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# Standing Committee on Agriculture and Agri-Food

EVIDENCE

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Chair: Mr. Kody Blois





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• (1835)

[Translation]

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

Welcome to meeting No. 53 of the House of Commons Standing Committee on Agriculture and Agri-Food.

I will start with a few reminders.

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

Pursuant to Standing Order 108(2) and the motion adopted by the committee on Wednesday, October 5, 2022, the committee is resuming its study of food price inflation.

I would now like to welcome our witnesses for this first one-hour panel.

[English]

Today we welcome three different witnesses. We are having issues with our representatives from the Assembly of First Nations, but we're very fortunate to have in the room, from the Daily Bread Food Bank, Neil Hetherington, chief executive officer.

Mr. Hetherington, welcome to the committee.

From Second Harvest Canada, we have someone who has appeared before this committee and is no stranger to our work, Ms. Lori Nikkel, chief executive officer.

Welcome back to the committee. We look forward to hearing from you here today.

Colleagues, if we are able to get our friends from the Assembly of First Nations online, we'll grant them five minutes, but I want to get started with those who are in the room.

I'm going to start with Mr. Hetherington.

We'll go over to you, and you have up to five minutes.

**Mr. Neil Hetherington (Chief Executive Officer, Daily Bread Food Bank):** Thank you very much.

My name is Neil Hetherington, and I have the awesome privilege of being the CEO of the Daily Bread Food Bank, Canada's largest

food bank, based in Toronto, with a mission that everybody's right to food is one day realized.

I'm here to talk about three points, to let you know what we are seeing on the ground in the food bank sector, to provide you with some recommendations for consideration and to give you an invitation for you to ensure that everybody's right to food is realized.

On the first point, what we are seeing is unprecedented. There are 5.8 million Canadians who are food insecure. In Toronto, with the food banks that Daily Bread serves, we used to see about 65,000 clients per month. With the pandemic, that number rose to 120,000, and between January 2021 and today, we are now seeing 270,000 client visits per month. That's from 65,000 to 270,000 clients per month. If there's nothing else that you take from my testimony today, I hope you take that startling, horrific number away.

The fact is that we are seeing client growth at a remarkable rate. Previous to the pandemic, we saw about 400 or so new clients per month. That number during the pandemic rose to just under 2,000 per month, and last month we saw 12,400 new clients, people who had never used a food bank before, coming to the Daily Bread Food Bank for the first time.

You've heard testimony from economists and from food producers, suppliers and retailers, each of whom have provided their opinion as to what's driving the unprecedented food inflation that we all feel, so I won't speak to those complex factors. What I will speak to is the impact of food inflation that is being felt at the community level. We continue to see large proportions of clients who have fixed incomes coming to food banks, but what's new is that we are now seeing individuals who are working full time having to make use of food banks. In fact, that number has risen to about one-third of food bank clients having full-time employment. That number doubled over the past year, so if you have a job, that doesn't guarantee that you are not going to need a food bank.

We've started to look at the correlations between food bank usage and various economic indicators. We've looked at employment, and we've looked at market rents, and the direct correlation between food bank usage and inflation is the only real correlation we have seen that can account for this unprecedented growth. Make no mistake, food inflation at 11.6% and CPI north of 6% is having a marked direct, deep impact on food insecurity in Canada.

As important as it is to examine what is producing the rapid increase in food prices, we also need to ask what led us to this situation, a situation where the lack of an extra \$30 to \$50 per person per month is causing individuals to have to rely on food charity. We need to start with how we got here.

While the rate of poverty in Canada has declined over the past number of years, some two million Canadians remain in deep poverty. That means that their income falls below 75% of the official poverty line. What does that mean on the ground? In Toronto it means, if you are coming to a food bank, that on average you have \$8.01 left over per day after paying for your rent and utilities. That's eight dollars, and one in five food bank users in Toronto have nothing. They have used all of their income on rent and utilities, and they have to rely completely on charity, family and friends to be able to make up the difference.

There is hope, and there's hope in these recommendations that I have before you. We're pleased to see the movement of Bill C-22, with the Canada disability benefit unanimously passed in the House and with the Senate right now. That will have a dramatic effect for so many Canadians.

We're grateful for a number of income programs, such as the Canada child benefit, old age security and the guaranteed income supplement, all of these being indexed to inflation. Those are positive, but we need to recognize that there's a significant gap that remains in our social safety net. The biggest gap is among working-age, single individuals, who represent close to half of food bank clients and half of those living in deep poverty in Canada. These individuals have very few income supports available to them beyond social assistance, and, to be clear, social assistance, at least in Ontario, is about one-third the level of the poverty line in the province.

• (1840)

If we want to protect Canadians from the impacts of inflation, then we need to address the financial precarity that is the reality of so many households. It's time to close the gap for single, individual adults in our social safety net, just as we've done for children and for seniors.

We recommend transforming the Canada workers benefit into a Canada working age supplement that has a lower eligibility threshold and a higher maximum benefit level, and indexing it and all future income supports to inflation.

We recognize that with rampant inflation the government will be cautious on spending and stimulating the economy, but we are proposing a measure to support those in deepest poverty.

The Daily Bread Food Bank and food banks across the country are already at a breaking point. We are bracing for another rise in food bank visits. In fact, this past April, Statistics Canada indicated that one in five Canadians said that they are going to have to rely on community, on food charities, on family and on friends to be able to get by.

Charities can't meet this need. We need all levels of government to come together to act to ensure that Canadians can afford to put food on their tables.

We said we were going to build back better—

**The Chair:** We're going to have to—

**Mr. Neil Hetherington:** This is my last sentence or maybe three sentences. I'm in the business of begging; I'm a charity. Thank you for indulging me on that.

Finally, I want to leave you with a quote from Bryan Stevenson, the civil rights lawyer, who said that the opposite of poverty is not wealth, but justice.

You, as duty bearers in positions of power, have the opportunity to spread justice through making sure that every single Canadian has their right to food realized.

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

We're now going to turn to Ms. Nikkel for up to five minutes, please.

**Ms. Lori Nikkel (Chief Executive Officer, Second Harvest Canada):** Thank you, Chair and committee members, for the opportunity to appear before you and discuss the critical issue of food security and the impacts that rising food costs are having on Canadians.

First, I'd like to say that I agree one hundred per cent with everything Mr. Hetherington just said.

As you may remember from my last appearance before this committee, Second Harvest is Canada's largest food rescue organization. We are a global thought leader on perishable food redistribution. We strive to grow an efficient food recovery network to fuel people and reduce the environmental impact of avoidable food waste.

That mission is all the more important during difficult and uncertain economic periods. As we all know, we are in the middle of one of those periods. The food sector is facing unprecedented adversity.

Rising costs—the reason we're here today—labour shortages and climate change have been a considerable burden for producers and businesses across the supply chain. Solving these challenges has proved to be very complicated. Even though food companies are innovating, investing in new technologies and trying to find efficiencies, addressing these issues will not be easy or happen quickly.

In the meantime, the Canadian public is bearing the brunt of the challenging economic landscape.

As inflationary pressures lead to higher grocery prices, the use of food charities in Canada has increased significantly, and support for Canadians is expected to continue rising in 2023 by an additional 60%, based on a recent poll done by Second Harvest. These organizations, of which there are 61,000, are triaging an affordability crisis affecting households nationwide. Every day, Canadians are forced to choose between healthy nutritious food and other essentials like housing, heating, water and transportation. Food is a discretionary cost, so not only is the price of food making it prohibitive to purchase enough groceries; it's forcing Canadians to buy the least nutritional and most overly processed foods, because that's what they can afford, if they can afford it at all.

As everyone here knows, poor nutrition is linked to many negative health outcomes, including heart disease, stroke, some cancers and type 2 diabetes, not to mention food insecurity's impact on mental health and cognitive behaviour. In children, poor nutrition results in lower educational outcomes and problems with physical, emotional and psychological development that will live with them throughout their lives. Not only are rising food costs pushing more Canadians into food insecurity in the short term, but the impact of being unable to access healthy foods will last far longer than the inflationary pressure we face today. While long-term solutions are sorely needed, in the meantime we must act now to ensure Canadians have access to the nutrients they need to live a healthy life.

I cannot stress enough the desperation that is being felt by Canadians across this country as people are simply trying to survive and don't have the means to make ends meet. As Neil said, for many of them it is for the first time ever. These are people with full-time jobs.

This committee faces a very difficult question: How can our government fix this?

In addition to the recommendations I made in October to bring back the emergency food security fund and the surplus food rescue program, I recommend that this committee investigate the impact that eliminating best-before dates would have on Canadians. Best-before dates are wildly misunderstood. They are not expiry dates. They refer to a product's peak freshness. While Canadians struggle to put food on the table, they are also convinced that best-before dates are about safety and will throw away perfectly good food to protect themselves and their families. Eliminating best-before dates would prevent safe, consumable food from being thrown out and save Canadians money on their grocery bills.

While the issues of food affordability and growing food insecurity are complex and require long-term solutions to resolve, there is more that we can do right now to ensure millions of vulnerable Canadians are not going hungry. Currently, for every one grocery store there are four non-profits feeding Canadians and filling legislative gaps. I ask all committee members for their efforts and support to address this crisis head-on.

Thank you.

● (1845)

**The Chair:** Thank you very much, Ms. Nikkel.

I'm told that we have Chief Louis online.

Chief, if you're there and you can turn on your camera on, we can turn the mike over to you.

If you can hear me, Chief Louis, the floor is yours. You have up to five minutes. We might have to do a slight microphone test.

Maybe that's already been done, Madam Clerk.

I'm going to turn the floor over to you, Chief Louis, and we'll start from there.

You're on mute, sir. Down at the bottom of your screen, in the left corner, there might be a mute button that you can click to unmute.

Okay, we can hear you in the room. We're going to do our best for our translators, and if there are issues, Mr. Louis, I'll intervene. Why don't you go ahead?

**Chief Byron Louis (Okanagan Indian Band, Assembly of First Nations):** Good afternoon, everyone.

*[Witness spoke in Nsyilxcen]*

*[English]*

My name is Byron Louis. I'm the chief of the Okanagan Indian Band.

It's an honour to be here today to share the perspectives of the Assembly of First Nations, the AFN, concerning food price inflation and its devastating impacts on first nations.

**The Chair:** Mr. Louis, I apologize. We're being told that the microphone for your headset is not selected. There is a technical team trying to call. I'm happy to try to walk you through this as well.

Basically, down near the mute button, Mr. Louis, you can click and then make sure that your proper headset is selected. We have strict rules to make sure that we're protecting our interpreters, as you can appreciate.

● (1850)

**Chief Byron Louis:** Okay.

Can everyone hear me?

**The Chair:** We're just going to suspend for a minute, if we could, Madam Clerk, and we'll try to get this cleared up technically. If not, we might move to some of the questions.

Chief Louis, if you could just keep your phone handy, the technicians are going to try to call.

We're going to suspend for just a few minutes.

• (1850) \_\_\_\_\_ (Pause) \_\_\_\_\_

• (1850)

**The Chair:** Chief Louis, we're going to get started again. Our tech team is going to work with you, Chief Louis. We do have a second panel. I have no concerns about adding you to that panel and allowing you to participate, unless we are good right now, but I don't think so.

I'd ask the clerk to perhaps put you in a wait room. You'll work with the tech team until we get you A1, and then we'll bring you back in. I don't want to preclude our moving forward, so we are going to turn to questions.

I'll start with Ms. Rood for up to six minutes.

It's over to you.

**Ms. Lianne Rood (Lambton—Kent—Middlesex, CPC):** Thank you, Mr. Chair, and thank you, witnesses, for being here today.

Those are some staggering numbers that we heard in the opening remarks here. I think if Canadians are watching today, they will be as surprised as I was to hear about the increase in food bank visits in a month.

I believe what you said, Mr. Hetherington, was 270,000 in Toronto alone per month, this month, as in February 2023. Is that correct?

**Mr. Neil Hetherington:** It's for March.

**Ms. Lianne Rood:** It's in March so far, and we're only at—what is it—the 20th today.

• (1855)

**Mr. Neil Hetherington:** At the end of March, we will have 270,000 visits.

**Ms. Lianne Rood:** Okay.

Mr. Hetherington, we have heard reports in the past that Canadians are in such dire straits that they not only are looking for food but have actually gone to food banks seeking medical assistance in dying. I know this isn't a problem with the cost of food. It's brought on by overall concerns with inflation and the cost of living in Canada.

My question for you is this: As food banks, do you have the resources? Are your staff trained to handle these types of situations? They are frontline staff. I'm just wondering how they would provide assistance or reassurance to those folks who are in such desperate situations that they're asking these questions at a food bank.

**Mr. Neil Hetherington:** What I can tell you is that there is a heightened sense of concern right now in food banks, at least within the Daily Bread network. People are under stress, as you can imagine. They are wondering whether or not they can get their next meal or a meal for a child, so they are in a difficult, precarious position.

I don't have any anecdotal data to support the claim that there are individuals looking at MAID in terms of the situation they're in, but I can tell you that stress...and de-escalation is required in each of our food banks.

With regard to your question around resourcing, the answer is that we do have information and referrals. We stick in our lane, which is making sure that people get access to the food they need and to resources so that they don't need to come to a food bank. We have built up that program, and we'll continue to build up that program and refer individuals to programs that are suitable for them.

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

I'm just wondering. Have the demographics of the users who come to the food bank changed with the cost of living and inflationary crisis we're facing? I have talked to some folks at the food bank before who told me that it used to be a lot of seniors they would see at the food banks, and now they're seeing students and new Canadians coming to the food banks. Can you just briefly comment on that?

**Mr. Neil Hetherington:** Absolutely. There are some surprising demographics among individuals who have to make use of food banks.

In Toronto, some 52% of food bank users have a post-secondary education. We don't normally think that is the case. I mentioned earlier that one in three has access to full-time employment. Again, if you played by the rules—you got an education and you got a job—that does not mean you no longer need a food bank.

Certainly, in speaking with my colleague, Meghan Nicholls, at The Mississauga Food Bank, and in my experience at the Daily Bread Food Bank, I will tell you that we are seeing an influx in the number of new Canadians coming to food banks. That is a significant challenge for us right now.

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

I just have one last quick question.

Are you registered federally to lobby?

**Mr. Neil Hetherington:** Yes, we are.

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

Ms. Nikkel, you mentioned in some of your comments that the increase in food cost is a huge problem. We saw the cost of gas go up another 14¢ as part of a carbon tax, and you mentioned in previous testimony to this committee that the supply chain and cost of transportation is the largest challenge to providing food rescue and redistribution supports.

Is the increase in costs with the carbon tax a concern for Second Harvest's ability to afford to do business? Should there be reasonable exemptions made to the carbon tax to ease the burden on food producers and perhaps even food charities?

**Ms. Lori Nikkel:** That's such a great question, but I have to be honest. Second Harvest is an environmental organization, so we're about food waste and trying to make sure that it doesn't go into landfill.

I think there are lots of levers that we could maybe pull. I don't want to say that's one of them, to be honest, because we are looking at it from an environmental lens as well as a food insecurity lens.

**Ms. Lianne Rood:** Okay.

As a charity, I know you have many avenues for funding, but access to sufficient capital is always a concern. We know Second Harvest has received government support. I'm just wondering how much you're currently receiving and how much is needed to grow to make a difference.

**Ms. Lori Nikkel:** The government funding was the COVID-19 funding, and we're not receiving any of it anymore. That funding has stopped.

Honestly, we could use another \$30 million, and even then it wouldn't be enough to meet the need.

**Ms. Lianne Rood:** The figures come up that only 4% of businesses that are able are donating their surplus food. I'm just wondering why there are so few. What could be done to see that number increase?

Are any of the large grocery chains partnered with you for food rescue?

We have about 30 seconds left to answer that.

**Ms. Lori Nikkel:** The grocery chains are, absolutely. They use the food rescue app. All of them are on it. They're not all partnered with us. I think Metro is partnered with Food Banks Canada, but Loblaws, Sobeys and Empire are all partnered with probably both of us, to be honest.

I'm sorry. What was your other question?

• (1900)

**Ms. Lianne Rood:** What could be done to see that number increase for businesses?

**Ms. Lori Nikkel:** Honestly, I'm going to go back to.... I think if we mandate measurement for businesses to measure their food loss and waste, that will drive them to the innovation of "we have to give some away", because there has to be a target that they hit.

**The Chair:** Thank you, Ms. Rood, and thank you, Ms. Nikkel.

I'm told that Chief Louis is now going to be okay.

Colleagues, we'll adjust and try to get through as many questions in this first panel as possible.

Chief Louis, I would invite you to make your five-minute remark.

**Chief Byron Louis:** My name is Byron Louis. I'm the chief of the Okanagan Indian Band. It's an honour to be here today to share on the perspectives of the Assembly of First Nations concerning food price inflation and its devastating impacts on first nations.

Given the short time for opening remarks, I will focus my remarks on three areas: the historic context of first nations food secu-

urity and insecurity in Canada, the impacts of food price inflation on first nations, and our recommendations.

I'll start with the history of first nations. We have historically experienced systemic discrimination and colonialism, which have contributed to food insecurity, lost culture and the infringement of our rights. If you look at the recent Yale decision that came out of Northeastern B.C., it's specific to cumulative effects on 97% of their traditional territories, so you can imagine what the impact of that is on such things as what are defined as our country foods.

As first nations, we have a unique and sacred reciprocal relationship with mother earth and all living things. As such, environmental stewardship is central to our cultures, traditions, health and food sovereignty. However, environmental degradation and settler colonial policies continue to damage our environment and erode our food sovereignty.

First nations in Canada are experiencing extremely high rates of food insecurity, with many first nations households finding it difficult to put enough food on the table. Recent studies found that first nations experience disproportionately high rates of food insecurity, about three to five times higher than the Canadian population overall. Families with children are even more affected.

Over the last century, first nations have experienced a profound nutritional transition, from traditional food to an increased reliance on market food systems and a resulting heightened food insecurity.

Throughout the pandemic, first nations have been returning to traditional modes of hunting, fishing and trapping, only to compete with more licensed hunters than even before and fewer populations of fish and wildlife. We are witnessing in our lifetime the disappearance of salmon in the Yukon and the unimaginable poverty that's taking over, which impacts the full scope of the ecosystem. First nations see this as a crisis of food security, as wild country foods that were once plentiful no longer exist, and store-bought foods that first nations cannot afford take their place.

In British Columbia, here, if you look at some of the statistics on chinook salmon, about 13 out of the 14 chinook stocks are in peril and requiring some type of listing, and that is a major part of our diets on the west coast.

If you look at the impacts of food price inflation on first nations' food security and sovereignty, the cost of food in Canada rose by 10.4% in January 2023, the highest rise since about 1980.

If you take into consideration any northern community, you're talking about the ability.... If you're able to haul goods and services over an ice bridge it's about 60 cents a pound, but if you have to fly them in it's \$60 a pound, so you can imagine the effect that has on anyone's buying power.

According to the consumer price index from Statistics Canada, grocery prices are up 9%. However, first nations communities face even higher food prices, up to 2.5 times higher than the national average, putting food beyond the reach of many first nations families. In my own experience of being up in Old Crow, which is the highest community in the Yukon, a small piece of coho salmon about this big and that looked like about a single serving was \$26 for that piece. If you have a family of five, do the math. That's well over \$100 just for that one family to put that on the table for food. If you're on a fixed income, think of what that causes and the actual price of hauling it in.

When you look at food prices, inflation poses unique and significant impacts on first nations, who are already facing challenges related to food insecurity and access to healthy food. The average wage of a first nations family is \$22,000 per year, which is defined as the poverty line in Canada.

● (1905)

In the past, we were able to live or subsist on this because we had access to our traditional foods. That does not exist anymore.

As first nations, traditional foods remain essential to our food systems. Food price inflation makes it more expensive for first nations to practice hunting and fishing, creating additional barriers to traditional foods.

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

I know the time is relatively short, but now we want to get to other parliamentarians to ask questions of our witnesses, including yourself.

From one Louis to the next, we go to Mr. Tim Louis now, for up to six minutes.

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

I appreciate all the witnesses for being here.

I'm remote. I'm in Kitchener—Conestoga right now, which is the traditional territory of the Anishinabe, Haudenosaunee and Neutral people. While I have a chance to talk to you, Chief Louis, I hope I can expand on what you were saying.

You were talking about the price of healthy foods and how it's actually much higher in first nations communities than in the rest of Canada. You talked about food transportation costs, climate change compounding the issues the further north you get, and the higher rates of poverty and unemployment making it even harder to eat healthy food. You talked about the costs and the challenges that would lead to more food insecurity and then diet-related health issues.

We are hearing some stories of innovative ways.... We're trying to figure out a way to help locally, as opposed to bringing food in.

There are some success stories of innovative ways to grow vegetables year round even if temperatures are below freezing.

Do you have any instances of indigenous communities partnering with organizations or companies to develop things like hydroponic container gardens, greenhouses or vertical farming?

**Chief Byron Louis:** That's being done in certain communities across Canada. It's in certain locations, but it's not the norm.

When you're talking about such things as greenhouses, technologies and others, there are certain requirements that would be affected by that. If you're dependent on diesel generation, then there are certain limitations on that or on the technology itself.

With that being said, a lot of communities are actually instituting what are now community gardens. Even myself, growing up as a young kid, our country foods actually supported us quite extensively, and so did gardens. It's slowly starting to return to that. If you look at that, it's probably about 30 years since those were the norm. Now it's slowly trying to go back there. It's going to take a while.

Keep in mind that we have global warming, which is probably going to exist for anywhere from 50 to 100 years.

**Mr. Tim Louis:** Thank you for your time.

I'll see if I can get in some questions for the other witnesses.

Mr. Hetherington from the Daily Bread Food Bank, I appreciate all the work you're doing and your advocacy in amplifying the voices of people who are experiencing food insecurity.

In our riding of Kitchener—Conestoga, I know first-hand the work you've done with The Food Bank of Waterloo Region. I know the supports are bigger than just one organization. In every community there are programs and agency partners—in cities and in smaller towns—that provide food and connection to other vital supports.

Can you speak to the co-operation among the food banks themselves—the interplay you have—and also between food banks and local community programs? What can we do to strengthen that co-operation?

**Mr. Neil Hetherington:** Through Food Banks Canada we have a wonderful network across the country that allows us to share information and resources and collectively advocate on behalf of and alongside individuals who are experiencing food insecurity. That's the basic framework that we're in.

To your question in terms of how we can improve that and how we can magnify those voices, that is something we're consistently challenged with. We know the solutions to food insecurity. I think everybody at this committee knows the solutions to food insecurity. We can share the statistics. We can show the recommendations. Most importantly, we can provide you with the impact of individual social policy levers that you have the choice to implement, so that we can get to a place where this country has no food insecurity.



• (1910)

**Mr. Tim Louis:** To follow up, Mr. Hetherington, how can we reduce the stigma of people using food banks, especially in smaller communities? What can we do from a communications standpoint?

**Mr. Neil Hetherington:** We have to recognize that the numbers state that almost 1 in 5 Canadians is experiencing food insecurity. People are not far away from food insecurity. It's your neighbour or the person sitting beside you on the bus who is food insecure. What we do operationally is make sure we have low-barrier systems in place.

That means that when you walk through a food bank, we greet you. We make sure it's a shopping model whereby you can select the food that is appropriate for your family, for your culture and for your dietary restrictions. Those are some of the low-barrier ways that we can make sure people feel comfortable coming in to do what more and more Canadians, regrettably, are doing.

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

With the final minute I have, Ms. Nikkel from Second Harvest, I have time for only one question.

We have felt the impact in all of our communities. Can you tell us the economic benefits, the social impacts and the environmental benefits of the work you're doing?

**Ms. Lori Nikkel:** Are you referring to the impact of the rescued food?

We know that when we keep it in landfills, it creates methane gas, because there's no oxygen in landfills. Most of our food ends up in landfills. We know that when we keep it out, we are not emitting that methane gas.

Economically, it's free. It's all free. There's so much food in Canada that we don't have to purchase it. We get it for free. That allows those charities and non-profits, of which there are 61,000, to use their money for what they need, which is wraparound services. If they need a mental health worker, if they need a social worker, if they need sports.... Whatever they need, they don't have to spend their money on food. That's the economic driver.

The social driver is that they are wraparound services. We support food banks, but we're an opt-in organization. We support any charity or non-profit that supplies food to people in need. There is no stigma. I mean, it depends on where you're going. Whether they are schools, community centres, churches or mosques, the goal is to give them something that isn't just food. That's a social network for them. It's amazing what happens when people get together socially, for a number of reasons. They typically get this wonderful thing called confidence and some life skills.

I'm sorry, Kody; I will shut my mouth right now.

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

No, no. We gave you an extra 45 seconds. I always try to be fair at this committee, but I do need to make sure that we keep somewhat on time.

[*Translation*]

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

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

I'd like to thank the witnesses for being with us, either in person or virtually.

Ms. Nikkel, you were on a roll, but you ran out of time. I'll give you about 20 seconds to finish what you were saying.

[*English*]

**Ms. Lori Nikkel:** I think it was wrapped up. It was just that there are social benefits.

[*Translation*]

**Mr. Yves Perron:** Okay, perfect.

In your opening statement, you put forward some real solutions for the government. Among other things, you talked about a food rescue program. Can you elaborate on that? If you had the opportunity to make two or three specific recommendations directly to the committee, which can then pass them on to the government, what would they be?

[*English*]

**Ms. Lori Nikkel:** The first one would be bringing back the surplus food rescue program. There's more than enough food in this country to feed everybody. It also supports producers. It supports individuals and families. It supports the social network and the economy. That's number one.

Number two, I think we need to bring back the emergency food security funding while we work on longer-term, systemic policies. There has to be something in between. We're triaging; all these charities are triaging.

I bring up best-before dates, because a lot of this food is going to waste for no reason at all. It's because everybody thinks it's about safety, and it's not. Manufacturers put them on, and they put them on every single article of food, when it is not required.

Those would be my three recommendations.

[*Translation*]

**Mr. Yves Perron:** How are we going to manage changing that? Should there be an education policy on best-before dates? How could we bring about change while also safeguarding the public's health?

• (1915)

[*English*]

**Ms. Lori Nikkel:** A couple of countries are doing this already. In the U.K., they are eliminating best-before dates on a number of products. In Australia, they've changed best-before to use-by date. I think we need to investigate what other countries are doing and doing well. We don't have to reinvent the wheel.

Of course, CFIA has to be involved to make sure that we're not ever making any food unsafe, but when you see a best-before date on water, coffee or a can that's good for two years, people think that's garbage, and they throw it away. They could be eating it.

[Translation]

**Mr. Yves Perron:** Mr. Hetherington, you just stated that one in five people are food insecure and that we know what the solutions are. What are the solutions, in your opinion? If you wanted the committee to make one or two specific recommendations to the government, what would they be?

[English]

**Mr. Neil Hetherington:** The first would be to have a serious conversation about a guaranteed income in this country. We flirted with that with CERB, and we saw the opportunities in terms of what that could do for many to lift them out of poverty. I would think that it's time now for a conversation, a study, to happen to understand the benefits to so many.

The second is your support when it comes to Bill C-22. I can't tell you how delighted I was that it was unanimously approved by the House. Now there's an opportunity through those regulations to ask how we can assist individuals who are on disability and provide them with a top-up to the provincial assistance they receive, which is dismal.

[Translation]

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

Mr. Hetherington and Ms. Nikkel, I would like a quick response from both of you: What do you think about the fact that the old age security pension only goes up at age 75 instead of age 65?

Do you feel that increasing it at age 65 would be part of the solution for seniors, and would that make them more food secure?

[English]

**Mr. Neil Hetherington:** I'm not an expert on that, to be fair.

I know there were tremendous benefits when the guaranteed income supplement for seniors came into play. Any time we have the opportunity to increase their income or decrease their expenses through decent, affordable housing for seniors, then I know it's a good thing.

I'm sorry, but I'm not an expert on that.

**Ms. Lori Nikkel:** I'm with Neil on that.

Any time we can increase anybody's funding, the better.

[Translation]

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

Chief Louis, I'd like to begin by thanking you for being with us.

You're talking about the situation of first nations in particular. Several years ago, I visited a community in northern Yukon and found that food prices there were unreasonably higher than in southern Yukon.

I'd like you to share your proposed solutions with us. You have an opportunity today to make concrete proposals to the government

for us to include in our report. What would be your top recommendations, if you were to pick one or two?

[English]

**Chief Byron Louis:** I would say that Canada should support the development of first nations-led initiatives to address food insecurity, including strategies to build first nations resilience against the impacts of food-price inflation. It should include enhanced infrastructure, investments to strengthen first nations economic development, and improved access to healthy food.

In essence, what we are asking is this. How can we actually build sustainable communities, and what is actually available? In other parts of the world they use multi-impact area developments. There are those with the USDA and others, including the Aga Khan Foundation in Pakistan. We all know that when we measure impacts for first nations, we're considered Fourth World in terms of development. In those instances they look at not just a single support but rather multiple supports coming in from different federal agencies and others to address the problems of generating sustainable communities.

[Translation]

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

Mr. MacGregor now has the floor for six minutes.

● (1920)

[English]

**Mr. Alistair MacGregor (Cowichan—Malahat—Langford, NDP):** Thank you very much, Mr. Chair, and thank you to all of our witnesses for joining our committee today and for helping us study this very important topic.

Mr. Hetherington, I'd like to start with you.

The figures you've presented to our committee we are all somewhat familiar with, but to hear you repeat them in such a concise and ordered way is a very damning indictment of the state of our country and what too many Canadians are going through on a day-to-day basis.

I was especially struck by the figures you relayed to us that showed the increase in the number of Canadians who have full-time employment but who are relying on food banks to make it through month by month. If there is a more damning indictment of the state of our economy than the fact that someone is working full time and trying their best to make as much income as they can but they're still reliant on food banks, I don't know what it is. When you compare that with some of the profits that are being felt in some segments, that's quite a damning indictment.

You mentioned several times during your opening statement the concept of a right to food. In Canada of course we have our rights enshrined in the charter. One of my colleagues is attempting to bring legislation to the House on enshrining a right to a healthy environment. When you talk about a right to food, you've given some examples in terms of policy and through income supports about how we could support people, but do you ever see this right to food being enshrined in legislation? Has that ever been something you've discussed? Could you expand on that topic a bit?

**Mr. Neil Hetherington:** I absolutely do. We've already signed up for that. Canada signed article 25 of the United Nations...to declare that we subscribe to a right to food. We believe everybody should have the means to feed themselves with culturally appropriate foods that meet the requirements of the individual. We have already subscribed to it. The question is, how do we live up to the commitment we already put our name to?

To your earlier point about where the economy and food bank usage are, I want to make it very clear to this committee that things are upside down. It does not make sense that unemployment is as low as it is and food bank usage is as high as it is. This is the very first time, in the 40 years that food banks have been in Canada, that we have seen unemployment so low and food bank usage at the rates we're seeing right now.

You didn't ask me this question, but I'm going to answer it: What keeps me up at night? The answer is, if things go south when it comes to unemployment rates in Canada, what we at Daily Bread will face is monumental—an extraordinary challenge. We're already at a breaking point.

**Mr. Alistair MacGregor:** Thank you for that. I appreciate the addition you provided to this committee.

Ms. Nikkel, I'd like to turn to you and Second Harvest Canada.

Welcome back to our committee. We've always valued your testimony before this body.

In your opening statement, you talked about how, because of the high price of food, families are increasingly turning to cheaper items at the supermarket—to more heavily processed foods that are not as high in nutritional value as, say, the foods around the outside edges of supermarkets, where your fresh fruits and vegetables, dairy and meats are. They are instead going to processed foods. I think it's very important that you add a bit more than what your opening statement allowed for.

What are the long-term consequences of that lower nutritional uptake by families? What does that do to the developing child's brain, for instance?

We need to understand this, as a committee. There will be longer-term impacts from this on our health care system...not only personally and socially but also economically, in terms of the number of health care dollars we may have to spend as a result of not tackling this initially.

• (1925)

**Ms. Lori Nikkel:** You're right. This should be prevention. Feeding people is prevention. We're all going to pay for it, in the end. The research is very clear. The health outcomes of children are very

negative. We know they have lower educational outcomes in math and English—in all subjects. They can't concentrate. It's very simple. Think about when you're hungry. You become “hangry”. You can't focus. That's what's happening to families. They can't focus, because they don't have the nutrition in their brains to focus. You need that to make good decisions as well.

There's a domino effect when all you're accessing is terrible food. To Neil's point, when all you have is eight dollars, you can't buy broccoli, carrots or milk, because these are risks. You're not sure whether your kids will eat them, so you're not going to buy them. You're going to buy what you know all your kids will eat. It's a risk. Who thinks buying milk is a risk, in their own budget at home? Nobody here thinks that, but it is a risk for many people. They cannot purchase healthy food, because their kids won't eat it and they have only eight dollars.

We know the health outcomes. We're seeing them already. We see that type 2 diabetes and heart disease have increased. Strokes and cancer are increasing. A lot of this is food-related. Get the right diet into families and our health dollars will be less.

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

Colleagues, we've run a bit long, but I want to get to a second round of questions. I'm going to tighten it. We'll go three minutes for the Conservatives and Liberals. I would respectfully ask that there be a reasonable question from the Bloc and NDP, or two quick questions, then we'll wrap up—a minute and a half or two minutes for the third and fourth parties.

Mr. Epp, you have three minutes.

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

I'm fortunate enough to live in the 42nd parallel, with a lot of greenhouses. I have access to fresh fruits and vegetables virtually year-round, summer root crops, etc.

I'm going to start with Mr. Louis.

Members in our community have partnered with a first nation—the Prince Albert Grand Council—and have experimented with and shipped fresh fruits and vegetables, to the gratitude of that band.

Can you speak to the access, in general, that first nations communities have? The fresh fruits and vegetables tend not to be as dense a product, when you're talking about six-dollar freight. Can you talk about the impact of nutritious food and first nations?

**Chief Byron Louis:** For the majority you start looking at the fixed incomes of first nations that a lot of the people experience, and how that erodes buying power based upon a 9% increase in inflation and food costs. Even for first nations that are down in the lower 250 kilometres from the Canada-U.S. border, our ability to access traditional foods is impacted in the case of anywhere from 70% to 90% of our traditional foods. If you live in the north and you're used to consuming six to nine caribou per year at 300 pounds per caribou, that's anywhere from 1,800 to 2,700 pounds. What happens if you can't access that? Where do you get that from?

**Mr. Dave Epp:** Thank you, Chief. I apologize for cutting you off, but my time is so very short.

Mr. Hetherington, a statement you made struck me.

Poverty rates have declined, yet we heard from your testimony that the amount of food bank use is up and through the roof. The typical disposable income for food in Canada has been 9%. It's up to 14%.

You talked about the statistics of housing and whatever else that takes, particularly out of people with lower income levels. Previous testimony to this committee said that basically the food insecurity issue is part of the much larger cost of living issue. You've alluded to that in your testimony. It's an income issue. Can you expand on that jarring dichotomy of poverty rates and food insecurity?

**Mr. Neil Hetherington:** To be clear, the poverty rates I cited were pre-pandemic numbers, as they started to decline. The new numbers are going to be grim. That's the first thing.

In terms of squaring the two, earlier what I said in response to the previous question was that I am quite concerned about the future. I am quite concerned about the state of the economy, with unemployment being as low as it is right now and food bank usage being as high as it is.

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

I'm out of time for my questions.

**The Chair:** Thank you, Mr. Epp, and thank you for giving back those 10 seconds.

Ms. Valdez, it's over to you for up to three minutes.

**Mrs. Rechie Valdez (Mississauga—Streetsville, Lib.):** Thank you to the witnesses for joining us in this committee.

Ms. Nikkel, welcome back.

Since the largest portion of food waste is biodegradable, what are some of the ways in which we can effectively reduce or reuse this waste?

• (1930)

**Ms. Lori Nikkel:** First, I would like to argue for prevention, to be honest. We should prevent it from happening at all. I really do love that there's a lot of upcycling going on, and there are economic drivers for upcycling, which is really great.

Again, I'm going to go back to mandating measurement: If we mandate measurement with businesses, they will find innovative ways to manage their food waste.

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

Mr. Hetherington, earlier you referred to the Canada disability act. Can you elaborate on how this will help those who rely on the Daily Bread Food Bank, whether that's financial or otherwise, in terms of benefits?

**Mr. Neil Hetherington:** Well, if you are on disability in the province of Ontario, you're receiving \$1,229 per month. The poverty line is \$2,100. Every single month, every single person who's on disability is legislated to be in poverty.

That's fundamentally wrong. There is a \$900 delta. My hope is that the federal government will take a leadership position and say, through the act and the regulations that will follow, that we can make a fundamental difference.

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

My last question is for Chief Byron Louis.

You mentioned in your opening that you're less able to feed yourselves on reserve. Can you comment on the supply chain option and what that looks like for first nations?

**Chief Byron Louis:** The comment I made about access to foods was on the loss of our traditional diet and on how it actually subsidized the low incomes of our people. It was mentioned earlier on about \$2,100 being poverty. I think it's around \$2,200 for first nations. When you take away that ability to access traditional foods, you take away the ability to provide nutritious proteins. That is a very serious problem.

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

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

**The Chair:** Thank you, Ms. Valdez. Yes, we're very close to time.

[Translation]

Mr. Perron, you have the floor for 90 seconds to two minutes.

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

Chief Louis, please tell us more about access to traditional food resources. How is that coming along? What solutions are you looking at?

I'd also like you to tell us about access to clean drinking water. We're talking about food, but as we know, many communities also have a problem with access to water. Can you speak to that, please?

[English]

**Chief Byron Louis:** When we're talking about food insecurities, I think one of the things that must be understood is that there's a fundamental difference in nutrition among first nations people or indigenous people. Western society is basically a protein-driven diet that's based upon flour and the Middle East fertile crescent.... For first nations, we're protein. Everything that we have comes from protein. You take away the ability to access that, and it directly affects us.

In our community, we're 2,200 people, yet we have 600 people who are suffering from diabetes of one form or another. What's that driven by? It's carbohydrates.

When we're talking about food security, there must be recognition that.... Somebody—I forget who it was—mentioned earlier a recognized right to food. Well, we have that. It's constitutional; it's section 35. That is a right, but it's not being recognized or implemented by any level of government. It doesn't matter if it's provincial or federal. That needs to be changed, because we need to turn this around if we're going to turn around food insecurity. We need access to our traditional foods.

[Translation]

**The Chair:** Please be brief, Mr. Perron.

**Mr. Yves Perron:** Mr. Louis, can you tell us about drinking water supply issues? How do you feel about that? What do you think should be done about it?

[English]

**Chief Byron Louis:** For us, it's litigation. It's the only way we are actually able to get any results. Taking the federal government to court over safe drinking water and making it a human right is the only ability we have, and it's the only thing that actually created any type of level of change.

[Translation]

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

Mr. MacGregor, you have the floor for 90 seconds to two minutes.

[English]

**Mr. Alistair MacGregor:** Thank you.

Chief Louis, I'd like to continue with you.

I was on the public safety committee a couple of weeks ago, and we heard from a witness representing the Nunavut Association of Municipalities. He was also talking about how hunting was used to really shield a lot of families from the high prices of food, and about that connection to the land. They were talking about the danger that certain elements of Bill C-21 posed to their hunting rifles, which they depend on.

I'm proud to represent a riding out here on Vancouver Island that sits on the traditional territories of many Coast Salish first nations, part of the Nuu-chah-nulth first nation, and the Pacheedaht and Ditidaht first nations.

I guess my final question to you in the time I have left is this. You know, we have a diet here that is very much based on what the

ocean provides. If you could just talk about the access to processing capacity.... What can the federal government do more to ensure that first nations have access to those traditional foods, to help them process them and to maybe tackle the problem that many communities are experiencing with these high food prices?

● (1935)

**Chief Byron Louis:** The problem doesn't exist with the processing. It exists with a lack of resources, our natural resources that are out there. One of the things we need is for government to start recognizing what's called "natural capital", and I'll quickly go through this.

If we look at the Sto:lo, let's say a really rough estimate is that they consume about 1,000 pounds of aquatics per year traditionally. It doesn't sound like much until you multiply it by 10,000 Sto:lo. Suddenly, you're talking about 10 million pounds of fish. Now times that by retail value—because if you can't get it in the river, you have to go to Costco or other stores—and that's \$12.50 a pound. Suddenly, you're talking about the value of 10 million pounds of fish being close to \$120 million. Now times that by all the first nations going up the Fraser. Suddenly, you have about a billion dollars' worth of resources. It's not being measured. It's not being looked at as that value, and this is natural capital.

All these proteins that are in there, that we can't buy with our fixed incomes but could get naturally.... That is natural capital. That needs to be recognized.

**The Chair:** Thank you very much, Mr. MacGregor and Chief Louis.

Colleagues, that unfortunately brings us to the end of the first panel. It was a great discussion to get us started.

On behalf of all of you, I'd like to thank, from the Okanagan Indian Band, Chief Byron Louis; from the Daily Bread Food Bank, Mr. Neil Hetherington; and from Second Harvest, Ms. Lori Nikkel. Thank you so much for taking the time to be with us to help inform our study.

Colleagues, please don't go far. We're going to adjourn for just two minutes to get us transitioned over, but we'll see you shortly.

● (1935)

\_\_\_\_\_ (Pause) \_\_\_\_\_

● (1940)

**The Chair:** We're going to get started with our second panel.

Thank you for your patience in letting us get transitioned and make sure our technical team is all set for our translators.

We have three individuals appearing today on the second panel.

By video screen we have Ian Lee, who is associate professor at the Spratt School of Business at Carleton University.

Welcome, Mr. Lee.

From the Agricultural Producers Association of Saskatchewan, we have the president, Ian Boxall.

It's great to see you, Mr. Boxall. We had the chance to interact with you just a week or two ago with the CFA meetings. It's great to have you before our committee.

From the Canadian Taxpayers Federation, we have Franco Terrazzano, who is the federal director. He is appearing here in person.

I'm going to move forward with five-minute opening remarks. I'm going to start with Mr. Lee for up to five minutes.

Sir, the time and floor are yours.

**Dr. Ian Lee (Associate Professor, Spratt School of Business, Carleton University, As an Individual):** Thank you, Chair and committee members, for inviting me to discuss this important subject.

First are my disclosures: I do not consult to any person, firm or association in the agri-food value chain system in Canada; I do not have any investments in any firms anywhere in any industry; and I do not belong or donate any money to any political party anywhere.

My fourth disclosure is somewhat different. Before returning to graduate school for my Ph.D., I was a commercial lender and banker for nine years—

**The Chair:** I'm going to have to stop you, Mr. Lee; I have a member here flagging something.

[Translation]

Mr. Perron, I understand that we're having interpretation issues.

Madam Clerk, can you find a solution?

[English]

Mr. Lee, keep your phone handy. The interpreters are having a bit of a challenge with your headset. I know we've tried to get this through, but if you could just go on mute and keep your phone handy, our technical team is going to try to reach out, and we'll try to get you sorted.

Mr. Boxall, we'll try you. We're going over to you for up to five minutes.

**Mr. Ian Boxall (President, Agricultural Producers Association of Saskatchewan):** Good evening.

Thank you, Mr. Chair and committee members, for this invitation today to discuss the views of farmers on food inflation.

As you mentioned, my name is Ian Boxall. I'm the president of the Agricultural Producers Association of Saskatchewan, which represents around 15,000 farm and ranch families. I'm also a farmer from the community of Tisdale, in northeast Saskatchewan.

I want to focus my comments today, first, on inflationary factors affecting our industry, and second, on the importance of a grocery

store code of conduct to promote certainty and transparency throughout the food supply chain.

As committee members know, Saskatchewan farmers do not set the price of our products, or the price for the inputs we buy to grow them. We are impacted by inflation on both ends, when we purchase our farm inputs, and when we purchase food, yet the causes of inflation are many: geopolitical issues, weather-related events, the pandemic and inefficiencies in our system.

On food price inflation, farmers are very sensitive to the current environment affecting consumers. We are at the forefront of food production, and it is often easy to point to the price of the commodities we produce as the cause of what is happening at the grocery store.

This is why APAS is undertaking work to highlight a farmer's share of the food dollar. We want to help educate the public and build a better understanding of the impacts farmers have on the price consumers see today. I anticipate this to be negligible, given the rapid rise in food prices. We plan to have this work completed in April.

We also support the importance of a Canadian grocery code of conduct to improve efficiencies, collaboration and transparency throughout the supply chain. The code will help ensure that processors, wholesalers and large and small retailers play by the same rules, adhere to standards and ensure fair transactions throughout the value chain.

In 2021 Saskatchewan farmers experienced their most expensive crop ever for livestock and grain production, spending \$11.5 billion on farm expenses. That's 11% higher than 2020. The year 2022 wasn't any better. Saskatchewan farmers are concerned about the lack of price transparency and supply, and about certainty for critical farm inputs, such as fertilizer, fuel, seed and chemicals.

The cost of production inflation creates added risks for producers. In 2021, Saskatchewan farmers spent \$2.67 billion on fertilizer purchases alone, which made up 24% of cash operating expenses, exceeding the previous year's fertilizer purchases by 30%. Since 2019, glyphosate has increased 62%, fuel is up 52%, the price for urea has increased 112% since May 2019, and anhydrous ammonia is up 113%.

These inputs are critical for food production and security at a time when the world needs Canadian agricultural products. We know that inflation and the cost of living are a major concern right now for everyone. At the same time, costs are especially volatile for essential farm inputs, which make up a huge portion of farm costs. A lack of transparency on what's causing price spikes is very concerning and requires further investigation.

I'd like to close out my remarks by making these observations for your consideration.

First, food production and security should always be of the utmost importance in policy development. No policy should limit, restrict or reduce food production, or decrease food security.

Second, it is important to support and recognize innovation. Farmers have adopted or produced some of the most innovative technologies, which have positively contributed to food production while increasing the biodiversity of the land and reducing our carbon footprint. We will continue to do so.

Third, efficiency, accountability and transparency of transportation systems, to help limit supply chain restrictions so that agricultural products reach their destinations, are critical to reducing inflationary costs.

Fourth, a grocery store code of conduct can be a useful policy instrument to achieve better collaboration and efficiencies to help address food costs.

We feel these measures will help reduce supply chain friction and improve dynamics.

Finally, Saskatchewan farmers are encouraged by the progress of Bill C-234 to exempt natural gas and propane for on-farm use. This bill will help reduce costs that farmers should not have to bear and cannot pass along.

With that, I will stop there.

Thank you, Mr. Chair, for this opportunity. I look forward to the discussion.

• (1945)

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

We are going to turn to Mr. Terrazzano, who's in the room.

Mr. Lee, I was just notified by the clerk that our technicians are trying to get hold of you at the number we have on file. They're having some difficulty. Check your phone, and we'll work on your technical side.

Hopefully, in five minutes we'll have you ready to go right after Mr. Terrazzano, who now has the floor, for up to five minutes.

• (1950)

**Mr. Franco Terrazzano (Federal Director, Canadian Taxpayers Federation):** When you increase costs for farmers, Canadians pay more for groceries. When you increase costs for truckers, Canadians pay more for groceries.

I'm Franco Terrazzano. I'm with the Canadian Taxpayers Federation. I'm here on behalf of 235,000 Canadian taxpayers who want you to stop hiking the taxes that make it more expensive for farm-

ers to make our food, for truckers to deliver our food and for families to buy that food.

There's an easy and quick way for the government to make food more affordable—stop hiking taxes—but in less than two weeks the government will raise the carbon tax for the fourth time since the beginning of the pandemic.

The carbon tax will increase the price of gas by 14 cents per litre and the price of diesel by 17 cents per litre.

Everything that gets delivered by truck will become more expensive, including your favourite kale salad.

After the tax hike, federal carbon, fuel and sales taxes will cost about 29 cents per litre of diesel. That means the big rig truck driver who delivers food to the store will pay about \$260 in federal taxes every fuel up.

Farmers say that the carbon tax cost them about \$14,000 on average in 2019, according to the CFIB. A higher carbon tax means it's more expensive for farmers to dry grain, and it means higher prices at the store.

The carbon tax on propane and natural gas will cost farmers \$1 billion through 2030. That is according to the Parliamentary Budget Officer.

I will now read you a quote from Jeff Barlow, an Ontario corn, wheat and soybean farmer: "My competitors to the south of me in the United States do not pay that [carbon] tax, so now my cost goes up and I have no alternative. By penalizing me, there's nothing else that I can do but just be penalized."

Less than a quarter of countries have a national carbon tax. That's according to the World Bank. Ottawa hiked taxes while many of our peers and competitors cut taxes during the pandemic. There are 51 other national governments that cut taxes. That includes more than half of the G7 and G20 countries, and it includes two-thirds of OECD countries.

Australia, New Zealand, the Netherlands, Germany, South Korea, the United Kingdom, Italy, Israel, India and Portugal are among those countries that cut fuel taxes. Ottawa is getting ready to impose a second carbon tax through fuel regulations this summer.

British Columbia currently has a second carbon tax. It costs about 16 cents per litre of gas and 19 cents per litre of diesel. There are no rebates with the second carbon tax.

The more you tax, the less money Canadians have to afford higher-cost groceries. If you think you can raise taxes, skim some off the top and still make people better off with rebates, then I have some ocean-view property in Regina to sell you.

The carbon tax will cost the average family between \$402 and \$847 this year, even after the rebates. That's according to the PBO. That could be a couple weeks of groceries for a family of four, but it's being taxed away.

Lower and middle-income Canadians and households currently experiencing energy poverty, such as single mothers and seniors living on fixed income, will feel the most pain from the second carbon tax. That's according to the government's own analysis.

The higher carbon taxes are layered on top of higher payroll and higher alcohol taxes. According to a recent Leger poll, 74% of Canadians say families pay too much tax.

Fortunately, you can provide relief for your constituents. You can help make life and groceries more affordable. At the very least, you must stop hiking taxes.

Thank you.

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

I understand that Mr. Lee is still on the phone, technically. In the interests of time, colleagues.... I apologize that Mr. Lee is not available. If we get him back, we'll let him provide his remarks and engage.

I don't want to preclude us from moving to questions, so I'm going to start with Mr. Barlow, for up to six minutes.

**Mr. John Barlow (Foothills, CPC):** Thanks, Mr. Chair.

I'm hoping that at the end if there are a couple of minutes to spare, we can ask some other questions to Mr. Lee, if possible.

Thanks to our witnesses. I appreciate Mr. Terrazzano's bringing up *The Last Saskatchewan Pirate*, because there probably is a "Jolly Roger on Regina's mighty shores".

I'm going to start with Mr. Boxall.

You mentioned that Saskatchewan had its most expensive harvest in history, at \$11.5 billion, which was 11% higher than previous years.

Mr. Terrazzano mentioned this, and we have it in some information from Mr. Lee, that diesel fuel is up 76.5%, and input costs for farmers are up 65.1%. This is all from Stats Canada. The carbon tax is going up again on April 1.

What kind of impact is the carbon tax having on Canadian farmers and your ability to remain financially sustainable?

• (1955)

**Mr. Ian Boxall:** It's had a huge impact. It's a cost that comes right off our bottom line. We've seen it go up every April 1 for the last number of years, and we have no control over passing that cost

along or anything. Yes, we can track it. The numbers show that we're somewhere between \$14,000 and \$25,000 in carbon tax for an average farm in Saskatchewan. That's only on the stuff that we can track. We know for a fact that anything that's brought in by rail or by truck has a carbon tax. All the manufacturing of the equipment and all of that stuff has a carbon tax that is just built into the price.

Yes, it is a huge expense. Can we track it exactly to what we are paying? No, but even what we can track has been a huge expense, a huge hit to our bottom line, and it's affected our production for sure, and the livelihood of the farmers.

**The Chair:** Mr. Barlow, I'm going to just stop you, and I'm stopping the clock. We have Mr. Lee back.

Mr. Lee, I'm going to ask you if you could try to put your microphone between your nose and your mouth. We are going to give you another shot.

Mr. Barlow, I'm going to try to give him his five minutes. That way I'm not precluding you from getting questions to him.

Mr. Lee, fingers crossed, I'll turn it over to you, if you'd like to try again.

**Dr. Ian Lee:** Thank you very much. I hope you can hear me now. Is that acceptable?

**The Chair:** You're coming in. We'll go by my view of the translators. Fingers crossed, and over to you.

**Dr. Ian Lee:** Thank you.

I already provided my disclosures about not consulting, not being partisan and not belonging to any political party. I'll cut right to the chase.

I've taught the strategy course for the past 35 years at Carleton, where we analyze individual companies using the audited financial statements, looking at things like gross profit margin, net profit margin, ROIC, inventory turnover and so forth. In that time, teaching it five times a year over 35 years, I've estimated that my students and I have looked at 3,000 to 4,000 corporations, or 10 to 15 per course.

Why I'm telling you about this is that we look at trend data. We've also looked at Loblaws, Metro and Sobeys. Moreover, inter-industry comparisons have been published from time to time in Canada and the U.S. that repeatedly demonstrate that grocery retailing is a notoriously low profit margin industry compared to most other industries.

However, before turning to the issue at hand, I want to address this overarching narrative that has emerged in recent times concerning corporate profitability, because some parliamentarians have criticized the profitability of certain select corporations. I would suggest, in my judgment, that this is a mistake on two levels.



First, Canada and other OECD countries do not regulate wages or prices, and Parliament does not regulate profit margins. There's no act of Parliament that does that. That's the job of competition.

Secondly, the late Harvard economist, Joseph Schumpeter, and Harvard strategy professor Michael Porter have taught us that firms exist to create something of value. This can occur only if firms generate sufficient resources to cover their costs. They have to be profitable.

Indeed, I saw that as a former banker. From time to time I had to put businesses into bankruptcy because they didn't make a profit. They couldn't cover their costs. All the employees were laid off. That's not a good thing.

Where I'm going with this is.... I understand your concern about profitability. Some argue that it's the rate or the degree of profitability. To address this claim, we have to examine the actual evidence-based, audited financial statements of companies that have been so accused.

For the fiscal year ending 2021, the net profit margin for Loblaw's was 3.7%. For Empire-Sobeys it was 2.7%, and for Metro it was 4.5%. These net profit margins may seem very high to people who are unfamiliar with evidence-based analysis. In fact, retail grocery store net profit margins are unbelievably low—absolutely and relatively—compared to the double-digit profit margins in pharma, banking, beverages, automotive manufacturing, chemicals, computers, construction, electronics, entertainment and health care products. I haven't touched all of them.

Why the confusion? The critics are looking only at the end of the food chain and seeing the retail prices of the grocery retailers increasing, and then leaping to the conclusion that the retailers caused the price increases. They didn't, but how do we know?

We turn to StatsCan's empirical evidence. I provided to you an infographic from StatsCan, which was published only in December. It's for wheat-based products only, but most of those inputs identified by StatsCan in fact are used throughout the food chain. Diesel, pesticides and trucking costs each show stunning increases. It's a 34% increase for pesticides, 28% for energy and 20% for trucking.

I'll be wrapping up now.

There's another way to test the allegation of what's being called “greedflation” by those who don't accept the StatsCan data. We can examine food inflation rates only—not general inflation, only food—in other OECD countries. If the grocery retailers in Canada were raising their prices beyond the price increases in their input costs from farmers or wholesalers, it would show up in higher food inflation rates in Canada relative to other OECD countries.

Fortunately, the OECD has just released very fresh comparative food inflation data from only two weeks ago. It shows that food inflation in Canada is not above but below the OECD average. It's below France's, below Germany's and below the U.K.'s.

In conclusion, the evidence-based research from the audited financial statements of Canadian grocery retailers, the statistical data from Statistics Canada and the statistical OECD food price inflation data conclusively demonstrate that the claim of “greedflation” or

excessive price increases by the grocery retailers is factually without any foundation at all.

Thank you.

• (2000)

**The Chair:** Thank you, Mr. Lee. You're right on time.

Let me take one moment to recognize Mr. Epp, who is substituting in today. We have Mr. Longfield and Mr. Naqvi online. Welcome to this committee.

Mr. Barlow, I know we cut into your time. You have four minutes and 15 seconds remaining. The floor is yours.

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

I will carry on with my questions.

Mr. Boxall, the Canada food price index report came out at Christmas, and it said as the carbon tax continues to go up and is tripled, an average Canadian farm of 5,000 acres will pay about \$150,000 in carbon tax alone.

What kind of impact will that have on the sustainability of Canadian agriculture?

**Mr. Ian Boxall:** It will have a huge impact—\$150,000 on a 5,000-acre farm. It's unfathomable that we will get there on a carbon tax alone. It makes my skin crawl to think that's where we'll be, and then to be turned around and not recognized for the work that is done, ensuring that we have proper grasslands and that we have proper management of our farm soil. Farmers are the biggest stewards of the land in this country, and we care more about the environment than we ever get credit for. It really is going to be detrimental to Saskatchewan farmers.

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

Mr. Terrazano, I appreciate your comments as well, and maybe it's the same question to you. You were talking about the impact on trucking and farmers, and those types of things. When that carbon tax is tripled—\$150,000 of carbon tax for an average 5,000-acre farm—I know you can't definitely say what the impact would be, but how are your members going to manage those additional costs? Are they going to have to pass that on to customers?

**Mr. Franco Terrazano:** That's a great question. It's tough to say just how much pain that's really going to cause.

Look, everyone knows that farmers aren't just pools of cash who can continue to pay higher tax after higher tax after higher tax. Really, only two things can happen: either at least some of the costs make their way to the till and hurt families who are struggling to afford the jug of milk or the ground beef; or supply goes down. What happens when we reduce Canadian supply? Prices, of course, go up. Even if we leave the farmers aside for a quick second, we're also seeing the increased costs of delivering those goods to the store—the carbon tax going up, and a second carbon tax coming in. All of this is being layered on top of each other. It's hurting Canadian businesses, but it's also hurting Canadian families.

**Mr. John Barlow:** What impact is the increase in the carbon tax and transportation, fertilizer, inputs, having on groceries specifically? Has the CTF done anything in terms of that? Maybe Ian could answer this question as well.

If the carbon tax goes to that \$150,000, or is tripled, do we have an idea of what the impact will be on grocery prices?

**Mr. Franco Terrazzano:** Well, I think the best analysis that has been done is by the government's own independent budget watchdog, the PBO. It looks at all of the costs from the carbon tax compared to the rebates. This year alone, the carbon tax will cost the average family between \$402 to \$847, even after the rebates. That's an annual cost, and it will continue to go up and up through 2030.

• (2005)

**Mr. John Barlow:** I have an interesting bill here that's actually not from one of my constituents, but somebody else in Alberta, and they're sending me their gas co-op bill. Their natural gas was about \$2.39 per gigajoule, and the federal carbon surcharge was \$2.63 per gigajoule, so actually they're paying more in the carbon tax than they are for the actual fuel. Is this a common story you're hearing from some of your members?

**Mr. Franco Terrazzano:** We hear from so many people, especially during the cold winter months, that it's very difficult to swallow that type of bill, because we're talking about the necessities in life. We're talking about people having to pay more to fuel up their car to go to work or to keep their homes warm during the cold winter months. What's so damaging about the carbon tax is that we are punishing people for the necessities in life.

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

**The Chair:** Thank you, Mr. Barlow. We're at 10 seconds.

Now we have Ms. Taylor Roy for up to six minutes, please.

**Ms. Leah Taylor Roy (Aurora—Oak Ridges—Richmond Hill, Lib.):** Thank you very much, Mr. Chair, and thank you to the witnesses for being here today.

I found it very interesting, Professor Lee, to hear you talk about evidence-based research. As one of the facts you used, you said that there could be no “greedflation”, or there could be no excess profits, because Canada's food inflation is below the OECD average, yet our other two witnesses are arguing that it is in fact the Canadian price on pollution that is causing this food inflation.

I'm interested to hear, from an evidence-based perspective, how those two things reconcile. How is it that our food inflation is less, with our price on pollution taken into consideration, than the

OECD average, yet the price on pollution is being blamed for the increase in food prices?

**Dr. Ian Lee:** They're two different issues. The OECD average, of course, is the average of the different countries, and we are below the average, because there are countries above the average. I specifically cited France, the U.K. and Germany, which are significantly higher. Their cost structure is even higher than Canada's. I haven't looked that deeply. I've certainly looked at European countries, and especially Germany and the U.K. They have a higher—

**Ms. Leah Taylor Roy:** I understand that, Professor Lee, but you use that very fact to say there could be no excess profits in Canada because we're below the OECD average. I don't know how it can be argued one way and the other.

I want to go back to some evidence-based research.

I was looking, Mr. Terrazzano, at the increase in the price of a litre of gasoline between 2021 and 2022. In fact from May 2021 to May 2022 it went up about 61.2 cents on average across Canada. During that same period, the price on pollution increased by 2.2 cents per litre. That left about 59 cents of increase in the average cost of gasoline across Canada. It seems to me that's less than 3% of the total price increase, so why is it that you are saying the entire problem lies with the carbon price on pollution?

**Mr. Franco Terrazzano:** Oh, it's not the entire problem. We also saw the Bank of Canada print hundreds of billions of dollars right out of thin air, so it's not the only problem.

I mean, look, the whole point of the carbon tax, the whole—

**Ms. Leah Taylor Roy:** No, I don't.... Excuse me, but I'm asking a specific question—

**The Chair:** Excuse me here, Ms. Taylor Roy.

Mr. Terrazzano, it is the member's time. I will certainly allow her to ask a question. There is some natural jostling back and forth, but if the member would like to go down a different line of questioning after you've had an adequate chance to respond, I have to let her do that. We will try to make sure we institute that accordingly.

Ms. Taylor Roy, I'm going to turn it back to you.

**Ms. Leah Taylor Roy:** In fact, when you look at the charts, what made up the increase was crude oil prices and wholesale margins on refining. It wasn't the Bank of Canada printing money. It wasn't the price on pollution.

How do you explain that?

**Mr. Franco Terrazzano:** The whole point of the carbon tax, with respect to the member, is to increase the price of gasoline. Quite frankly, I think the government must be patting itself on the back every time it drives by a Shell station and sees high gas prices—

**Ms. Leah Taylor Roy:** Excuse me, Mr. Terrazzano, but you're not answering the question, once again. I asked you about the 59-cent increase in the average price of gasoline over that period. While 2.2% was due to the price on pollution, 59 cents was due to the increase in crude oil prices and wholesale margins, so why aren't you focusing on that issue when you're talking about the increase in prices?

• (2010)

**Mr. Franco Terrazzano:** Well, with respect to the member, I think members of Parliament should control what they can control, and the number one thing that you can control is how much tax you take away from struggling families, many of whom are worried about both the price of ground beef and a jug of milk and how they're going to fuel up their car on the way to work, and—

**Ms. Leah Taylor Roy:** Thank you. It's not my position, but thank you very much. It's a minimal amount of the increase there, but that's interesting to note.

I also want to go back to you, Professor Lee, about the emphasis that's being put on the profit margin. I don't see consumers going to grocery stores and talking about profit margins. I see them talking about actual prices, and when shareholders and executives are getting compensated, they're getting compensated in dollars that are coming from the absolute profits that are being made by these grocery stores, these chains, not by the profit margin.

Just so you understand, I have a background in finance and business, so I understand the evidence-based research, but why is it that you feel that creating shareholder value and focusing only on shareholder value and not on the other stakeholders—like the customers or the people who work in the stores—is a valid way to operate a business?

**Dr. Ian Lee:** Well, actually, I don't. For 35 years I've taught what Michael Porter believes and Joseph Schumpeter believed, which is that firms do not exist to make profit. They do not exist to maximize shareholder wealth. I've been teaching this in every course for 35 years. Firms exist to create a product or a service that we consumers want to buy, and if they are successful at value creation for the consumer, then, yes, their profits will go up and their market share will go up, but that is an outcome of successful value creation.

No, I do not celebrate shareholder-value maximization. I've been a critic of it for a third of a century. The purpose of a firm is to create products or services that you and I wish to buy and then to try to differentiate its products, through innovation, to do that, and to create a better mousetrap or a better iPhone.

**Ms. Leah Taylor Roy:** Yes, okay. Thank you very much, Professor Lee.

**The Chair:** Thank you, Ms. Taylor Roy.

Unfortunately, we're at time. Thank you, Professor Lee.

[*Translation*]

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

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

I'd also like to thank the witnesses for being here.

Mr. Terrazzano, I got the gist of your speech about carbon pricing. Countries obviously need to strike a balance between imposing measures to reduce pollution and, as you explained it so well, not bringing up the inflation rate by imposing a tax when there's no other alternative.

The committee has considered Bill C-234, and it's currently on third reading in the House. If it passes, the farming community will have access to more exemptions for things like drying grain and heating certain buildings.

Do you feel the bill will address some of the issues?

[*English*]

**Mr. Franco Terrazzano:** I'm very supportive, yes. Thank you.

I mentioned a Parliamentary Budget Officer report that noted that the carbon tax on propane and natural gas will cost farmers about \$1 billion through 2030. I think that it is a very good step in the right direction to help provide some relief at a very important time.

[*Translation*]

**Mr. Yves Perron:** The challenge is striking a balance. Action must be taken to reduce greenhouse gas emissions. If we do nothing to protect the climate, in a few decades global warming will be even worse. At that point, the inflation rate could go up again.

Do you feel it's possible for a government to take steps like those in Bill C-234, which lessen the carbon tax impact on certain sectors and keep it in others? It would send a message in those sectors for which there are alternative solutions.

[*English*]

**Mr. Franco Terrazzano:** I understand that everyone in this room really cares about the environment, including our panel members who are not in this room. We heard the Saskatchewan panel member who represents the ag industry there talk about how farmers really care about the environment and how they want to continue to innovate and invest in technology to help the environment.

I just don't think that hammering farmers with thousands of dollars in higher taxes is really a good way to help the environment. If we take more money away from farmers, who are just trying to survive and put food on our table, then they will have less money to reinvest in their operations and new capital.

• (2015)

[*Translation*]

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

Mr. Lee, you made several arguments that the grocers' profits were not inordinate, and the committee members want to believe that.

I'll repeat the questions we asked the industry leaders at the previous meeting. The committee has no information and is looking at raw numbers. As a university professor, you have more in-depth knowledge than we do. Our job is to conduct a study on the issue. However, we don't have access to the data, so we've asked these executives to provide the Competition Bureau with the detailed numbers they can't release to the public. That way, we'll have access to the data and we'll be able to conduct a serious study. Do you feel that's a reasonable request?

The Competition Bureau can't currently compel someone to give them information. Do you believe we should increase its powers so that it can get that information?

[English]

**Dr. Ian Lee:** Well, remember that all publicly traded companies, meaning those listed on the Toronto Stock Exchange or the New York Nasdaq, are required by law—and have been for decades—to disclose and provide audited public statements to the public.

I was on there this morning and looking at the audited annual reports of all three companies—Loblaws, Metro and Sobeys—for 2021 and 2022. The data is there. It's as clear as day. Net profit margin is not some mystical magical number. It's one of the core numbers used when one evaluates companies from one industry to the next, along with gross profit margin and the return on investment capital. These numbers are not secret.

When I said they're low, well, they just empirically are. There's the net profit margin, for example, of food processors, wholesalers, and it's in the teens for food processors. Banks, pharmaceuticals.... An industry—

[Translation]

**Mr. Yves Perron:** Mr. Lee, I'm sorry to interrupt you, but I'd like to make a clarification with respect to profit margins. In response to questions from committee members, the witnesses told us that it was pharmacy sales that drove profits.

You're right, the financial statements are public, but I'm talking about breaking down the data. We're not asking that they be released to hamper competition, only that they be shared with the Competition Bureau. All I want to know is whether you think that request is reasonable.

[English]

**Dr. Ian Lee:** I'm not sure. The Competition Bureau looks to determine if an industry is too concentrated as opposed to fragmented. Those are the two terms. A fragmented industry is where you have many competitors. With regard to the grocery industry—and I just looked up that data again this morning—there are over 20,000 establishments in Canada according to StatsCan. Compare that to telecom, where there are three.

Now that's a concentrated industry. That's oligopolistic. However, in grocery retailing, there are thousands of companies. It's not just those big three that we talk about. There are Whole Foods,

Costco, Walmart and so forth, so there's a great amount of competition.

[Translation]

**Mr. Yves Perron:** Mr. Lee—

**The Chair:** I'm sorry, Mr. Perron, but your time is up. Thank you for your questions.

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

[English]

**Mr. Alistair MacGregor:** Thank you very much, Mr. Chair, and thank you to our witnesses for helping guide our committee through this study.

I think I would like to start my line of questioning with the Canadian Taxpayers Federation. I want to expand a little on Ms. Taylor Roy's last number of points.

One of our witnesses in a previous panel was Jim Stanford, who provided our committee with some helpful graphs. I know your position on carbon pricing. I think that's no secret to anyone who has read your briefs on this. However, he was presenting data that showed that since 2019, oil and gas extraction has seen its net profits go up by over 1000%. Petroleum refining has seen its profits, since 2019, go up by 40%.

I understand your position on carbon pricing, but do you not think it's a bit of a disservice to Canadians if you're focusing only on carbon pricing and not talking about how those other net profits, those massive increases, are also affecting our farmers and what families are paying at the pump? Do you not owe it to Canadians to maybe broaden your narrative to talk a little more wholeheartedly about some of those other factors and how they're causing families a lot of pain at the pump and at the grocery store?

● (2020)

**Mr. Franco Terrazzano:** My question, to properly answer yours, is this: What would you be recommending? When I hear that type of questioning, the first thing that comes to mind is a new tax. I have never heard of a new tax that will make groceries more affordable. In fact, tax increases make everything more expensive.

I'm very concerned whenever I hear that type of questioning. Of course, I've spoken to the person you mentioned before. We reject a tax hike. We categorically reject tax hikes. We don't see the problem today as Canadians not paying enough tax.

**Mr. Alistair MacGregor:** Let me hold you there on that point. You're not in favour of our going after large profitable corporations. That's fine. Does the Canadian Taxpayers Federation have any position on the fact that in 2021, corporations paid \$31 billion less in tax than they should have? Do you not have any opinion on how that gap in revenue is passed down to working families, forcing them to shoulder more of the burden?

**Mr. Franco Terrazzano:** To that I would answer that the number one thing you have to stop doing is handing big corporations big buckets of cash. Stop the corporate welfare. What we have seen, unfortunately, especially from the pandemic, is taxes raised on families who can't afford it, who may have lost their jobs, taken pay cuts, maybe even lost their small businesses. Now you have families who are struggling to afford the price of groceries, and we continue to see taxes go up and more announcements of the government handing buckets of cash to big corporations. We are categorically against that corporate welfare.

**Mr. Alistair MacGregor:** Corporate welfare.... I'm glad that we can agree on that point. I think that's a good point to end this line of questioning on, so I appreciate that.

Mr. Boxall, I'd like to turn to you. Thank you for appearing before our committee and providing the view from Saskatchewan. I appreciate the emphasis you placed on the grocery code of conduct, the need for that accountability and transparency.

Can you elaborate a little? We have heard from other producers and processors, but I'd also like to get your point of view. We know the grocery sector in Canada is quite concentrated, with roughly 80% of the market dominated by only five companies. You emphasized the fact that farmers are price-takers, that you don't have a lot of leeway because of your input costs. I think a lot of them are also influenced by the high fuel prices mentioned in the line of questioning I just had with the Canadian Taxpayers Federation.

Have you seen specific examples of the dominance in the grocery sector? How have grocers used that to unfairly influence their dealings with you and with other producers?

**Mr. Ian Boxall:** Hearing stories about unfair trade when we have produce shipped to the big grocers, and the penalties that are paid for timely delivery, and all of that stuff, has been an issue. We just want to ensure that....The grocery code of conduct will get us there. It doesn't matter if you're a ma-and-pa grocery store in a small town in Saskatchewan or one of the big three in the city. We're all on the same playing field.

It's the ability to have access and transparency around what the penalties are for delivery issues, or where we are when it comes to the delivery of food from producers and wholesalers. It works only when you're delivering the food product, which farmers don't. We just produce the natural ingredients, like from my farm. You then get to greenhouses, and some of those other ones. They need to ensure they have transparency around all the "what if's they could face.

**Mr. Alistair MacGregor:** Do you get quite a shock when you go into a grocery store? You know what you've been selling your products for, and then you see the markup.

**Mr. Ian Boxall:** I do. That's why we're going to do this research into the farmer's share of the food dollar. I do get a shock.

I don't blame it solely on the carbon tax, but the carbon tax does have an effect on almost every link in the supply chain. As we know in Canada, if it's on a grocery store shelf, it was brought in by a train or truck, which has a carbon tax.

Do I blame all of it on that? No. Our input costs are huge right now on fertilizers, fuels and chemicals. The margins those guys are making are ridiculous as well. It's not the only reason, but it is one.

• (2025)

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

Colleagues, we're pushing our limits on time again. In the interests of trying to make sure we are respectful of our folks here driving the meeting, we'll shoot for about three to three and a half minutes for the Conservatives and the Liberals. It will be a minute and a half to two minutes again for the Bloc and NDP. That way, we'll get a second round.

[Translation]

Mr. Lehoux, you have the floor for three and a half minutes.

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

I'd like to thank the witnesses for being with us this evening.

This is directed at all three witnesses. We just spoke about the code of conduct. Do you think the code is really important? When we talk about implementing it, many people bring up the fact that it's voluntary. Do you feel it's a good idea for it to be voluntary? Would it still be worthwhile? Should it be mandatory instead?

[English]

**Dr. Ian Lee:** Yes. I have dealt with this question in my classes, as you can imagine. I don't think you should be regulating that. If we want to drive down prices, we know the answer. We've known it for 300 years. You introduce more competition. More firms drive down prices. A smaller number of firms allows prices and margins to be pushed up.

Secondly, in terms of the code of conduct, I'm not advocating that anybody act unethically. I've been dealing with business for 40 years. I don't know anybody in the corporate world who comes to work and says, "I'm here to exploit and hurt some employees."

[Translation]

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

Mr. Boxall, do you believe the code of conduct should be mandatory or voluntary?

[English]

**Mr. Ian Boxall:** It can be voluntary, and they can sign on. Let's educate Canadians on what the code of conduct could do for them. I guess at that point I will decide which grocer I will shop from. Which one is going to treat the suppliers appropriately?

[Translation]

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

[English]

**Mr. Franco Terrazzano:** If you want, I can take a slice of humble pie. I can't really add any more to what has already been said.

[Translation]

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

We've talked a great deal about carbon pricing, and you support Bill C-234, Mr. Terrazzano.

We've often been told in the House of Commons that it doesn't apply, especially to Quebec. On the contrary, I think it has a direct impact, because we have our own tax system in Quebec. When we purchase products like propane or natural gas, we add a surtax.

Do you feel it will be a lose-lose situation for Quebec because we're going to be taxed twice?

[English]

**Mr. Franco Terrazzano:** We certainly support the piece of legislation that would remove the carbon tax on farm propane and natural gas.

Specifically, about your question regarding Quebec, I'm not sure I have a great answer for you today. I'm happy to follow up and discuss that. I do know, however, that fuel taxes in Quebec are particularly harmful.

[Translation]

**The Chair:** You have 30 seconds left, Mr. Lehoux.

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

Mr. Boxall, you mentioned a lack of transparency several times. We've just heard that the code of conduct will help correct that. Do you have any other suggestions for the committee to improve transparency about price increases?

[English]

**Mr. Ian Boxall:** I think there needs to be some transparency around the meat sector. When a farmer produces a cow, it goes to a slaughter plant and it shows up on the grocery store shelf and in the prices we're paying there. That's an easy one to look at. With that one I think there are lots of links in the supply chain that could be researched.

Then, when it comes to the farm gate, what is the price of fertilizer? What base is the price of fertilizer, when most of it's made here in western Canada and the prices we are seeing are record highs?

I think there are other avenues you could look into.

[Translation]

**The Chair:** Thank you very much, Mr. Boxall and Mr. Lehoux.

Welcome to the committee, Mr. Longfield. The riding you represent, Guelph, is recognized for its many farming operations.

You have the floor for three and a half minutes.

[English]

**Mr. Lloyd Longfield (Guelph, Lib.):** Thank you, Mr. Chair, and thank you to the witnesses.

I want to focus on what I think is a connection between what Mr. Boxall was saying and what Mr. Lee was saying in terms of looking at the supply chain. I'll start with Mr. Boxall and then go over to Mr. Lee, with the time I have left, on vertical integration of some of the systems we're talking about.

Mr. Boxall, I love the idea of the grocery code of conduct, but it is part of the overall supply of food. You're at the very starting point of it, and the price of seeds has also gone up, as has everything else, for your inputs. Then we have the transportation sector and then the wholesalers and distributors.

You mentioned some of the policies around.... I talked to some of the farmers around my area, who have said that some of the large chains will hold back payments, pay on 120 days, pay lower margins and really squeeze the people who are supplying them.

Could you maybe comment on what we could do to address the food pricing system as an overall system?

• (2030)

**Mr. Ian Boxall:** It starts right from the inputs we buy at the farm. Let's get some transparency around that and look at every link in the supply chain. We don't have a huge greenhouse sector here in Saskatchewan for me to speak exactly to the grocery store code of conduct, but I do understand that transparency around the behaviour of big corporations dictating how they are going to treat suppliers is an issue.

Yes, maybe there are thousands of grocers in this country, but they are not treated the same and they do not treat their suppliers the same. I think having some transparency around how that works would be great, but I also think we can start right at the farm gate. Let's get some transparency in the whole supply chain, which would have a—

**Mr. Lloyd Longfield:** I'm very limited on time. We just don't have time. I'm sorry.

Also, on the credits coming back with the carbon pricing system we have in place, the additional credits going to rural communities or people in rural areas, I think there's also an opportunity for carbon accounting on the soil, and if you're sequestering carbon you should be getting credit for it. There's a delta there. You're paying a tax. You're getting a credit. We don't talk about the credit so much.

Could you maybe comment very quickly on that? We don't have many seconds left.

**Mr. Ian Boxall:** I don't think we are there yet, where we are being recognized for the credit side of it. I would like to see money going into research to ensure and figure out where the carbon is being sequestered. Let's take research money and put it into figuring carbon sequestration and not a tax.

**Mr. Lloyd Longfield:** The University of Guelph would love to hear that, and so would the University of Saskatchewan, because they can do these things.

**Mr. Ian Boxall:** Absolutely.

**Mr. Lloyd Longfield:** Professor Lee, regarding the vertical integration, we have systems now in which we have suppliers throughout the chain owned by the same types of corporations and sometimes the same corporations. Could you talk about what vertical integration has done to the price of food?

**Dr. Ian Lee:** I haven't studied vertical integration and its consequences in the food industry, but I've certainly studied it. In fact, I teach it. I just did my class on this.

With vertical integration in major economies—mostly in the States—the trend is towards de-integration because of market forces, and I don't have time to go into all the reasons. The reason we have so much vertical integration in agri-food in Canada, I think, is the lack of competition. It has sheltered companies and allowed them to vertically integrate, and I think it's fair to say that the research shows that companies that are vertically integrated are able to impose more market discipline and control over prices and to make more money.

Ideally, I think we want to encourage de-integration, whereby a firm will sell off its subsidiaries that are upstream more than the downstream ones.

**Mr. Lloyd Longfield:** I agree 100%. Thank you, sir.

[*Translation*]

**The Chair:** Thank you very much, Mr. Lee and Mr. Longfield.

Mr. Perron, you have the floor for 90 seconds.

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

Mr. Boxall, I really enjoyed your opening remarks. You talked about making food security a priority. I have two quick questions for you, and I'd like your responses to be brief.

You talked about recognizing innovation. Should countries recognize and financially support environmental innovation in farming operations on a permanent basis?

You also spoke of price fixing mechanisms. Other witnesses have told us that it was urgent that the Competition Bureau conduct an investigation into that. What are your thoughts on that?

• (2035)

[*English*]

**Mr. Ian Boxall:** We need research into carbon. Farmers care. We care about the environment. I had a little trouble with the interpretation on the question—I don't remember mentioning price-fixing in my introduction—but I do believe we care about the environment. We have for generations.

In saying that, at no time should a policy affect production. At the end of the day, when Canada's products are needed and wanted in the world, we need to ensure that food production is top of mind, and then possibly environment is second.

[*Translation*]

**The Chair:** Thank you very much for keeping your questions and answers brief, Mr. Perron and Mr. Boxall.

Mr. MacGregor, you have the floor for 90 seconds.

[*English*]

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

Mr. Boxall, I'll turn to you for my last question. It's also dealing with the Competition Bureau. We had them before our committee as witnesses. They were explaining that on the allegations of bread price-fixing, they're still investigating that matter. The allegations came forward and they started in 2017. It's 2023. They're still under investigation.

Do you have any thoughts on whether Canada needs a strengthened Competition Bureau, with more resources and a better mandate, to just make sure that in heavily concentrated marketplaces there's a bit more refereeing going on? Maybe that works in tandem with a grocery code of conduct, but with a bit more refereeing going on.

Do you have any thoughts on that?

**Mr. Ian Boxall:** Absolutely. I think that would work right in tandem. I think the Competition Bureau needs more resources, and also probably needs more teeth. I see it at the CTA as well. If you want to talk about transportation issues in our country, I think the CTA needs more resources and more teeth too, which could help with some supply chain issues.

Those are two areas that I think could help for sure.

**Mr. Alistair MacGregor:** Thank you.

I'll leave it there, Chair.

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

I'm just going to ask Professor Lee one very quick question.

Thank you for preparing this document that was made available to the committee members. You referenced Loblaw's margins being about 3.7% and Empire's 2.7%. I think you introduced important testimony about food price inflation elsewhere in the world, right? This is a very nuanced conversation even within our own country, but then you lather on other jurisdictions to help give some comparative examples. That doesn't make the issue go away here, but it does give context.

Do you have any sense of what retail margins would be for large supermarkets similar to Loblaw's or Empire in other jurisdictions? Have you done any research in that domain?

**Dr. Ian Lee:** I've only looked at the U.S., but I've certainly looked a lot at the U.S. I'm talking grocery retailing. It's a very popular industry to study in strategy classes with students—that and airlines.

In terms of profit margins, I'm talking percentages. We're not talking dollars, because of course the U.S. is 10 times bigger. When you look at the margin, the ratios and the percentages, they're astonishingly similar at the grocery retailing level in the States versus Canada. It's a remarkable similarity.

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

Thank you, colleagues.

On behalf of all of you, let me thank Professor Lee, Mr. Boxall and Mr. Terrazzano. Thank you for your testimony today and for driving into our study.

Just before you go, colleagues, on Wednesday we will be in camera, studying global food insecurity. That's the second round of that report. Please come prepared to discuss that.

Next Monday, our intention will be to continue with this study. I believe, Madam Clerk, we have confirmed that the CEO from Walmart will be joining us for the first hour. For the second hour, we will go in camera to continue the third round of the global food insecurity report, and we'll give some reflections to our analysts to get them started on this report, so at least we can get them moving in that direction.

Finally, with your indulgence, given the fact that the budget is coming on Tuesday, there is lots for us to pore over, as members of Parliament. I would propose that we break on that particular day and then come back at it in earnest in April, unless there are some strong objections to that. We can discuss it before heading into next week, if you'd like.

I don't see any strong objections. That will be the pathway we take. We'll see everyone on Wednesday.

Thank you to our witnesses.

The meeting is adjourned.

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