott, do you know the numbers there?

**Mr. Scott Ross:** I don't have that offhand. I know it varies from region to region to some extent, and there were considerable unharvested products across much of western Canada last year, but I don't have specific stats on hand. I can certainly get that to you.

**Mr. Jeremy Patzer:** That would be good; I would appreciate that.

The other thing I've been hearing about a lot lately is the issue with the Canadian meat supplier, the beef supply. What I'm wondering is whether there are any gaps or areas of concern for supply chains with grain farming.

**Mr. Keith Currie:** I'm not really hearing any at this time. There are more concerns about things like ethanol not being produced because of the price of gasoline right now, which will result in less supply of dried distillers' grain, which is a key protein source to a lot of cattle feed. That certainly is a concern, but I'm not hearing of any other gaps. Everything seems to be working and moving along fine right now.

**Mr. Jeremy Patzer:** Okay. Right on.

Go ahead.

**Mr. Richard Horne:** I was just going comment on the DDGs as a feedstuff for Ontario, most specifically eastern Canadian beef producers. The price of those products has doubled since COVID hit. Since March 1, the price of DDGs in Ontario has doubled, and that obviously relates to a major cost increase for feedlot producers.

• (1940)

**Mr. Jeremy Patzer:** Yes, for sure.

Also, has there been any increase of food waste within the grain sector or with feeding cattle? Have there been any issues with that at all?

**Mr. Richard Horne:** I certainly can't speak for grain farmers or the ethanol industry, but beef producers are finding alternative ways to address supply shortages in certain areas and they are certainly working with nutritionists to close the gap in that area. However, it's certainly not ideal and it's coming at higher costs.

**Mr. Jeremy Patzer:** Thank you.

Lianne, go ahead.

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

My question is for Mr. Currie.

The CFA is calling for a \$2.6-billion emergency fund to come out right away. Have you heard anything back from the federal government on that?

**Mr. Keith Currie:** To this point, the only thing we've heard back is that we have to use existing programming.

We've been working with our national commodities to come up with that figure. That's an aggregate number of the hurt to date, and actually those numbers are probably two weeks old now, understanding that we need more investment coming forward. However, we haven't really heard anything back, other than that we have to go through existing programs. We're struggling with that answer right now.

**Mr. Scott Ross:** I'd just like to follow up on Mr. Currie's response, if I could, for moment and just stress that the asks you're hearing coming from the cattle sector, for example, are the kinds of programming that we factored into the calculation of that number.

That \$2.6-billion emergency fund we speak of is really to ensure that there's funding available for the targeted programming responses we're talking about today with respect to the cattle industry, for example.

**Ms. Lianne Rood:** Great.

A couple of weeks ago, my colleagues and I had put out a call for a new program from the federal government to help match students with agri-food and agriculture supply chain jobs. We've seen some shortages of labour due to COVID-19 right now with not being able to bring in some of our seasonal agricultural workers. The proposal would match students with jobs in agriculture, by a new stream of Canada summer jobs, giving them great experience in the industry and lots of opportunities there.

Are you supportive of that, and what have you seen out there as far as labour is concerned right now?

**Mr. Keith Currie:** We're definitely supportive of that. We're looking for labour. We're 15,000 to 16,000 jobs short on farms across Canada, even with a full complement of foreign labour.

We are cautious, though, that just walking onto a farm and starting to work isn't as simple as it sounds. I can't be an accountant because I want to be; I have to have training. It's the same thing with coming onto a farm.

There are certainly labour jobs. There are lots of them out there. Thus we welcome any student support that is available.

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

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

Our next round of questions goes to MP Ehsassi. You have five minutes.

**Mr. Ali Ehsassi (Willowdale, Lib.):** Thank you, Madam Chair. I'll be sharing my time with Member of Parliament Longfield.

Thank you ever so much for appearing before our committee. It seems to me, having listened to all of you, that processing is a very big part of the problem here.

Can the beef producers tell me how much of the processing of beef happens in Canada, and how much of it, in turn, is done south of the border?

**Mr. Bob Lowe:** I can't give you exact numbers. There is a percentage that goes south of the border. In Canada, the two major plants, or processors, are both in Alberta, and that amounts to about 70% of the cattle that get processed in Canada.

I don't know the actual percentage that goes south, but it's not very big.

**Mr. Ali Ehsassi:** In terms of your recommendations, and I understand Ms. Jackson also was talking about export development, what are some suggestions we could utilize to build more capacity for processors?

I put that question to all of you.

**Ms. Fawn Jackson:** We have previously recommended this export development fund. One of the reasons is that, for Canadian beef, we have access to a number of new markets and we want to make sure we're optimizing that in terms of economic growth.

Perhaps a processing facility might need to invest in cooler space, or it might need to invest in some research or in some market development. Our idea is that if we could have this fund that would enable some of that growth, we would be able to optimize the Canadian beef industry's contribution to the Canadian economy.

• (1945)

**Mr. Ali Ehsassi:** Are there any other suggestions for immediate capacity building in the processing sector?

**Mr. Keith Currie:** I think the next stumbling block is employees. We have to make sure we have PPE in place and that facilities have protective barriers in place to make sure we're maintaining as much capacity as possible going forward. Getting people to work there is the big issue.

**Mr. Scott Ross:** Yes. Just building on those comments, I think we've heard time and again that recruitment is a real challenge in the current environment. There is the need for a financial incentive to help bring Canadians out to these jobs, and assistance with the costs associated with training would be a big investment in the processing sector as well.

**Mr. Ali Ehsassi:** Thank you for that.

Go ahead, MP Longfield.

**Mr. Lloyd Longfield:** Thanks, Mr. Ehsassi. You didn't say you were going to ask my questions when I said I would share my time with you.

**Mr. Ali Ehsassi:** Oh, my goodness.

**Mr. Lloyd Longfield:** Processing is an important piece, and when we look at the BSE outbreak, we see that a lot of the processing went to the United States. Now the Americans have a lot of plants that are shutting down. It seems to me that if we were able to build capacity, we could also capitalize on some export opportunities. You've mentioned labour being one of the issues. I know that in Guelph, we've helped Cargill to bring in some people from overseas to work as butchers. We have skilled positions that we have trouble filling. We also have interprovincial barriers.

I'd like to touch on that. I know we're talking about finances now, but I'm trying to get past COVID to the future opportunity of export development. What would it take for us to increase our capacity?

**Ms. Fawn Jackson:** I would suppose that one of the remnants from the BSE era was a set of regulations that required Canadian processors to remove a larger amount of something called "specified risk material".

Next year we're hoping to get our BSE "negligible risk" status. I think this is a really opportune time to be thinking about this, because investment in processing.... As Keith Currie mentioned earlier, value added to the Canadian economy comes from further processing. We have the farms; if we have the processing, that's going to be our big opportunity.

**Mr. Lloyd Longfield:** The demand will be there, but we need to meet that with the supply and the farmers need us to help them do that as well.

Mr. Currie, do you have anything to add?

**Mr. Keith Currie:** No, I'll just follow up from where Fawn was. Eastern Canada has been suffering for some time in processing capacity, so that investment for the future is also quite necessary to help us recover post-COVID-19.

**Mr. Lloyd Longfield:** Yes, 100%. Thank you.

I'll turn my eight seconds back to the chair.

[*Translation*]

**The Chair:** Let's move on to our next round of questions.

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

**Mr. Sébastien Lemire:** I yield my time to Mr. Savard-Tremblay.

**Mr. Simon-Pierre Savard-Tremblay (Saint-Hyacinthe—Bagot, BQ):** My question is for our friends, the processors from Quebec.

You formulated a proposal to increase the Canadian Dairy Commission's borrowing capacity, which would have allowed it, and would still allow it, to reduce the amount of product it's throwing away. Could you tell us about that proposal and why it wasn't acted on? Is the idea still relevant today?

**Mr. Gilles Froment:** The reason we think the Canadian Dairy Commission's borrowing capacity should be increased is that it would allow more products to be stored. That's still relevant today. From what we understand, the Department of Finance is still studying the matter.

But the situation has evolved over the past few weeks. Before, we had a milk surplus, but now we've been able to find a balance. It's extremely difficult to predict how things will unfold over the coming weeks. Like everyone here, we're facing tremendous uncertainty.

Mr. Benoit mentioned the mismatch between the supply and the decline in demand that we've been grappling with in the food service industry. Since milk is a highly perishable product, we can't wait a week or two before processing it. It has to be processed within a few hours, so we're doing our best to accept all the milk that's being produced and process it.

However, once the milk is processed, we face longer-term risks, because we don't know how long it will take to sell off that inventory. Earlier we talked about food services and restaurants still being closed. We don't know when they'll reopen or how much demand there will be for our products, so the level of uncertainty about the coming weeks and months is very high.

• (1950)

**Mr. Simon-Pierre Savard-Tremblay:** Since a balance has been reached and there's no more surplus, does that mean the proposal is superfluous now, or is it still relevant today?

**Mr. Gilles Froment:** I think it's still relevant, because it could give us additional flexibility at a time of uncertainty that will linger for months to come.

**Mr. Simon-Pierre Savard-Tremblay:** Why do you think your proposal wasn't implemented? You made this suggestion a while ago. Were you given any reasons for not implementing it right away?

**Mr. Gilles Froment:** From what I understand, it's a regulatory process, so it would require an amendment to the Canadian Dairy Commission Act.

**Mr. Simon-Pierre Savard-Tremblay:** Madam Chair, how much time do I have left?

**The Chair:** You're out of time in this round.

The next round goes to Mr. Massé.

[*English*]

You have two and a half minutes.

**Mr. Brian Masse:** Thank you, Madam Chair.

From where I'm sitting right now, three kilometres away is Detroit, Michigan, where they have over 1,000 deaths from COVID-19. Michigan itself has 4,000 deaths and over 40,000 people have been identified with the virus, so I'm a little preoccupied with becoming more dependent in operations.

I would follow up with Mr. Calcott with regard to his operations. I've received numerous complaints from different businesses that had border management issues immediately, when coming across the Windsor-Detroit Ambassador Bridge and other areas, related to having proper gear, protective equipment and a series of different disruptions. I'm just curious; in your operations, did you have any disruptions and what have you done about them?

My concern...and part of this is the dependency model exaggeration coming out of COVID-19 for our country as a whole. I know you've identified around 40 mid-operators like yourself across Canada. What took place in your operations as this ramped up into a full-blown pandemic?

**Mr. Robert Calcott:** Brian, typically we don't bring a lot of products across the border. We purchase our products in Canada from Canadian manufacturers or importers and local farmers, as I mentioned earlier, so that hasn't been a particular issue for us. What is an issue is the large U.S. companies I mentioned earlier, Sysco and Gordon Food Service, who bring a lot of product across the border from the United States and would be more than happy to service, across the country, with the foreign products they are bringing in if something isn't done to help [*Inaudible—Editor*].

**Mr. Brian Masse:** Thank you.

Really quickly, because I know I don't have much time.

Again to Mr. Currie. I have a submission here from the Beef Farmers of Ontario, and they have two primary objectives. I just want you to concur that you support them as well. They identified the BRM programs and the BSE response for the feeder and fed cattle. Are those things that you support as well?

I assume that's the case, but I don't want to bring that assumption to the full committee at the end of the day.

**Mr. Keith Currie:** Yes, you've seen it correctly. We've been working closely with Bob and his colleagues. As well, I have been with Rob and Richard from Ontario, so we're in line with them as well.

• (1955)

**Mr. Brian Masse:** Thank you, and I know that's all my time.

Thank you to all the witnesses.

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

We have now completed our first three rounds. Seeing that there's only about four minutes left in the meeting, we'll take the opportunity to thank the witnesses for their time and for coming out and giving excellent testimony.

[*Translation*]

Thank you so much for your testimony.

Have a good evening, everyone.

[*English*]

The meeting is adjourned.

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