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Chair: Mr. Pat Finnigan



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• (1530)

[*English*]

The Chair (Mr. Pat Finnigan (Miramichi—Grand Lake, Lib.)): Welcome, everyone. Everybody seems to be in a great mood today and so am I. Everything has started well and hopefully we'll have good communication right through.

With that, I'll call the meeting to order.

Welcome to meeting number 14 of the House of Commons Standing Committee on Agriculture and Agri-Food. Pursuant to Standing Order 108(2) and the motion adopted by the committee on October 24, 2020, the committee is resuming its study on processing capacity.

Today's meeting is also taking place in the new webinar format. Webinars are for public committee meetings and are available only to members, their staff and witnesses. Members may have remarked that the entry to the meeting was much quicker and that they immediately entered as an active participant. All functionalities for active participants remain the same. Staff will be non-active participants only and can therefore only view the meeting in the gallery view.

I would like to take this opportunity to remind all participants that for this meeting screenshots or taking of photos of your screen is not permitted.

[*Translation*]

To ensure an orderly meeting, I would like to outline a few rules.

Members and witnesses may speak in the official language of their choice. Interpretation is available during the meeting. At the bottom of your screen, you have the option of choosing either floor, English or French. With the latest Zoom version, you may now speak in the language of your choice without the need to select the corresponding language channel.

You will also see that the “raise hand” feature of the platform is now more easily accessible on the main tool bar, if you want to speak or alert the chair. If this option doesn't work, I suggest that members and witnesses who wish to speak turn on their cameras and physically raise their hands. The committee clerk will keep the list of members and witnesses who wish to speak.

For members participating in person, proceed as you usually would when the whole committee is meeting in person in a committee room. Keep in mind the directives from the Board of Internal Economy regarding masking and health protocols.

Before speaking, please wait until I recognize you by name. If you are on the videoconference, please click on the microphone icon to unmute yourself. Those in the room, your microphone will be controlled as normal by the proceedings and verification officer.

When you are not speaking, your mic should be on mute.

[*English*]

During our last meeting, we experienced interpretation difficulties during Richard Davies' testimony, which elicited a reaction and comments from members, and justifiably so. As there was another place available for witness testimony on February 16, 2021, Mr. Davies will be invited to appear again in front of the committee on that day. Committee members will be given the opportunity to question Mr. Davies at that time.

I would like now to welcome our witnesses. Today we have, from Apple Valley Foods, Jeff Sarsfield, owner and executive director. Welcome, Mr. Sarsfield, to our committee. From Qu'Appelle Beef, we have Jason Aitken, chief executive officer. Welcome.

With that, we shall start with your opening statements.

We'll start with Mr. Sarsfield. You have seven and a half minutes.

Mr. Jeff Sarsfield (President, Apple Valley Foods Inc.): Good afternoon, everyone. Thanks for the invitation.

I'm Jeff Sarsfield, president of Apple Valley. We're located in Kentville, Nova Scotia. We started the business back in 2000. We're a frozen fruit pie supplier, shipping all across Canada and the U.S. We mostly concentrate on private label customers in the retail food service business. We have 68% of our sales currently in Canada and 40% in the U.S.

Last year, we grew substantially, more in Canada than in the U.S. We're up to about 400 people now operating in two production plants, both located in the same industrial park here in Kentville. We did a major expansion back in 2014-15, where we tripled our capacity at the time for both Canadian sales and exports.

In the last plant we put together, we were about 80% automated in that plant. Then due to overall growth that we've had since then, we've upgraded our original plant a fair bit. We originally planned on shutting that facility down or changing it to a totally different product line. That has provided lots of additional sales growth during the last five years.

However, this past year, our major constraint for capacity was labour. We had four production lines, and there was one complete line that we were not able to staff. Basically, with COVID, we have seen a major decline in applications from new employees. We are fortunate that we had applications from foreign workers in place. By the end of the year, we saw our first foreign workers come into our facility. We originally brought in nine foreign workers back in late December, and just last week, we had another 11 workers come in. We are able to start increasing our fourth production line, which will give us some further growth for this year.

Ending last year, we were well in excess of \$100 million in sales. Our main growth is from the fact that we concentrate on providing top-quality, homestyle products. We are one of the very few North American producers that grow, process and put together apple pies from scratch.

We grow some of our own apples. We buy direct from local farmers. We peel, core and slice them in our bakery and put them directly into the pies, which gives us a unique homestyle product. That's been a big secret of our growth. We also have good local staff, who are able to train for some of the technologies that we put into our process at the two facilities.

Going forward, we still have lots of opportunities to continue our automation to help become more efficient and competitive in the marketplace.

There is one other thing. FCC and ACOA and the province helped us out when we initially started the business and were quite instrumental in us being able to start at the level we did. We have done numerous expansions over the years, and FCC and ACOA have always been there. That's been a big part of why we are still around and why we continue to grow.

I just wanted to let the committee know how important those two programs have been, along with the agri-innovate fund, which was also in there as well.

• (1535)

It definitely has really helped us to expand when we needed to. I guess I'll leave it at that.

The Chair: Thank you, Mr. Sarsfield.

We'll go next to Qu'Appelle Beef.

Jason Aitken, you have seven and a half minutes.

Mr. Jason Aitken (President, Northern Natural Processing LP): Good afternoon, everyone.

My name is Jason Aitken, and I'm the president of Northern Natural Processing. I'm here to directly address the goal that the Barton report is trying to achieve: specifically, to increase production capacity to meet an export objective of \$75 billion in 2025.

Northern Natural Processing owns the only CFIA federally licensed beef slaughter facilities in Saskatchewan, and we do business under the brand name Qu'Appelle Beef. We're independent and to date have focused on delivering high-quality, value-added beef products.

We own two CFIA federally licensed facilities, both outside of Regina. The cattle harvest facility, CFIA establishment 659, is approximately 33,000 square feet and is in Neudorf. The beef value-added further processing facility, CFIA establishment 519, is approximately 22,000 square feet and is in Wolseley. Recently, we obtained export licences for the U.S., South Korea and Japan.

Saskatchewan accounts for more than 40% of arable land in Canada, yet 85% of the cattle born in Saskatchewan leave on trucks, with half of them going south to the U.S. Why can't we keep the cattle in Canada and process them locally?

Canada is currently a net importer of beef, so we're here to change this. It's about food security and value creation at home for the benefit of Canadian producers and families in our local communities. Our mission is to be a net exporter of high-quality value-added beef products, not just an exporter of live cattle.

Let me break down the remainder of my time into two segments: the barriers that hold us back as a beef processor and the opportunities ahead.

The three main barriers are capital funding, critical mass and market power.

On capital funding, the capital expenditure required to be competitive in beef processing is significant. The strength of the two main incumbents—both foreign players that control 90% of the market—is well acknowledged. Cargill has 14 billionaires as family members, and JBS's largest shareholder is 25% owned by the Brazilian government.

Capitalization for smaller processors is a critical issue. We've privately raised over \$40 million from scratch from investors over the last decade since I founded the business. This represents a 10:1 ratio versus any government funding that we have received.

If Canada wants to have made-in-Canada beef and true self-sufficiency and to avoid the supply and procurement issues being witnessed currently with PPE and vaccines, I would submit that all parties would mutually benefit from greater stimulus participation from the Government of Canada.

On the topic of critical mass, the operating expenditure required to be competitive in beef processing is significant. By that, I mean funding for the working capital requirements for essential inputs like cattle, labour, packaging and utilities. Let me use a simple analogy. Think of a 747 airplane: Does it economically make sense to run it if you only have five people aboard? There must be enough cattle throughput to cover fixed costs. We've succeeded in selling over five million pounds of beef across the country to customers such as Metro, Longo's, Costco, Save-on-Foods and A&W, to name a few, but it's still not enough to realize break-even plant capacity. This is where international markets are critical.

On market power, as you know, the beef industry is incredibly concentrated, so much so that four players control 80% of the U.S. market, where there have recently been antitrust probes led by the Department of Justice. In Canada, two main players have 90% of the market. Cargill and JBS can sell steaks and ground beef as loss leaders because of their global reach. Think of it like a Sony PlayStation or Xbox that embeds their platform with entrenched consumers; they make all their profit with scalability on software and tie-in products. As any parent with teenage kids knows, they get you hooked.

The best way to make money in the beef-processing industry is to consider steaks as almost a by-product of what you do. The Better Beef slaughter plant in Guelph, Ontario, set an important precedent by building a by-product capture plant with strong distribution into Japan. Their success resulted in a high-value acquisition by Cargill at a twelve times EBITDA multiple. Don't let anyone tell you that beef processors can't make money for their stakeholders.

Let's bring this back to the bigger opportunity and the reason why we're here: the Barton report and \$75 billion in exports by 2025. This gets very personal for me. I've spent 15 years living outside Canada: seven years in Japan and seven and a half in the U.S. I speak Japanese. I've done 1,500 company visits on site in Japan, Korea and China. If there's one thing I'm sure about, it's rising per capita protein consumption in those regions. It's an unstoppable long-term trend.

• (1540)

We have an amazing export opportunity. Asia-Pacific wants to do business with Canada, but they require stability and guaranteed supply. The only way to guarantee this is to develop the hard assets and truly invest in the necessary infrastructure.

This brings us to two points to leave you with.

The path forward is access to funds and greater flexibility. Canada has done a good job of providing funds and initiatives to lay the foundation for export opportunities, for example, the recent CPTPP treaty and the recent announcement of a \$4-billion irrigation project in Saskatchewan. However, broader access to funds remains severely limited. Until application and performance criteria are revised, Canada is not encouraging the innovation and participation required to achieve the Barton report export objectives.

Finally, here are the benefits that a true commitment to funding would have. We'd increase the number of long-term skilled jobs and high-value jobs. It's worth noting that indigenous people make up over 50% of our workforce at Qu'Appelle Valley. We'd create

and realize significantly higher prices for local Canadian agricultural inputs. We would provide a reliable, guaranteed, high-quality supply of beef for Canadians; promote integrity and brand value for the region; promote Canadian interests, both domestically and abroad; and finally create a successful template for the business development of healthy value-added products, which can be replicated in other provinces around the country.

With that, I'd like to open it to questions. Thank you so much for your time.

• (1545)

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

Now we will start our questioning round.

To start us off with six minutes, we have Ms. Rood.

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

Thank you, Mr. Aiken, for agreeing to appear here today. Thank you for reminding us the Barton report has set an export objective of \$75 million by 2025 for Canada's agri-foods.

I see the agri-food table increased the objectives to \$85 billion in agri-food exports by 2025. In the last meeting we heard how the pandemic has affected processing capacity. I want to commend you for seeing an opportunity in your field, and for privately raising \$40 million in capital to keep your business up and running. I'm just wondering if you can comment on how your processing capacity has been affected by the pandemic, and how the federal government's pandemic funding or other funding has helped you or not helped you in any way.

Mr. Jason Aitken: Thank you, Lianne.

Essentially cutting to the chase, the issue is we're not capitalized effectively. I outlined to you the critical mass of capital funding issues we face with two extremely strong incumbents in the area. What I think is the issue is during the pandemic, when there was a dire need suddenly for beef, we would receive calls from customers, and they would say, "We need beef now." Payment from the customer is going to be in 30 days, and yet the cattle rancher will need to be paid right away. That working capital gap is a huge issue.

Related to government programs, and how they could help, really, there are two things at stake here: there's capital expenditure and there's operating expenditure. On the capital expenditure, the emergency processing fund is a great start, because it can focus on addressing the capacity constraints that you have in the facility. As it relates to the operating expenditure, the regional development funds can be useful, such as the western diversification program and specifically the business scale-up program because it allows you to scale up the working capital.

There has been a challenge. I guess it's established in tech companies. There have been years of no profits. But the scalability of going into export markets is enormous. It has to be nurtured over time. The traditional financial scoring system may not reflect some of the strategic realities of starting a new plan. These things have to be nurtured. It's the expectation that you're going to have setbacks, the expectation that things will go wrong. I think there has to be patience with that process. When I look at the strategic objectives of Canada, I'm not saying we can replace Cargill or JBS—that's like the power system. But if you were a hospital, wouldn't you want to have a backup power generator in case? The pandemic has really underscored that vulnerability. The lesson here is that nobody is infallible and you can't put all your eggs in one basket.

Ms. Lianne Rood: You mentioned there are barriers that hold you back as a beef processor. You're being licensed by the Canadian Food Inspection Agency, CFIA. We've heard from stakeholders across the food-processing industry, and in fact, in our last meeting, we heard that the CFIA isn't consistent, that is, the CFIA inspectors are inconsistent with their inspections and application of the regulations. Have you found this to be the case? If so, does this inconsistency represent a barrier that holds you back?

• (1550)

Mr. Jason Aitken: There are always challenges. We went through many challenges on the regulatory in 2014 and 2015. We went through recalls, a licence suspension, many things that came with taking a provincially licensed plant to federal status, which we achieved. Since then, we've done a Costco proprietary audit, Whole Foods animal welfare addendum, BRC certification, all these things that make us robust so we can compete not just in Canada, but internationally.

As far as inconsistency, we did go through that, and it's cost us lots of money, but I like to look at it and think we raised our game, because customers at the end of the day can know, like a frosh in university, we went through the trials and tribulations to become better, and now I feel very proud of what is one of the most modern facilities in Canada, with a track record for providing incredible beef.

Ms. Lianne Rood: You also mentioned the need for enough cattle coming through your processing facilities to cover your fixed costs; that you've not yet processed enough cattle to break even. Are you having trouble getting cattle producers to send the stock to your facilities? If so, what do you see as the solution?

Mr. Jason Aitken: I don't think the issue per se is supply, because as I said, almost half of farmland in Canada is in Saskatchewan; there are plenty of cattle around us. I think the issue is the scale. For example, if we went into international markets, it's the global reach—you need to be able to meet minimum container

loads. All that has to be funded upfront with a massive capital expense, so it's the capital issue versus the supply that I think is the biggest barrier. That's where you run into the issues of the cattle collateralized by their bankers, so the bankers effectively control those cattle and they need to be paid in 48 hours, seven days at the most. That's really difficult when your customer isn't paying you for 30 days in some cases.

Ms. Lianne Rood: Thank you so much, Mr. Aitken. I appreciate your time today.

The Chair: Now we'll move to Mr. Blois for six minutes.

Mr. Kody Blois (Kings—Hants, Lib.): Thank you very much, Mr. Chair.

I'd like to thank both our witnesses for their testimony here today.

I'm going to start with Mr. Sarsfield. Jeff, it's great to see you. Obviously, your business plays an important role in the Annapolis Valley. I want to get to the point on labour, because we've had this conversation offline; we've heard it before on this committee. Is looking at increasing the 10% number of temporary foreign workers that is allowed for your workforce a good start? You also mentioned the seasonal agricultural worker program and allowing for transfers not only between producers, but perhaps producer to processor. Can you elaborate a little on that?

Mr. Jeff Sarsfield: On the agricultural side, our apple production side, it's totally crucial for them to have both the harvest labour and also labour earlier in the year for pruning and so on. There are definitely advantages. The longer they can bring up the temporary workers, the cheaper it would become for their housing and so on. Here at the plant the 10% allocation has definitely made a huge difference for us to get more lines running in our plant. Right now they're not available. If we do hire locals, it's like a lot of areas: we hire 10, and then after two weeks we have one or two left.

Mr. Kody Blois: There are certainly challenges. We mentioned those existed before the pandemic, obviously. As we've heard from some small business owners, the CERB, although a great program, has created challenges in that space. I don't think that's any secret there.

Specifically, as I understand it, looking at the seasonal agricultural worker program and allowing transfers, potentially, from producer to processor in an area could be something we should perhaps be looking at. Is that fair?

Mr. Jeff Sarsfield: Yes, particularly last fall it would have helped us pick up a few more millions of sales. We could have transferred some from our farming operations into our plant for the November-December time frame. We would have picked up sales that we shorted due to lack of labour.

• (1555)

Mr. Kody Blois: Certainly you mentioned Farm Credit Canada and the important role that ACOA has played. You mentioned the major expansion back in 2014 that tripled your production capacity. Is it fair to say that one of the recommendations that should be coming out of this committee is looking at the important role that Farm Credit Canada can play, along with the regional development agencies, to position processors to make these innovations?

Mr. Jeff Sarsfield: That is fair, I guess.

I just want to point out the fact that in our success for having capital available to us in rural Nova Scotia, they definitely met those requirements. As we go forward, we'd like to see that was still available to us.

Mr. Kody Blois: I've had the chance to be in your two facilities. They're impressive. It's amazing to see the number of pies going through your facility. I know you're looking to the future as well. You're looking at the price on pollution and the fact that the government is moving on a sustainability goal and agenda.

What can the government do to help ensure your business remains sustainable?

Are there ways we can partner with you to try to help ensure that the investments that are needed in your facility can keep pace with things like the price on pollution and others?

Mr. Jeff Sarsfield: I guess it's continued support for us for that funding that's become available. I know we received some through the agri-food fund for different automated projects that we've done. It's just that continual support and new programs to help us keep our plant modern and keep investing for automation. It's the combination of that and the foreign workers.

Basically our plant is full now. We're at that point now where we try to decide whether we increase our overall capacity. It's going to be a major...it could be \$25 million to \$30 million. It's definitely hard to get price increases with our customer base. Right now we're enjoying the fact that at least we have a full plant. Both of our plants run six days a week, 24 hours a day. When we increase for capacity and we're looking for sales, there's always that setback. We're in that time period where we're deciding whether we're going to move ahead with more expansion or just keep and modernize what we have.

Mr. Kody Blois: What I'm hearing then is it's important that we continue to have those measures in place that you've already been able to capitalize on. I know offline we've talked about some of the impacts in dealing with the major retailers because you market through them. Certainly we've heard a lot about the code of conduct. I think you referenced it.

Mr. Aitken, you talked about broadening government programs writ large. I really appreciate your testimony today. When you say broaden, what can government do? What exactly does that mean?

Do you mean less program-specific and a little bit more just general ability to innovate and move you forward?

Mr. Jason Aitken: For example, the emergency processing fund has two categories. There's an emergency category and a strategic category. To my knowledge, not a single strategic investment has been approved in that fund. I understand that there might be a top-up. It needs to be funded and strategic projects need to be approved. Otherwise we're not going to get to that Barton report objective of international exports.

Mr. Kody Blois: That was certainly an emergency program, right?

The Chair: Thank you.

[*Translation*]

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

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

I would like to thank the witnesses for being with us today.

I'll begin with you, Mr. Aitken. You talked about the concentration of transformation. Of course, it isn't a question of replacing what already exists, but rather of complementing it and perhaps securing food processing in the country. Moreover, outbreaks in some processing centres have highlighted this element during the recent crisis.

In concrete terms, if you had one or two very clear recommendations for the government about what you could do to help you grow and process more, or to encourage the emergence of new players, what would they be?

[*English*]

Mr. Jason Aitken: Fabrication is your area with the greatest.... You have people density and risk of the contagion, so as it relates to us our bottleneck is in fabrication. Having a combination of better layout and automation would greatly improve both the productive capacity and the safety of workers in that sector.

An example might be a carni boning system on a fab floor. An example might be a customized cut for Asian markets. There are lots of areas where we can add value.

• (1600)

[*Translation*]

Mr. Yves Perron: Okay.

Basically, could the government help you by giving a tax credit for automation or something like that?

Is this the most important need?

[English]

Mr. Jason Aitken: A tax credit for automation would be good, but it's the upfront capital to actually get that moving, on site; I would say an endorsement, a guarantee.... For example, if you're going to a Japanese customer, they need to know that they have guaranteed supply.

HyLife in Neepawa, Manitoba, is such a great example. Look at the pork industry in Canada, with its real success stories in Japan and Asia. It's because of that commitment to those markets, to high quality. Japan spends more on their food as a percentage of their discretionary market than any other country in the world. We have this treaty that has reduced tariffs specifically for beef and made it more competitive for Canada going in there, yet all we have is an office for Cargill and JBS in Tokyo that represents Brazil and the U.S. We need to put Canada first.

[Translation]

Mr. Yves Perron: Okay.

You mentioned earlier that under the emergency processing fund, there were no funds allocated for strategic investments.

Do you think there's a real need to minimally boost this fund?

[English]

Mr. Jason Aitken: I think so, and with a realistic timeline. The timeline was that projects had to be completed by September 30. Anything strategic takes time, so especially during a pandemic it wasn't really realistic in terms of the framework and the execution. I'm not complaining here. I think it's great that we have these programs in the first place. I'm just explaining the needs of my organization, and I'm sure others, to have this incubation of processing facilities.

If anything, if it isn't already built, it's even harder now. The lead time is longer. We're competing against other countries. When I have a call with Japan—I mean, I speak Japanese to these guys—we're competing against Australia, Brazil and the U.S. Why are we better? This is all hands on deck to increase our Canadian productivity.

[Translation]

Mr. Yves Perron: Thank you.

We're here for your comments. Don't feel uncomfortable offering criticisms, on the contrary. We work in a constructive way.

I have one last question for you, and it's about standards. Stakeholders from different sectors say that reciprocity of standards is a drawback.

Some beef processors, particularly in Quebec, have named one the "BSE standard", referring to bovine spongiform encephalopathy.

First, I'd like to hear your thoughts on the reciprocity of standards. Second, what do you think of this standard? Is it still needed? Should it be reviewed?

I'd like a brief response, please.

[English]

Mr. Jason Aitken: I'm sorry, are those the humane handling standards you're talking about?

[Translation]

Mr. Yves Perron: I'm referring to the "BSE" standard, for mad cow disease.

[English]

Mr. Jason Aitken: So it's the over-30-month and under-30-month standard.

Mr. Yves Perron: Yes.

Mr. Jason Aitken: You could look at it. Certainly, that's an issue that's deregulated in many markets. Yes, Canada has been impacted more than other countries, for sure, on that front. I think opening deregulation is a good thing in that respect. On standards, the bigger thing is growing the Canadian cattle herd again and keeping the cattle in Canada. Fifty percent are trucking south. Why are we doing that? Let's build up processing capacity in Canada. It benefits all Canadians.

[Translation]

Mr. Yves Perron: Thank you very much.

Mr. Sarsfield, you talked about the 10% increase in foreign workers. I understand that you still have local labour. Would it be enough to try to reach 20%, or should we be aiming for 30%?

[English]

Mr. Jeff Sarsfield: Yes, I would think that eventually we would want to be looking at probably upwards of 40% in total, if our labour trends continue the way they have in the last five or six years.

• (1605)

The Chair: Thank you, Mr. Sarsfield.

[Translation]

Thank you, Mr. Perron.

[English]

Now we will go to our MP who is closest to that Asian market, all the way from the western coast.

Mr. MacGregor, you have six minutes. Go ahead, please.

Mr. Alistair MacGregor (Cowichan—Malahat—Langford, NDP): Thank you, Chair. Yes, my riding is on Vancouver Island on the beautiful Pacific coast.

Mr. Sarsfield, maybe I'll start with you. I appreciate hearing about how your business has grown. I've taken a look at the website. You have some pretty awesome-looking products there.

Another part of the motion that's guiding our committee's current study is also looking at how the Government of Canada can basically identify opportunities and solutions with the goal of supporting capacity to protect food security. I'm wondering if you have any thoughts on that part of the motion that's guiding our study. For example, how many apples does your company process each year, and how important is your business to apple farmers in Canada? Could you offer any thoughts to help our committee look at that particular aspect of the study?

Mr. Jeff Sarsfield: Two of the major constraints that we have.... Labour was one that I highlighted. The other is that the main product we produce would be mostly frozen, baked apple pies that we sell to retail chain stores throughout Canada and the U.S. Mostly on the U.S. side, it's heavy concentration of the product that we're most competitive with, which would be apple pie.

Currently we do produce more than what's grown here in Atlantic Canada. At one point we probably had about 95% of our local supply even though the overall production has increased in the province. It's probably down this year to closer to 70%, so we are bringing product in from Ontario and B.C., as well as a fair bit from Washington state.

One thing that we do need in the longer term is something to encourage more local production. One of our bigger issues would be for the processing. Apples are typically only about a quarter of the purchase price of what some fresh apples would be. This region in Nova Scotia probably has the strongest apple farmers as far as returns in all of North America because we do an outstanding job growing the Honeycrisp apple. It has a premium price, so all the local farmers have converted their production to that Honeycrisp.

We actually take the imperfect apples out of that production. There's typically, on average, around 20% of peelers that would come, but the majority would be the fresh fruit. That's really where we partnered with the packers and the growers. They take that imperfect fruit and it's been a win-win for this local growing area in the sense that we're giving the processors a decent price and they're getting a premium price for the majority of their crop.

In the past, the government has supported some planning programs for processing apples. It is something that we may require down the road to help us develop that side of the industry where the economics are just not there for the growers.

Mr. Alistair MacGregor: Thank you.

Mr. Aitken, maybe I can send the same question your way. You've been concentrating a lot of your efforts on exports, but do you have any thoughts on processing and how it relates to food security?

In the summer, just before Parliament started in September, I took a trip out to the Okanagan. I was talking with some ranchers there who were talking about the struggles they were having when big processing plants had closed down and they really had to find innovative ways to process beef locally for a local market.

Do you have anything that you can offer to our committee to help us with this particular aspect of our study?

Mr. Jason Aitken: I think you have to build a culture of innovation, which you alluded to. In our case, we were the first to commercialize the rinse and chill technology in Canada. We commercialized a fully automated organic and grass-fed ground beef brick line. We're looking at custom fabrication.

It's about differentiation. I think the advantage of the smaller producers is that it's more authentic when you deal with someone at home who's smaller and in your community. That's a real advantage that everyone processing locally in each province can bring to the table. I want to see that encouraged.

• (1610)

Mr. Alistair MacGregor: Do you think that there is a little bit more of that encouragement now from COVID-19, given the experiences that we've had over the last 10 months?

Mr. Jason Aitken: Absolutely it's encouraged, but I also want to explain that in the beef industry, in particular, where it's so concentrated.... I gave you the PlayStation example where there are loss leaders in beef. You need that global reach because, whether it's crown-cut tongues or mountain chain tripe, if you can't sell the other parts of the animal at some kind of profitability factor, you're going to get killed by the two economies-of-scale packers.

The model won't work unless you have an anchor tenant that's providing the throughput and the basic economics to allow you to pursue the craft elements of the local authentic strategy.

Mr. Alistair MacGregor: Thank you for that answer.

The Chair: Now we'll go with five-minute rounds.

Go ahead, Mr. Steinley.

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

Jason, it's very good to see you again. I'll have my questions focus on our Saskatchewan plant out in Wolseley and what we can do to help make you guys as successful as possible.

You talked about the fluidity of capital and how that is one of the major issues you're facing. You touched on irrigation for a second and about having a large quantity of feed available. That is something that would obviously be seen as beneficial. You talked about that \$4-billion investment in irrigation to increase not just your capacity but that across the country. Is that something we're looking at? Can irrigation infrastructure play a vital role in making sure that we do have beef processing capacity increased across the country and specifically in your situation?

Mr. Jason Aitken: Well, I think it's all about raising the productivity of the agriculture that you have and adding value to it. My interest is in regenerative agriculture. Agriculture is essentially an indirect investment in water and it's all about soil health. The most important technology we have for combatting climate change is a cow grazing across grasslands, basically stimulating the soil. That's where I want to encourage it, and within that life cycle of cattle, the abattoir is a fundamental component. There's a lot of climate discussion, but the same way a router is critical to the Internet, an abattoir is critical to regenerative agriculture and its economic activity and raising the value of everything.

That irrigation project is a long-term project for the benefit of Saskatchewan, and we need to make more investments in our long-term strategic objectives.

Mr. Warren Steinley: Thank you very much for that, Jason, and I couldn't agree with you more on our long-term objectives.

I have a friend who produces a very interesting kind of beef. It's called snow beef. I don't know if my colleagues on this committee have heard about it. This is a friend I grew up showing cattle with, and he is having a lot of problems with CFIA. Obviously, you are now CFIA approved, but can you talk about that process to get certified and how, for Ian and for snow beef...? That, for everyone, is a cross between Wagyu and Holstein. It's delicious. That's a little plug. But he can't sell his product outside of Saskatchewan right now and he's having a really tough time with that. So can you just give us a little bit of the experience you had and how other smaller companies are trying to get into the beef market? You might have a bit of a footprint, but obviously that is an issue, with the red tape, interprovincial trade barriers, and some of those issues that smaller producers are facing trying to get into that market.

Mr. Jason Aitken: Absolutely. I can unpack a whole bunch of different things there, Warren. I love the idea of snow beef. Differentiation—it feeds back to the point. When I lived in Japan, I walked through the Kobe beef slaughter plants in Gunma. They actually let people go into the carcass cooler. They go in and video auction out the carcasses with flashlights to look at them and then they take them off. Think of the Japanese fish market. It creates this high-valued product, and I think we need to innovate and instill more of that. Whether it's for snow beef or something else, creating something that is unique is going to draw attention, and I'm just trying to create a viable platform. So whether it's snow beef or grass-fed beef, something that's differentiated and special gets valued and it gets to market, and that's what we want to do.

• (1615)

Mr. Warren Steinley: I have about a minute left. Can you give me two examples of why it would be tougher to set up a smaller processing plant in Canada than in other jurisdictions in the world right now? You talked about depreciating assets and a few of the tax changes that we saw. How do we make Saskatchewan and Canada more attractive, to make sure that we have people who want to start up processing plants here?

Mr. Jason Aitken: I have lived this for about a decade, raising capital. I'm an immigrant to the province of Saskatchewan in many ways. I've lived outside of Canada for many years. The financial institutions of Canada are extremely risk-averse. In the U.S., much more risk is taken. We need to increase the risk appetite, because if

you don't take the risk you don't get the massive rewards, and the rewards far outweigh the risk. We have Shopify and other companies that have built incredible platforms. There has to be an understanding that there's going to be risk. Things can go wrong, and there have to be supports when that happens.

The Chair: Thank you, Mr. Steinley, and with regard to your snow beef, there was a report last week that I watched on the French agriculture program *La semaine verte*. It's a really unique product. Everybody wants a piece of it, I guess, so it's a great example.

Now we have Mr. Louis for five minutes.

Mr. Tim Louis (Kitchener—Conestoga, Lib.): Thank you to our witnesses for being here.

I would like to start my questions with Mr. Sarsfield.

That was a very inviting and compelling story about your company. I think it made everyone a bit hungry when you described the products that you have. In my riding of Kitchener—Conestoga in Ontario, we have Wellesley Brand Apple Products, which makes apple butter and ciders and syrups, and also Martin's Family Fruit Farm, which is a processing plant with a juicing line. It makes me realize how much your staff... From the way you describe your employees as family, I can tell how much that means to you.

One of the things you mentioned was that your local staff were able to train to keep up with the tech and the automation that you have. I wonder—because we talk about labour all the time—if you could expand on how you're able to have the training to have your staff keep up with the automation and the technology that you're bringing into your plant.

Mr. Jeff Sarsfield: I guess it's just that we have some key people who have stayed with the business from day one, so it's more working with each other and picking the key people in order to get the knowledge, the handle, to look after some of the new technology that comes our way. It definitely can be challenging when you do lose some of those key people because we do have a Michelin plant close by, and they can prey on us for labour for their facility, as well, where we have similar skill sets.

Mr. Tim Louis: That leads me to my next question about the skilled labour. Are there current labour trends or projected shortages that we can look out for because, again, so much of processing capacity relies on human capital, on the people themselves? Are there specific trends that you see that we can look towards to build skills in people down the road?

Mr. Jeff Sarsfield: In most of our applications, we have hired technical people for certain positions, and then we rely on them to cross-train others. It's still a major investment, and we have to make sure that they're looked after to keep them in place so that they don't move on. Overall, with labour for manufacturing, it's becoming more and more difficult each year. However, I definitely do believe that, versus manual jobs, the technical jobs are...and paying a higher wage is definitely the answer versus low wages and no automation.

• (1620)

Mr. Tim Louis: Again, yes, supporting your workers seems to do that.

You did mention automation. What kind of encouragement can we give as a government? What can we do to help you? You have this situation where you're saying that you're at capacity and that you're looking to grow, but that you need that investment. For a company as successful as yours, how can we help you with advancing the technology that you'll need to make that next step?

Mr. Jeff Sarsfield: Like I mentioned before, it's just that continued support that we did have. We were able to take advantage of the latest funding that had mentioned the expiry of December 30. We just came in under the wire for a major robotic palletizer, which was a \$400,000 capital expenditure, and we were able to claim \$100,000 of federal grant money towards that. That was basically why we did proceed with that project when we did, so I guess continued projects being available to us will give us the opportunity to keep investing in that automation.

Mr. Tim Louis: Fantastic.

We just touched on the temporary foreign workers. I didn't hear you mention if you use them and, if you have, whether you have any advice on what we could do to help streamline that process in the future.

Mr. Jeff Sarsfield: We're fairly new to the foreign workers. We just brought our first nine people in from Mexico, and they've been at our production facility for about four weeks now. So far they've integrated with our local staff quite well.

I guess there is, longer term, a need to get that number up over the 10%, because we see the trends going against local people working in these types of jobs.

Mr. Tim Louis: Thank you.

[Translation]

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

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

I'm going to come back to Mr. Sarsfield.

Earlier, we talked briefly about the percentage of the workforce, and you're talking about that right now. You say that you are starting to hire foreign workers and that this is a strong trend because there are fewer local workers available. I asked you if raising the maximum proportion of foreign workers from 10% to 20% was enough, and you said you would prefer it to be higher than that.

But, if you don't even have 10% foreign workers yet, do you really need them?

[English]

Mr. Jeff Sarsfield: The bigger challenge right now is that we have to provide them housing, because there's a shortage of housing in our area. We're looking at building some housing in order to increase that amount. As soon as we know we can cover off the housing, we'll be putting in an application to have at least another 25 people in the program in order to meet our sales commitments for this current year.

As I mentioned before, it's the trend we've seen over the last four years, and whether COVID has.... You know, it was trending this way even before COVID, so it's definitely had an impact on us in this time, but I don't expect it's going to be night and day once we get through the current COVID issues that we're faced with.

[Translation]

Mr. Yves Perron: What improvements would you like to see to the temporary foreign worker program? You're familiar with it, since you are currently hiring these workers yourself.

For example, visas could be issued for a longer period of time, say three years, and could be renewable. This would increase your ability to predict the availability of labour.

Would this help you?

[English]

Mr. Jeff Sarsfield: Yes, the longer the term is, the better, because currently there are some very intelligent people within that group who we can train to do higher skilled jobs. We've seen that even with these first nine people we've put in the plant. Some of them have the ability to be team leads and so on, but under the current program they're only allowed to stay here for 12 months. The longer we can keep them, the better, given the investment of training them.

• (1625)

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

Now, Mr. MacGregor, please go ahead for two and a half minutes.

Mr. Alistair MacGregor: Thank you, Chair.

Mr. Sarsfield, with all the automation upgrades that you've gone through with your business and plans for the future, as well as what you might know from industry associations and other processing plants, can you give us a sense of what kinds of skill sets are generally in the highest demand right now to really solve this labour crunch? Is it really the technical aspects—having electricians and mechanics?

I'm just wondering whether there are particular labour streams the federal government needs to concentrate on, and I'd like to get a sense of that from you.

Mr. Jeff Sarsfield: It has put higher demands on the maintenance side of our operations. So far we've been fortunate. We have built a real good team of mechanics and programmers, but as we grow we need more and more of them, and the other manufacturers in this area are looking for the same people. It hasn't been an issue for us yet, but definitely—going forward, as we need more and more—there needs to be more training for that.

Mr. Alistair MacGregor: With the temporary foreign worker stream, are a lot of companies in your position starting to see a lot of workers returning year after year and establishing those long-term relations with them? What I'm alluding to is that the government is trying to establish a pilot program for a pathway to citizenship. Is that something that you think would be useful to try to encourage those temporary foreign workers to put down some roots in communities such as yours so that they become part of a loyal workforce and part of the company going forward?

Mr. Jeff Sarsfield: Yes, definitely that's what we would like to see, long term, that they actually would become part of the community.

Mr. Alistair MacGregor: Mr. Chair, I'll leave it there.

Thanks so much.

The Chair: Thank you, Mr. MacGregor; and thank you, Mr. Sarsfield.

That's all the time we have today. I really want to thank the panel. You guys were awesome. You contributed greatly to our study. Thank you so much for taking the time. We really appreciate it.

Now we'll break to get the new panel on. Colleagues, don't go too far, because we'll be right back.

• (1625) _____ (Pause) _____

• (1630)

The Chair: Welcome back, everyone.

I'd like to make a few comments for the benefit of the new witnesses.

Before speaking, please wait until I recognize you by name. When you are ready to speak, you can click on the microphone icon to activate your mike. I would remind you that all comments should be addressed through the chair. Interpretation in this video conference will work very much like a regular committee meeting. You have the choice at the bottom of your screen of “floor”, “English” or “French”.

[*Translation*]

When speaking, please do so clearly and slowly. When you are not speaking, please mute your mic.

I would like to welcome our witnesses.

[*English*]

From Pork Nova Scotia, we have Ms. Margaret Lamb, president.

Ms. Lamb, welcome to our committee.

[*Translation*]

From Benny & Co., we have Nicolas Filiatrault, vice-president of Finance and Administration.

Welcome, Mr. Filiatrault.

You will each have seven and a half minutes for your remarks.

[*English*]

We'll start with Ms. Lamb.

Ms. Margaret Lamb (Chair, Pork Nova Scotia): Mr. Chair, vice-chairs, members of the Standing Committee on Agriculture and Agri-Food Canada and other invitees, on behalf of Pork Nova Scotia I would like to thank you for the invitation to address this committee in regard to processing capacity as it relates to pork production in Nova Scotia.

I'm Margie Lamb. My late husband and I had a 150-sow farrow-to-finish hog operation, which I am in the process of selling through a shares agreement.

In addition to growing grain and pigs in the late 1990s, we started processing added-value products selling at farm gate, then adding wholesale and catering to our business. When my husband became ill, I took his place on the pork board and have since become the chair of the board. I have come to speak to you today in that capacity.

Prior to Jim's death, the farm had transitioned many times due to economic pressures in the industry. All producers faced similar economic challenges presented by selling on an open market. The most challenging is prices that are based on the U.S. hog price set weekly, often with large fluctuations and frequently below the cost of production.

Compounded influences over the years from high grain and feed costs, a high U.S. dollar, excess pork on the world market, disease challenges and a loss of infrastructure like feed mills and processing plant relocating—and for us a barn fire—caused many to exit.

Without consistent and certain cash flow, the ability to borrow from banks, Farm Credit Canada and the farm loan boards is often restricted or denied.

In the 1970s, pork production was encouraged by government. The feed freight assistance program, which was seen as a great help in sustaining the industry, was discontinued July 1, 1995.

Over the years, Pork Nova Scotia saw an industry with 225 active farms, with production levels of over 200,000 market hogs, dwindle. There are now eight commercial-sized producers credited with marketing 8,500 market hogs annually, of which 25% are shipped to Quebec for processing. The greatest decline in the industry happened between 2006 and 2009.

Three of the eight producers ship 55,000 to 60,000 isoweans to Quebec and Ontario farms to be grown, which is 98% of the piglets born in Nova Scotia. This almost collapsed this past summer due to COVID.

In the 1990s, all commercial pigs were shipped through the marketing board. Most were shipped into the province to one of four facilities in Nova Scotia, which had an abattoir and further processing capacity.

Presently, between 3% and 4% of the pork sold in Nova Scotia is locally grown. Of that, 97% to 98% is provided by one other producer and me. Even at the peak of production, Nova Scotia only produced 65% of the pork we consumed, making it an importer of pork.

Due to the nature of the hog industry, large processors that purchased plants in the region consolidated and moved their operations, while others closed their abattoir services. A federally inspected abattoir is necessary. It is not inexpensive and is not initially profitable, but it is the infrastructure that is crucial so that producers can increase supply and be profitable.

There also hasn't been an appetite for long-term, low-interest loans from banks, government agencies or investment from related industry to support smaller federally inspected facilities to meet market-sized productions. Presently, government programs look primarily at projections on a spreadsheet to determine the feasibility of a project.

Do not misunderstand me. If something isn't going to work, one has to change. However, if only financial projections are used to see into the future, they do not tell the whole story. If that were the case, my husband and I should have gone out of business 30 times in the last 30 years. What we did was we changed. We did not get bigger. Our hog numbers are smaller, while our employee numbers are 12 times greater.

The provincial government has supported upgrades to provincial abattoirs, which has taken away some of the immediate and critical concerns of collapse. Work during the past four years on business and marketing plans to access funds for a federally inspected abattoir, while not jeopardizing present abattoirs, found that, of the 22 Nova Scotia provincial abattoirs, 12 process red meat. Of those, all are mixed species, all have increased seasonal demand and all facilities are at capacity. Presently there are also 90 backyard facilities that work on a cash economy.

Strategic investment and access to federally inspected abattoirs would stabilize, maintain and grow our hog production, allow access to diverse market opportunities and build and support government policies and mandates.

• (1635)

What do we have in the province and region to support federal abattoirs? We have access to pigs, and producers who want to transition back to market animals and/or increase their numbers.

There are eight plus small to medium value-added processors. Of those, I am the only one processing and growing my own hogs. Most depend on imported meat for processing.

There is a very strong buy local movement.

Federal inspection is a must, as it allows for exports, sales opportunities into existing processing facilities and large retailers, and sales access to government institutions.

The environmental initiatives can be supported by having abattoirs located closer to production. The carbon footprint of pork in Nova Scotia and the Maritimes would be reduced. Fewer hogs would be exported. A round trip to Quebec consumes 800 litres of fuel. Less meat would be imported back to the Maritimes for meat processing and consumption.

Lack and scarcity of food will cause citizens to panic. Here in Nova Scotia, the Tantramar Marsh is under increased threat of breaching. There is only one land crossing into the province for both rail and trucks to bring human food, animal feed, fuel and goods. Currently we have a maximum of three days' food supply in the province.

Added benefits from having these facilities would be increased food sovereignty, job creation and rural development. This would meet the obligations and food policies set September 26, 2017, which say that it must support the next generation of farmers promoting a diversity of farming practices and sizes, as well as the right to food. This was ratified in 1976.

On animal welfare and transport of animals, there would be less distance, which would mean less stress on our livestock and better mitigation and correction of unforeseen circumstances such as storms, breakdowns and the slowdowns for checkpoints that we saw during COVID. Shorter transport would meet new animal care regulations.

In conclusion, time has been running out for 20 years in my province. Family farms are not run by CEOs. They are run on blood, sweat and integrity, and the one thing 99% of farmers will do is that we will go to our graves to meet our obligations. Your farms are like your homes: not a place to work, but a place to live.

Lastly, in my opinion, projects studied for years amount to inaction and procrastination. Both are actions that result in huge expenditures. We have seen \$500,000 of studies with no results. Some of the public will never agree with what you, as leaders, may do. For some of us and our families to come, your recommendations for support make all the difference.

Thank you for your time.

● (1640)

The Chair: Thank you very much, Ms. Lamb.

[*Translation*]

I now give the floor to Mr. Filiatrault.

You have up to seven and a half minutes, Mr. Filiatrault. We're listening.

Mr. Nicolas Filiatrault (Vice-President, Finance and Administration, Benny & Co.): Thank you, Mr. Chair.

Ladies and gentlemen, members of the Standing Committee on Agriculture and Agri-Food, I would like to begin by thanking you for your invitation.

My name is Nicolas Filiatrault, and I am the vice-president of Finance and Administration for the Benny & Co. rotisserie chain. I am pleased to be with you today as part of the committee's study on processing capacity.

Before getting to the heart of the matter, let me introduce our company. Founded in 1960, Benny & Co. is a third-generation family business that has carved out a place for itself in a highly competitive industry by giving priority to a business model that puts local purchasing first. Still 100% owned by members of the Benny family, the chain now employs more than 1,800 people, 36 of whom are family members. Over the past 10 years, the company has grown significantly, from 12 to 64 restaurants, including two in Ontario, and has experienced a 670% increase in sales. Today, Benny & Co. sells more than 10 million roast chicken meals a year.

As part of our operations, we purchase more than four million kilograms of Quebec chicken per year, which represents approximately 50,000 chickens per week. Each year, the company also purchases 500,000 kilograms of all-Canadian secondary processing chicken to supply its rotisseries, as well as 100,000 kilograms of pork. Our rotisserie chain focuses on product quality and proximity, with local sourcing being an integral part of the company's development.

At the beginning of 2021, 85% of the products purchased come from Quebec. When Canadian products such as P.E.I. potatoes and packaging are added to this figure, Canadian sourcing accounts for more than 90% of the chain's total purchases.

As I just mentioned, as major poultry buyers for more than 50 years, we are therefore extremely well placed to observe the

pros and cons of supply management in the chicken industry. From the outset, we want to recognize that, for poultry farmers, this model has many advantages, not the least of which is the assurance that they will be able to sell their production at a fair and consistent price.

However, Benny & Co. believes that the principle of supply management shouldn't be extended to processing plants and slaughterhouses through guaranteed supply volume, as this results in additional cost to buyers, primarily those in the food service sector. Indeed, in our opinion, the current management method for allocating slaughterhouse quotas limits competition, innovation and product traceability.

Since the introduction of guaranteed supply volumes in 1994, Benny & Co. has witnessed major changes in the processing sector. When this measure was introduced, it was designed to ensure a volume of supply to slaughterhouses of all sizes, which at first glance seems logical. Unfortunately, since that time, many smaller slaughterhouses have either closed or been bought out by the two largest industry players in Quebec, creating a virtual monopoly of over 95% of the poultry processing market in Quebec.

As in any quasi-monopoly sector, the lack of competitiveness in the poultry processing market negatively affects buyers, including Benny & Co. Indeed, the supply volume system greatly complicates access to slaughter quotas. In this sense, reversing this simple trend is almost impossible without the intervention of legislators and regulatory authorities. Benny & Co. does believe that it is essential to encourage the emergence of medium-sized slaughterhouses. Fostering healthy competition encourages innovation and, more importantly, reduces the risk of breakdowns in the supply chain.

Imagine for a moment that because of the COVID-19 pandemic and outbreaks, the few large slaughterhouses in Quebec are forced to reduce or cease operations. It would have a catastrophic impact on chicken buyers such as Benny & Co. Several times this year, our supply team has had to work extremely hard to ensure that we have enough supply to simply keep our rotisseries running.

The absence of competitiveness in the poultry processing sector has also brought up a major issue for Benny & Co., namely, chicken traceability. Indeed, for our company, being able to determine the origin of the chicken is essential, since it allows us to ensure the quality of our raw material. When the chicken enters the processors premises, we lose track of it. Buyers can't choose their breeders or know where the chicken comes from.

While we know that the chicken we buy comes from Quebec, certain differences in terms of what chickens are fed and how they are raised have a considerable impact on the quality of the product sold to consumers. Contrary to what we might think, it is wrong to believe that all Quebec or Canadian farmers provide exactly the same quality of chicken.

For Benny & Co. and several similar companies, the gradual disappearance of small- and medium-sized slaughterhouses has severed the link with farmers.

• (1645)

Indeed, in the days when small- and medium-sized slaughterhouses were operating on a larger scale, Benny & Co. had the ability to choose the farmers who supplied it. On a large scale, in large slaughterhouses, being able to ensure traceability is an additional operational constraint, so it is obviously not an option for them.

In order to offer exceptional product quality, Benny & Co. carefully selects all the local producers that the company partners with for the purchase of lettuce or cabbage, for example. However, this is impossible for chicken, the most important product on the Benny & Co. menu, due to the refusal of these same large slaughterhouses.

As for secondary processing, we also note a significant consolidation of the market. In this case, there are no barriers to entry, but due to the vertical integration of the production chain, the same two large players find themselves with a very large share of the market. This situation hinders innovation in a sector that is full of opportunities, while there is an increase in demand in the restaurant and retail markets.

In closing, Benny & Co. encourages legislators to put in place measures to promote competitiveness. In our view, we must stop protecting the big players, who don't need additional support or protections. We believe that this is how competitiveness and innovation in the product processing sector will regain importance. It will make the Canadian poultry supply chain more secure and, at the same time, more efficient.

Thank you for your attention. I will be pleased to talk to you in the next few minutes.

The Chair: Thank you, Mr. Filiatrault.

We'll now go to the rounds of questioning.

[English]

We'll start with Mr. Epp for six minutes.

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

Let me begin with Ms. Lamb. If I understood you correctly, you said that 65% of Nova Scotia's demand was met by the pork production in the province. Is the business case strong enough for the private sector to invest in additional processing capacity there to meet that provincial demand, or would you estimate that it would require ongoing public support to meet that?

Ms. Margaret Lamb: The 65% was when we had the 225 producers, back when Maple Leaf still had the abattoir and facilities here as well as Larsen Packers.

Right now, all we have in the province that we are processing is 3% to 4% of what we're consuming. The federal inspection just allows more access to sales that we can't access any more. I have only provincial inspection. We only have the provincial abattoirs. We can't even put in to our larger chains, such as Sobeys. We sell basically through our own retail.

The answer to your question is that we need it in order to grow.

• (1650)

Mr. Dave Epp: That's in order to grow at the primary level.

I'll redirect my questions now to Monsieur Filiatrault.

Let me begin with a basic question. Across all of your sourcing, what percentage would you be sourcing directly from the manufacturer, and how much would you be sourcing through third party agents, such as food service providers like Gordon Food Service or Sysco?

[Translation]

Mr. Nicolas Filiatrault: In fact, 100% of our production and orders are direct. Gordon Food Service, our distributor, only distributes the chicken; we don't buy directly from them.

So, 100% of our product is ordered directly from slaughterhouses.

[English]

Mr. Dave Epp: We've heard a lot of testimony on the need for a grocery retailer code of trade. Your business model is different, and I was wondering if you are buying a significant portion of your inputs through food service suppliers. That might have some of the same dynamics as the retailers have in thrall to that marketplace. I'm hearing "no". Is that correct?

[Translation]

Mr. Nicolas Filiatrault: That's right. The majority of our products are directly sourced. Currently, our volume is high enough to have them distributed only by our distributor. Having said that, in terms of contracts, I would say that 95% of what we buy comes directly from producers.

[English]

Mr. Dave Epp: Thank you.

Specifically to your sourcing model and your desire for more medium-sized processing, what specific changes in the supply-managed sector do you think would be advantageous for the whole sector?

Now we're getting into regulatory changes. What are the specific changes that would allow expanded processing capacity?

[Translation]

Mr. Nicolas Filiatrault: That's a good question. I would say it's more about stability. The total quantity is sufficient, but as soon as anything happens, our supply is cut off from all sides and we have to call our second supplier, who needs to act quickly to provide us with product.

Besides the need to increase the number of players, it's also difficult to source outside the province, because of the implicit protection that exists. For example, it is extremely difficult for me to go and buy chicken in Ontario unless it's an emergency. It comes back to having more players and being protected that way. That would be the solution for me.

[English]

Mr. Dave Epp: Thank you.

You mentioned the possibility of interprovincial trade or interprovincial suppliers for yourself. Are there any particular barriers you've experienced that we should be aware of as a committee?

[Translation]

Mr. Nicolas Filiatrault: As I said, in theory, it is possible. There have been times in the past when our supply has been extremely tight and I have had no choice but to call Maple Leaf in Ontario or Granny's Poultry in Manitoba, for example. As soon as you say you are from out of province, it's extremely difficult to get supply. In the case I am describing, we turned to the United States, and eventually our suppliers agreed to supply us with the raw material, whole round tied chicken. It is a little rarer than trimmed breast—

The Chair: Sorry to interrupt you, Mr. Filiatrault, but we are running out of time. Thank you.

[English]

We go to Mr. Blois for six minutes.

Mr. Kody Blois: Thank you, Mr. Chair.

Thank you to both of our witnesses here today. I'll target my questions towards Ms. Lamb.

Margie, it's great to see you. You spoke with so much passion during your opening remarks. I only have six minutes. I wish I had six hours because I think you have a lot to provide to this committee.

I want to start by trying to give some context to our members on this committee. You're certainly talking from a Nova Scotian perspective, but your story probably applies across Atlantic Canada in the sense that, outside of Atlantic Beef and some of the supply-managed industries where there is processing, there's no federally inspected pork facility in Atlantic Canada.

• (1655)

Ms. Margaret Lamb: There is none. At one point there was a federal inspection in all of the three provinces.

Mr. Kody Blois: Mr. Epp asked you about the business case that needs to be made. You talked about the fact that at one time this was a big business. There has been a transition over the last number of decades.

You mentioned the fact that banks are hesitant to loan. I know we've had conversations about Farm Credit Canada. Although they've been praised in other sessions where perhaps there's more security, you've had difficulty with Farm Credit Canada in being able to access enough leverage or credibility on the fiscal side to be able to move projects forward. Is that correct?

Ms. Margaret Lamb: I'm going to say this about the hog industry: Because we're on an open market and because prices fluctuate so much, it can be dollars within one week. You just cannot say to a bank or any financial institution that I can guarantee to you that I am going to have \$2 a pound for my pork from now for the next six years. It just doesn't happen.

As well, because of all the other things that have happened within the industry, first of all, for myself and my operations manager, when the provincial abattoir almost crashed four years ago, after the death of my husband, I went to the provincial government to see about trying to build a very small federal abattoir, saying, "You know what? If we had money, we would not be here to ask." And why federal? We have provincial, but if you can't get into other market opportunities, you're just investing in the same thing. This would allow other producers.... I process only 40 to 50 hogs a week. I couldn't sustain a federal abattoir. I need to be able to help support growing an industry, and I think you have to start from the ground and come up. We're rebuilding here. We're not up at that level anymore. We have basically eliminated the industry, and now we're right back to where we were in the 1970s of trying to just get some food security and trying to grow an industry here.

I think I got sidetracked.

Mr. Kody Blois: No, and for the benefit of everyone on this committee, for the analysts, it's about having the federally inspected abattoir to allow your producers to have more market opportunities, because right now you're just sending isowean pigs to larger producers and then we're getting the finished product back or processors are importing.

Ms. Margaret Lamb: When the industry, in 2009, was having difficulty, there was funding put in. I looked it up today. It was a federal program where you could either get out of business or you could transition to something. Some of the farms transitioned to isowean production; some chose to get out of business. At that point, at our farm, Jim had already started transitioning into the direct marketing, so we couldn't access that funding—not that we should have had it, because we were already transitioning.

That's when a lot of that production just left. Because of transportation, some of the isowean producers want to stop having to transport animals. They are selling into farms that, in order to compete, have to increase or grow bigger, so they're building new barns. That means, here, either these isowean producers increase their sow herd and build new barns....

There's just not the money in that, so it's kind of a catch-22.

Mr. Kody Blois: I hear you.

Of course, you work with Linda Best. She's a real champion through FarmWorks in Nova Scotia. Talk to me about what the government can do through its procurement methods. We also have a budget coming up.

There are two things. Obviously needing to be trade compliant, are there ways that the government can support through the procurement power, along with our future budget on relaunching the economy?

Are there temporary measures we can try, to help in the long term?

Ms. Margaret Lamb: When you're talking about procurement, are you looking at what goes into institutions and that type of thing?

Mr. Kody Blois: Certainly I've heard a lot of that at the provincial level, but even federally, we have the Kentville research station and others.

Is allowing the federal government to have a food policy that allows more local procurement something that can benefit?

• (1700)

Ms. Margaret Lamb: To get into those institutions, your hospitals, your prisons, and so on, it has to be federally inspected. Unless there's legislation that changes that, I think there needs to be a will at each province, not just here, to say to these institutions that they can buy a certain percentage locally. We see that our provincial government has said that, earmarked so much, but I think that percentage needs to increase.

Yes, there are things that can be done, and do you know what? I look at all you've done over COVID, and when there has been a will and a need, there has been a way.

Mr. Kody Blois: Thank you.

The Chair: On that, we'll move on.

[Translation]

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

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

My thanks to the witnesses for being with us.

I see that you are much of the same mind in terms of local processing.

Mr. Filiatrault, your business model is very interesting. You give priority not only to buying local, but also to selling local as much as possible.

You were talking about the concentration of processing and how it prevents you from having traceability and a certain level of quality control. That is certainly a major issue.

What barriers do you see for small and medium-sized abattoirs? What is preventing businesses like that from starting up?

What can the federal government do about it?

Mr. Nicolas Filiatrault: Currently, guaranteed supply is pretty much limited to the two big players in the market. So if you wanted to open an abattoir tomorrow morning, the guaranteed supply volumes would be so low that it would be absolutely impossible to make any profit at all. That is where the problem lies, a bit like Mrs. Lamb was saying. Yes, it is a different problem, but it is related.

I could not go to a chicken farmer and tell him I'm going to buy his output, because my supply would be so limited that it wouldn't be profitable. It takes far too long to legally increase production volume enough to make money. So the market is virtually closed in that respect.

Mr. Yves Perron: No one wants to shut down the big abattoirs, but everyone understands that the concentration of animals can be problematic. We saw that during COVID-19, didn't we?

What can be done to limit the trend, in acquisitions, for example?

Mr. Nicolas Filiatrault: The solution is tough, because we didn't mind them getting too big. For example, a few years ago, I was dealing with an abattoir that allowed us to trace their products. It was very easy. The service and delivery were excellent. When the fact that the abattoir delivered traceable products became known, it was bought up two weeks later. Then it was shut down and production was moved to the current facility.

So what can be done? It starts with guaranteed supply volumes. If you remove them, some industry players are definitely going to want to build an abattoir.

Mr. Yves Perron: Okay. So we could amend those regulations.

Mr. Nicolas Filiatrault: Yes, absolutely.

Mr. Yves Perron: Mrs. Lamb, you mentioned financial support. You say that you can't just look at the financial statements, because that doesn't give the full picture, and that you could have gone bankrupt seven or eight times, but you didn't because you are well organized.

Could the government step in to encourage small and medium-sized processing plant startups that would complement the supply and meet the very legitimate needs of businesses like Benny & Co. and probably yours as well?

Basically, it doesn't have to cost the government money. It could simply be a matter of guarantees.

Would that be possible, Mrs. Lamb?

[*English*]

Ms. Margaret Lamb: Thank you, Mr. Perron.

It is actually one of the things that, when we have gone to government to speak to them.... Being a grandmother, I do not want to see my grandchildren saddled with debt, and my thought was always that we need long-term, low-interest loans in order to personally take this on. You know what? I think out of need, out of crisis, sometimes is where the passion comes to try to solve these problems. It is with that crisis and passion that I went to look at this possibility. Everything that it's come to is, the unfortunate part about an abattoir—

• (1705)

[*Translation*]

Mr. Yves Perron: I see. Forgive me, Mrs. Lamb, but my time is limited.

[*English*]

Ms. Margaret Lamb: Okay.

[*Translation*]

Mr. Yves Perron: From what I understand, it would therefore meet a need, if a guarantee or some form of financial contribution from the government would make it possible to spread the debts over a longer period of time.

Mr. Filiatrault, how long have you had this issue? Is the change in the abattoir you dealt with a recent one?

Mr. Nicolas Filiatrault: It has been several years; it must be about five years ago. Since that time, we have been dealing mainly with the two major producers.

Mr. Yves Perron: In those five years, have you discussed the matter with the various levels of government? Is this the first time you have brought up the issue?

Mr. Nicolas Filiatrault: I have had some discussions, but I believe this is the first time we have seen so much interest. I have regular discussions with Restaurants Canada, of which I am a director.

Mr. Yves Perron: All right.

Of course, everyone around the table wants to see new players in the processing industry, but it doesn't happen overnight and it can be difficult.

To ensure your traceability, isn't there a way to get what you want from your current processors?

It seems to me that it's a legitimate request.

The Chair: Could I ask you to answer very quickly, please?

Mr. Nicolas Filiatrault: That is exactly what we tell them. I will let you put the question to them.

I believe that Mr. Davies appeared before the committee this week.

The Chair: Thank you, Mr. Filiatrault.

Thank you, Mr. Perron.

[*English*]

Now we have Mr. MacGregor for six minutes.

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

Ms. Lamb, I'd like to echo Mr. Blois' comments.

Thank you for your testimony, your opening statement. I think you've certainly painted a pretty daunting picture for anyone who's considering becoming an entrepreneur in the pork industry: the variety of price swings you have to deal with as an industry. You've already outlined some of the big concerns you have.

You were talking a lot about the cash flow problem that you have, and while we don't have much influence that we can wield over private financial institutions, I wanted to talk about Farm Credit Canada. Are there any recommendations you have for what we could present to the government? You talked a little about the long-term loans. Are there any further details you wanted to add on that front?

Ms. Margaret Lamb: I don't think directly to farm loan. I know through Canadian Pork Council we have asked for government to work with agencies to have made-in-Canada pricing. It would look at pricing all across Canada for all pork producers regardless of province. Also, one of the other things is to look at zoning that may not affect pricing unless there was a crisis, but it would eliminate some of the concern with a shutdown in exports through a disease, like BSE did with cattle. Letting the federal government and certainly Farm Credit have a more open mind to.... For abattoirs, the first part is never going to be profitable, but the abattoir is a means to the added value. Without the abattoir, we can't get down the other side of the road.

Mr. Alistair MacGregor: Absolutely. Our previous witness was from Northern Natural Processing in Saskatchewan, and he listed the three barriers: funding, critical mass and market power. Yes, the upfront capital costs are quite significant, but they are that avenue to allow people to make more money farther down the road.

You mentioned something about the food supply in Nova Scotia. I come from the other part of the country. I'm on Vancouver Island. We're very aware of being on an island. We're dependent on BC Ferries for many of our supplies, and we have a similar outlook on food supply on Vancouver Island.

Part of our study is to also examine the goal of increasing local capacity to protect food security. You mentioned that. Is there anything you wanted to expand on on that particular point to aid us with that part of our study?

• (1710)

Ms. Margaret Lamb: I think your openness to look at small, I'm going to say directed, investment that regionally...and that we can work together collaboratively to get as much food security in here as we can. I think some of it will be, can we work together as a region? The others...because New Brunswick...we need cull sow processing because of all the isolated producers we have. I know the small facility we're looking at, which would look at 200 to 400 animals slaughtered per week, would be from \$2.8 million to \$3.2 million. To do 2,500 a week you're looking at \$9 million to \$12 million. When we first started, we even started looking at bringing in a mobile unit to make it stationary, and that was out of the States, and you're still looking at \$1 million with even smaller capacity.

Mr. Alistair MacGregor: That's pretty significant.

Are you aware of programs like the local food infrastructure fund? Is that something that you'd like to see more of on the road ahead, providing that kind of capital? We've heard of projects being funded where someone establishes a community kitchen that allows several farmers to use it at the same time in some kind of a co-operative model. Then they're going from raw processed vegetables to value added. Is there any value in funds like that, as well?

Ms. Margaret Lamb: There certainly is, and I think Linda Best, as Kody will attest to, started work with FarmWorks, and they've invested capital into businesses such as even mine. We bought a slicer, a \$32,000 used piece of equipment. Even funding where you can have used equipment and not always have to invest in brand new so that it's more accessible to small processors and small businesses....

Mr. Alistair MacGregor: Thank you so much.

Monsieur Filiatrault, I'll just use my last minute. We've had a number of witnesses talk about the impacts of labour on their ability to increase processing capacity. In the short time I have left, do you have anything to add on that front on how it's impacted your business?

[Translation]

Mr. Nicolas Filiatrault: It really is a challenge for our business.

I am not sure I understand the question. If you're talking about the processors, the challenge is everywhere you look. They need to reinvent themselves and offer new ways of doing things. Currently, the market has stabilized to some extent.

The Chair: Thank you, Mr. Filiatrault.

[English]

Thanks, Mr. MacGregor.

Now we'll move to the five-minute round.

[Translation]

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

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

I thank our two guests for being with us this afternoon.

I see that we have two production and processing businesses. One is a supply-managed poultry operation and the other is a pork

operation. They are facing the same issue, the concentration of processing. How can we find a viable solution for processing?

I understand that regulation plays a key role. For one thing, in Mrs. Lamb's case, it is different for smaller abattoirs that are subject to provincial regulations. Processing cannot be exported to other Canadian provinces.

Mrs. Lamb, could the Canadian Food Inspection Agency adapt some regulations to at least allow for interprovincial transfers within the country?

[English]

Ms. Margaret Lamb: The interesting part is, I can transport a live animal anywhere across Canada, so as far as taking that out I can do that. You just can't transport a dead animal across provincial borders without federal inspection. We need to bring meat in, so for our project it would be more about, how do we get some sustainability within our own province and our region by being able to access some of the markets that we actually have here? I don't know if that answers what you were asking.

• (1715)

[Translation]

Mr. Richard Lehoux: Yes. It does answer my question.

However, we are seeing a problem between provincial and federal government regulations. I want to find a way for us to work together.

As you said, you can transport a live animal from one end of Canada to the other, but you can't transport a carcass, which is inconceivable to me. So we have to change the regulations.

[English]

Ms. Margaret Lamb: I have no answer for you, my dear. We've been shaking our heads at it for a long time.

[Translation]

Mr. Richard Lehoux: Thank you, Mrs. Lamb. In any event, we will keep looking.

Mr. Filiatrault, you tried to source products elsewhere and you ran into problems. Did the regulations stop you or was it the supply?

Mr. Nicolas Filiatrault: It was a mixture of the two. Also, the unwritten regulations make it very difficult to do, especially in my case.

Mr. Richard Lehoux: Mr. Filiatrault, what do you mean by “unwritten regulations”? I find that quite strange.

Mr. Nicolas Filiatrault: Both large-scale processors protect their markets a little bit. You have to understand and recognize that my product is very specialized. It is very high-quality whole round chicken, tied a certain way. You have to consider that too. It is not mixed breast of any size.

Mr. Richard Lehoux: I feel that the issue of traceability is really important.

Is it really the processors' decision? In my opinion, it has to be doable. Is it just that they don't want to do it right now?

Mr. Nicolas Filiatrault: Absolutely. That's what I think too. I believe it's just a matter of choice, since, as I said, it has been done for me before.

Mr. Richard Lehoux: Okay.

So it wouldn't be impossible to feel that a large processor is able to provide traceability.

Mr. Nicolas Filiatrault: No, because if some animals have a disease, I guarantee you that they will—

Mr. Richard Lehoux: They will find the source.

Mr. Nicolas Filiatrault: They will find out where it came from, in my opinion.

Mr. Richard Lehoux: Okay.

The federal government could make funding more flexible for small abattoir startups. The funding would provide a little more opportunity for those businesses to start up. Other witnesses who spoke earlier were thinking along similar lines.

Mr. Nicolas Filiatrault: Funding needs to be more flexible and we also need to increase slaughter capacity by upping the volume that you are allowed to buy.

Mr. Richard Lehoux: Does the operation where you source have supply problems owing to guaranteed volumes at the abattoirs?

Mr. Nicolas Filiatrault: Absolutely.

Mr. Richard Lehoux: Okay.

The Chair: Thank you, Mr. Lehoux and Mr. Filiatrault.

Mr. Drouin, you now have the floor for five minutes.

Mr. Francis Drouin (Glengarry—Prescott—Russell, Lib.): Thank you very much, Mr. Chair. I'd like to thank Mr. Filiatrault and Mrs. Lamb for being with us.

I will start with you, Mr. Filiatrault. I would like to understand why you favour local abattoirs rather than dealing with other abattoirs. I understand the dynamic you spoke of earlier, that small abattoirs are closer to their producers.

Is that the only reason?

Mr. Nicolas Filiatrault: It is one reason, but there's also a safety issue. As I was saying, our business depends entirely on our supply. Of course, the fewer the players, the higher the risks. During the COVID-19 pandemic, we got calls from people saying that 200 of their workers were infected and they had to shut down their busi-

ness for three weeks. That is a challenge for our supply teams. It is easier for us to work with someone who is closer to their supplier.

Mr. Francis Drouin: All right.

We know that, in terms of labour, we need to work in partnership with the provinces. Even if the funding is there, we need to find the labour for our abattoirs. In my constituency, I have seen several abattoirs close down, not because they wanted to, but because they had no succession plan and no one was there to take over.

Have you experienced the same thing with your former suppliers?

• (1720)

Mr. Nicolas Filiatrault: Labour is a challenge for everyone, but I believe we have ways to innovate. I have been to processing plants outside the country that are far more advanced and less labour intensive.

It's also a question of investment and innovation, that is obvious.

Mr. Francis Drouin: On dairy farms, no one wanted to milk the cows. Robotics came in and solved that problem.

I would be curious to know your opinion on that. Automation can play a pretty important role in our economy, especially in your field. Is that the case?

Mr. Nicolas Filiatrault: Absolutely. It is unavoidable. You have to face the facts: some jobs are attracting fewer and fewer workers. I don't feel it's going to get better and it's not going to go back to what it was. People are not going to move to the country. An abattoir may need 500 or 2,000 workers. Regardless of the number, those positions will be difficult to fill. So that is the situation I feel we have to work with.

Mr. Francis Drouin: That business model does not always rely on foreign workers, although there is an immediate needs. We should have a strategy for the next five or ten years so that we do not always rely on foreign workers. They are important, but, as you said, innovation is needed, and other countries are much more advanced in that area.

You said that COVID-19 hit hard because Olymel suspended operations for two weeks. We have all read the news, and that is kind of why we are doing this study. The added risk of COVID-19 did not exist before.

Before COVID-19, did you have a good relationship with Olymel and the big abattoirs?

Mr. Nicolas Filiatrault: I do not want to say that I don't have a good relationship with them. They are still partners, but they are very big and we represent a tiny part of their production. Our relationship is good, but it's hard to make demands on a company of that size. As far as the traceability of their products is concerned, it is a matter of choice. It is not true that they do not have the information; they just don't want to give it to us. In addition, when changes to the products are needed, it takes time, but it's part of the game.

It's not that they don't cooperate at all. But they still have their job to do, which is to slaughter chickens.

Mr. Francis Drouin: Okay, thank you.

[English]

Mrs. Lamb, being from Ontario, I can certainly feel the Nova Scotian love coming from you. We feel it through Kody once in awhile, too.

Way at the beginning, you mentioned value-added processing. I'm just trying to understand what you meant by that. Was it further processing for hogs or was it a specific kind of processing that you were looking for back in Nova Scotia?

Ms. Margaret Lamb: That was referring to our business. We just were growing hogs at one point, which went into an abattoir that did the further processing and selling. We started selling a side of pork on a Saturday morning. We started doing ham and then bacon.

After I retired from teaching around 15 years ago, we built a larger facility. We now make ham and bacon and we do fully cooked products. We've done all kinds of sausages. We have a hot dog that we call a "Jimmie Dog", which was made to meet a school nutrition program. There are no fillers or anything in our products—no MSG or all those good things. We have probably about 200 SKUs of product.

We grow the pork and we process it. We just don't have an abattoir.

Mr. Francis Drouin: Thank you.

The Chair: On this one, colleagues, I am not a hundred per cent sure. My timer stopped, but I think you got your five minutes. I don't know if anyone else timed this one, but I think it was close. Unless I hear otherwise, we'll move on.

I apologize for that.

[Translation]

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

• (1725)

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

Mr. Filiatrault, let's continue our discussion.

I'd like to hear about the logistical benefits of buying locally. That model seems important to you.

What comparative advantage does it deliver to the business?

Mr. Nicolas Filiatrault: It provides us with security, which, after all, is quite significant.

For example, I just transferred our lettuce supply. It used to come from California, now it's grown in Mirabel, 365 days a year, even at -28 degrees Celsius. So nothing is impossible. We have no losses due to transportation, we are in direct contact with the company, and the product and packaging are made for us. So the advantages are many.

Mr. Yves Perron: So it would be in your interests to have access to other processors. We are talking about your business, but we could include other small or medium-sized businesses as well.

If the federal government were to put enabling conditions in place, do you think there would be any takers in the industry? Earlier, with Mrs. Lamb, we spoke of guarantees or very long-term, low-interest loans.

Would you be interested in that move toward integration?

Mr. Nicolas Filiatrault: By all means, we've been interested in it for a long time. We try to do it with partners. As I was saying, 85% of our supply is local and direct, whether from families or businesses. Of course, we would like to do more vertical integration if it were possible. That's something the company is looking to do.

Mr. Yves Perron: Okay. So some people would be interested.

My last question is about interprovincial barriers. You said earlier that, when you needed to source elsewhere, you resigned yourself to going to the United States. That's sad, though. We have heard from several witnesses about how difficult interprovincial trade can be.

What is the problem? What needs to change?

Mr. Nicolas Filiatrault: As I told you, technically, it's not a matter of regulation. It's hard for me to tell you that a specific regulation has to change. In principle, I should be able to get my supplies elsewhere. Why can't I do that? It's a little hard to explain. I am not a processing expert, but I can tell you that I personally made dozens of calls a few years ago and I ended up applying for import quotas.

Mr. Yves Perron: Thank you.

The Chair: Thank you, Mr. Filiatrault.

Thank you, Mr. Perron.

[English]

Now we have Mr. MacGregor for two and a half minutes.

Mr. Alistair MacGregor: Thank you, Chair.

Ms. Lamb, you were mentioning to my colleague Monsieur Drouin the value-added products and the range of products you produce. We've had a lot of discussion lately about the code of conduct of major retailers and the concentration of power in the marketplace. Have you had any negative interactions with retailers, such as the hidden fees that are given to processors about where they can place their products or anything like that? Have you had any of those experiences?

Ms. Margaret Lamb: I'm going to say that I have not, because I'm only provincially inspected. I don't get into the large retailers, where that is one of their criteria for getting on their shelves.

Mr. Alistair MacGregor: Even provincially within just the Nova Scotia chains, it's been okay. That hasn't impacted you.

Ms. Margaret Lamb: We aren't in the Sobeys and that. We would be in Pete's Frootique. We go and just sell directly to them. They've been great to work with.

Mr. Alistair MacGregor: Okay.

I don't have much time. Can you talk a bit about the impacts of COVID on your operations and what that's going to look like going forward?

Ms. Margaret Lamb: I'm going to talk about two things.

Number one, for our farm, because we direct market, we have not been impacted like life has for people who are isoweane producers. For the isoweane producers who were shipping into Quebec, those farms got backed up because they couldn't go into processors. We were looking at having to eradicate piglets, and our governments and everyone kind of worked together.

What happened was that the price for those isoweane producers dropped from their contract price of \$40 to a cash price of \$5 to \$7 a piglet. They really suffered. It looked like that was going to actually put them under.

• (1730)

Mr. Alistair MacGregor: Wow. Okay.

I think I'll leave it there. Thank you very much.

Thank you, Mr. Chair.

Mr. Kody Blois: Mr. Chair, I have a point of order.

Just for the benefit of everyone on this committee, Mr. Drouin was talking to Ms. Lamb about her products, and she mentioned ham. She's famous in Nova Scotia for her Margie Lamb ham, so I think that after the pandemic you should all come down to Nova Scotia, and we can have some Margie Lamb ham.

Ms. Margaret Lamb: Actually, it's Jimmie Lamb ham.

Mr. Kody Blois: Oh. It's Jimmie Lamb ham. I'm sorry about that.

Ms. Margaret Lamb: Yes, we're Lambs who grow pigs.

The Chair: That's a great point of order. Everybody order your Jimmie Lamb ham. Let's get this right.

Thanks to our panel. It was a wonderful discussion. Thank you so much for taking the time to be here.

For all our colleagues, our MPs and our support staff, it was almost a perfect meeting. I appreciate everything you've done.

[*Translation*]

Mr. Yves Perron: Thank you.

The Chair: We will see each other again next week.

Mr. Yves Perron: Mr. Chair, I would like to make a quick point.

By the way, I recommend the chicken from Benny & Co., because I live in Saint-Félix-de-Valois, where the original restaurant opened.

I wanted to congratulate the interpreters, it was impeccable. I did not mention it during the meeting so as not to waste time, but sometimes I had an echo. I don't know if I was the only one who heard it, but I just wanted to point it out to the technical team, who may not have been aware of it. We were still able to hear clearly.

The Chair: Duly noted, Mr. Perron. The technical team will surely look into it.

Until next week, then. Have a good weekend.

[*English*]

Thanks to all of you. We'll see all of you next week.

This meeting is adjourned.

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