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• (1105)

[*Translation*]

The Chair (Mr. Kody Blois (Kings—Hants, Lib.)) I call the meeting to order.

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

Today's meeting will be conducted in a hybrid format, in accordance with the order of the House adopted on 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.

I remind you that screen shots or taking photographs of your screen is not permitted.

[*English*]

Colleagues, it's great to see a good crowd here in person. That's been a rarity over the last year or so, but just as a reminder, of course, please keep the health protocols that we're all accustomed to top of mind.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on Monday, January 31, 2022, the committee is resuming its study of the agriculture and agri-food supply chain.

I would now like to welcome our witnesses for our first panel.

With us today on the teleconference is Jennifer Wright, who is the acting executive director and the director of operations, programs and partnerships with the Canadian Agricultural Human Resource Council.

Welcome.

From the Canadian Horticultural Council, we have Rebecca Lee, who is the executive director, and Quinton Woods, who serves as the chair of the trade and marketing working group.

From the Department of Industry, we have Murad Al-Katib, who is the chair of the economic strategy table for agri-food.

You're going to have up to five minutes.

Colleagues, we did not sit last week, and I think it's important that we put on the record that we saw the terrible events with Russia invading Ukraine. I know that I speak on behalf of all members of this committee when I say that we denounce and condemn this egregious violation of international law. The images we've seen have been horrific.

Our thoughts and prayers are with all Ukrainians and those who are fighting for freedom. I know that our work as parliamentarians will extend beyond thoughts and prayers to concrete action, as we've already seen, and I know that this will be a top priority for all of us as members of Parliament and elected officials in the days ahead.

I think it's a reminder that democracy is not a given and freedom is not a given, and perhaps it is a solemn reminder today as we undertake our important work as parliamentarians. I just want to say that. I know that I speak for all the folks on this committee and elsewhere.

With that said, I'd now like to invite Ms. Wright to make an opening statement of five minutes, and then we'll follow with Dr. Lee and Mr. Al-Katib.

Ms. Wright, we will go to you for five minutes, please.

Ms. Jennifer Wright (Acting Executive Director and Director of Operations, Programs and Partnerships, Canadian Agricultural Human Resource Council):

Thank you, Mr. Chair.

Mr. Chair and members of the committee, thank you for the invitation to participate in the standing committee's study.

I'm Jennifer Wright, acting executive director, and director of research, programs and partnerships at the Canadian Agricultural Human Resource Council.

My comments today will focus on the pervasive labour shortage currently being experienced in Canadian agriculture and what we can do together to address this.

The workforce needs of Canada's agriculture industry are something that CAHRC has been examining for more than 15 years. It is clear that the industry cannot continue to produce healthy, safe and affordable food for Canadians and for global consumers without an adequate supply of agriculture workers.

The COVID pandemic has put an even greater spotlight on the issue and confirmed that there is no more time to waste. We must work together toward longer-term and systemic solutions to the persistent labour shortages the agriculture industry is facing.

CAHRC's labour market research indicates that job vacancies are exceptionally higher in agriculture compared to other industries, resulting in close to \$3 billion in lost revenues in 2018. The inability of farmers to fill all their vacant positions with either Canadian or foreign workers makes the business of food production in Canada very difficult.

International workers come to Canada to work on farms and fill positions when Canadians can't be found. Although approximately 60,000 foreign workers are brought in each year, thousands of vacancies still remain, with 16,500 vacancies in 2018. In fact, workforce shortages are doubling every 10 years, with a forecast total labour gap of 123,000 by 2029. Businesses that are unable to fill vacancies face high production losses and delayed expansion plans, and some are forgoing operations altogether.

Securing a full team of workers is challenging for farm businesses at any time. It is especially challenging during a pandemic. CAHRC's research on the impacts of COVID on the sector confirm significant impacts on farm operations, including production delays, overtime costs and delayed or cancelled investment or expansion.

While Canada's agriculture employers are actively trying new and creative ways to find and keep more of their workers, the scope of the problem is significant. At present, the sector is on an unsustainable path, with a growing number of jobs going unfilled. To address the myriad challenges facing the agriculture and food manufacturing sector, government departments, educational institutions, sector associations and other stakeholders will need to work together.

Now is the time to ensure that the food production system continues to be resilient through COVID and beyond and is well positioned to overcome the persistent labour shortages that have been limiting growth. We urgently need a national agriculture and food manufacturing labour strategy, as has been done in other jurisdictions such as Australia.

In spring 2021, CAHRC, along with our partners, the Canadian Federation of Agriculture and Food and Beverage Canada, commenced the development of a national workforce strategy for agriculture and food manufacturing, with the goal of bringing stakeholders together to collaborate and develop an actionable road map to address the increasing labour shortage. There are over 50 industry organizations contributing to this process.

This strategy identifies short-, medium- and long-term actions in the areas of skills development, automation and technology, people and workplace culture, perceptions of the industry, and immigration and foreign workers. Overarching themes include equity, diversity and inclusion, infrastructure, data and competitiveness, and profitability. We are also engaging CAHRC's indigenous advisory committee to help inform this process.

CAHRC is pleased that both the Minister of Agriculture and Agri-food and the Minister of Employment, Workforce Development and Disability Inclusion have committed to developing an agricultural labour strategy. CAHRC is looking forward to working with industry, education and government partners to move this for-

ward. In particular, we encourage the federal government to build on and support the work we've undertaken to date.

In summary, COVID has highlighted that food is essential to Canadians and workers are essential to food production. Without stabilizing the supply of workers and getting the right people with the right skills into agriculture jobs, our industry will not thrive. Now is the time to ensure the food production system stays operational and is well positioned to overcome the persistent labour shortages that have been impacting the sector and limiting its growth. We can start by working together to develop an agriculture and food manufacturing workforce strategy for all of Canada.

I look forward to questions from the committee. Thank you.

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

We're now going to move to Mr. Woods for five minutes.

Mr. Quinton Woods (Chair, Trade and Marketing Working Group, Canadian Horticultural Council): Thank you, Mr. Chair.

Good morning, Mr. Chair and members of the agriculture committee, and thank you for the opportunity to join you today and to speak on behalf of growers on the ongoing supply chain disruptions felt by the agriculture and agri-food sectors.

My name is Quinton Woods. I am the sales and plant operations manager at Gwillimdale Farms in Bradford, Ontario. I also serve on the Canadian Horticultural Council as the chair of the trade and marketing working group.

The Canadian Horticultural Council, also known as CHC, is an Ottawa-based national association that represents 14,000 fruit and vegetable growers across Canada involved in the production of over 120 different types of crops, with farm gate sales of \$5.7 billion in 2020.

I'd like to begin my comments by saying that the supply chain disruptions we're facing today are not new disruptions and existed well before the beginning of the COVID-19 pandemic; however, the public health challenges in the past two years have exacerbated economic and logistical challenges along the global supply chains.

Given the perishability of fruits and vegetables, our growers continue to feel these impacts and work daily to find solutions to ensure that consumers in Canada and around the world continue to have access to our safe, healthy and nutritious products. The increasing costs and delays along the supply chain threaten our food security and the long-term economic viability of the fruit and vegetable sector. Some of the challenges our growers face include but are not limited to crippling port congestions, delays in container shipping, inconsistent product delivery, persisting labour shortages and unprecedented increases of input costs.

Among the input costs we're seeing today is that our labour rates have increased through the roof, and the biggest problem with the labour rates is actually the shortage and the lack of access to labour. We also are experiencing increased prices for lumber, which impacts the availability of pallets; increased costs in pulp and plastic resin used to make cardboard boxes and plastic packaging; and increases in the price of crop protection products. One of the biggest cost increases we've seen this year is actually the cost of fertilizer, with some growers facing increases as high as 53%.

Lastly, one of the most important challenges—and very timely, based on recent events—is the availability of trucks and truck drivers. These shortages were there before the COVID-19 pandemic, but the introduction of the new border measures further reduced the supply of available truck drivers to haul our goods across international borders.

It is important to note that the costs associated with these disruptions cannot be fully borne by growers like me, and that, wherever possible, we will need to pass these on to consumers. Sadly, these increases, which are being felt by the end consumer, are likely to escalate and most affect those who can least afford it.

Now I'll pass it on to Rebecca Lee for her comments.

Dr. Rebecca Lee (Executive Director, Canadian Horticultural Council): Thank you, Quinton.

Good morning, members of the committee. My name is Rebecca Lee and I am the executive director of the Canadian Horticultural Council.

As you have heard, ongoing supply chain disruptions have had significant impacts on the Canadian fruit and vegetable sector. The growers we represent from across the country, including Quinton, have demonstrated remarkable resilience over the past two years to continue providing our communities with fresh, nutritious food sources, but in order for them to continue doing so, we are calling on the federal government to take swift and decisive action to address the deficiencies in our supply chain.

We were pleased to see this need acknowledged in the recently convened supply chain summit and through the government's establishment of a national supply chain task force. These challenges are complex and will require the collaboration of multiple ministries, departments and stakeholders. We believe it is essential for government to work in a multilateral and holistic manner to address these ongoing challenges.

In order to ensure that the task force is able to bring the necessary players around the table and take meaningful action to address disruptions, we are requesting the appointment of a supply chain commissioner to lead the group, as many other industry associations have. This would mirror the process undertaken in the United States.

The commissioner must be empowered with decision-making authority and prevent the bureaucracy of government from getting in the way of bringing about substantive action. Without doing so, the issues experienced now will create long-lasting impacts, to the detriment of all North American economies. These include

bankruptcies, legal disputes, industry consolidation, inflation and inaccessible food supplies, among others.

Despite all these threats, Canada's agricultural sector has stepped up and continued to provide stable and safe food to Canadian families, which has been critical to maintaining—

The Chair: Dr. Lee, I apologize. I even gave you a few extra seconds. I'm sorry. I know that members will get to ask questions.

Dr. Rebecca Lee: That's okay.

The Chair: Mr. Al-Katib, we will move to you for five minutes.

Mr. Murad Al-Katib (Chair, Economic Strategy Table—AgriFood, Department of Industry): Thank you very much. I appreciate the opportunity to see the committee today.

My name is Murad Al-Katib. I'm here as the chair of the agri-food strategy council and also as the CEO of AGT Foods, based out of Regina.

Today I'm going to bring you some comments with a very specific focus on the western Canadian cropping system. I want to start with an acknowledgement that Canada has been blessed with a very significant agricultural endowment, with some of the best and most productive agricultural land in the world, making Canada a world leader in agricultural production and export.

For decades we've been known as the breadbasket of the world; however, in recent years, we've increasingly been known as the first stop on the protein highway. With food, fuel, fertilizer and feed, Canada has what the world needs and wants, and Canadian agriculture is on the front line in providing societal solutions to global challenges in protein, food and renewable fuel supplies. We will be vital to the United Nation's FAO mission, which requires the world to produce the same amount of food in the next 40 years as it produced in the last 10,000 years of civilization to meet the growing population of 10 billion people by 2050.

The agriculture sector, with our farmers and farm families, processors and exporters, is up to this challenge. We employ sustainable solutions, such as a three-crop rotation of canola, nitrogen-fixing pulses and wheat, and technologies like zero- and minimum-tillage farm management. We succeed even in an environment of rising fuel prices, carbon policies that increase production and input costs, and other challenges that face our farm families and processors across this country.

To continue to succeed, though, we must address risks and uncertainties and future-proof our sector, including for stronger competition and changes in consumer demand for quality plant-based proteins, environmental stewardship and cleaner energy.

• (1115)

Labour availability is a major obstacle in agriculture, one I'm certain you'll have questions about. In a post-COVID environment there's been a dramatic effect on availability of workers at every level of our industry. Prospective workers have moved on to other positions with increased pay, better benefits and other advantages, while others have exited the workforce entirely.

While there are methods of dealing with labour shortages, such as technology, robotics and automation, labour will continue to be an ongoing challenge, especially as processors make investments in new infrastructure to add capacity to meet the growing consumer demands.

With projects like AGT's planned protein extraction facility in Regina, as well as a \$360-million canola crushing facility in partnership with Federated Co-operatives, announced last month to produce one billion litres of renewable diesel, which is part of the \$2-billion integrated agricultural complex project, the availability of ready, trained and available workforce is of utmost concern.

In the agriculture sector, we have always wrestled with transportation-related issues, especially with our cold climate and market-locked nature. Recently, funding options such as the national trade corridor fund replenishment in our budget are very welcome announcements. Strong leadership is always needed, though, to create transportation policy frameworks to support trade and continue to provide long-term funding to build capacity, invest in infrastructure, remove bottlenecks and make supply chain improvements that are critical to maintaining Canada's reputation as a reliable supplier of products.

You may know that I was on the federally appointed panel in charge of reviewing the Canada Transportation Act, the Emerson report, which paid special attention to recommendations to the agriculture industry. I was also honoured to chair the Industry Strategy Council's agriculture subcommittee with Monique Leroux. We tabled our report in 2020.

Key to that work was rekindling recommendations about long-term infrastructure planning. How can we develop a multimodal strategy in our country if we're planning in election cycles of two to four years versus 10, 20 and 50 years? We need to ensure that the economic prosperity of Canadians and the maintenance of our social programs and our way of life are really tied to economic prosperity. Trade infrastructure is very key to that.

In our report from the ag strategy table, we provided a number of key recommendations for the ag sector, many of which provide the basis for our discussions with you today at this committee meeting. These included five key areas to strengthen the agri-food sector to collectively embrace the future- proofing of our agriculture and agri-food sector by renewing our regulatory system to become more agile and embracing digital innovation to provide safe, traceable, sustainable food, feed and ingredients. Through this work, we can only lay the groundwork for agriculture 2.0. It is a generational opportunity that has never been more exciting for our economy.

I'll be happy to take questions from the committee on the supply chain challenges, transportation, labour and skills.

Thank you, Mr. Chair.

The Chair: Thank you very much. We're going to get right to questions. We'll start with Mr. Epp for six minutes.

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

I'd like to begin with CAHRC and Ms. Wright.

I'm going to start with longer-term labour shortages. You mentioned being short 123,000 jobs by 2029. Can you put that into context? What percentage of our labour force would that represent?

Ms. Jennifer Wright: I don't have the percentage right in front of me, but I would say it is significant and it does impact the amount of growth that can happen between now and then.

Certainly what we've seen over the last decade and continue to hear through COVID is that agriculture producers are not reaching the potential that they could as far as revenue and production are concerned. Some are making decisions not to expand and maybe not to continue forward with their production.

Mr. Dave Epp: Thank you. I'll take it a little more short term now.

You're also involved in the creation of the emergency foreign worker program, together with other ag organizations. Can I ask what the feedback has been on that? I know there was a request to have some changes made by the end of January. We're a month later than that. Can you update the committee on the progress?

Ms. Jennifer Wright: That request was actually from the food manufacturing side of the value chain, and CAHRC was not involved directly with that. I can't really comment on the progress that's been made. Certainly, from the food manufacturing side of things, it's an essential and big request that they're looking to move forward.

Mr. Dave Epp: Thank you.

I'll flip over to the Canadian Horticultural Council. I have a different question, specific to your supply chain commissioner taking a whole-of-government approach. We have heard from CPMA on their perspective.

Rebecca or Quinton, what would be the problems you're trying to solve with that kind of an approach at the grower level?

Mr. Quinton Woods: One of the biggest things we're trying to solve at the grower level is just to have somebody in place to be able to make the decisions to streamline the supply chain systems and start easing some of the challenges that indeed we're facing at the grower level.

We have growers who are starting to question whether they're going to continue producing food for our country. It's becoming a very difficult environment to work in.

Mr. Dave Epp: Fertilizer was mentioned. I want to come at it from two perspectives. One is obviously the cost, but the other is also the discussions regarding a 30% decrease over time, with greenhouse gas emissions potentially up to a 20% cut in application rates or even more.

Can you comment on the effect, particularly on horticultural crops? That's my background, so I'm aware that often horticultural crops are higher users of nitrogen. What would be the impact of such a proposal or policy direction?

Mr. Quinton Woods: The direct impact that we would face in the horticulture sector would be decreased production. The fertilizer that we're currently using is all done by specific soil testing, ensuring that we are applying correct rates of fertilizer applications onto the ground. As we start easing the rates of fertilizers, we would then decrease our production.

Mr. Dave Epp: Related still to horticulture, I noticed that the supplementary estimates include over \$350,000 to begin to fund another layer of oversight with the pest management regulatory agency. I know horticulture uses a lot of niche crop protection products.

Can you comment on the availability and the potential lack of availability, particularly vis-à-vis our competitiveness with our number one competitor and number one import supply for fruits and vegetables coming into Canada? What would be your comment on another layer at the PMRA for that kind of oversight?

Dr. Rebecca Lee: As you can imagine, our growers are already subject to a number of oversight mechanisms across the board. Adding anything to it would only increase the time needed to address their questions and take away from what they're good at, which is producing food. On the government side, our main concern is being able to have the number of products in the tool box that they need in order to produce.

What we really need are mechanisms whereby the government can streamline the process to research products that should be made available and increase the productivity and competitiveness of our Canadian growers when compared with other countries, especially our neighbours to the south.

Mr. Dave Epp: Thank you.

I want to mention infrastructure, port congestion, container movement and the costs related to that. Coming from the part of the country that has the largest concentration of greenhouses, I'm familiar with some of the infrastructure shortfalls. Can you provide some more specifics? I know in our area we're looking for some sewers to be built. It also flips over to some of the labour issues in our area, but more specifically across the country. Can you comment beyond ports, or would that be the main area of focus that needs to be addressed by the federal government?

Mr. Al-Katib: I would suggest that the definition of infrastructure is much broader. You certainly need to address water, waste water and the connectivity of roads, rail, ports and overall infrastructure. The long-term nature of planning is.... We're planning

cities and expansions, but we're not thinking about 10, 20, 30, 40, 50 years from now and what the requirements will be in a connected multimodal infrastructure. We have to change the way we do that.

The Chair: Thank you, Mr. Al-Katib and Mr. Epp.

C'est maintenant le tour de M. Drouin, qui dispose de six minutes.

M. Francis Drouin (Glengarry—Prescott—Russell, Lib.): Je vous remercie, monsieur le président.

Je tiens à remercier tous les témoins qui ont pris le temps de venir témoigner devant ce comité.

Ms. Wright, I want to start with you.

You've raised a few issues that I've certainly been paying attention to. One is the national framework for a labour strategy. You've mentioned that Australia has done that. I don't know what the answer is, so I'm asking you, how far along have they created the strategy? Have there been positive results based out of that strategy? Are you aware of this?

Ms. Jennifer Wright: The strategy was developed over 2020, maybe 2021. We were contacted to contribute input on the Canadian experience as part of their strategy development. From what I can tell so far, from what they've developed, it's more of a report.

What we're looking to do is a bit different. We're looking to create a real action strategic plan in which there are short-, medium- and long-term actions and an evaluation to make sure we're moving forward on some of the things. That would be a bit different from what I've seen from the Australian strategy.

Mr. Francis Drouin: Okay. With regard to Canada, how do you measure success versus that of other countries? Do you know how we are doing compared to some of the northern countries in Europe, for instance Holland? How do you measure the labour need versus the output?

If I can explain quickly, if one worker 10 years ago was able to output 10 bushels of corn or whatever, today they can do a lot more output because of technology, etc. Are you measuring those sorts of needs within the future and are you able to compare datasets with other countries?

Ms. Jennifer Wright: That's one area that is part of developing the workforce strategy we're looking at. I'm sorry I don't have that data for you right at hand, but it is an area that we're looking at. I can say that the labour shortages in Canada have resulted in workers increasing their own output by about 33% to cover off for not having enough workers in the environment to get the work done that's required. We will be looking at how that may change with automation technology over the next year.

Mr. Francis Drouin: In the short term, I assume that our reliance on temporary foreign workers is something that we cannot take lightly. We should be doing everything we can to streamline the process and make it easier for the ag sector.

Ms. Jennifer Wright: Absolutely. Temporary foreign workers are very key to our labour force. As you can see by the numbers, almost 60,000 workers come in to help meet that labour gap that we have. Without them, agriculture production would not be viable, probably.

Mr. Francis Drouin: Yes, and we've seen that in Quebec, even when Premier Legault made the announcement for Quebecers to come and work in the fields and whatnot. Even though the unemployment rate was high, the uptake still was not there. Obviously, we have an issue with trying to get access to Canadian labour in the ag sector.

You've mentioned that the educational sector needs to work together. Are you working with the provinces to try to get more programs on line and get more students involved in ag programs?

Ms. Jennifer Wright: Yes. A new initiative that we've undertaken over the last year is to work more with post-secondary institutions. We have our colleagues with ag in the classroom, for example. They are working at the high school level, and we support them with our research and things like that.

Some of the work we've been doing at the post-secondary level is to help raise awareness of the opportunities in agriculture and connect with institutions and students so that students stay in courses that may not be typical for agriculture—biology, business, finance—and get opportunities through things like co-ops and internships and business-based competitions to learn more about agriculture, what opportunities might be there for them. It's building that awareness outside of students who are already in school in agriculture programs.

Mr. Francis Drouin: Great. Thank you.

Dr. Lee, you've identified the supply chain commissioner as somewhere we could go to solve some of the persistent issues we see. Is that something you would see, such as the supply chain commissioner at the federal level looking more at transportation issues? We've often talked at this committee about rail interswitching, but there are other issues, such as blockages at ports.

• (1135)

Dr. Rebecca Lee: I think the commissioner would really play a coordinating role among all of the ministries that would be involved for any particular issue that might come up, and hopefully be looking ahead at issues that could come up potentially. Really, what we're trying to seek with a commissioner is to have one person who would be able to do that coordinating role to make sure that all the other departments involved are talking to each other and work is done collaboratively.

Mr. Francis Drouin: Thank you, Mr. Chair. I believe I'm out of time.

[*Translation*]

The Chair: Yes. Thank you, Mr. Drouin.

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

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

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

Dr. Lee, I'd like to hear more about the idea of having a supply chain commissioner. I would like to give you the opportunity to elaborate on this proposal. As I understand it, you—

The Chair: Mr. Perron, excuse me for interrupting.

[*English*]

I'm being told by the clerk that we have a problem, that it's not being recorded for the Hansard blues. We're going to have to suspend for a minute. I've stopped the clock, of course. We're going to try to get this figured out technically, so I apologize.

• (1135)

(Pause)

• (1135)

The Chair: Colleagues, we're going to try this again. I'm going to start by seeing if my words can go into the Hansard blues and if it's working.

We're back.

[*Translation*]

Mr. Perron, can you start again? You have six minutes.

Mr. Yves Perron: Thank you, Mr. Chair. As long as you give me six minutes, there's no problem.

First, I thank the witnesses for being with us.

I'm going to address Dr. Lee.

Earlier, you were talking with Mr. Drouin about your proposal to create a supply chain commissioner position. I would like to give you the opportunity to develop this idea further, and I will explain why.

I still have concerns about the creation of such a position. I see your proposal in a very positive light and I understand the need to have someone—

• (1140)

[*English*]

Mr. Ted Falk (Provencher, CPC): On a point of order, Chair, I don't have any translation from French to English.

The Chair: One second, Mr. Falk. We're going to see if we can get this figured out.

[*Translation*]

Please try again, Mr. Perron.

[*English*]

Monsieur Perron, is it possible to get yourself a little closer to the mike? It may be that.

[*Translation*]

Mr. Yves Perron: Good morning, everyone. Can you hear me better?

[*English*]

The Chair: Mr. Falk, are you able to hear that?

Mr. Ted Falk: It's coming through perfectly in French, but I'm not hearing any English.

[*Translation*]

The Chair: Maybe the third try will be the charm. Mr. Perron, go ahead.

Mr. Yves Perron: Is the sound suitable for everyone?

[*English*]

The Chair: I'm being told we're still having issues.

I don't think it's your fault, Mr. Perron, with the mike. I think it's a technical issue. We're having a hell of a time today.

Colleagues, we're going to just suspend for a moment, for the technical difficulties to get sorted out.

Witnesses, if you could just stay with us.

• (1140)

(Pause)

• (1145)

[*Translation*]

The Chair: Mr. Perron, you have used 30 seconds of your time. Please start again for a fourth time.

[*English*]

My fingers are crossed.

[*Translation*]

Mr. Yves Perron: All right. I have already given my thanks in the first 30 seconds of my time.

Dr. Lee, I want to give you the opportunity to explain further your proposal for the creation of a supply chain commissioner.

The fear that was expressed by previous witnesses, and which I am sharing with you now, is that a commissioner would simply file reports without having any real powers. I know that's not what you want.

It could be given another title, such as minister responsible. I would like you to explain this proposal further.

Dr. Rebecca Lee: Thank you very much for your question. I will answer it in English.

[*English*]

I think we use the word "commissioner" to differentiate them from a minister, because perhaps they will be more temporary than a minister. However, the title is less important than the actual work we hope this person would do.

We're concerned about the urgency of this matter. As you have heard from all the different people who have been witnesses on this, there are a lot of points along the supply chain where there are disruptions—particularly for our sector, which has perishable products. We're very concerned about this. We hear lots of stories where there have been losses along the chain because of that.

We're hoping this person will bring government and industry together, and of course all the departments that are involved in whichever issue we happen to be confronting at the time. We have

some specific ideas about where some of these actions could be taken in some of the documents we provided to the committee.

If we look at, for example, port congestion, the transportation of goods or access to labour, these are very complex matters that involve numerous departments in order to resolve the issues. We really do need to have a multi-department collaboration involved in this case, and task somebody in a position of leadership who can make sure that everything is falling into place, that actions—as you point out—are undertaken and that we get resolution to this. It would be very important.

• (1150)

[*Translation*]

Mr. Yves Perron: A coordinator would not necessarily be a minister. Don't you think it would be appropriate for it to be a minister, so that he or she has powers and is accountable? What do you think about that?

[*English*]

Dr. Rebecca Lee: That's a good point. We certainly have an example with the grocery code of conduct. I think we're getting a lot done on that. Maybe a similar process could be used for that.

Yes, that's a good idea. It could be a similar method.

[*Translation*]

Mr. Yves Perron: Thank you.

You talk about labour issues and the concrete proposals that you have made in the documents. I know that you have also submitted them to the government people.

Have you received any response? Have people given you a timeline for implementation? Is there anything going on?

[*English*]

Dr. Rebecca Lee: We have no direct answers just now beyond the formation of the task force that was mentioned at the supply chain summit. I'm not involved directly in the actual working groups for that, so I wouldn't be able to answer on the specifics.

[*Translation*]

Mr. Yves Perron: Okay, thank you very much.

Mr. Al-Katib, I would like you to tell me about the recommendations that you mentioned briefly in your presentation. Can you tell me more about them? Let's assume that you are speaking directly to the government today through this committee. Do you have two or three flagship proposals that you would like to explain in some detail for us?

[*English*]

Mr. Murad Al-Katib: One of the areas we focused a lot of attention on at the strategy table was agile regulations. When we look at the regulatory burden that is facing the agriculture and food sector... No pun intended, but the siloed approach of government has been quite detrimental when we look at the overall responsibilities of Agriculture Canada, the Canadian Food Inspection Agency, Health Canada and the Canadian Grain Commission, to name just a few.

This is not about sacrificing public trust and public safety, but the separate nature.... The way in which government is acting is imposing additional regulatory burdens, so Canadian companies are launching products and business initiatives in the United States because it's easier to deal with the FDA than it is to deal with our own Canadian regulatory system. This is wrong in terms of investment and wrong in terms of growth.

On the infrastructure side, I mentioned long-term infrastructure planning. Australia is another example we mentioned on the labour side, and it's the same thing on infrastructure. They are doing 50-year infrastructure planning that is again linking the multimodal nature of roads, rails, ports and bridges, and ensuring that infrastructure is planned over a very long term to accommodate trade.

In addition to trade infrastructure, our recommendations were that digital infrastructure be expanded throughout rural Canada, and that we can't run an economy based on the new digital opportunity just from Toronto, Vancouver, Montreal and Calgary. The rural areas and agricultural digital broadband access are critical for the growth of our economy. Those are a few recommendations.

[*Translation*]

The Chair: Thank you, Mr. Perron and Mr. Al-Katib. I added a few seconds because of the interpretation problems.

We now go to Mr. MacGregor, for six minutes.

• (1155)

[*English*]

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

Maybe I'll continue with you, Mr. Al-Katib, on the subject of infrastructure. You have made some good comments about the need for long-term infrastructure planning, ones that go beyond our electoral cycles. It's interesting to see what Australia has, as you mentioned.

You have seen, as we all have, how climate change has wrought havoc just in the last few months with our transportation infrastructure. Of course, British Columbia has been under threat from wildfires. The Prairies, of course, have had their issues with droughts, which have impacted producers' ability to supply the grain that so many depend on.

How have the impacts of climate change and the future consequences from it impacted your thinking on what we need to address in terms of our infrastructure planning?

Mr. Murad Al-Katib: Once again, sir, I think that the volatility we're seeing in weather patterns and the effect on both infrastructure and our growing conditions re-emphasizes the need for long-term planning. We're going to have consistent production at a certain base level, but we're seeing that with the gains in technology, digital yields and things, the crop in western Canada, the Canadian crop, can now move from an average of, let's say, 56 million tonnes and it will be not unusual to see 72 to 75 million tonnes depending on whether conditions go well or not.

You can't move a system for 20 million additional tonnes without some long-term planning. Part of that is, again, traditional rail; we

need to get products that belong in pipes in pipes and we need to get product that belongs on rail on rail. We need to optimize the best and safest use of transporting those commodities. We need to ensure as well that we recognize that multimodal infrastructure will provide surge capacity.

If we look at intermodal and container systems that are running on separate trains and bulk systems, that is a good way in which we can create capacity that can come in and out as we need it. I think, again, the move to [*Inaudible—Editor*] is important.

Mr. Alistair MacGregor: Thank you, Mr. Al-Katib. I just need to get a few more questions in to our other witnesses.

Ms. Wright, maybe I'll turn to you. I'm curious. In the studies you've done and in consultations, particularly with our educational facilities, reaching out to high school and post-secondary students, have you done any kind of survey? What are students' perceptions of what agricultural jobs are? Are they aware of what opportunities exist and what skills are needed? I think we need to have that kind of feedback if we need to do more outreach to our students to let them know what the changing nature of agriculture is today and in the future.

Ms. Jennifer Wright: It is part of the work that we have started to undertake in the last year, in particular with our agrilalent program, reaching out to post-secondary students. Anecdotally, we've heard that there isn't a great awareness among non-agriculture students or those who may not have grown up in a rural or agriculture environment about the opportunities that are there. It's part of the work that we're undertaking, and we're looking to work with industry and government to also support the work in raising the awareness and addressing some of the perceptions that may not be accurate about those opportunities.

Mr. Alistair MacGregor: Could the federal government be doing more, particularly with financial aid to students, like more grants that are specifically oriented to certain sectors, like the highly technical nature in some agricultural sectors? Do we need more educational grants to encourage people to get their class 1 licences for long-haul trucking? Do you have some recommendations you would like to see us include in our committee report?

Ms. Jennifer Wright: Any support that would encourage people to consider all the opportunities that are available in agriculture would be welcomed, and certainly, as you mentioned, with class 1 drivers and things like that, it can be very expensive to get your licence, so any support around that would be welcomed and would be helpful.

Mr. Alistair MacGregor: Thank you so much.

My final question is for the Canadian Horticultural Council, Dr. Lee and Mr. Woods.

I know this has been a time of great stress on your sector, and thank you for very clearly illuminating that. I'm also wondering, though, whether there are any notable examples of your members who have been innovating to meet these challenges. I know we ultimately want to have good recommendations for what the federal government can do, but do you have any notable examples of how members have been stepping up to try to meet these challenges in new and innovative ways?

• (1200)

Mr. Quinton Woods: There are lots of signs of innovation across the sector from coast to coast, whether it's in the greenhouse industry in Leamington, Ontario or potato producers in P.E.I., Quebec or Ontario. There's innovation through automation, camera grading systems and the reduction of labour resources, but those all come with extreme challenges, as they are new and up-and-coming production methods and technologies.

We lack the expertise to maintain and service those systems, so it's an ongoing struggle that now we've changed from manual labour processes to requiring engineers, industrial millwrights and stuff like that.

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

Colleagues, we're at time for the first panel. We had technical difficulties. We have the ability to extend, but I also know that following this meeting, those who might participate in question period may want some time to prepare. How would you like us to proceed? Would you like to do five and five? If that's okay with our friends from the Bloc, we'll do five and five, and then move on to our next one.

[*Translation*]

I now give the floor to Mr. Lehoux, who has five minutes.

We will then finish with Mr. Louis's turn.

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

I thank the witnesses for being with us this afternoon.

My first question is for Ms. Wright or Dr. Lee, and it has to do with a possible strategy that we would like to see put in place.

Who would coordinate this strategy? What powers would be included in this strategy? Have you thought about this? There is talk of creating a supply chain commissioner. Now there are a lot of bodies and a lot of regulation, but I'm not convinced that there's one person who oversees it all and can give us the straight goods.

What is your opinion on such a strategy? It is important, but who will implement it and to whom would that person be accountable?

Dr. Lee, would you please begin?

Dr. Rebecca Lee: Are you talking about the supply chain commissioner or the workforce strategy?

Mr. Richard Lehoux: I think we really need to take a broad view of these two elements and adopt a strategy on the whole issue of the workforce. What would be the role of the procurement commissioner? It is important to understand what role he would play in each of these two elements.

First, who will be responsible for the strategy?

Dr. Rebecca Lee: As far as the commissioner is concerned, I believe he would play a coordinating role.

[*English*]

It's a collaborative coordinating role, so it would be bringing together the different departments to make sure that everybody is going in the same direction and that there's agreement on what the direction and the actions should be for that.

For the labour strategy and the labour work, I will let Ms. Wright answer, because she's been more involved in that than I have.

Ms. Jennifer Wright: It's a very good question of who leads and where the accountability is. That's something we are building into the work that we're doing.

Our organization has been the coordinator, but it's something where we're bringing industry together. Ensuring that as many industry representatives as possible are part of that process is very important, and building actionable items into the strategy that have timelines and accountability is what we're looking to do.

[*Translation*]

Mr. Richard Lehoux: Thank you for your reply.

When I look at the difficulties associated with the whole labour issue, I realize that there are often two or three departments involved in coordination. So there is a lack of coordination. Will the appointment of a commissioner be the solution to this lack, or will there be a designated person in the strategy? Regardless of which one, one of these departments should be responsible. Indeed, at present, the various stakeholders are being shuffled back and forth.

What is your view on this?

• (1205)

[*English*]

Ms. Jennifer Wright: From the strategy point of view, I would say that we're really happy to see that there is increased coordination between, for example, the Department of Agriculture and Agri-Food and ESDC, but there probably needs to be more coordination and moving more in that direction to help with some of the issues, as you mentioned.

[*Translation*]

Mr. Richard Lehoux: Is the Australian model much clearer? Is there someone in charge, who speaks to deadlines, which are very important? In fact, at the moment we are going astray. You say our labour shortage doubles every 10 years. So we are getting in getting deeper and deeper.

My question is for Ms. Wright.

[English]

Ms. Jennifer Wright: Thank you. They are getting more complicated. We can see from the Australian approach at this point that it's more of a report and recommendations. We are looking at how they are following up on those recommendations. For us and for the work we're doing in Canada, we're very interested in ensuring that all of this work is actionable, as I mentioned, and not just a report or recommendations. There needs to be something that can identify who is going to move things forward and make sure the commitment for those organizations is there to move things forward.

[Translation]

The Chair: Thank you, Ms. Wright and Mr. Lehoux.

Mr. Louis, you have five minutes.

[English]

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

I want to thank all the witnesses and their sectors for continuing to step up and supplying food during these challenging few years. It's very much appreciated.

I would like to begin my questioning with Mr. Al-Katib from the agri-food economic strategy table.

You mentioned the protein extraction plant in Regina. There have been advancements in government funding for the value-added transformation of raw goods such as Natural Products Canada, the Protein Industries Canada supercluster, like you said, in Regina.

What kinds of impacts have they had, and why is that innovation in value-added products important? What is the impact on Canadians here, and what would the impact be for exports?

Mr. Murad Al-Katib: Definitely, the supercluster has moved the needle in terms of taking about \$172 million of government funding and partnering it with roughly \$374 million of private sector funding. Canada has taken a marked step forward in the area of the innovation pipeline on the plant-based protein side.

Now it's about commercialization. When we look at the demand of the consumer around the world, we see this isn't about consuming less traditional protein. Protein demand is growing faster than we can produce it. There is an opportunity that will spread right to return at the farm gate. Advances in digital agriculture are going to allow us to track the gains in sustainability, traceability and food safety. That's going to mean much higher return at the farm gate. That's the exciting part of that opportunity.

Mr. Tim Louis: To follow up, as Canada is moving forward, are there other countries that are also doing the same sorts of things that we can look to in order to make improvements, to move things in a faster way?

Mr. Murad Al-Katib: I would say that everybody is trying to follow us, actually. We're encouraging the government to continue with its ability to move fast. Infrastructure is going to be key. We need that intermodal container side to be much more reliable.

I want to remind policy-makers that steamship container-line consolidation has really created a global oligopoly, with global

steamship lines showing record profits in the tens of billions of dollars. A lot of the supply chain issues we're talking about here are really looking at a pricing power that steamship lines have over industries. Governments need to make sure they're checking that. We're not seeing that today.

Mr. Tim Louis: I appreciate your mentioning that. That's something other witnesses have.... I'm hoping that will be in the report.

Just to pivot, because of the shortness of time, one action you suggested in your opening statement was developing and diversifying Canada's agri-food markets. I wanted to talk about genomics. It's a young science, and it has the potential to produce more high-quality, safe food on less land, with less of an environmental impact. I was wondering if we could discuss how genomic technologies could fit into the ag sector, how we could get your input and how we can equip industries to be more productive, sustainable and competitive globally.

In 2021 the government announced \$400 million for a pan-Canadian genomics strategy. What potential does genomics have to alleviate the pressures and innovate our sector?

Mr. Murad Al-Katib: It's all about doing more with less. That's going to lower our carbon intensity. Understanding the genomics properly and allowing the proper evolution of varieties is going to be very important.

Again, it's all about technology and innovation and staying ahead...and drought resistance. Climate change is having an effect, so the ability and volatility of agricultural production needs to be attacked with technology. The strategy on genomics is very sound and is certainly going to deliver some very strong benefit for the sector going forward.

● (1210)

Mr. Tim Louis: Thank you.

With only a minute left, maybe I could go to Ms. Wright from the Canadian Agricultural Human Resource Council.

We talked about post-secondary education connecting with industry and students. In my region we have Conestoga College, which has an agricultural equipment-operating program and an agri-business management program. You mentioned biology, business, the finance side, all those opportunities available.

In this last minute, can you give us examples of programs throughout Canada that are showing success, so we can learn how best to share these practices?

Ms. Jennifer Wright: Definitely in regard to programs, particularly the new program at Conestoga is a great example of the types of things that need to be thought of and implemented to help train people fairly quickly to engage in the industry.

Some other great examples are the smart farm that Olds College has, and I believe the University of Manitoba has one as well, helping connect students with hands-on—

The Chair: Thank you, Ms. Wright. I'm sorry. We're at time.

Mr. Perron, I'm not trying to be unfair; I'm trying to make sure we stay on time. Do you have one very specific question?

[*Translation*]

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

Ms. Wright, you mentioned in your statement that the labour shortage was extremely serious, that it had caused a 30% increase in input costs, and that you may need support to do automation.

With regard to the contingency plan that has been proposed for foreign labour, have you received a response from the government? Also, would you need support, an investment policy in agribusiness?

[*English*]

Ms. Jennifer Wright: The emergency plan was put forward by the food manufacturing side of production, so I can't comment on the process that's going on there or whether they've received feedback. I apologize.

The Chair: Mr. MacGregor, do you have a quick question?

Mr. Alistair MacGregor: Maybe I'll let our second panel come on.

• (1215)

The Chair: Okay. I appreciate that. I didn't mean to squeeze you guys. We're just trying to stay on time. Thank you.

To our witnesses, on behalf of the committee, thank you very much for your time here today. We apologize for some of the technical difficulties we encountered, but I know we're all richer as a result of your testimony and your evidence here today.

Colleagues, we're going to break for just a minute or two and get our second panel in.

Thank you very much. We'll resume momentarily.

• (1210)

(Pause)

• (1215)

The Chair: Welcome back, everyone.

Thank you to our technical team for the quick turnaround. That was record speed.

We're on our second panel today.

Joining us by teleconference, we have the Canadian Canola Growers Association, with Dave Carey, serving as vice-president of government and industry relations. Dave, it's good to see you.

We also have Steve Pratte, who serves as the policy development manager. Welcome.

From the Canola Council of Canada, we have Chris Davison, who serves as vice-president of stakeholder and industry relations.

From McGill University, we have Pascal Thériault, who serves as the agriculture economist and director, farm management and technology.

Mr. Thériault, as a Liberal member, I couldn't help but notice the colour of your jacket. I think it looks just wonderful on you.

We're going to start with Mr. Carey for five minutes.

Mr. Dave Carey (Vice-President, Government and Industry Relations, Canadian Canola Growers Association): Good afternoon. I'm joined here, as you said, by my colleague Steve from our Winnipeg office. Steve's a leading expert on rail policy. Thanks for inviting us to speak today about your study on the agriculture supply chain in Canada.

CCGA is the voice of Canada's 43,000 canola farmers. In any given year, over 90% of Canadian canola, in the form of raw seed or the two processed products of oil and meal, is ultimately destined for the export market to more than 50 countries. In 2020, 13.7 billion dollars' worth of canola was exported. We're the world's largest producer and exporter of this high-value oilseed. Our industry is estimated to support 207,000 jobs and to contribute \$29.9 billion to the Canadian economy annually.

Canola farmers rely on rail transportation to move their products to export customers and to keep those product prices competitive with the global oilseed market. On average, canola travels 1,500 kilometres from farm to tidewater to be in export position. Farmers independently strive to maximize both the quantity and the quality of their production each year. Once the canola is harvested, they sell it into the system based on their specific marketing plan, with the overall goal of capturing the highest possible prices at any given time in a dynamic and ever-fluctuating global commodity market.

The transportation of grain is one of several commercial elements that directly affect the prices offered to farmers. When issues arise in the supply chain, the prices farmers receive for their grain can drop, even at times when commodity prices are high in the global marketplace.

In periods of prolonged rail disruptions, the worst-case scenario is when space in grain elevators becomes full and grain companies stop buying grain and accepting deliveries from farmers. This can occur even when a farmer has a contract for delivery in place, potentially straining their ability to cash-flow their operations. This is a major reason that western Canadian farmers have such a vested interest in transportation. It directly affects an individual farmer's income. Beyond that, they rely on the service of Canada's railways to move grain to export position. There's no alternative now or into the near future.

The modern grain supply chain is predicated on having the right grain in the right place at the right time. There are a lot of moving parts in this complex system.

Let me turn to the specific question at hand—the current situation and difficulties in the agriculture supply chain. Our perspective is on two different levels, both the here and now and into the future. Then I'll offer suggestions as to the role the federal government can play.

In crop year 2020-21, the railways set a new benchmark in the movement of western Canadian grain, shipping over 61 million tonnes. Within that, over 52 million tonnes fell under the maximum revenue entitlement regulation, setting a new volume record. For the first time, both CN and CPR each earned over \$1 billion. All stakeholders benefited from the strong supply chain performance. It showed what can be done when the grain handling and transportation systems work effectively.

This year has been an illustration of great contrasts, good and bad, and has given us yet another illustration of how fragile the agriculture supply chain in Canada really is. This time the source of disruption was severe weather that severed the critical railway artery, twice in five months, in the same general area in British Columbia.

Since fully reopening on December 5, the railway system recovery has been an ongoing struggle that has been witnessed by performance metrics observed by Canada's grain shippers. This could have been an extremely bad situation for the entire agriculture sector, but to some degree the negative impacts on farmers were mitigated by a 40% smaller crop last year, due to the western Canadian drought and the strong export program in the weeks before the railway disruption. However, there have been significant costs accruing to the exporters, largely due to contractual costs associated with grain vessels.

This has had a major impact on the grains sector due to the export profile of our commodities. Currently, 70% of western Canadian bulk grain is destined for the port of Vancouver. This is enabled by significant investment by grain exporters in the port of Vancouver over the last decade. The current and future importance of this particular west coast export outlet cannot be understated.

When we look to 2030, we anticipate further rising demand for our products, both domestically and internationally. As a country, we need to prioritize and coordinate an approach to critical infrastructure. There's work being done, but it needs to be expanded. It is complicated, as the ownership of tunnels, bridges, railway lines and roads varies.

I could point to the north shore grain terminals in the port of Vancouver as a prime example. There's one rail line that transits through a tunnel and then over a lift-bridge, both owned by that railway, to access the four grain terminals on the north shore. This route also serves the other bulk commodity terminals, such as for sulphur and coal. There's no backup routing to serve these terminals in the event of a disruption on the tunnel or bridge.

In conclusion, as witnessed last fall, when critical supply chain infrastructure is imperilled, the entire system can be affected. The 2015 report of the Canada Transportation Act review took a comprehensive look at the governance and coordination of investment and project planning, and made a variety of recommendations on how to do this.

• (1220)

We need to get back in the business of nation-building projects. Canadian farmers and industry will need an effective and responsive rail-based transportation system, for transportation not just of the current crop sizes, but also of those of the future. Moreover, farmers will need to capitalize on the opportunities for Canada's existing and future trade agreements. They can't do so without a reliable and efficient rail system that grain shippers and our global customers have confidence in.

Thank you.

The Chair: Thank you, Mr. Carey.

Mr. Davison, we go over to you for five minutes.

Mr. Chris Davison (Vice-President, Stakeholder and Industry Relations, Canola Council of Canada): Great, thank you.

Chair Blois and members of the committee, thank you for the opportunity to be with you today and to join you with my fellow panelists.

The Canola Council encompasses all links in the canola value chain. Our members include canola growers, life science companies, grain handlers, exporters, processors and others. Our shared goal is to ensure the industry's continued growth and success and to do this by meeting global demand for canola and canola-based products, which include food, feed, fibre and fuel.

As you've heard, our industry represents almost \$30 billion in economic activity annually, 207,000 jobs, \$12 billion in wages and the largest share of farm cash receipts in the country. Our strategic plan is built on three key pillars. These are sustainable and reliable supply, differentiated value, and stable and open trade. All of these are connected with and dependent on a well-functioning supply chain.

I don't need to tell anyone here about the perfect storm our agriculture and agri-food sectors have faced over the last 12 to 24 months or so, be it weather, COVID, transportation, shortages of material inputs or labour challenges, just to name a few. We have heard about all of these from our members.

Our message to you is not just about the supply chain challenges of today. It's about the importance of addressing and future-proofing against the challenges of the future to support growth and competitiveness. Our biggest challenge as an industry is meeting demand for our product, both domestically and internationally.

Today we export over 90% of the canola we produce to more than 50 countries around the world that are hungry for healthy cooking oils, sustainably produced sources of biofuel feedstocks and meal that enhances the diets of livestock. At the same time, here in Canada in the last 12 months or so, we've had announcements of more than \$2 billion in capital investments related to the building of new domestic crushing and processing facilities for canola, as well as the expansion of existing ones. These announcements have been driven primarily by market signals regarding the development of a North American biofuels market.

The demand fundamentals for what we produce are strong, but could also be altered significantly in terms of their domestic and international make-up over the course of the next several years.

We are also not without challenges, including post-COVID protectionism and intensified competition.

To be sure, part of being a reliable supplier is to have the products our customers want and to be able to get those products to them when, where and how they want them. If the definition of a supply chain is about the full sequence of processes involved in the production and distribution of a good or service to the consumer or end user, there is also more to think about.

With the limited time we have today, I want to highlight three areas of consideration as you continue your study of our agricultural and agri-food supply chain. They are innovation, regulation and market access.

It's important to highlight the fundamental role that innovation plays in our ongoing ability to meet customer demand, and hence its role as part of an effective supply chain. We are currently in the process of updating and refreshing our innovation strategy with a focus on improving performance, increasing precision, protecting the crop and markets, and focusing on our strengths as an oilseed crop.

Support for this strategy and its recommendations, inclusive of research investments and collaboration between growers, government, universities and private researchers, will be crucial to our ongoing ability to be a reliable supplier. A more resilient crop leads to a more resilient supply chain. Innovations within the canola industry will help ensure that the crop is better positioned to withstand the impacts of our changing climate and other agronomic and production challenges.

However, these innovations can come to fruition only with the support of a predictable and science-based regulatory system, which is the second area of interest.

We are long-standing advocates of a regulatory system that provides appropriate safeguards for health and safety and that also enables sector innovation and competitiveness. As it relates to a well-functioning supply chain, such a regulatory system must ensure that Canadian canola farmers have access to the crop protection, seed tools and technologies they need to continue to grow the great Canadian innovation that is canola. They need to not just grow it, but also grow more of it—even more sustainably through increased productivity—to meet the needs of our customers. Without these tools, we will not retain our status as a reliable supplier.

Finally, I want to highlight market access. The Canadian canola supply chain is highly integrated into global markets, with exports of seed, oil and meal valued at \$13.7 billion in 2021. The largest markets for our exports are the United States, China, Japan, Mexico and the European Union. If access to these or other markets is restricted, the risk to producers and others in the supply chain is real and something we have experienced first-hand.

As part of our efforts to support stable and open trade, we have a market access plan built around specific pillars that include eliminating tariffs, science-based sanitary and phytosanitary rules, and access to innovation and technology. Our market access approach relies on clear organization of responsibilities, co-operation and common commitment from both industry and government. Industry's roles include market promotion by working closely with customers; prioritizing opportunities through identification of markets, export destinations and innovations with the greatest potential; and execution by ensuring quality, arranging logistics in an efficient way, and selling into the valuable markets.

• (1225)

The Chair: Thank you, Mr. Davison. You're perhaps right on time.

[*Translation*]

It is now your turn, Mr. Thériault. You have five minutes.

Mr. Pascal Thériault (Agricultural Economist and Director, Farm Management and Technology, McGill University): Thank you for inviting us today.

Canadians can take pride in our agri-food system. We have long been fortunate to have a well-functioning and efficient system that allows us to have one of the cheapest grocery baskets in the world, despite our northern climate.

Our agri-food system first developed mainly with family-owned agricultural enterprises, which grew over time. The increase in their size was partly caused by a need for profitability. Downward pressure on prices led, over time, to a phenomenon where businesses had no choice but to grow larger to maintain profitability in the face of ever-decreasing margins.

The efficiency of our producers, processors, transporters, wholesalers and retailers in producing the commodities and delivering the products to the consumer no longer had to be demonstrated. The system worked because everything was efficient along the chain.

The pandemic showed us the weaknesses of our system. All it took was for one link in this well-oiled chain to falter, and the impact was felt throughout. COVID-19 disturbed the various actors in the agri-food chain, resulting in a loss of efficiency. Because they moved more slowly, companies increased their production costs.

As we emerge from this pandemic, we can ask ourselves what lies ahead. With rising input prices, and therefore food prices, and labour issues in both the agriculture and agri-food sectors, we need to increase the value of jobs in the agriculture and agri-food sectors, both professionally and in terms of technical and academic training to maintain our ability to feed Canadians.

It is also important that the government put resources in place to better educate citizens about the realities of agriculture. We have, as a society, moved away from what producing food entails. So the work of valuing our agri-food sector must also be done with consumers, so that they better understand what we do and why we do it.

Thank you.

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

We'll move on to the first round of questions.

Mr. Barlow has six minutes at his disposal.

[English]

Mr. John Barlow (Foothills, CPC): Thank you very much, Mr. Chair, and thank you to our witnesses for being here.

I'm going to start with Mr. Carey, from the Canola Growers Association, on some of the comments he made in his presentation.

You noted that after a very strong crop year in 2020-21, we saw some major disruptions as a result of the flooding in B.C. and some other issues. You also mentioned that it could have been much worse if we'd had a typical size of crop in 2021-22.

Could you maybe elaborate a bit on what could have happened had we had a typical or normal crop this past year compared to the previous year?

• (1230)

Mr. Dave Carey: I will begin, but then I will defer to my colleague Steve.

One really important aspect of this is our reputation as a global trader and the fact that we need to get our canola to our customers and market as soon as possible. If we'd had a normal year, this would have been a perfect storm, in the worst possible way.

Steve, maybe I will call on you to provide more specific details.

Mr. Steve Pratte (Manager, Policy Development, Canadian Canola Growers Association): Very quickly, to your question, Mr. Barlow, certainly I think you would have seen similar effects to what happened in 2013-14 with the backlog, when we had a bumper crop.

There are analysts out there who would point to the fact that if we'd had a normal-sized crop, you would have seen the plugging of elevators in country. Then, for the farmers at the farm gate, there would be that inability to deliver, therefore crunching on their credit and having to draw on various commercial programs out there to finance their farm operations.

That would be the impact out in country for farmers.

Mr. John Barlow: Thank you. You also mentioned specifically the north shore of Vancouver and how delicate that situation is with the tunnel and the bridge.

We had Mr. Murad Al-Katib from AGT foods here previously. He talked about the importance of a long-range infrastructure plan. One of the comments he also made was that we need to ensure that products that could be moved in a pipeline free up space on rail.

Maybe I could get your comment on that, the impact of the delicate situation at the port of Vancouver, and some of the opportunities we have to better use transportation tools that are available to move product, to ensure we get them to market in a timely fashion.

Mr. Dave Carey: I'll start. Again, I'll call on Steve.

As we indicated, about 70% of bulk grain ends up going through Vancouver. For canola, that's about seven million tonnes a year. Prince Rupert takes about 1.8 million tonnes, and Thunder Bay takes about 1.6 million tonnes. We just can't ignore where that commercial canola crop is destined for market. Any improvements we can make to the system, looking at it from a more long-term perspective and listening to the previous panel, not based on electoral cycles, is critically important if we look at, as I mentioned, the nation building. The supply chain summit was a good start, but, again, I might call on my colleague, Steve, to provide more of a technical perspective.

Mr. Steve Pratte: Very briefly, Mr. Barlow, certainly at some point in the near future, ideally all commodities will take off again Canadian export-wise, be it grain, potash, sulphur, coal or what have you, and there will come a time, in our view, when the capacity of the north shore will become strained.

There is a study that has been done. I think it's known, but, again, getting back to Mr. Al-Katib's recommendations, especially from the 2015 Canada Transportation Act review and the strategy table, we really need to start thinking about these things and plotting out our action in a non-partisan way, just because at some point, as an exporting nation, this is all going to come down to bear.

Mr. John Barlow: I appreciate that.

For both, I guess we look back at that 2015 report of a review of the Canadian Transportation Act. I'm assuming we haven't followed up on some of the recommendations that were in there to try to address some of the critical kinks in the supply chain. I look back at the rail blockades of two years ago and certainly the CN strike. There have been lots of opportunities for us to address some of these issues, and we still haven't done that.

You touched on—and maybe, Mr. Davison, you can jump in on this as well—the impact this is having on our reputation as a trusted trading partner, on our ability to meet our commitments around the world, and on our competitiveness. Can you go into a bit more detail? We always talk about our reputation, but what are the ramifications if we lose that reputation of being a trusted resource or trusted source and lose our competitiveness? What is the overall result of that?

I know that's a big question, but maybe touch on that as best you can.

Mr. Dave Carey: I'll start on that, and, again, pass it to my colleague Chris.

In Canada we're lucky; we control 60% of the world's trade of canola. Australia is our biggest competitor, but there are other oilseeds that are happy to step in and fill that, like soybeans from Brazil and the United States. Canola is a Canadian invention and one we want to see abroad more. There are definitely times when—just like we see in our grocery stores in Canada, with the just-in-time delivery system—customers need that grain at the right time and the right place.

I'll ask Chris to weigh in.

● (1235)

Mr. Chris Davison: I have a couple of builds there.

Part of what we rely on with Canadian canola is our differentiated value. We have a unique value proposition of canola products that's well recognized in terms of providing high-quality and useful functionalities, but we can't take that for granted. We certainly continue to work in established markets that already recognize the superior properties, but we also continue to build a deeper appreciation for what canola and canola-based products have to have in developing markets, where we see opportunity going down the road.

As Dave alluded to, particularly coming out of a year like we had in 2021, there are some challenges to that. One I alluded to briefly in terms of—

The Chair: Mr. Davison, I apologize. I was hoping you were going to be able finish that statement, but we want to stay on time.

I'm going to go to Mr. Turnbull for six minutes now.

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

I appreciate all of the panellists' being here today. Thank you for your testimony and for the incredible work that you and your organizations do every day to maintain a robust food system in Canada.

Perhaps my questions will focus, at first, on Mr. Thériault. I hope I said it right. My French isn't so great these days. I'm working on it.

I have two lines of questioning for you, Mr. Thériault. One is related to efficiency versus resilience. The other line of questioning is related more to corporate consolidation within agriculture and new farm entrants. There's a line of questioning on each of those.

Mr. Thériault, I understand that in the past, you've said that Canada's food system is highly efficient and mature. What we've seen over the course of the pandemic and multiple natural disasters over the last couple of years is that efficiency—often achieved by increasing scale, consolidating operations and reducing costs, such as wages—can come at a great price when there are interruptions or moments of crisis. For example, in 2020, we saw COVID outbreaks in two multinational meat processing facilities in Alberta, which resulted in a backlog of roughly 100,000 cattle, costing hundreds of millions of dollars in extra feed and lost revenues.

We all understand that efficiency is really important in our food system. In your opinion, has our focus on efficiency had a detrimental effect in terms of increasing our vulnerability in times of disruption? Could you comment on that, Mr. Thériault?

Mr. Pascal Thériault: I think we had to get the plant size we got to because of the efficiency. We compete on the world market; therefore, we must sell at the world price. Especially in meat processing, if we expect to be competitive, we have to be amongst the ones that can produce at the lowest cost. That did involve some high concentration for slaughtering in beef, poultry, and in the hog sector also. Indeed, once one of those plants was hit, of course the effect was much larger than if one out of 10 little plants had been hit to produce the same exact volume.

● (1240)

Mr. Ryan Turnbull: If we had much more processing capacity and shorter supply chains, do you think that would increase our ability to manage those types of disruptions in times of crisis?

Mr. Pascal Thériault: One of the bigger costs that we have when we look at slaughtering is all the fixed costs that come with technology, that come with maintaining those capital assets. That is why, over time, we moved toward a larger, more efficient way of doing it, although it does have its weaknesses.

Mr. Ryan Turnbull: Can you diagnose any of the weaknesses you think we could work on that from your perspective would be targets for the federal government to implement some changes?

Mr. Pascal Thériault: One way to go is definitely to go toward automation of the slaughtering process. Corporations, processors, have a hard time recruiting employees. That's not particular to the ag sector, but the difference with the ag sector is that we are dealing with biological goods and there's a perishability that exists. Therefore, going toward automation is probably the best way we have to alleviate that labour shortage, but it comes at a cost. If you're going to start talking about, I don't know, \$100,000 to \$300,000 per position you would replace, the processors need access to those funds to allow that processing or that transformation toward automation to happen.

Mr. Ryan Turnbull: Automation would decrease the cost of labour, but obviously there would be a large capital outlay at the beginning for companies to replace the labour costs, given automation is pretty expensive.

Mr. Pascal Thériault: It is always a trade-off when you use fixed capital assets to replace labour, and therefore there's an upfront cost and then a maintenance cost that would probably be effectively cheaper than hiring labour. In the short run, though, processors need to have access to those funds.

Mr. Ryan Turnbull: Is the upfront cost something the federal government could help to finance, do you think?

Mr. Pascal Thériault: I think the federal government could play a major role in financing or helping those processors to face the costs of keeping our sector competitive.

Mr. Ryan Turnbull: Thank you. I want to move to my second line of questioning now, which is about corporate consolidation.

The ownership and control of Canada's food-producing land is becoming more concentrated. This has been a trend that's been growing over many years. According to a new report from the Canadian Centre for Policy Alternatives, in Saskatchewan, 8% of farms operate and control 38% of the farmland. In Alberta, 6% of farms operate 40% of the farmland. In Manitoba, 4% of farms operate and control 24% of the farmland.

You mentioned family farms in your opening remarks, and the push for more profitability and how we have some of the lowest prices in the world.

I'm wondering whether this consolidation is also creating problems when we see that there's also a decline of about 70% in terms of young and new farmers entering agriculture. There are some statistics on this that I've read recently.

I would like to hear whether you think—

The Chair: Mr. Turnbull, I apologize. I tried to give you a few extra seconds as one of my colleagues, as I would anyone, but unfortunately we're over time.

[Translation]

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

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

I thank the witnesses for being with us today.

Mr. Thériault, I'd like to continue to talk about the phenomenon of concentrating slaughter. In your statement, you mentioned the difficulty of reducing production costs to be competitive and the need for automation. I understand that government support in the form of an investment policy in agri-food processing plants would be more than welcome.

Could you tell me about this quickly?

Mr. Pascal Thériault: Yes, that is exactly the case.

To achieve a final world price, the processor is going to have to either lower his own production costs on the processing side, or pay less for the animals he's going to slaughter, which brings us back to a problem of slaughter concentration on the producer side. That's not necessarily what we're looking for either.

Mr. Yves Perron: That's just the topic I wanted to address, so I'm glad you brought it up.

In the pork sector, but also in several other animal productions in Quebec, there are problems related to the concentration of slaughter and the greater power that this gives to these owners compared to independent operators.

Of course, the government could help automate the large centres, but don't you also think that a smaller regional processing network could be set up that would be complementary and secure the supply chain in case of a problem, whether it's a COVID-19 outbreak, a strike or something else?

I'd like to know what you think.

Mr. Pascal Thériault: Indeed, this parallel network can exist and there is certainly room for short circuit commercialization in the field of meat processing. This would help secure our markets and slaughter capacity to some extent.

As for our slaughter capacity, it's a bit like the chicken or the egg—please excuse this agricultural expression. Farmers need to get the best possible price to be able to continue producing, and processors need to pay the lowest possible price to be able to continue processing. Even with small, local abattoirs, this problem will remain.

Mr. Yves Perron: So, in addition to supporting the automation of the larger centres, there could be more permanent government support given to these smaller facilities, precisely to promote the sustainability of these infrastructures.

• (1245)

Mr. Pascal Thériault: Currently, there are large meat processors because, in the past, the government, for rationalization purposes, had asked these larger players to become more financially involved to buy out several small slaughterhouses. These were subsequently closed down for efficiency purposes, and so that there would be a more globally competitive hog industry.

Mr. Yves Perron: The COVID-19 crisis has highlighted the weak links in our food chain. We may have made a mistake in the past and we should go back to more regional processing by financially supporting this sector. This would allow more regional processing and reduce transport distances.

What do you think?

Mr. Pascal Thériault: I missed what you said because there was no sound.

There is room for short circuits. In terms of regional marketing, you have to know that there are not many players in food distribution. The less these big buyers have to deal with a large number of suppliers, the easier it is for them too. We always strive to keep prices as low as possible for consumers.

As for whether there is room for more local products that stand out, my answer is yes, absolutely. That said, Monday through Friday, as I like to say, people try to eat at the lowest possible cost.

Mr. Yves Perron: This further demonstrates the importance of state support.

I'd like to take you in another direction. You talked about valuing the food sector and its workers, but also about taking into account the needs of consumers. Do you have any concrete recommendations for doing this?

Mr. Pascal Thériault: I have been training young farmers for 15 years now. As soon as you come out of the typical farming environment, you have a very poor understanding of what the agri-food sector involves and the technological level of agri-food production. Guidance counsellors, for example, are not inclined to guide young people into this sector.

Why train a biologist rather than an agronomist? We need both, just as we need technologists and vocational graduates, who can do agricultural mechanics instead of mechanics as such. The agri-food sector has long been taken for granted. We need to succeed in promoting agri-food specificity in the training programs.

There are also consumer expectations. Some consumers sometimes have extremely unrealistic expectations. You can add quality controls, and producers are certainly willing to do that, but it comes at a price. The more demands there are, the higher the price. The consumer needs to understand that all these requirements will have a cost at the end of the day and they need to be prepared to pay for it.

Mr. Yves Perron: I would like to ask you one last brief question, if I have any time left.

The Chair: Your time is up, Mr. Perron.

It is now Mr. MacGregor's turn for six minutes.

[English]

Mr. Alistair MacGregor: Thank you, Mr. Chair, and thank you to our witnesses for being with us today.

I'd like to direct my first questions to the Canola Growers and the Canola Council.

I know we have been trying our utmost to add more crush capacity, with changes to the clean fuel standards, and trying to add more biofuel refining capacity in Canada. These are incredible value-added products, and they really help our canola producers. As we bring both more crush capacity and more biofuel refining capacity online, what is that going to do in terms of longer-term trends for Canada's supply chain issues? I know that per rail car, you get much more value for oil. If we're trying to grow more biofuel refining here in Canada, to have more carbon-neutral fuels, then I'm curious as to what the longer-term trends will be for our supply chains.

Mr. Chris Davison: There are a few different ways to look at this. Certainly, on one aspect of the supply chain, we may see some change and balance over time between domestic and exports, because the biofuels market that you're talking about is largely focused on North America—Canada and the U.S.—so I would call that out.

Also with that, we anticipate seeing some change in movement and direction. That is not forsaking what we have in terms of that east-west movement that my colleagues were talking about earlier to ports, but also, given both the Canadian domestic market and the size of the U.S. market to the southwest, we will expect to see some increased north-south traffic, as well.

Dave and Steve might want to add to that.

• (1250)

Mr. Dave Carey: It's a great question. I think you spoke to some of the conversations earlier at committee where we're also looking to produce more, Mr. MacGregor. We're looking to intensify to move up to our goal of 52 bushels an acre, to produce more.

We definitely don't see it as an all or nothing, but what is interesting if we look at where the trade irritants are that canola faces,

they tend to be around the trading of raw seed. When you get into the value added, it is a different trade avenue. The non-tariff trade issues that we face with canola tend to be canola seed-specific and are different when you get into meal or oil, because you're not dealing with maximum residue limits and other things like that.

Mr. Alistair MacGregor: I very much empathize with what you outlined with the port of Vancouver. I guess the problem with the port of Vancouver is that it's stuck between the mountains to the north and the U.S. border to the south. It is a massive population centre, which is growing up. You have residential areas pretty much right beside industrial facilities; the Burrard Inlet is incredibly congested, and you have that narrow point right by the Lions Gate Bridge.

It's affecting my constituents right across the water in Vancouver Island. When we don't see an efficient port operation, we see vessels anchoring in the waters around my riding for weeks at a time. My constituents feel like they're being used as an industrial overflow parking lot for the port of Vancouver.

In the United States, the U.S. port envoy expressed a view that participants in the global supply chains do not share sufficient information. Since we have clear federal jurisdiction, both over our rail networks and our port operations, I wonder what more we can do to facilitate that information sharing, so that vessels are arriving in an efficient manner and are not staying anchored for eight weeks at a time anywhere near the port of Vancouver. Maybe we could have some kind of a just-in-time arrival system.

Do you have any thoughts as to what we can recommend for that?

Mr. Dave Carey: I'll begin by saying I can sympathize, as I have family in your riding as well, but the accrual cost for those tankers or those grain vessels sitting there is significant as it is passed on to the exporter. Ultimately, it hurts our farmer constituents.

I may ask my colleague, Steve, for his perspective at a more granular level.

Mr. Steve Pratte: What you're experiencing and what you're seeing even this year as being an emphatic point is the suboptimal outcome of our supply chain disruptions. It's that proxy kind of visual or metric being the number of boats, be they grain, other bulk commodities or container. It is absolutely not an efficient use of anyone's time.

On the human aspect that you referenced, if we were talking about this 10 years ago.... Where we are today, as far as information sharing, programs, robustness of data and the grain sector go, we have a platinum system with several of our ways to see things. The Port of Vancouver has a project under development. Transport Canada is working on some other supply chain metrics.

I would say, though, that it allows you to understand what has happened. Potentially, there would be some warning signs, but with such a multi-party actor system, the most perfect data in the world would still not save you from having supply chain issues, the ramifications of which are the boats sitting out there.

This is a roundabout answer for you, Mr. MacGregor, but—

Mr. Alistair MacGregor: Quickly, Mr. Pratte, in the last 30 seconds, when we have those sudden interruptions to our transportation networks, like we saw in November with the flooding cutting off the port of Vancouver from the rest of Vancouver, what systems do your people have in place to get around that very quickly? Do we need more, so there's that real-time data so people can reroute their shipments?

Mr. Steve Pratte: People knew it was coming. You could see it in the data, but, unfortunately, the boats are booked months in advance, so that's not going to be helpful.

Mr. Alistair MacGregor: Okay. Thank you.

The Chair: Thank you, Mr. MacGregor, and thank you, Mr. Pratte.

We're going to go to one more panel. We'll go five, five, two and a half, two and a half, and then we'll wrap up.

It's over to the Conservatives. Oh, it's Mr. Falk. I'm sorry, Mr. Falk. I should have welcomed you to the committee. Welcome. It's great to see you.

Mr. Ted Falk: Thank you, Mr. Chair, and thank you to our witnesses for joining us this morning and for contributing to this important supply chain study.

It was mentioned that we've become a globally trusted trading partner when it comes to the canola industry. Kudos to our canola industry for achieving that. Last year we saw a 40% reduction in production. Typically we average 40 bushels to the acre of canola. The industry has set a target, to meet the demands of being a trusted trading partner, of 52 bushels to the acre.

What does the reduction of fertilizer on the horizon mean to your industry as far as meeting those demands goes?

• (1255)

Mr. Chris Davison: I'll kick things off and ask my colleagues to jump in.

My first comment is that I hope we're not going to see a reduction in fertilizer. I think we need to make a distinction between emissions and actual fertilizer use.

How do we work on that in the right way?

I would just highlight that, as you pointed out, nitrogen fertility is extremely important. It's the second-most important external factor, after moisture, to canola production, so I think there's work, as I've alluded, that can be done on the emissions front. In my opening remarks, I mentioned our innovation strategy, with increased focus on performance, precision and the like. We have some tools to work with through precision agriculture. We continue to encourage the uptake of things like 4R practices and precision agricultural hardware and software.

However, we are going to continue to need fertilizer and fertility to support that yield intensification you're alluding to, so that we can continue to produce more canola but on more or less our existing land base. That's what we're going to look at doing, obviously through sustainable intensification.

Mr. Dave Carey: I guess the only thing I would add is that we need to look at it holistically. Reducing emissions from fertilizers is one thing. Reducing fertilizer use on farms is another.

As Chris said, nitrogen is a key tool in terms of yield. Something that is also important to look at holistically is that 70% of all carbon storage in field crops is actually through canola. Canola stores 70% of the carbon stored by field crops. The deep root system is very good at storing carbon. Reducing a key fertility tool like nitrogen would actually impact the amount of carbon being stored while also having economic ramifications for farmers in the value chain.

We need a holistic approach to these conversations. They can't be held as one-offs that we then try to marry together on top of Agriculture and Agri-Food Canada's wanting to reach \$75 billion in exports. We need a holistic approach that looks at all the moving pieces, Mr. Falk.

Mr. Ted Falk: Okay, thank you.

You indicated that the average canola product moves about 1,500 kilometres to market.

Could you tell me the difference between what rail costs versus trucking costs would be for that distance?

Mr. Steve Pratte: I can take a stab at that.

Really when we think about western Canadian production—and I do not have specific numbers in front of me to share with you—typically we look at trucks being price competitive within a couple of hundred kilometres of a delivery point, maybe 200 to 250 kilometres. For rail, it's measured in a fraction of what the trucking would be. There's really no alternative to rail in terms of both volumes and the price to move bulk grain. There's just nothing that can compare to that.

We see trucking as regional, and for the long haul, no one does it better than the railways.

Mr. Ted Falk: That being said, are rail companies committed to bringing a certain volume to market every year? Have they met those commitments?

Mr. Steve Pratte: Well, certainly coming out of the shadows of Bill C-49, the Transportation Modernization Act, there's now bolstered communication between the railways and their grain shippers. Certainly, though, the railways consult. They put on paper their plans with the Ministry of Transport every year—their idea of what they are going to move for that year and the size of the actual crop to be hauled. There's nothing that holds them to that. What we saw this year was that we were going to do *X* but in reality *Y* has happened. There is some accountability within contractual arrangements, but it's not to the level that the grain shippers and grain industry would like to see.

• (1300)

Mr. Ted Falk: Do you know if some of the disparity between what you as an industry wanted and needed in terms of the amount being shipped was due to that being offset by fuel or crude oil being hauled?

Mr. Steve Pratte: There's always that dynamic tension. Certainly we can look at the first 16 weeks of the crop year this year and say that both railways were doing wonderfully. Recovery post-flooding has been choppy and slow. Also, there are commercial and operational decisions being made within the railways that affect that. At the end of the day, the bottom line is their operating ratio and shareholder value, and there are certain things that they do within their companies that can have an effect on the amount of grain or any other product moved on the common railway system.

The Chair: Thank you, Mr. Pratte, and thank you, Mr. Falk.

We'll now move to Mrs. Valdez, for five minutes.

Mrs. Rechie Valdez (Mississauga—Streetsville, Lib.): Good afternoon, colleagues and Chair, and thank you to all the witnesses who are here today.

I have a question for Mr. Davison. Mr. Pratte and Mr. Carey, feel free to jump in if you would like to answer as well.

Now that the Fraser Grain Terminal is operational, what opportunities are available for the canola industry?

Mr. Chris Davison: Steve, I'll defer to you on that as it relates to the terminal specifically. I'd be happy to come in on some other comments regarding canola generally and some of the comments we made earlier in terms of the opportunities for future growth, but if there is a specific transportation link to that question....

Steve, I don't know if you want to comment or not.

Mr. Steve Pratte: Very briefly, what we've seen in terms of the long game and the bet from the participants in the green sector, the buyers and exporters, is that when something like the Fraser Grain Terminal comes on line, that's another investment. That's another long bet on the industry and our ability for growth and profitability through the whole supply chain, to the benefit of everybody and the economy.

As we discussed earlier, certainly we're getting towards the end of available land in Vancouver in general. In terms of the ability for that party to make investments, again, with another outlet and another buyer out there in the marketplace, it's seen as generally a good thing.

Mr. Chris Davison: I'll just quickly build, picking up on what Steve said. As I said off the top, our biggest challenge as an industry is meeting demand. Anything we can do in terms of supply chain infrastructure that will help facilitate that, whether to support domestic movement in domestic markets or international markets, is extremely welcome to us. We've seen significant investments, such as the one you've alluded to, by our members and others in that space.

As I commented in my opening remarks, we also have indications in the last 12 months or so of significantly expanded crush and processing capacity, in terms of announcements that have been made, linked to signals around the biofuels market. We want to make sure those announcements are converted to shovels in the ground, so that we continue to do a good job in meeting the demand we're seeing both offshore and here in North America.

Mrs. Rechie Valdez: Yes. I'm excited for the growth that the canola business will experience. In my business, I've used many a canola jug, so I appreciate your work there.

Do you have any projections on any volumes or how this terminal opening will increase sales?

Mr. Chris Davison: I won't speak to the terminal specifically, unless my colleagues have that. I will tell of the general announcements that I just referred to, of the five facilities that will increase our capacity by about 50% if they all come to fruition over the period of time from when shovels are in the ground until we have new operational facilities up and running. That's a significant increase in capacity.

Mrs. Rechie Valdez: Thank you.

In the canola supply chain, are there any issues or causes for concern? Where are the specific bottlenecks? Can you narrow in on those?

Mr. Chris Davison: That's a broad question. There are a few things that we would point out.

On the one front, I commented off the top on regulation. Regulation is key, obviously. If we have regulation that's enabling, that's very positive. However, if we have regulation that's acting as a barrier to innovation and access to technology, that has an impact on the entire value chain.

When I speak of that, I refer to it both domestically and internationally. Internationally, if we have diverging regulatory frameworks in different key markets, it has the potential to create significant market access challenge, which if they come to fruition, work backwards through our supply chain and ultimately inhibit or restrict markets for canola farmers and the rest of the value chain. That really links to the fact that reliable access to markets is critical, given what both Dave and I said off the top, that 90% of our canola production today is exported.

We need a positive trade environment that is free of tariff and non-tariff barriers. We have a plan to do that. We work with you and others, government and industry stakeholders, to achieve that through a number of different levers. It's critically important.

Mrs. Rechie Valdez: Thank you.

I have a quick question about shipping. If things are shipped in bulk, does that reduce supply chain disruptions?

• (1305)

Mr. Steve Pratte: We currently operate what we typically refer to as a bulk system. Literally, the railcars are loaded and many different trains meet the same ship and fill it. When it comes to the bulk system, on the immediate or the long-term horizon, there is no other way to do this for the bulk grain system in western Canada.

The Chair: Thank you, Mr. Pratte, and thank you, Ms. Valdez.

[Translation]

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

Mr. Yves Perron: Thank you very much

Mr. Thériault, earlier, Ms. Wright mentioned the possibility of offering support to truckers with respect to driver's licences. Is that what you have in mind when you talk about facilitating training in the sector? Is that a good example of a small concrete measure that could help?

Mr. Pascal Thériault: This could indeed help. I know that education is a provincial jurisdiction, but I can say that my approach is one of general enhancement of the agri-food sector in terms of the employment and training sector with young people.

Mr. Yves Perron: I fully understand what you are saying.

With respect to temporary foreign workers, groups have submitted an emergency plan to us that could be put in place quickly. Many people also said that we should perhaps facilitate the immigration of these people in order to reduce the pressure on the labour force in the agricultural sector.

What do you think?

Mr. Pascal Thériault: Because we have built a system that depends on these temporary foreign workers, we need to be able to facilitate their arrival and their mobility, so that they can change employers or sectors of employment while they are in Canada.

Mr. Yves Perron: Thank you very much.

Mr. Carey, in your presentation you mentioned the need for a reliable rail system, a reliable transportation system.

Do you have any specific recommendations for the committee? Do you have any concrete measures in mind for that?

[English]

Mr. Steve Pratte: I think one thing from the shipper's perspective is that we need to see more accountability in the railway-shipper relationship. There have been attempts to tackle this in multiple legislative occurrences over the last few years, but certainly—to one of the earlier questions—shippers order rail cars on the commercial system, and there's no accountability when they aren't delivered.

[Translation]

Mr. Yves Perron: With respect to congestion at the ports, a witness at another meeting told us about the possibility of removing the Competition Act exemption for container owners.

Do you think that might be an interesting avenue to reduce congestion?

The Chair: I'm sorry, Mr. Perron, but your time is up.

Mr. MacGregor may be willing to yield some of his time to you.

[English]

We now have Mr. MacGregor for two and a half minutes.

Do you want to let that question finish out?

Mr. Alistair MacGregor: Sure, I'll allow a quick finishing of the answer to that.

Do you want to continue answering Mr. Perron's question?

Mr. Steve Pratte: Sure, I can just jump in for 10 seconds. Certainly, there are many in the ag industry who support what was discussed about the oligopoly and the ability for the federal government to look at the Competition Act to address that and free up capacity and service.

Mr. Alistair MacGregor: All right.

My questions are related to Mr. Perron's.

With respect to the Canada Transportation Act, just like on that accountability piece that you mentioned, do we build that accountability in through further amendments to the legislation, or do we need better regulatory authority under the existing act? I'm wondering how that would fit—

The Chair: Mr. MacGregor, I'm sorry. I think the translation channels have flipped. I'm going to talk in English and hope that Monsieur Perron can hear me.

Okay, we're good. Back to you.

Mr. Alistair MacGregor: I'll just repeat the question. On the accountability piece that you mentioned, do we best fit that in through amendments to existing legislation, or do we find room through regulatory authority under existing legislation? I'm wondering how we can best enforce that accountability aspect.

Mr. Steve Pratte: Very briefly, that has been a quest from grain shippers and other sector shippers for decades. We've inched towards it through various pieces of legislation and bills over time. Not being a lawyer, I think there's a threshold that's never been crossed in the verbiage within the act to allow what we refer to as a true reciprocal relationship.

• (1310)

Mr. Alistair MacGregor: Mr. Chair, I think I'll end there.

Thank you to our witnesses.

The Chair: You're a gentleman. Thank you for helping with that.

Colleagues, we were about 15 minutes delayed on the first panel. I'm going to use my discretion to give the Conservatives two and a half minutes, and then I'll go to Ms. Taylor Roy, who I know is the only one who hasn't had the chance to get questions.

We'll go to Mr. Barlow for two and a half minutes, then to Ms. Taylor Roy, and we'll finish up.

Mr. John Barlow: Thanks, Mr. Chair. This is great testimony from our witnesses.

We've talked about the Canada Transportation Act review, and I think that's something I'd like to touch on a little more as well, specifically with respect to how the United States has handled these recent supply chain issues by appointing a supply chain czar, putting in very punitive fines. We've seen the result of that, with shipping lanes having been diverted from Canada to the United States. We've asked for an investigation under the transportation act on shipping containers and supply chains.

Should we be following the U.S. lead here and implementing some of these very strong changes? Has the government been in touch with you on why they have not initiated the investigation under the transportation act?

Mr. Dave Carey: I think it's really impressive to see what the United States does when it decides there's a supply chain issue. They move mountains to make sure they continue to trade.

At a more granular level I might go to my colleague Steve. We have not been contacted by the government regarding high-level transportation issues, with the exception of the recent transportation summit.

Mr. Steve Pratte: One of the 2015 recommendations was to establish, under the leadership of the ministers of transport and international trade, a long-term advisory panel that advises on a variety of issues. One could imagine that a transportation commissioner, as was discussed at the previous panel, could potentially.... Using a vehicle like that and having that person as a chair, again, would enable a long view to tackling these issues in a tangible way and discussing them with a plan of attack.

Mr. John Barlow: I have one last quick question for you.

When the Conservatives were in government, we had the value chain round table. This was always being discussed, and you had a group that was overseeing this. That has been eliminated and split into a bunch of other small groups.

Has that had an impact in terms of not having either a commissioner or even a minister, which we talked about, who is in charge of looking at this specifically and able to enact some of those recommendations quickly, enabling us to be more agile now that we have been? Have you seen a change in our ability to adjust and react?

Mr. Dave Carey: There have been some growing pains with the revamping of the "value chain round table" approach. I would say,

like the previous panel, that we like to be permissive as opposed to prescriptive, but we have seen value—

The Chair: Mr. Carey, I apologize. We'll have to keep it there.

Finally, we will go to Ms. Taylor Roy for two and a half minutes, and then we'll finish up.

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

I just want to say thank you to all the witnesses for being here. We've had incredibly interesting panels today. I wish I had more than two and a half minutes to ask questions; but given that I do not, I would like to direct my question to Monsieur Thériault.

I noticed a couple of times when you were speaking that you said that given the system we have put in place, or given the system we have built.... You also referred to the fact that you felt the government should do more in terms of education. From hearing all of the testimony, it seems to me that it's both consumers and perhaps the workforce in terms of agriculture.

Could you just comment specifically if you have any recommendations for our study on what role the government could play in addressing some of these areas of understanding the components of agriculture and consumption, and how we can better educate people around this?

Mr. Pascal Thériault: That's a big, loaded question to answer in such an amount of time.

Actually, what I think we should promote is the science that is in agriculture. I think a lot of things that we hear and see are strictly based on beliefs. Reinforcing the fact that agriculture is a science, and that science-based agriculture is the way, will allow us to keep farming under all of those climate change problems that we have.

Fertilizer prices going up can in part be solved with more precision agriculture—spot applications and aspects like that. We never really talk about it out in the open. People in the agri-food sector hear about it, but out in the open it's not being discussed. I think there's some attraction aspect to it to make [*Technical difficulty—Editor*] all that technology can be applied to feed us.

• (1315)

Ms. Leah Taylor Roy: Thank you.

One of the witnesses earlier talked about agriculture 2.0, and when you look at any investment sites on different industries, agriculture is often shouted out as one of the least advanced, with only perhaps construction behind it. I think the science behind it is very important.

How do we make those switches? We were talking earlier, for example, about the supply chain implications of—

The Chair: Ms. Taylor Roy, I apologize. Two and a half minutes is a short time, but we were happy to get your question into the record.

Thank you, Mr. Thériault.

Colleagues, thank you for your patience on our technical issues today.

Witnesses, thank you for your testimony and all that you provide to the sector.

Translators, we know that there was a challenge here today. Thank you for all your work.

We will adjourn, and we will see you back here on Thursday.

Thank you so much.

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