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# Standing Committee on Agriculture and Agri-Food

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Chair: Mr. Kody Blois





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• (1540)

[*English*]

**The Chair (Mr. Kody Blois (Kings—Hants, Lib.)):** We'll start the meeting. We call this to order.

[*Translation*]

Welcome to the fourth meeting of the Standing Committee on Agriculture and Agri-Food.

Today's meeting is taking place in a hybrid format, pursuant to the House order of November 25, 2021. The proceedings will be made available via the House of Commons website. So you are aware, the webcast will always show the person speaking, rather than the entirety of the committee. Screenshots or taking photos of your screen is not permitted.

[*English*]

Colleagues, I'll just quickly outline some of the procedures before we get started.

Of course, if you want to speak, the clerk and I will be liaising between the groups in hybrid mode. Those on Zoom will be raising your hand, and those in the room will perhaps be signalling to the clerk that you wish to speak.

Of course, we are still abiding by the health protocols that have been set by the Board of Internal Economy for those who are in the room. I know the clerk will work with me to ensure that those are enforced.

This is a reminder for those who are online to use their House of Commons certified microphone for the benefit of our translators.

This is another reminder that all comments by members and witnesses should be addressed through the chair.

First of all, members, I would like to ask the committee to consider the adoption of the budget for the study of the agriculture and agri-food supply chain. You have all received this by email. It covers costs related to the meeting moving forward.

This is very procedural, but do I have agreement for us to adopt that budget?

**Some hon. members:** Agreed.

**The Chair:** Seeing consensus, Madam Clerk, I think we're good.

Colleagues, I would like to move forward. For the benefit of our witnesses here, I have a few comments.

For interpretation, you have the ability to toggle between English and French. When you're not speaking, please make sure that your microphone is on mute.

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

I would now like to welcome our witnesses for our first panel. With us today by video conference, from the Department of Agriculture and Agri-Food, we have Tom Rosser, who is the assistant deputy minister for market and industry services branch; and Justine Akman, who is director general for the retail and consumer task team.

Up to five minutes will be given for opening remarks, after which we will proceed to rounds of questioning.

We go over to you for five minutes.

[*Translation*]

**Mr. Tom Rosser (Assistant Deputy Minister, Market and Industry Services Branch, Department of Agriculture and Agri-Food):** Thank you, Mr. Chair.

[*English*]

Let me just begin by saying that it's always a pleasure to have the opportunity to appear before this committee and try to contribute to the work that you do.

As you know, Mr. Chair, I am pleased today to be joined by a colleague from the department, Justine Akman.

[*Translation*]

I thank the committee for undertaking this study. It is an important step to supporting the long-term stability and resiliency of Canada's agriculture and agri-food supply chain.

As this committee is aware, the agriculture and agri-food supply chain touches all Canadians and communities, including a vast array of stakeholders from producers, to processors, food retailers and wholesalers, consumers and all of the input and service suppliers that support them.

[English]

Despite significant disruptions and challenges caused by both the pandemic and extreme weather events like the B.C. floods over the past two years, Canada's food supply chain has demonstrated that it is highly adaptable and resilient.

It continues to provide Canadians with reliable access to food while maintaining healthy economic growth, despite these significant challenges. For example, early in the pandemic, primary producers quickly modified their practices to meet new health and safety directives on farm. Food retailers and food service pivoted with regard to evolving demands from consumers.

Having confidence that our food supply chain is reliable and can contribute to deliver is critical for international and local consumers.

With this in mind, since the beginning of the pandemic, Agriculture and Agri-Food Canada has been working diligently to ensure that Canada's food supply chain functions properly for all Canadians.

We have established the Food Sector Network, co-chaired by AAFC and industry, to ensure that we can collectively monitor challenges experienced by the sector in real time and have better foresight into future emergencies.

In part due to this dialogue, early on in the pandemic a number of new programs were launched by AAFC, including the emergency food security fund and the surplus food rescue program.

More recently, \$228 million was announced for the Canada-B.C. food recovery program for food security, which will be delivered by the province, and leverages the federal government's AgriRecovery framework and disaster financial assistance arrangement.

In addition to AgriRecovery, producers have access to a suite of business risk management programs to help them manage significant risks that threaten the viability of their farms, and they are encouraged to sign up for the AgriStability program, which can help farmers cover severe drops in farm income.

Moving forward, there is also an opportunity to ensure that key supply chain challenges are reflected in the Canadian agricultural partnership as we work with provinces on the next framework agreement, but there's no doubt that supply chain resiliency will require a coordinated whole-of-government approach. For this reason, it has been identified as a priority in the mandate letters of multiple ministers and included in commitments to strengthen supply chains.

AAFC's mandate provides for the development of a sector-specific agricultural labour strategy to address persistent and chronic labour shortages in farming and food processing in the short and long term. This strategy will be developed over the next year with the support from the Minister of Employment, Workforce Development and Disability Inclusion, and in partnership with provinces and territories, employers, unions and workers.

As part of our collective efforts, AAFC is also committed to supporting the Minister of Transport in leveraging investments from the national trade corridors fund to develop a national supply chain

strategy, which will aim to address key transportation bottlenecks and improve system-wide efficiency and fluidity through increased collaboration.

While we discuss the performance of our supply chains, it is important to remember that we operate in a global context. Throughout the pandemic, there has been growing pressure on supply chains, particularly for containers, leading to significant congestion and increasing costs.

Severe disruptions throughout the COVID-19 pandemic have also driven the United States to take a number of actions to explore and build more resilient supply chains. The U.S. Department of Agriculture recently completed an assessment of their supply chain, including for agriculture commodities and food products, and will release the report later this month.

Canada can look to leverage this work to bolster supply chain resiliency in a coordinated and complementary way with our U.S. counterparts.

• (1545)

In summary, the recent events related to the pandemic and B.C. floods have demonstrated the resilience of Canada's food chain, but have also shown us areas that will need to be supported and strengthened as we work at our next steps to improve its resilience.

[Translation]

Thank you again, Mr. Chair.

Ms. Akman and I will be happy to take your questions.

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

We will now move to questions.

Mr. Barlow, go ahead for six minutes.

[English]

**Mr. John Barlow (Foothills, CPC):** Thank you very much, Mr. Chair, and thanks Mr. Rosser, for making time. It's always good to see you and get your insight.

Certainly, as we go into this study about the supply chain, I think we all would agree that your supply chain is only as dependable and as strong as its weakest link. Right now, we certainly have a number of those links that are showing cracks. I guess I would also argue that now is not the time to be adding additional irritants to that supply chain.

The one topic I wanted to start off with today, Mr. Rosser, is the cattle industry. Certainly we are seeing some issues with transportation of cattle and feed. The cattle industry is also asking for the enforcement, however, of what I would argue are very unscientific new animal transport regulations to be implemented by the government.... We're seeing that those are supposed to be coming into effect on February 20.

They are asking for that deadline to be pushed back, as these new rules may cause more issues with animal welfare, and certainly with transportation issues. Is there any discussion taking into account the current situation and status of our supply chain to push that deadline further down the road until we have more time to ensure that the resources and infrastructures are in place to meet those requirements?

• (1550)

**Mr. Tom Rosser:** I would concur completely with the member that we are seeing a period of heightened stress from a whole variety of sources on our supply chains.

I understand that the committee will be hearing shortly from representatives of the cattle sector, who can offer their perspectives to you first-hand. We've been in active dialogue with them on some of their concerns around feed. I know they've made statements regarding issues at the Canada-U.S. border and, particularly, the Coutts crossing. We have been in active dialogue with them for some time on the Health of Animals Regulations, to which the member referred. My recollection is that the cattle association is undertaking some research to help support that dialogue.

The regulations are the responsibility of the Food Inspection Agency, so I'm reticent to comment in detail. However, the Food Inspection Agency, throughout COVID, has looked for opportunities to show regulatory flexibility, where it can, to alleviate supply chain shortages.

We are in active dialogue with the cattle sector.

**Mr. John Barlow:** Would it not make sense to you—and you touched on it—that the cattle industry is trying to collect some research to show that this decision was not based on any sound science?

Don't you think it makes more sense for Ag Canada to push off those deadlines or the new regulation coming into force until that research is done, to ensure that we have all the best information before such a decision is made?

**Mr. Tom Rosser:** Again, the lead for that particular regulation is the Food Inspection Agency. We and they are in active dialogue with the cattle sector to try to alleviate concerns. As I said, they have where they can—

**Mr. John Barlow:** Okay. That's good. I'll bring that up with the CFIA in the future.

There are a number of stakeholders, more than a dozen, including Food and Beverage Canada and the Meat Council, that presented Ag Canada with a number of recommendations and potential resolutions to address what has become a critical labour issue that is impacting our supply chain, as well, but they have not heard anything back from Ag Canada on their recommendations. Can you give me a quick update?

You mentioned that there's going to be a labour strategy worked on over the next year. We're in a crisis now. We're looking for some quick, potential solutions that may get us through this crisis right now.

Is there something on the very near horizon? What is the status of those recommendations that were presented to you?

**Mr. Tom Rosser:** There's no question that labour is a long-standing issue for agriculture and agri-food stakeholders.

There's been an increasing urgency to the dialogue. Food and Beverage Canada and many of the member companies have been in dialogue with departmental officials and with the minister, as well, in recent weeks about some of their ideas, for both the short and the long term, to rectify the situation.

This committee addressed the labour issue in some of the recommendations from its report from last June, if I remember correctly. As the member noted, the minister is mandated to create a labour strategy. We welcome input from this committee and stakeholders on that.

I would note, as well, the announcement from last month about lifting the cap on the use of temporary foreign workers by a facility to 20% in Quebec. There have been some nearer-term measures. We're very open to ideas, both short- and longer-term, and more active dialogue around that.

**Mr. John Barlow:** Thanks, Mr. Rosser.

I have only one minute left. I have one question I wanted to get to you.

I'm really concerned by the fact that the minister eliminated the value chain round tables, which would have been a great resource, considering the current situation we're in. They've been replaced by these "sector engagement tables".

Is there a sector engagement table that is specifically addressing the supply chain issues within Agriculture and Agri-Food? Can you provide me with a list of some of the results that those engagement tables have achieved through their consultation with stakeholders, specifically to supply chain issues?

**The Chair:** You have 20 seconds, Mr. Rosser, unfortunately.

**Mr. Tom Rosser:** I'd love to turn it to Justine, but in the interest of time, I'll say that in addition to the sector engagement tables, we've created regular stakeholder outreach calls as an emergency response to both COVID and the B.C. floods. Beyond the engagement tables, particularly in response to emergencies, we have other mechanisms we use to try to consult regularly with stakeholders.

• (1555)

**The Chair:** Thank you, Mr. Rosser.

We will go to Mrs. Valdez for six minutes. It's over to you.

**Mrs. Rechie Valdez (Mississauga—Streetsville, Lib.):** Good afternoon, everyone.

Thank you to the witnesses for attending and answering our questions.

This question is for Mr. Rosser.

You described the AAFC funds or programs. Can you provide some additional details as to how these funds have assisted with the global supply chain disruptions?

**Mr. Tom Rosser:** Perhaps I'll invite Justine to answer, but just top of mind, last week Minister Bibeau participated in the supply chain summit that was hosted by the transport minister. There has been new funding for the national trade corridors fund, including a \$50-million tranche announced last week. Those monies have helped address supply chain bottlenecks such as some around the Port of Vancouver.

In terms of our departmental program, we've had things related to food security, improving workplace safety in both primary agriculture and agri-food, the food security fund's surplus food rescue program, and I'm probably forgetting some. I'd invite Justine to add, if time allows.

**Ms. Justine Akman (Director General, Retail and Consumer Task Team, Department of Agriculture and Agri-Food):** Hello, chair and committee. I'm very happy to join you for the first time in my new capacity.

I might add that my new title has been changed very recently to director general of supply chains, so it just sort of emphasizes the importance of supply chains in our department and taking a very serious look at these issues.

Just to add to what Tom said, the way we think about these issues is that there are urgencies, as you're all well aware, but there's also looking at the issues more medium and long term. Some of the issues are very long term, protracted issues, including temporary foreign workers.

Just to add a couple of things, early on in the pandemic, there was a \$330-million emergency food security fund, the \$50-million surplus food rescue program, and then in budget 2021, some of these programs were topped up: \$140 million to the emergency food security fund and the local food infrastructure fund as well as the \$57-million fund for temporary foreign workers and the need to quarantine.

There have been very different responses all along the way during the pandemic, and now, as Tom mentioned, with the supply chain summit hosted by the transport minister recently, our minister

participated very actively. There will be follow-up meetings as well to engage stakeholders on solutions more into the medium and long term.

Thank you.

**Mrs. Rechie Valdez:** Thank you so much.

The Canadian supply chain has undergone many resiliency tests in the past few years, in large part due to global supply chain issues and disruptive weather. How has the agriculture sector performed in the face of these challenges? This question is for either of you.

**Mr. Tom Rosser:** I can try to answer that one, Mr. Chair. I think overall one can always draw lessons from episodes of duress, and that's exactly what we are trying to do. I would say that the system has performed very well, that it has continued to perform its most fundamental task of making sure that food is available to Canadians continuously, and it has been able to do that beyond that and despite some of the extraordinary pressures associated, not just with COVID but with the droughts that we saw in western Canada, the extreme heat events and, of course, the flooding in British Columbia late last year.

Despite those, 2020 was a record year for farm incomes. We've seen important new investments in the agri-food sector in different parts of the country over the course of the pandemic. We've seen a lot of positive signs for longer-term economic growth, despite the many supply chain challenges the pandemic has posed.

**Mrs. Rechie Valdez:** Thanks for that.

The supply of agri-foods is also influenced by food waste across the supply chain. What is the department doing to reduce that food waste?

**Mr. Tom Rosser:** Certainly from an environmental and economic standpoint, food waste is a big concern. Estimates vary, but it's somewhere, I think, around 30% of food produced in this country, and it's not unique to Canada. I think it's an issue worldwide, food being lost or wasted. Reducing that presents an important environmental opportunity as well as an economic one.

We have launched a food waste reduction challenge to try to support innovation in food waste reduction. When you look at it, food waste occurs throughout the value chain from the farm to the processing facility to the retail sector and, of course, to consumers' homes. We're interested in solutions. There is all kinds of innovation going on at the community level across the country to try to help reduce it, and we have this program, too, that is intended to try to help some of the most innovative and creative ideas we can find to experiment with and hopefully replicate and enlarge.

• (1600)

**Mrs. Rechie Valdez:** Thank you for that.

I hope I have enough time for this question, Chair.

Since launching the national trade corridors fund in 2017, can you describe what changes since COVID began have been made to that fund to really assist with Canada's supply chain?

**The Chair:** Mr. Rosser, we're going to have to table that one for the next round, because, Ms. Valdez, unfortunately we're out of time.

Thank you.

[Translation]

Mr. Perron, the floor is yours for six minutes.

**Mr. Yves Perron (Berthier—Maskinongé, BQ):** Good afternoon, everyone.

I thank the witnesses, Mr. Rosser and Ms. Akman, for joining us.

As the study on the supply chain is extremely broad, we have tried to decide which aspects we wanted to go explore further. One of the things we are hearing people talk about the most on the ground is the severe labour shortage.

Every time we meet with stakeholders from the food processing sector, they tell us that up to 25% of their positions are vacant. They have submitted concrete proposals to us, one of which concerns an emergency plan for the temporary foreign worker program.

Have you seen that plan? Are you seriously considering those kinds of options?

**Mr. Tom Rosser:** I want to thank the member for his question.

Yes, we know that the labour shortage is a matter of priority for the agri-food sector. We have received proposals. In November, federal, provincial and territorial ministers of agriculture held a conference in Guelph. Since then, we have met a number of times with industry representatives to discuss their proposals and try to mitigate the labour shortage. We are working on finding solutions.

As I said before, the cap on using temporary foreign workers in a Quebec facility went from 10% to 20%. So we are making progress. We are seriously considering the proposals we receive, including those your committee made last year.

**Mr. Yves Perron:** You are talking about the percentage of temporary foreign workers, which has increased to 20%. We are pleased, as we have been calling for that for a long time. However, we found that it took a long time for the new cap to be applied. The announcement was made in August, but the increase came into effect in January.

Could the government not go a bit further and increase the percentage even more? Industry is proposing 30%, as its labour shortage has gone up to 25% or 30% in facilities.

Is the department considering that kind of an increase within a time frame shorter than six months or a year?

**Mr. Tom Rosser:** We understand the urgency of the problem. That said, this is nothing new. There has been a labour shortage for years. However, we know that the issue is more serious now. It has been even worse over the past few weeks, as the Omicron variant has led to a high absenteeism rate.

Fortunately, the issue seems to be resolving, but the labour shortage remains pretty severe. We are looking at short and long-term solutions. We are discussing this with other departments involved and with stakeholders.

**Mr. Yves Perron:** In emergency situations, fairly simple solutions are proposed, including the possibility of submitting a single labour market impact assessment per site. From an outside perspective, the solution seems fairly simple to implement. It could be adopted quickly. It would also help reduce administrative costs and shorten time frames.

Is that among the solutions being considered? Have you discussed it?

• (1605)

**Mr. Tom Rosser:** Absolutely.

Our colleagues from Employment and Social Development Canada and from Immigration, Refugees and Citizenship Canada are responsible for considering proposals to reduce the administrative burden involved in the worker admission process. We are discussing with them proposals and ways we could lighten the burden for this program.

**Mr. Yves Perron:** Thank you for your answer.

I am putting a bit of pressure on you. We are counting on you to implement measures quickly because industry really needs that.

Before we began the study, committee members identified a second important factor—fluctuating input costs. The workforce is directly related to that because cost increases are often due to longer time frames, which, in turn, are due to labour shortages. This is happening in the food processing industry, but also in trucking and agriculture. It is actually happening across the board.

Various measures could help—for example, measures to facilitate access to permanent residence for people working in the sector who want to bring their family to Canada.

I would like to hear your thoughts on that.

**Mr. Tom Rosser:** I thank the member for his question.

Input costs have indeed increased. In many cases, there is global pressure on the price of oilseeds and wheat, among others. Truck transportation costs have also increased significantly. We have seen—

**Mr. Yves Perron:** I'm sorry to interrupt you, but I would like to put one last question to you before my time runs out.

Wouldn't it be time for the department to create a program to encourage massive investments in agri-food processing, which has been suffering from chronic underinvestment? This could take the form of a tax credit or another mechanism that would encourage investments in this sector. We would not necessarily be talking about injecting actual money in the sector, although the federal government could also make investments.

Have you held discussions on that? What is the status of that file?

**The Chair:** You have 15 seconds to answer.

**Mr. Tom Rosser:** The federal government already has programs to encourage investments in this sector, and there are also cost-shared programs. We are engaged in discussions with the provinces on the new strategic framework to determine what more we could do.

**Mr. Yves Perron:** Thank you very much.

**The Chair:** Thank you very much, Mr. Perron and Mr. Rosser.

Mr. Johns, welcome to our committee. The floor is now yours for six minutes.

[*English*]

**Mr. Gord Johns (Courtenay—Alberni, NDP):** Thank you, Mr. Chair, and thank you to the witnesses for your important testimony today.

I've got a few questions. Obviously, we're in a crisis right now in our country. Is the Department of Agriculture and Agri-Food aware of how much value in agriculture-related products cross the border at Coutts, Alberta and Windsor, Ontario, that are currently being occupied?

**Mr. Tom Rosser:** I may turn to Justine. Mr. Chair, as I don't have a precise daily value for the amount at the border crossings. We are well aware of the importance of Coutts to the cattle industry. The Windsor crossing is important to a whole number of products, including the greenhouse sector and the pork sector. It's a gateway for importing fertilizers and other crop inputs. We're monitoring the situation very carefully.

I'll also note that Emerson is a very important port of entry used by the hog sectors in both Saskatchewan and Manitoba.

**Mr. Gord Johns:** Maybe you can just address this. If these supply chains remain blocked in the days and weeks ahead, what kinds of consequences are we going to see for Canada's agriculture and agri-food producers?

**Mr. Tom Rosser:** Again, perhaps I'll turn to Justine, but I'll just say that one of the reasons the supply chain has worked so effectively throughout COVID is because we were able to keep fluidity in products moving across the Canada-U.S. border. If that were jeopardized for a significant period of time, it would risk causing a whole variety of disruptions, particularly when you're talking about the transport of live animals. We're in winter, and the animal welfare risks associated with that are significant. It's also a time of year when we're heavily dependent on imports of fresh fruits and vegetables, particularly from the United States and Mexico.

Certainly, as I said, if there were enduring disruptions in cross-border travel, it would pose some risks to the supply chain, but perhaps Justine will add to that.

• (1610)

**Ms. Justine Akman:** Just to agree with what Tom has said, it is a just-in-time system. Throughout the pandemic, Agriculture and Agri-Food Canada has been engaged with its stakeholders very proactively. Early on, there were weekly calls; now they've sort of tapered off. Now there's a group called the Food Industry Network, and Kathleen Sullivan from Food and Beverage Canada is very involved in that. You'll be hearing from them shortly.

We are doing our best as an organization to stay on top of what's happening, including current events and daily challenges. I wouldn't want to put any numbers behind it. We are hearing about orders being cancelled. We have been speaking to retailers about challenges for stores, and if they might foresee challenges in getting food to the consumer level, but also to the agricultural sector.

We're going at it sector by sector. We've got boots on the ground across the country to carefully monitor the situation.

**Mr. Gord Johns:** There's feed for livestock that goes back and forth across the border. Is there a risk to livestock?

**Mr. Tom Rosser:** With the poor harvest in western Canada, the feedstocks are low. We are more dependent than usual on imports from the United States this year than would normally be the case, so disruptions to flows across the border are a concern in that regard.

I understand, too, that significant volumes of soy meal, and so on, enter Canada via the Windsor-Detroit border crossing, so absolutely, flows of animal feed are an important aspect of maintaining fluidity in border transport.

**Mr. Gord Johns:** Thanks.

This is the last question around this and then I need to move on to something else, but in the current suite of offerings through business risk management programs, is there any way you can help these producers who have been negatively affected by the occupation?

**Mr. Tom Rosser:** Mr. Chair, it's an interesting question. Off the top of my head I'm not sure I have an answer. It's certainly not an idea I had suggested previously. Through our AgriRecovery initiatives, there was substantial assistance provided to those facing extraordinary feed costs, for example, as a result of the drought and so on.

Certainly anything that would trigger a substantial drop in incomes would enter into the calculus that is made related to AgriStability. Those are perhaps some of the ways that the BRM suite of programs could help to support those who face severe adversity as a result of the border interruptions.



**Mr. Gord Johns:** With COVID we saw just the impact on local food security. Certainly one thing that was pre-existing before COVID was local producers were having a really difficult time getting their product to grocery stores because there were GAP certification requirements. This could have helped solve a lot of our domestic needs in our grocery stores when we did have some real problems with supply chains.

Are you looking at GAP and revising GAP so it's more accessible for local producers?

**Mr. Tom Rosser:** Mr. Chair, I am certainly aware of the problems smaller producers faced with the closure of the restaurant sector and so on. I don't have a specific answer for him related to his question on GAP.

I don't know whether Justine feels comfortable taking that. If not, we can certainly get back to the committee in writing.

**The Chair:** We're going to have to do that because we're at time.

Thank you, Mr. Johns.

We're going to move next to Mr. Steinley for five minutes.

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

Thank you to the presenters here today.

I'm going to start with a statement that the Canadian Federation of Agriculture presented in May 2016 to the Standing Senate Committee on Banking, Trade and Commerce on issues pertaining to barriers to internal trade. During this presentation CFA identified the two largest obstacles to interprovincial or domestic trade as differing provincial transportation regulations and inconsistencies between provincial and federal inspections required at meat-processing facilities.

The question is for Mr. Rosser.

On interprovincial trucking mandates, has Agriculture and Agri-Food been consulted on the government's plans to implement interprovincial trucking mandates or upcoming mandates being implemented? Have you been consulted about that?

**Mr. Tom Rosser:** I would say, Mr. Chair, on that issue we certainly are in dialogue with stakeholders. There is an interdepartmental dialogue around the issue although clearly it is not one where our department is the lead.

• (1615)

**Mr. Warren Steinley:** Can you tell me when those conversations started, please?

**Mr. Tom Rosser:** Mr. Chair, I'm afraid I can't. I know the government had made the announcement about its intentions, I believe, in early December. I was not party to all the discussions taking place interdepartmentally and would hesitate to try to put a date or timeline on when discussions around that may have begun.

**Mr. Warren Steinley:** Okay, is there a chance that you could come back to the committee with some of that information because agriculture will be very much affected if there are interprovincial trade mandates on trucking, just so that we could be aware of where

this would be an issue for the supply chain and for our producers getting their livestock or commodities to market as well?

**Mr. Tom Rosser:** Maybe I'll provide something in writing to the committee, Mr. Chair. I'd just note that we are in very active dialogue with players in the value chain about mandates for federally regulated employers.

I have seen a lot of people, some of whom have expressed concern around the timing of these things. I haven't seen any of the agri-food groups actually. Most of them are supportive of the mandates themselves. Most of the views that I have seen and heard from stakeholders relate to the timing of when such a mandate would be implemented.

**Mr. Warren Steinley:** Thank you very much for bringing that back to us when you do have the time.

Another issue they brought up was the federal inspection required at meat-processing facilities. We are aware that on June 2020 the Canadian Food Inspection Agency allowed temporarily, by ministerial exemption, meat not from federal plants to move interprovincially upon the application of a province that proves it has a meat shortage.

Are you aware that ministerial exemption had happened?

**Mr. Tom Rosser:** Yes, Mr. Chair. I think I referenced earlier the regulatory flexibilities granted by the CFIA as part of their COVID response, and I believe that was one of them.

**Mr. Warren Steinley:** Thank you very much.

Could you tell me if there were any issues around the safety of the meat coming in that wasn't federally inspected but was maybe provincially inspected? Were there any issues around food quality and food safety?

**Mr. Tom Rosser:** I can't specifically comment, other than to say that I am not aware of any food safety-related issues in relation to the implementation of that flexibility.

**Mr. Warren Steinley:** Thank you very much.

That's good news, obviously, so do you believe that in the future there could be some conversations around maybe granting a provincially inspected facility the same latitude of moving interprovincially as a federally inspected facility? Do you think that's a conversation to be had between provinces and Ag Canada?

**Mr. Tom Rosser:** Mr. Chair, I would just acknowledge that this is an idea that certainly has been discussed for some time. My recollection is that this committee, in its report on food processing last year, made a recommendation along these lines.

Again, it's a regulatory issue that's led by the CFIA, but it's certainly a subject of discussion as to what we might be able to do in this space. We certainly have heard—from this committee and elsewhere—from people urging us to have a look at what might be done here.

**Mr. Warren Steinley:** I really appreciate that. I do.

I have a plug here. I have a friend from Caronport who has snow beef. It's some of the best new beef you can get. It's a cross between Wagyu and Holstein. He can't trade it between provinces. He can't get it to Medicine Hat or across the border. I think that's something where we could get together as legislators and make that possible.

Hopefully, you can come back with some of those conversations that might be ongoing and maybe help out producers, so that we can have good quality Saskatchewan beef across the country through some of those conversations you're having.

Thank you very much.

Mr. Chair, I think that's my time.

**The Chair:** You're making me feel like it's time for supper, Mr. Steinley, with all that talk of good beef, but we're going to move on to Ms. Taylor Roy.

It's over to you for five minutes, Ms. Taylor Roy.

**Ms. Leah Taylor Roy (Aurora—Oak Ridges—Richmond Hill, Lib.):** Thank you very much, Mr. Chair.

I want to start by thanking you, Justine and Tom, for being here today and for all the work you've done in agriculture and agri-food through this pandemic in supporting the farmers and working with the industry associations to provide the relief that has been given to our farmers and our food-processing industry.

My questions are really much broader in terms of how the food supply chain resilience can be enhanced.

We've heard about the challenges with interprovincial trade and also with some of the global effects of the pandemic on supply chains. I'm wondering about two things.

One is locally sourced products. You've talked about the medium term and long term. I was wondering whether there were any plans to try to increase small local farming and the ability of those farmers to get their foods to market in and around the areas of need.

● (1620)

**Mr. Tom Rosser:** Mr. Chair, I thank the member for a really thoughtful question. I'll offer a couple of very quick thoughts and then perhaps turn to Justine.

Yes, absolutely, I think I referenced our dialogue with the U.S. on supply chains, and certainly one way to make the supply chains more resilient is to shorten them. There may be some opportunities to do that.

I would note as well—and Justine may be able to speak to this—that when we look at supply chain resilience, where vulnerability tends to be greatest at the community level is in smaller and more remote communities, so those situations, too, might present the greatest opportunity to strengthen resilience by shortening supply chains and increasing local supply. As a department, we are involved in some pilot-level projects in communities like Gjoa Haven and others to try to help individual communities toward that end.

Justine, do you have something to add to that?

**Ms. Justine Akman:** Not a lot, but I'd like to note that there is a program called the “local food infrastructure fund”. The idea there is that it can be almost anything to support local food infrastructure. Even refrigeration, in some communities, can be an extremely meaningful investment.

As an organization, we ourselves are monitoring trends in the food supply chain, including how food is moving around very differently now in light of the pandemic and the advent of electronic commerce, and how that presents opportunities to shorten food supply chains and make them more resilient. I would say that these are comments that retailers like Walmart make to us fairly often. They've also talked to us extensively about the desire to partner with government and with others to really support local food supply chains and to invest in local food production. That is in very active discussion within our own department right now in terms of how to make supply chains as robust as possible going into the future.

**Ms. Leah Taylor Roy:** Thank you for your thoughts and the work you're doing on this. I would, of course, second what has been said about barriers to interprovincial trade and that having more “made in Canada” products being able to go across borders would be great.

On that point and the good Saskatchewan protein, I'd also add, as a vegetarian, plant protein is a great product. We've had that super-cluster in Saskatchewan. A lot of work has been done there. As I mentioned in the House the other day, one of my favourite products is the Three Farmers chickpeas.

We have a new food guide. We have been putting the emphasis on products that are more environmentally sustainable and that can be probably not as subject to a lot of the difficulties in the supply chain, such as perishable foods, and I would add, animal welfare concerns.

Is anything being done in Agriculture and Agri-Food to promote the new food guide we have? Well, it's not quite that new anymore. Is anything being done to promote that food guide to try to encourage people to have more plant-based foods and to incorporate that when we're talking about our supply chains and just our overall resilience?

**Mr. Tom Rosser:** Mr. Chair, I understand the food guide is part of the healthy eating strategy that Health Canada leads on.

We certainly have regular and ongoing dialogue with Health Canada about ensuring that they can fulfill their mandate. Ours tends to focus more on the economic aspects of the agri-food chain, although recognizing we are also involved in food security and things. There is interdepartmental dialogue on these things.

I would note as well that, yes, we are—

**The Chair:** Mr. Rosser, I apologize. We're at time.

I wish I could give more time, but I have to keep us on track here.

[*Translation*]

Mr. Perron, go ahead for two and a half minutes.

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

I would now like to turn to Ms. Akman.

Given your position on the Retail and Consumer Task Team, can you tell me about the work being done on the ethics code? Some people have told me they were concerned to see how quickly things were moving in that area. What is the status of that file? Is there a short and specific time frame to implement something?

It should be pointed out that, in the supply chain, it is important to respect contracts and to remove undue pressure on small suppliers.

• (1625)

**Ms. Justine Akman:** Thank you for the question.

That file has taken up a lot of our time over the past year, and even beyond that. You probably already know that ministers have received a report from a group of industry members who are working together to prepare a proposal to be submitted to the government. This issue also comes under provincial jurisdiction. So we are still waiting for provincial proposals.

We expect to receive a report in March. We will have to take some time to reflect on it and discuss it further.

We are monitoring the process very closely. The discussions are going well.

**Mr. Yves Perron:** That is reassuring.

I have another question for you.

Mr. Rosser and you talked about the need to shorten the supply chain and to process more products locally.

Are you planning to provide additional support, especially for slaughterhouses, so there would be more small slaughterhouses close by? My Conservative colleague mentioned the beef industry earlier, but I know that the pork and poultry industries have the same need.

**Mr. Tom Rosser:** That is one of the ideas we are discussing to enhance the resiliency of our supply chains. We are in discussions with our counterparts in the United States and in the provinces. We don't have any specific programs yet to achieve that objective, but this is something we are considering as we go over what the pandemic has taught us.

**The Chair:** Thank you, Mr. Rosser.

Thank you very much, Mr. Perron.

Mr. MacGregor, go ahead.

[*English*]

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

We've covered supply chain issues for what seems like a good two years now. Our agriculture committee was one of the few that was operating in the early days of the pandemic. Of course, we produced a pretty substantive report on processing capacity in the previous Parliament.

Mr. Rosser, we did hear a lot of witness testimony about how centralized our slaughter capacity was, especially in meat-processing plants such as big multinational companies like Cargill. We talked a lot at this committee about programs like the local food infrastructure fund, and certainly many a witness has asked that the federal government step in more to provide the necessary capital so that we can have a more decentralized approach.

I'm stepping into the committee midstream here, so you may have answered this question before, but perhaps you could humour me and give me an update on what efforts AAFC is making for a decentralized approach to our slaughter capacity, just to make sure that we can withstand these types of disruptions in the future.

**Mr. Tom Rosser:** I will say, just rapidly, that as we reflect on the pandemic experience, certainly the idea of shortening supply chains in various segments of the sector is something that we've heard again and again. We don't to date have programs that are focused specifically on that purpose. We do have various programs that might be helpful to those looking to build more of a local food infrastructure. We also are thinking over the longer term in our discussions with provinces and territories how we can use our existing suite of programs or how it can be adapted to better support supply chain resilience.

**Mr. Alistair MacGregor:** Great.

Thank you, Mr. Chair.

**The Chair:** Thank you, Mr. MacGregor.

Our last round of questioning will go to the Conservative Party for five minutes.

**Mr. John Barlow:** Thank you, Mr. Chair.

Thanks again to our witnesses for being here and for giving us good information.

Mr. Rosser, I want to go back to the sector engagement tables. My concern here, I guess, is that we've taken a program and the value chain round tables and replaced them with something that isn't nearly as meaningful. Look at the names of these sector engagement tables—agile regulations, sustainability, consumer demand and market trends, and skills development. Nothing in there talks about what is actually the key issue we're talking about here, and that's the supply chain.

I asked you before, and I really didn't get an answer; I'm just curious to know whether one of these engagement tables will actually be addressing the supply chain issue. If so, can you tell me which one? Which stakeholders have they asked to be engaged in that process?

• (1630)

**Mr. Tom Rosser:** I'll say two things. Obviously, as has been noted, supply chains are complex things. There are different tables, thematic tables, that will deal with different aspects of them. There's one on agile regulation. We've talked a number of times about facilitating interprovincial trade and the like. We have a table for that—

**Mr. John Barlow:** Mr. Rosser, I'm sorry. I have only a limited amount of time. Basically, you're saying that this will be spread, that not only one of these tables will be focused on the supply chain. They will be nibbling at it on different topics. I get that.

I guess I'll go back to my first questions on the animal transportation regulations. You said that Ag Canada is not having a conversation with Health Canada on these regulations. I find that very disconcerting, in that obviously the agriculture sector is going to be impacted substantially with these regulations and the enforcement. I'm really disappointed in the fact that Ag Canada is not having any insider input on whether or not these regulations will be delayed from the February 20 deadline.

Are you telling me that Ag Canada is not having any part in the discussions on whether or not to delay these regulations?

**Mr. Tom Rosser:** I'm sorry if I misspoke earlier, but absolutely not; we are in very active dialogue with CFIA and with the concerned stakeholders about the issue and about a way forward.

The regulations themselves are the responsibility of the Canadian Food Inspection Agency, but it doesn't mean we don't take an active interest in it and aren't in active dialogue with those concerned by them.

**Mr. John Barlow:** The Liberal government just had a national supply chain summit to try to address some of these things. Can you provide the committee with a list of the agriculture and agri-food stakeholders who participated in that summit?

**Mr. Tom Rosser:** Sure. I think we can do that. I mean, there were the core agricultural stakeholders. Then, of course, there were railways and ports and retailers and others who take an interest in the agri-food value chain but aren't really part of it. You had both types of stakeholders participate in that summit.

I can't see any reason why we wouldn't be able to supply that to you.

**Mr. John Barlow:** Thank you.

I'm going to pass the rest of my time over to Mr. Epp.

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

I'd like go back to your reference that there was a round table now dealing with agile regulations.

Does AAFC have a comment about, as I understand, the proposal to add another layer of oversight, overview, another advisory panel dealing with the Pest Management Regulatory Agency. Certainly we're looking for more streamlining obviously based on science, based on safety, but how does adding another layer to an already rigorous, worldwide-respected regulatory process in Canada add or feed into a more agile regulatory environment?

**Mr. Tom Rosser:** Again, this is a Health Canada lead, but it's something we take an active interest in. The existing legislative framework dates to, I think, 2002 or thereabouts. There is an idea to try to add some—while keeping it rigorously based in science—predictability, transparency, to have a look at the framework and to get some outside expert voices into the process. I think that's the motivation behind that.

**Mr. Dave Epp:** Thank you.

**The Chair:** We'll go finally to Mr. Louis for five minutes.

**Mr. Tim Louis (Kitchener—Conestoga, Lib.):** Thank you, Mr. Chair, and thank you to our witnesses.

Mr. Rosser, I would like to continue. I was going to ask about the sector engagement tables. You didn't get a chance to answer, so maybe you can expand on it. That supply chain summit was one that we held. Also we had the sector engagement tables, creating that dialogue between ag sector reps and government officials. You referred to it as talking with outside expert voices to create that dialogue.

I know you mentioned the four topics: agile regulations, sustainability, consumer demand and skills development. Can you give us an overview as to how those discussions are going as they relate to our supply chain issues?

**Mr. Tom Rosser:** What I would say with respect to the sector engagement tables is we have moved from having about 15 or 18 very commodity focused tables—there was one for sheep and one for grains, and so on—to more thematic-based tables. I've named some of them and I think we can get you a complete list.

With COVID we were a little bit delayed in standing up the sector engagement tables. Some of them have been active for some time. Others are in the midst of getting stood up. There are several of them that I think can provide input into some of our thinking around supply chains.

I would make the point, though, that sector engagement tables are not our only mechanism for talking to industry about these issues. We talked about the Transport Canada value chain process. We have our own Food Sector Network. We've done outreach with industry independent of those tables on both the B.C. floods and COVID so we have a lot of other mechanisms. We've got our food policy council, as well, so we've got lots of different mechanisms to engage with people on supply chain-related issues.

• (1635)

**Mr. Tim Louis:** Thank you.

One of the things we've heard is a bit more about the shortage of skills, of skilled labour. That was one of the pillars there.

When you're talking about skills development, are you referring to immigration, getting more youth or people who aren't formally in the sector into the sector? Can you expand on what your definition of skills development would be?

**Mr. Tom Rosser:** When you think about the short- and long-term aspects of this, it's all of the above. Certainly, attracting people to careers in this sector and looking at how over time automation can upskill some of these jobs and reduce reliance on lower-skilled labour, temporary foreign workers, pathways to permanent residency, all of those things are part of the solution to what obviously is a fairly complex and enduring problem.

**Mr. Tim Louis:** Thank you.

Yes, I forgot to mention automation, which is something we have studied previously. I appreciate that.

I would be remiss if we didn't mention those border crossings. You mentioned the border crossings, the blockades that are happening in Alberta with the cattle industry and feed not getting there. Also you mentioned Windsor, which affects our greenhouse sector, and I think you said pork, and fertilizers and other inputs. You did also say that we're heavily dependent on inputs for fruits and vegetables, especially in winter. I understand we have a just-in-time system.

Trying to stay on top of that issue, these orders are being cancelled. It sounds like these border interruptions are going to start affecting grocery shelves. Can you tell us more about how long we have before the interruption of food from these blockades is going to actually be seen for consumers?

**Mr. Tom Rosser:** I hesitate to put a timeline to it. Obviously it's concerning when major border ports of entry are interrupted. One hopes that the situation will not endure much longer, but the longer it does, the bigger the risks of visible disruptions, whether they are animal feed, live animals or input of food destined for grocery stores.

Certainly it is worrisome, and one hopes that the situation won't persist to the point where that becomes a major issue.

**Mr. Tim Louis:** Thank you very much for being here.

Thank you, Mr. Chair. That's my time, I believe.

**The Chair:** Thank you, Mr. Louis.

To our witnesses, Ms. Akman and Mr. Rosser, thank you on behalf of the committee for being here.

We're going to move to our second panel.

Colleagues, please don't go far because this is going to be a quick transition, and we're going to get right into the second panel. Just hold tight, and we're going to get rocking and rolling.

• (1635)

(Pause)

• (1640)

**The Chair:** That was a very quick transition.

Thank you to all our witness, and indeed, our clerk and our wonderful team in the room making this happen.

We'll start with the second panel, and today we're fortunate to have a number of witnesses who are joining us by video conference.

First, from Agri-Food Innovation Council, we have Serge Buy, who is the chief executive officer. From the Canadian Cattlemen's Association, we have Bob Lowe, who serves as the president; and Fawn Jackson, who is director of policy and international affairs. From Food and Beverage Canada, we have Kathleen Sullivan, who serves as the chief executive officer.

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

I'm going to start with you, Mr. Buy.

**Mr. Serge Buy (Chief Executive Officer, Agri-Food Innovation Council):** Thank you very much, Mr. Chair. Good afternoon.

All parts of the agri-food supply chain are facing challenges that predate the pandemic. Food production is impacted by diseases, pests, weather-related events—think of the drought in the prairies in 2021 and the fires, then the floods in British Columbia—workforce availability, capacity to adopt new technologies, etc.

Processing and packaging are also impacted by the lack of an available workforce, a lower adoption of new technologies than some international competitors and, during the pandemic, challenges to adapt to new needs. We have seen strikes, blockades, floods, fires and other events have an impact on logistics.

Distribution is facing its own challenges that are also related to the lack of an available workforce.

Others, very competent witnesses, will focus on regulatory, financial and workforce availability issues. The Agri-Food Innovation Council would like to concentrate on the role that research and innovation can play to solve some of our supply chain issues.

Thanks to research and innovation, we have developed crops that are hearty in our cold climate, as well as resistant to some pests and diseases. Examples of those exploits include canola, which now represents close to \$12 billion in exports. On the other side of the spectrum, we've also developed new varieties of vines, despite minus-30-degree weather. I'm sure Mr. Drouin will invite all of you to visit Stonehouse Vineyard near Alexandria, one of the newest wineries that produces great wines.

We all know that the weather is changing. While it can be slightly awkward to speak about global warming as most of us are still shovelling snow—well, maybe not Mr. MacGregor—it requires us to prepare for events and diseases that will continue to impact food production in Canada. The 4DWheat project, supported by Genome Prairie and Ontario Genomics, as an example, is looking at enhancing yield and managing risk from important diseases.

We also need to focus on making Canada more self-sufficient, thereby addressing food security. Food prices are increasing and fruits and vegetables are becoming more expensive, leaving segments of our population unable to provide healthy choices to their families. As an example, investing in technology to make vertical farming produce more, sustainably, and at lesser costs is one of the ways we can address this. Increased local production will also diminish strains on the system. Far be it for me to suggest that we'll start producing and exporting pineapples from Nunavut, but can we provide various communities the ability to produce the food they need at a decent cost? I applaud the initiative announced Tuesday by the Weston Family Foundation to invest over \$33 million in developing innovation hubs to look at growing vegetables and fruits year-round in Canada.

On processing and packaging, it is important to continue to invest in robotics, artificial intelligence and big data systems. That is crucial for the future of the sector. Logistics also have major challenges, from the use of spreadsheets to analyze the routes to a reliance on 19th century transportation models. The sector will benefit from research and innovation that modernizes its operations. We are seeing drone deliveries of food, medication and PPE to rural and remote regions in Canada.

We're pleased to see large companies, such as telecoms, getting involved. Telus is an example of a telecom that moved efficiently into the agri-food space by launching Telus Agriculture to provide solutions. Professor James Nolan, a professor at the University of Saskatchewan, indicates that the use of quantum computing would increase efficiency in logistics, while at the same time raising concerns about affordability of the technology. We should also research this.

We need a coordinated approach to deal with today's challenges and address tomorrow's problems. AIC, supported by dozens of organizations, has called for the development of a national strategy

on agri-food research and innovation. The effort should be co-led by governments and industry and focus on a few tangible, achievable objectives with measurable results in a tight timeline. A broad strategy will enable a proactive approach to some of today's challenges and enable us to avoid some of tomorrow's crises.

Thank you. I will be pleased to take questions in English or in French. *Merci.*

• (1645)

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

We're going now to the Canadian Cattlemen's Association.

Mr. Lowe, it's over to you.

**Mr. Bob Lowe (President, Canadian Cattlemen's Association):** Thank you.

As you mentioned, I'm Bob Lowe. I'm a beef producer in southern Alberta and also the president of the Canadian Cattlemen's Association. With me is Fawn Jackson, our director of policy and international affairs.

Thanks for inviting us to discuss the supply chain challenges in Canada's beef sector, and to identify potential solutions to build resiliency by working together as industry and government.

With the start of the COVID-19 pandemic, we knew there would be global supply chain disruptions. We were encouraged to see the Government of Canada recognize agriculture as an essential service to ensure the continued flow of goods across Canada and internationally.

While the sector has over the last three years performed remarkably well under the circumstances, the combination of the pandemic and severe weather has identified areas that need to be further strengthened for long-term resilience. Supply chain challenges have included a lack of redundancy in processing capacity, shortages of labour, major trade route interruptions and supply chain impacts due to severe weather such as fire, flood and drought.

If we can learn one lesson from the last three years it's that investment in resilient infrastructure; quick, responsive emergency programs; and a prioritization of trade are critical to long-term resiliency. Our sector has identified key investments that will help build resilience to current and future stresses.

Investment in labour is needed across agriculture and industries that transport agricultural goods. The global market for Canadian agricultural products is expanding rapidly, but persistent labour challenges are jeopardizing its growth potential as well as its resilience in the face of challenges such as COVID-19.

In 2017, 16,500 jobs went unfilled in our sector, which cost us \$2.9 billion in lost revenues. In every province and across every commodity, labour shortages impact today's production levels and resilience in supply chain for tomorrow's growth potential.

I mentioned the global market above. We are a trade-dependent industry exporting 50% of what we produce in the beef sector. We need to be able to get our products to market, but also to import products when faced with challenges such as processing capacity. When we've had trade interruptions they've had some of the biggest impacts on our resilience as a sector and thus the resilience of our food supply chains.

Continued investment in prioritizing trade, diversification of markets, and new and increased investment in addressing non-technical trade barriers is key to Canada's economic growth and stable supply chains.

On that note, I would like to thank both Minister Bibeau and Minister Ng for their help recently in getting South Korea and the Philippines to reopen their borders, and to all members of this committee for reaching out with their offers to help whenever they can.

Investment in the transportation corridors to withstand extreme events is critical for long-term success. Roads, rail, ports, etc., need to be maintained and ready for the impacts of climate change with prevention—an example would be dikes—and redundancy—an example would be alternative routes—being key. Also, rural infrastructure needs to be prioritized and invested in significantly by the broader community, as it is the basis of much of Canada's GDP.

We recommend committing essential rural infrastructure investments, including but not limited to irrigation, roads, bridges, flood mitigation, and expanding on rural broadband Internet that is both reliable and affordable.

Now I'll turn it over to Fawn.

**Ms. Fawn Jackson (Director, Policy and International Affairs, Canadian Cattlemen's Association):** Thanks, Bob.

The pandemic has demonstrated the need for effective and efficient use of vaccines and preparation ahead of potential health events. This includes threats of animal disease outbreaks. A serious animal health incident would have large-scale impacts on our sector.

We are, simply put, not ready for the real threat of an FMD outbreak and must immediately invest in a Canadian FMD vaccine bank as our neighbours to the south have. It could have a \$50-billion to \$60-billion financial impact on the Canadian economy. This is a key priority for Canadian beef producers and is one of our top federal budget asks.

The recent severe weather events and COVID have also shown us the importance of the business risk management programs to the economic viability of our producers. We have used AgriRecovery

to address floods, fires, processing capacity and drought in the last number of years. Continued and increased investment in the BRM programs is needed as it helps smooth out bumps in the road for our producers in enabling them to better plan for the future.

We thank the teams who have worked on designing and delivering these programs, and look forward to making future improvements so that they are even better suited for future challenges. While today's time doesn't allow me to get into all of the nuances and details, we would be pleased to meet with members of the committee to look more comprehensively at solutions for the future.

Thank you. We look forward to your questions.

• (1650)

**The Chair:** Thank you, Ms. Jackson.

I will move now to Ms. Sullivan for five minutes.

**Ms. Kathleen Sullivan (Chief Executive Officer, Food and Beverage Canada):** Good afternoon.

My name is Kathleen Sullivan and I am the CEO of Food and Beverage Canada, representing Canada's domestic food and beverage manufacturing sector.

I am also co-chair of Agriculture and Agri-Food Canada's Food Sector Network and, with the Canadian Federation of Agriculture and the Canadian Agriculture Human Resource Council, am co-chairing a project to develop a workforce strategic plan for Canada's agriculture and food and beverage manufacturing sectors.

I appreciate the opportunity to meet with you.

Canada's food system is the foundation of this country's national food sovereignty. Our food system contributes to Canada's national, provincial, territorial and regional economies, it supports our international trade goals and it underpins local food production and food security, but the food system is a complex supply chain connecting almost 200,000 farms, 8,000 food and beverage manufacturers, 15,000 retail stores and 100,000 restaurants, all working together and with input suppliers and the transportation sector to ensure Canadians have the food they need.

Over the past two years, Canada's food supply chain has been under inordinate and destabilizing pressure. Today, more than 90% of Canadian food companies are experiencing supply chain issues.

The reasons are complex. They include disruptions in global supply chains due to the pandemic, price inflation, natural disasters and transportation infrastructure disruptions.

For food and beverage manufacturing, the sector I represent, the number one overriding issue is labour. Food and beverage is the largest manufacturing employer in the country, but today, on average, Canadian food and beverage manufacturers are short 25% of their workforce. That is an absolutely staggering figure. The labour shortage has resulted, we estimate, in a more than 20% reduction in output. That means 20% less Canadian food available to feed Canadians or to export.

The impacts of the labour crisis are real. They are felt across all products, company sizes and regions. Here are just a few examples.

In Pointe-Claire, Quebec, LUDA Foods is a mid-sized processor that makes soups, sauces and custom blends for the food service and industrial markets. At full capacity, it has 80 employees but today has open postings for 20% of its workforce. The company's fill rate for orders is now between 70% to 80% only, and the company is losing sales.

In Winnipeg, Medallion Milk has experienced labour shortages throughout the pandemic, specifically in the production area, averaging a 20% vacancy rate for production jobs. Really importantly, we have to remember the stress that puts on the remaining employees.

Olymel, one of Canada's largest meat processors, with plants in Quebec, Alberta, Ontario and New Brunswick, reported in the media last fall that it needs 3,000 workers. Olymel announced it will stop slaughtering activities at its plant in Princeville, Quebec, starting next March, due to its labour shortfall.

In Brampton, Ontario, Maple Lodge Farms, Canada's largest independent chicken processor, is operating with a 25% labour shortage. The facility has made substantial changes in product offerings. It has added overtime, and that places even more demands on the employees, who are already experiencing burnout due to the pandemic.

These are just some of the stories we have heard and continue to hear from companies across the country. It is our full expectation that these labour shortages will exist even after the pandemic comes to an end and likely will become worse. As an example, and like many other companies, at Maple Lodge Farms a further quarter of that company's workforce will reach the age of 65 in the next five years. That means a level of turnover that has never been seen in the company's history.

We recognize and we very much welcome recent commitments from the federal and provincial governments to help address labour issues, including the \$85 million in additional resources recently announced to assist in processing times at IRCC. The problem, though, is that these initiatives will take time to roll out, and they will not provide the relief that is needed in the immediate term.

We were also very pleased to see that Minister Bibeau's and Minister Qualtrough's mandate letters acknowledged the need to focus on labour and to prioritize the development of a labour strategy to

address the chronic shortages in the agriculture and food-processing sectors.

• (1655)

Industry has in fact already stepped forward to play a leadership role in developing that strategy.

Last fall, the Canadian Agricultural Human Resource Council, the Canadian Federation of Agriculture and my organization launched a project to develop a workforce strategic plan for our sectors to address our chronic labour problems. This project, started last fall, is already under way—

**The Chair:** Ms. Sullivan, I apologize. I gave you about 25 extra seconds. I'm sure members want to ask you questions and we'll be able to elaborate on those points.

**Ms. Kathleen Sullivan:** No worries.

**The Chair:** We're going to Mr. Steinley first. You have six minutes.

**Mr. Warren Steinley:** Thank you, Mr. Chair; and thank you, everyone, for being here to present to us today.

My questions will be for either Fawn or Bob.

In the first hour, we learned that the departments of Agriculture and Transportation have been talking about interprovincial vaccine mandates for truckers since December. I'd like to know if you guys have been part of that conversation. Trucking is a big part of your membership and industry. If you've been part of that conversation, have you talked about what effects an interprovincial vaccine mandate would have on your association for truckers?

Thanks.

**Mr. Bob Lowe:** Thanks for the question. We're in no way saying that people should or should not be vaccinated. What we are saying is that essential services are what has been keeping things alive, and the trucking industry was an essential service. It seems just a little funny to us that all of a sudden they would be required to be vaccinated, when we aren't out of the pandemic yet.

**Mr. Warren Steinley:** Have you guys had any conversations with Ag or Transport about that as a stakeholder, because some of them would be very much affected by that?

**Ms. Fawn Jackson:** We have communicated our concern about further interruptions in transport at this time.

**Mr. Warren Steinley:** That's perfect.

Thank you very much. I'll move over to my partner.

**Mr. Dave Epp:** Thank you.



I'll begin with Kathleen, of Food and Beverage Canada. I believe you were about to launch into a description of the emergency worker program. Please go ahead before I launch into my questions, because that was my first one.

**Ms. Kathleen Sullivan:** Thank you very much.

The food and beverage manufacturing sector has come forward to request that the federal government launch an emergency foreign worker program. This is a program that would build on the existing temporary foreign worker program. It would not relax any of the obligations of employers to workers, any worker protection, but would provide more flexibility for companies to, in the immediate term, bring workers into Canada to fill these jobs to provide relief for our existing workforce that is burning out after two years in the pandemic and help us really stabilize the workforce while we identify longer-term solutions to our chronic labour problems.

**Mr. Dave Epp:** Thank you.

We heard from officials this morning and certainly what I'm hearing from the 200,000 farmers and 8,000 processors in food manufacturing is that labour shortage is the number one issue, as you identified in your remarks.

I appreciate the work that industry is doing in bringing forward solutions and participating in some of these longer-term round tables and meetings.

We heard from officials that the minister recently participated in a supply chain summit, but from the acute shortage now, the industry was welcomed to have more meetings. Do you feel more meetings are required? Do you feel that you've been heard in launching the emergency worker benefit?

I have the five-point plan here in front of me. I know we've spoken about this before. Invitation to more meetings doesn't address it. I think the 20% cap is welcomed in Quebec, but my understanding is 30%, as we identified in the processing capacity report, is required across Canada.

Would you have any comment?

**Ms. Kathleen Sullivan:** Sure. As you well know, we've met with about 55 officials so far to discuss the labour shortage and the need for an emergency response. We have a meeting coming up next week with senior officials at the departments of Agriculture and Agri-Food, ESDC and IRCC. It would very much be our hope that at that meeting they will provide us with a response to our proposal.

In short, every day that goes by without some sort of response is a day wasted and a day where we just put more pressure on our current workers.

I know we're not the only sector facing this labour crisis. We're also not the only country that's facing this. However, if we want to have a chance of reviving our economy as we emerge from this pandemic, it is clear that the fundamentals of our workforce have somehow shifted under our feet through this pandemic.

We need to really stop the blood loss that we're experiencing right now, stabilize the workforce, and collectively we need to come up with some solutions for the food sector, and I would sug-

gest, for the whole economy going forward, because this is going to be the biggest issue that many countries will be dealing with.

• (1700)

**Mr. Dave Epp:** Thank you.

The CPMA, one of your members, has also called for a supply chain commissioner, a whole-of-government approach. Obviously, this is more in the longer term.

Can you comment on that, particularly in identifying, beyond labour, what the other critical vulnerabilities are to our supply chain?

**Ms. Kathleen Sullivan:** Labour is a huge one. Level of automation is a huge one as is our transportation infrastructure and disruptions.

We talk about the current blockades, but we have lived through.... In 2019 there was a rail strike; in 2020 there were pipeline and rail protests; and 2021 was B.C. and the closure of highways and the Port of Vancouver. Every year we have some other incident that impacts the transportation infrastructure in this country. Clearly we need to take a step back and figure out how we create surge capacity here, because it just layers more and more on us.

Labour, the level of automation adoption—automation that we have in our sector—and also transportation I would say are some of our biggest priorities.

**Mr. Dave Epp:** Thank you.

I'll conclude with one final question. What have you heard back on the grocery code of conduct? That's something we also spent time on in a previous study. It's something that's critical that we have been strongly advocating for. What has the industry heard back?

**The Chair:** You have 15 seconds.

**Ms. Kathleen Sullivan:** I sit on the design committee for the code of conduct. I can assure you that the members of that committee meet for several hours every week. A tremendous amount of work and effort are being brought to bear by all of the segments of the supply chain to ensure that we have a code of conduct that is made here in Canada, that represents the interests and protects and strengthens the supply chain.

**The Chair:** Thank you, Ms. Sullivan.

We're going to now go to Mr. Turnbull for six minutes.

**Mr. Ryan Turnbull (Whitby, Lib.):** Thanks, Mr. Chair.

I want to start by saying thanks to all the panellists for joining us today. I really appreciate your organizations, the incredible work you do and all the of the stakeholders you represent who are essential to our food system.

Perhaps I could say to Mr. Lowe and Ms. Jackson to not get offended if I focus my questions on fruit and vegetables with Mr. Buy today. I do eat beef and enjoy it very much. Canadian beef is great, but I'm going to focus some questions on the briefing that Mr. Buy gave us.

I appreciate the comment that was made in the briefing note that 80% of Canada's fruit and vegetables are imported, which I found quite revealing and a bit shocking.

I think the opportunity, especially given comments made earlier about the food guide, certainly shows that a more sustainable diet includes eating more fruits and vegetables than the average Canadian does, generally speaking. I think it certainly goes without saying that we can have much more production of fruits and vegetables in Canada.

I note, Mr. Buy, that your briefing note expresses the opportunities for innovation within that, including vertical farming.

Have you done any research or innovation around import substitution and identified very specific categories of fruit and vegetables that we can grow here in Canada?

**Mr. Serge Buy:** We haven't specifically done such research, but certainly some of our members have looked at this. We're looking at leaf vegetables, as an example, which would probably be more appropriate than others, as would spices. As I said, we're not going to produce pineapples in Nunavut by vertical farming, but we can certainly look at lettuce and other things.

A great resource for this is Steven Webb from the Global Institute for Food Security based in Saskatoon. There is lots of information there.

• (1705)

**Mr. Ryan Turnbull:** Thank you for that.

Mr. Buy, further to that, I noticed you referred to an innovation challenge that was put out by Agriculture and Agri-Food Canada within new technologies in Canadian meat-processing industries, and I think your briefing note also kind of implies that AAFC could be doing more innovation challenges.

Would you agree with that? What areas would you see as key opportunities for innovation challenges?

**Mr. Serge Buy:** Absolutely. I think they certainly could do much more than what is being done presently.

They're responding to crises. I think the idea is to not just respond to crises, but also to be proactive. The vertical farming issue, as an example, would be great. We're seeing the private sector moving on that. For example, the Weston foundation is putting \$33 million on that. No one else is doing that, so I hope....

I shouldn't say no one else, but the government is not taking the lead. I hope the government will take the lead at some point to move on some of those projects.

**Mr. Ryan Turnbull:** Certainly we recognize that shorter and more resilient supply chains are almost synonymous, to some degree.

I wonder if you have recommendations for how AAFC might support a greater degree of innovation and then help to build the infrastructure or support to scale those innovations.

As you quite rightfully note in your briefing document, it's not just about having the idea and innovating within one company or one opportunity. It's to actually scale and increase the adoption of that innovation right across the food system. Can you speak to what's required to actually build a more conducive or enabling system for that innovation?

**Mr. Serge Buy:** We certainly believe that the government could play an important role at this point in convening the various stakeholders to discuss some of those solutions and in developing a long-term strategy for research and innovation that includes a focus on adoption as well. Yes, the government can play an important role in this.

I don't think it's just the funding part. It's also the portion about convening and supporting the players. Lots of companies are doing innovation, but there needs to be, as you've noted, support for the scaling up. I think the government can play a role in this as part of a broader strategy.

**Mr. Ryan Turnbull:** Thank you

I notice that you are calling for a national strategy for agri-food research and innovation. I want to ask you what role you see colleges and universities playing.

In my riding of Whitby, I have Durham College, which has the centre for food. It's doing remarkable work on a full field-to-fork concept and on innovating in making their own beer and wine, growing their own food and teaching hospitality, etc., all in the same location.

What do you see as the role for colleges and universities in that innovation strategy?

**Mr. Serge Buy:** Academia is a crucial part of this. Universities and colleges need to play a role.

This is why, when we called for the creation of this strategy, the Deans Council—Agriculture, Food and Veterinary Medicine supported our call. This is why colleges in the country, such as Olds College and others, are also supporting our call.

Definitely, they need to play a role.

**The Chair:** Thank you.

[Translation]

Mr. Perron, the floor is yours for six minutes

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

I will begin by thanking the representatives of the three organizations for taking the time to join us today. We really appreciate it.

Mr. Buy, allow me to continue with you.

You talked about implementing a national strategy on research and innovation. Is it necessary for that kind of a strategy to be highly centralized? Shouldn't the government rather give freedom of action to businesses and educational institutions?

Among others, you mentioned the Deans Council, Agriculture, Food and Veterinary Medicine. Its representatives have met with us a number of times to raise a red flag about the lack of investments in university research.

Wouldn't a government policy that would provide a tax credit or financial support for anything related to innovation and research be even easier, without a new administrative structure being needed?

• (1710)

**Mr. Serge Buy:** You will note, Mr. Perron, that I am not a fan of creating new administrative structures. However, I do agree with Mr. Blois, who proposed that we be an agricultural superpower. I encourage that idea. But if our country wants to remain an agricultural superpower, we will need a concerted strategy among the federal government, the provinces, post-secondary institutions and industry.

Decisions will have to be made on where to invest, and they must be made in consultation. I don't think investments should be made in everything. I rather think we must focus our investments on things that will provide benefits, be it in terms of job creation, support for certain jobs or exports. To get there, we need a well-organized strategy.

**Mr. Yves Perron:** Who would lead that strategy?

**Mr. Serge Buy:** That's a good question.

A number of my colleagues have talked about consultation, communication and meeting tables. A while ago, John Manley talked about consultation constipation, meaning that consultations are being held all over the place, and that is a bit concerning.

Our organization would prefer if the federal government and industry had a common vision and co-chaired that consultation table in order to create a national strategy once and for all to guide us over the next five years. It is important for the government not to work in a silo. The government, industry and provinces must be at the same table, at the same time.

**Mr. Yves Perron:** Yes, as jurisdiction will be an issue.

**Mr. Serge Buy:** Absolutely.

**Mr. Yves Perron:** It will be long and complex.

If the government began by providing adequate funding for our educational institutions that conduct research and train our veterinarians, would that be a step in the right direction?

**Mr. Serge Buy:** I completely agree that they must be funded adequately, just as research centres must be funded adequately. I absolutely support their demands. You will see that the deans council supports our appeal. It is not a matter of choosing one or the other; it's a matter of having both, together.

Contrary to what you are saying, I don't think the process will really take a lot of time. I think the process could be a quick one that will produce tangible results.

**Mr. Yves Perron:** Some other groups are proposing that a position of procurement commissioner be created in order to coordinate actions. That seems somewhat similar to me.

What is your take on that?

**Mr. Serge Buy:** As I just said, I am not too favourable to the creation of new levels of bureaucracy, as we already have a number of them in Canada. What is more, commissioners of this and that don't necessarily have all the powers they need. The creation of such a position is often announced to resolve a specific minor problem, but the commissioner will have no real powers afterwards.

I think that a national strategy on innovation and research would be different. I am not sure we need new administrative structures. A strategy is a document, a guide, and not a new bureaucratic structure. I prefer that kind of a thing to new layers of bureaucracy, as Canada already has many of those.

• (1715)

**Mr. Yves Perron:** In the short term, could we not create a tax credit for investment in new technologies, in businesses that need it? In our previous studies, including the one on processing, we found that there was significant underinvestment in Canada's and Quebec's agri-food industry.

**Mr. Serge Buy:** You will note that, last time I appeared before the committee on this issue, I recommended that this type of tax credit be created. So I absolutely agree with that. It is important to create those kinds of measures.

That said, the government is continuing to take action in various areas to resolve crises. I think a long-term vision is now needed. The government is continuing to focus on the present instead of planning for the long term. That is exactly why we find ourselves in this position.

**Mr. Yves Perron:** Yes, but can we not work on those two aspects at the same time?

**Mr. Serge Buy:** We certainly can. As I said, that is absolutely what must be done.

**Mr. Yves Perron:** Thank you, Mr. Buy.

**The Chair:** Thank you, Mr. Perron and Mr. Buy.

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

[English]

**Mr. Alistair MacGregor:** Thank you so much, Chair.

Maybe I'll start with Ms. Sullivan from Food and Beverage Canada. It's good to see you before our committee again.

With respect to the labour problems that you very clearly outlined for us, those are very stark figures. Even for someone who has been on this committee for four years, and who has seen this perennial problem, those are pretty brutal.

In my region, we saw housing prices go up anywhere from 30% to 40%. I want to get a sense from you on whether your members are doing any kind of surveys amongst the labour force. What are workers reporting back to you about the cost of living? Are they even able to afford to live in the regions where the work is? I know that a lot of people would love to work, but they also have to judge other things in their life, like their housing costs, their transportation costs, etc.

Can you maybe link that in? This doesn't exist in a silo. It has to be linked to other things as well.

**Ms. Kathleen Sullivan:** You're absolutely right.

In this long-term strategy that we're working on, infrastructure is one of the pieces that we are tackling. Housing prices are a problem. Availability and affordability of day care can be a problem. It's not just the cost of public transportation, but remembering that in any manufacturing setting, you're doing shift work. Sometimes it's even the availability of public transportation. We really have to take a look at that whole package, at things that enable people to be able to go into work or to be able to live in the regions where we need them.

We definitely see problems. In food manufacturing, sometimes you're in rural areas where you've seen depopulation and it's hard to find people. Sometimes, you're in urban areas where the cost of living makes it very difficult to find people. One of the things we are seeing is that even in the rural areas, the housing prices are now starting to become a bit prohibitive for our employees. We have to get our head around that. This is a relatively recent phenomenon or it's certainly accelerated recently through COVID.

What food processors who use the temporary foreign worker program have done over years, even predating COVID, is purchase housing stock. They would have, in some cases, purchased entire apartment buildings so that they can be sure that their workers actually have appropriate housing that's appropriately priced.

As we have seen with the labour supply in the last six months, things have shifted under our feet and we're going to have to get a handle on that whole infrastructure piece. Subsidized day care will absolutely help contribute to that, but there's a big piece here that we're going to have to figure out.

**Mr. Alistair MacGregor:** This study that we're doing is on supply chains. A lot of our trade is with our southern neighbour. We're in a situation right now where border crossings in Windsor, Ontario; Emerson, Manitoba; and Coutts, Alberta are being affected by protests.

Are you getting any feedback from your members? Is it starting to have an immediate impact on their ability to continue their operations?

**Ms. Kathleen Sullivan:** It's going to have an impact in a couple of ways. One is the ability for us to get product across the border. The other is our ability to receive inputs or supplies—including packaging—from the U.S.

As I pointed out earlier, we deal with a fairly major transportation disruption, it seems, almost every year.

In my sector, where we're doing processing, a lot of times we are delivering to distribution centres. The distribution centres have a certain supply of products we've manufactured. We are just-in-time delivery, but we have that buffer.

We are already seeing a backup of trucks, as everyone is. Because of the amount of time it takes for that to register in the grocery store or in plants that can't operate because they don't have supplies, it hasn't hit yet.

It has to be clear to all of us that the sooner the blockades are ended—as would be the case in a strike or anything else—the better off supply chains will be.

• (1720)

**Mr. Alistair MacGregor:** Yes. They'll be very much so.

Mr. Buy, it's good to see you before our committee as well.

You talked a lot about logistics and the need that we have to modernize transportation networks. When Vancouver was cut off from the rest of the country back in November, it took some time for companies to reroute through Washington state.

Can you talk a bit about some of the innovation that's needed to bring spreadsheets into the 21st century? Maybe you can talk about some of the technology that exists out there that can allow for instantaneous rerouting, such as artificial intelligence that's analyzing the situation and helping companies deal with the unexpected.

**Mr. Serge Buy:** You put your finger on it. This is why I wanted to quote the professor from the University of Saskatchewan who talked about quantum cubit computing. It would, within a few seconds, probably provide some of the companies solutions in terms of rerouting. In a huge crisis like there was, rerouting may or may not be possible.

At the same time, we need to plan for the future. British Columbia was at one point looking at marine or air transportation, instead of trucks. There were a number of interesting options that were provided.

We need to look at this a bit more and look at how we adapt better on that front.

**The Chair:** Thank you.

Colleagues, we're going to go five minutes for the Conservatives and Liberals, then two and a half for Bloc and NDP and we'll call it quits for tonight.

We will go over to the Conservative Party.

[Translation]

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

I want to thank the witnesses for joining us this afternoon.

My first questions are for Mr. Buy from the Agri-Food Innovation Council.

First, thank you for your brief. You spoke a great deal about a very important labour issue. However, another very important issue concerns innovation and robotics in our processing companies, specifically in the animal sector. I speak from experience, given the Olymel plant in my constituency.

How are you working with animal processors in order to make further progress on robotics? It wouldn't resolve all the issues, but it would mitigate them.

**Mr. Serge Buy:** I think that you received some answers from the study that you already conducted on this topic.

One major issue is the ability to fund the adoption of new technology. This is a glaring issue. Some of our companies aren't in a position to implement these new robotics technologies, which are expensive, especially in the beginning.

Moreover, in certain rural areas, some of these technologies simply aren't accessible. This creates another issue for some of these companies.

I think that both these things must be addressed. Some good recommendations came out of your last study. I'm glad to see that you have extended the study. I'll be happy to hear the government's response to your report.

**Mr. Richard Lehoux:** We can find out the government's response to the report that we tabled again.

You spoke a great deal about the need for a strategy. I've spoken a great deal about this too. I was quite amused when you compared the situation to constipation. When we rely too much on consultation and lack leadership, things get complicated.

How do you see this national strategy being developed? I understand that all partners will be involved, including the private sector, the federal government and the provinces. That said, someone must take the lead.

**Mr. Serge Buy:** I think that the leadership should come from two groups: the industry and the government. The government can't lead the discussions alone. I think that some questions will arise about the future course of action. Leadership in the development of this national strategy must come from both the government and industry. In the process, other existing partners, such as the provinces, universities and colleges, will also be involved.

In terms of Mr. Perron's question, I would say that this process doesn't need to take long. If there's a will, there's a way to get things done quickly. Let the industry co-chair this initiative. I assure you that things will happen quickly.

• (1725)

**Mr. Richard Lehoux:** I want to address this, Mr. Buy. I think that the government must let the industry know very quickly that it's prepared to work with them to develop this national strategy.

Are we in agreement, Mr. Buy?

**Mr. Serge Buy:** I really want to see a message from the government on this issue soon. I check regularly to see whether smoke signals are being sent in the right direction. However, I still don't see any. I'm still waiting for Agriculture and Agri-Food Canada or

the government in general to express its willingness to act on this. Several departments are involved in this issue.

**Mr. Richard Lehoux:** Several departments may be involved in developing this national strategy, so someone must take the lead.

One of your clear recommendations is to follow up on Mr. Barton's advice to create a synergy among the various departments. The government and the Prime Minister must show a strong commitment to this.

The issue was there before, but it has only grown in the wake of what we've experienced over the past two years. I think that we all agree that this issue must be addressed quickly.

**Mr. Serge Buy:** I agree.

**Mr. Richard Lehoux:** Thank you, Mr. Buy.

I have 10 seconds left. Right, Mr. Chair?

**The Chair:** I'm sorry, Mr. Lehoux, but you have only five seconds left.

**Mr. Richard Lehoux:** In that case, I'll thank the participants.

**The Chair:** Thank you.

I'll now give the floor to Mr. Drouin for five minutes.

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

I want to extend my greetings to you, Mr. Buy. My colleague, Mr. Turnbull, has already asked you some good questions. Since your organization is active in my constituency, I'll be visiting you in Alexandria. I'll have more than five minutes to have a proper discussion with you about agri-food.

[English]

I want to turn my attention to Ms. Sullivan.

You've raised a few points with regard to the temporary foreign worker program. I'm not sure if you measured the impact. Two years ago, Premier Legault made a call for Quebeckers to come to work in the agri-food businesses. This was at a time when the unemployment rate was in the double digits because we were just starting with COVID-19.

I'm wondering if your members reported—back in April, May or June 2020—an increase in the uptake of those jobs.

**Ms. Kathleen Sullivan:** When COVID began we were probably looking at a 10% vacancy rate in food and beverage manufacturing. We're now up to 25%.

A lot of that is due to factors related to the pandemic, but it makes it very difficult, if not impossible, to measure what might have worked in other regards. It's difficult to separate out different elements right now.

**Mr. Francis Drouin:** Thank you.

I imagine that an example of some of the recommendations you're making for facilitating a better flow of temporary foreign workers to fulfill that demand would be that increase from 10% to 20% in food processing?

**Ms. Kathleen Sullivan:** Yes, we're actually recommending that the cap—

**The Chair:** Ms. Sullivan, I'm sorry.

I'm being told by the clerk and our technicians that for the folks who are in the room, when you do stop speaking, could you make sure your microphone goes off? That's why we're getting some of the feedback for our witnesses.

I know it's not easy. I've stopped the clock.

Ms. Sullivan, over to you.

**Ms. Kathleen Sullivan:** Sorry, could you repeat the question for me?

**Mr. Francis Drouin:** Yes.

It's just on some of the recommendations for the flow of temporary foreign worker programs, and you mentioned the cap.

**Ms. Kathleen Sullivan:** One of the biggest things that could benefit us right now is increasing the cap. Across food and beverage manufacturing—unlike primary agriculture—your workforce cannot be more than 10% temporary foreign workers. Just increasing that cap by any amount would be helpful. We are suggesting 30%. Ideally, in a perfect world, during a crisis we wouldn't have any cap at all but we have suggested 30% might be something that could be tolerated by the federal government.

We're also suggesting that the federal government move for a defined period of time to a two-year LMIA, rather than a one-year LMIA, which would help to reduce paperwork on the part of companies, but also—and I think very importantly we've all realized—help reduce processing times and processing work for the government itself.

I think those two measures in and of themselves would be quite beneficial.

Another thing is really important. Somebody asked me once why we want to use temporary foreign workers. Except for seasonal jobs, we don't want to use temporary foreign workers. We want to welcome people into Canada to become permanent residents and do these jobs permanently and become parts of our community and our workplace family. We have to have, attached to any program we put in place, really clear and workable pathways to residency for any of these workers who come in.

• (1730)

**Mr. Francis Drouin:** Thank you.

Somebody mentioned housing, and I think it was Mr. MacGregor who talked about the importance of housing. Back home for me,

they may not be your members but they are in the food-processing business and they are coming up with solutions to provide housing because there is just no choice.

Are some of your members working on similar solutions, or innovative solutions to provide housing, either to some of the temporary foreign workers or just Canadian employees?

**Ms. Kathleen Sullivan:** Yes, absolutely, there are some things that our members have done, and I'm sure there are more things as well.

First of all, as I said, the companies themselves are actually purchasing the housing units. They're purchasing entire apartment buildings or purchasing homes, multi-unit homes or single-family homes, that could be used for workers. We are also seeing companies, in order to overcome that barrier to getting to work, putting in place their own bus routes. I mentioned Maple Lodge Farms earlier. They put in place their own private busing system to be able to get their workers from their homes into the workplace. There's also a pilot currently going on in Ontario to try to work with the municipalities to understand how you sort of tweak infrastructure and some of those things in order to facilitate people getting to work.

There are absolutely things that people are trying. Ultimately, I think we're going to have to find models of industry or hubs of employers working together with municipalities and with provincial governments and federal governments to figure out how you address what I call infrastructure issues so that you can facilitate people getting to work.

**The Chair:** Thank you, Ms. Sullivan and Mr. Drouin.

[*Translation*]

I'll now give the floor to Mr. Perron for two and a half minutes.

**Mr. Yves Perron:** Thank you, Mr. Chair. I'll try to keep it short.

Mr. Lowe, it's good to see you. I have a very quick question and I'd like an equally quick answer.

In your opinion, should the federal government provide financial support for the development of new slaughter sites, such as local sites, to reduce concentration and increase regional processing activities?

[*English*]

**Mr. Bob Lowe:** Our position is that more processing is always better. I'm not sure if direct financial support or if maybe just the easing of regulations might be the answer.

[*Translation*]

**Mr. Yves Perron:** Thank you.

Ms. Sullivan, you heard the questions that I asked the officials earlier about the code of conduct. I was told that discussions were well under way.

I know that you're on the round table. How are things going? Are you optimistic?

[English]

**Ms. Kathleen Sullivan:** You know, they're difficult conversations, but I am an optimist. I'm an optimist because we have gotten to a place, after many years of discussion and debate within industry, where all segments of the supply chain—producers, processors, independent grocers and, really importantly, the retailers—have come to the table, all acknowledging that there is a need for a code, that it is important, and exhibiting a willingness to work together to develop one.

I think that in and of itself is a historic step. Now we have all of those sectors working through some really difficult and, let's face it, challenging issues. If it weren't challenging, then we wouldn't have to sit down together to sort out a solution.

So yes, I'm optimistic. I think we can't afford to fail.

• (1735)

[Translation]

**Mr. Yves Perron:** Thank you.

I have a second quick question.

I also asked earlier about your plan for foreign workers. Are you satisfied with the responses? Do you feel that things are moving quickly enough?

[English]

**Ms. Kathleen Sullivan:** We haven't received a response on our proposal. Until we actually have some sort of announcement from the federal government that they are prepared to put a program in place to allow us to bring in temporary foreign workers to assist with the labour crisis, then we don't have an answer. The problem will exist, and continue to exist, and continue to get worse until we have some sort of emergency foreign worker plan in place.

We've received good reception—

[Translation]

**The Chair:** Thank you, Ms. Sullivan.

Mr. Perron, I gave you a little more time because it was necessary for the interpretation.

**Mr. Yves Perron:** I appreciate that, Mr. Chair.

[English]

**The Chair:** Okay.

Mr. MacGregor, you have the last two and half minutes.

**Mr. Alistair MacGregor:** Thank you so much, Chair.

Ms. Sullivan, just quickly, when I was asking Mr. Buy previously about transportation logistics and advancements in technology to reroute, you were nodding your head. Did you want to take a minute and add a little bit to that?

**Ms. Kathleen Sullivan:** When the B.C. crisis hit, Food and Beverage Canada did a lot of work with a round table to bring stakeholders together. I had a bird's-eye view into some of the challenges. What I found really interesting about that exchange was that we also have that issue domestically. One of the big questions that came up was around animal feed. I will give credit to the Animal Nutrition Association of Canada, because it created a conversation with food grade grain shippers to divert containers from the Port of Vancouver to resolve that need. This question extends not just internationally into our trade patterns but also to our domestic travel and transportation patterns. That's another application that we need to be thinking about.

One of the big challenges that we as industry have faced is...Bear in mind, we are critical infrastructure, but everybody in the food supply chain is privately run. We also have constraints, because of our ability to talk through the Competition Act. We have done a miraculous job of keeping the food system going. Additional tools to help us with that, like the one Serge described, can be nothing but a good thing.

**Mr. Alistair MacGregor:** Yes, I do remember that on Vancouver Island, Top Shelf Feeds took advantage of the redirection from the Port of Vancouver, so that was nice.

Very quickly, I haven't talked to the Canadian Cattlemen's Association. I do not have a question, but if you wanted to take the final 45 seconds to say anything that you might have missed out on that would help us in this study, please go ahead.

**Ms. Fawn Jackson:** I would re-emphasize our top budget recommendations. We really see foot and mouth disease as a very serious, and real threat that's sitting on our doorstep. We know what to do about it, and we need to prioritize it. We've also recommended an Indo-Pacific strategy that would help us deal with some of those future trade irritants where we see choppy waters ahead. Luck favours the prepared, and that's something that we're focused on.

Thanks so much for your time.

**The Chair:** Thank you, Mr. MacGregor and Ms. Jackson.

[Translation]

On behalf of all my colleagues on the committee, I want to thank the witnesses, the interpreters, the entire technical team and the clerk.

[English]

Thank you, colleagues.

We look forward to continuing this study on Monday.

The meeting is adjourned.

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