



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

44th PARLIAMENT, 1st SESSION

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# Standing Committee on Agriculture and Agri-Food

EVIDENCE

**NUMBER 092**

Thursday, February 15, 2024

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Chair: Mr. Kody Blois





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• (1100)

[*Translation*]

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

Welcome to meeting number 92 of the House of Commons Standing Committee on Agriculture and Agri-Food.

I'm going to start with just 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. I note for your information that the webcast always shows the person speaking rather than the entirety of the committee.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on Thursday, November 2, 2023, the committee is resuming its study on the challenges facing the horticultural sector.

I would now like to welcome the witnesses who will be with us for this first hour.

[*English*]

We have Ron Lemaire, who is no stranger to this committee. Ron, welcome. Ron is going to be participating virtually today. He's from the Canadian Produce Marketing Association.

From the Fruit and Vegetable Growers of Canada, we have Stefan Larrass, who is the chair of business risk management, and from my home province of Nova Scotia and right from the Annapolis Valley, we have, from Horticulture Nova Scotia, William Spurr, who is the president and a hell of a farmer.

It's great to have you here in Ottawa.

We're going to start with five-minute opening remarks from each organization.

Mr. Lemaire, it's over to you for five minutes, my friend.

**Mr. Ron Lemaire (President, Canadian Produce Marketing Association):** Thank you, Mr. Chair, and good morning, committee members. I want to thank the committee for the opportunity to speak on the issues impacting Canada's horticultural sector.

CPMA, as you know, represents 850 companies growing, packing, shipping and selling fresh fruit and vegetables, and is responsible for 90% of the produce sales in Canada. In 2023 the Conference Board of Canada pegged our sector's contribution to the national GDP at almost \$15 billion and found that the fresh produce supply chain supported over 185,000 jobs in rural and urban communities across the country.

The issues impacting the fresh produce supply chain are diverse and complex. First, fresh produce consumption is declining. This is a concern. Government support is needed to keep produce accessible to Canadians and make it easier for Canadians to meet Canada's food guide recommendation to fill half your plate with fruits and vegetables.

Year over year, consumption rates have decreased as food prices have increased. Canadian adults should be eating seven or more servings of fruits and vegetables daily, but recent reports found that 34% of Canadians are consuming just one or two servings per day. In fact, the latest Stats Canada numbers show that almost 80% of Canadians over the age of 12 are eating less than five servings a day.

There are both health and economic consequences to these trends. A recent report by Professor Krueger at the University of British Columbia found that as fruit and vegetable consumption has decreased, the economic burden attributed to low consumption in Canada has increased to close to \$8 billion annually, a 60% increase since 2015. Supporting access to nutritious produce, including through a national school food policy and school meal program, could contribute significantly to Canadians' health and well-being, while also decreasing the government's health care spending.

Second, increasing overall access to fruits and vegetables across Canada requires government programs and policies to address the regulatory burden and significant challenges impacting our sector's ability to produce and distribute fresh fruits and vegetables, such as the availability and costs of labour, production costs, transportation and border access. The national supply chain office and the development of a national supply chain strategy are important opportunities for more effective cross-government collaboration to help ensure that Canadians can continue to put our essential products on their table.

Third, it is crucial to recognize the costs of adjusting our supply chain to meet the challenges posed by emerging sustainability and environmental policies. CPMA members have been showing leadership in addressing such areas as biodiversity, greenhouse gas emissions, carbon sequestration, food loss and waste, renewable energy, soil health, water conservation and much more. The fresh produce sector has also undertaken significant efforts to align with the government's zero plastic waste agenda. Since 2019, our sector has experienced a 17% decrease in plastic volumes due to industry programs to address the government targets. However, the produce industry remains concerned with recent ECCC proposals related to the fresh produce packaging elimination strategy and targets that are impossible to meet for our sector.

We are keen to work with the government to support and build on industry's substantial efforts with regulatory and policy initiatives that align with global practices and policies to ensure the sustainability and competitiveness of the agri-food industry, offer incentives for industry efforts, provide secure access to safe food for Canadians and do not create unintentional food waste or increase the carbon footprint of the Canadian food supply.

I would be remiss if I did not mention financial protection for produce sellers and the grocery code of conduct. CPMA is greatly appreciative of the support shown by all committee members for Bill C-280. We hope you will strongly encourage your Senate counterparts to prioritize the passage of this important legislation. Also, as an interim board member of the code, I can attest to the fact that everyone continues to work hard to introduce a voluntary code that is uniquely Canadian.

As noted earlier, the issues impacting our sector are very complex. We need to take a full food system approach. We have shared with the committee our list of recommendations for the 2024 federal budget. These recommendations include areas not covered in my remarks.

I would close with this: The government needs to make food a federal priority and promote effective policies to support the production and movement of perishable items like produce to ensure the long-term viability of the fresh produce supply chain in Canada.

• (1105)

Thank you very much for the opportunity to join you today. I'm happy to answer questions later.

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

We will now turn to Mr. Larrass for up to five minutes, please.

**Mr. Stefan Larrass (Chair, Business Risk Management, Fruit and Vegetable Growers of Canada):** Thank you, Mr. Chair. It is a pleasure to present to this committee today, and it's icing on the cake that I get to do it with Ron. It's good to see everyone.

My name is Stefan Larrass. I'm the chair of the business risk management working group at the Fruit and Vegetable Growers of Canada.

I will do my best today to provide you with the collective perspectives of our 14,000 farm members who grow fruits and vegetables across the country today.

I know this committee is examining issues affecting the horticultural sector. The critical issue for our sector that I will focus on today is financial viability.

A 2022 survey conducted by our association revealed that 44% of our growers are operating at a loss and that 77% can't offset production cost increases. Our findings are consistent with AAFC's analysis of recent farm income trends at the sectoral level.

There are several headwinds I want to speak to that are causing this financial challenge, the first one being inflation on input costs. Consumers are experiencing 15%-20% increases, commonly, in many of their grocery prices. What they often don't know is that this includes the share of the retailer and wholesaler as well, and not just the farmer. What consumers definitely can't be expected to know is that farming input costs, like nitrogen fertilizer, have increased by as much as 128%, and diesel by 110%, and natural gas by 85% between 2020-2023.

Labour costs are typically the largest operating expense for fruit and vegetable farms, which often rely significantly on manual labour, due to the sensitivity of our crops, as you are well aware. When the federal government projects that the only major input cost that isn't stabilizing or declining in the foreseeable future is labour, this is particularly worrisome for our sector, because it will impact our farms' bottom line five times more than others, like livestock and grains.

The other headwind is asymmetrical regulatory burden and support compared to our competitors.

I will start with some questions.

How much do we expect ourselves to know about the environmental regulations for blueberries from Peru before we buy them, or for grapes from Chile? How much can we expect to know about the labour regulations for raspberries or tomatoes from Mexico before we buy them? How much should we expect ourselves to know about the financial support levels for U.S. farming imports before we buy American lettuce or cauliflower?

Obviously, we can't ask consumers to reflect on this, when all they want to do is buy food for their families and contain their growing grocery bill. Groups like this and policy-makers need to reflect on these questions because they matter.

The answers explain so much about why many of our Canadian growers find themselves struggling to keep up with our international competition. For example, when it comes to financial support, the U.S. provides twice as much as Canada to sectors that are outside of the supply management system. When it comes to environmental regulations, research like the 2020 study by the Fraser Institute showed that Canada ranked well ahead of import competitors like Chile, for example, on important issues like pesticide use. The only countries more stringent than Canada in this study were European countries, and they happen have twice as much support level as Canada.

Again, I don't think we can expect people to know all of the regulations or support levels that surround each fruit or vegetable being put into their grocery cart. We do know that Canadians—and we know this for sure—care to know that whatever is grown in Canada is grown at the highest level of care, responsibility, and due diligence, whether we're talking environmental standards, labour laws or otherwise, and that is entirely fair and appropriate.

The question I hear from growers that I want to share with this committee is this: If we can't force other countries to raise their regulations to meet ours, but we allow their blueberries to be sold next to ours, and if we can't force other countries to lower their financial support to our levels, but we allow their subsidized lettuce to be sold next to ours, can we really be that surprised that many of our domestic growers report they can't keep up and are facing a financial crisis as a result of the recent inflation input costs?

I will conclude with this question. What can be done? I know this committee is examining crop insurance and one-off programs. I will conclude on those two themes by starting with a quote from Alan Ker, who is a researcher at the University of Guelph and the managing editor of the Canadian Journal of Agricultural Economics. He said:

Note that AgriInsurance is mainly for field crops whereas AgriStability is mainly for livestock operations.

Moreover, the horticulture sector which faces significant product quality variability does not fit either program.

That's the challenge that I welcome for discussion. AAFC analysis shows that not only does our sector have significant gaps in the crops that have crop insurance available to them, but even for crops where coverage is available, the uptake is, on average, significantly lower than in the cash crop sector. This reflects the difficulty to develop effective insurance products for the 120 crops in our sector.

• (1110)

The difficulty in establishing a crop insurance product is a cautionary signal for anyone hoping that revenue insurance will be a silver bullet for our sector, since revenue insurance essentially relies on a given commodity having an underlying crop insurance product.

Our growers have made it clear that AgriStability needs to be fixed to make it effective, particularly for those with insufficient or no crop insurance options. The program's trigger level needs to be returned to 85% of a farm's historical reference margin. Our growers believe that while AgriStability remains at the current 70% trigger level, there is a significant opportunity for the federal govern-

ment to provide additional support to this sector in the short to medium term.

Provinces like Ontario and Quebec have shown that sector-specific solutions are possible. Our growers are looking to the federal government to work with provinces and territories to develop or enhance regional solutions that address the financial challenges experienced in our uniquely diverse sector.

With that, on behalf of Canada's fruit and vegetable growers, I would like to thank you for the opportunity to share our perspectives.

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

We'll now turn to Mr. Spurr from Horticulture Nova Scotia for up to five minutes.

**Mr. William Spurr (President, Farmer, Horticulture Nova Scotia):** Thank you.

Honourable members of the standing committee, I thank you for inviting me here today.

I am here as an advocate for agriculture and as a concerned farmer who is invested in the overall health and well-being of our industry.

Before I delve into the challenges facing Nova Scotia horticulture, allow me to provide some context about myself.

As mentioned, I'm William Spurr, president of Horticulture Nova Scotia, and I'm a farmer. My family farm is a fifth-generation farm that grows onions, carrots, potatoes, winter wheat, apples, pears, peaches, garlic, strawberries and more. I mention this to emphasize the diversity of our farm and of most horticulture farms in Nova Scotia.

Reflecting on the past of not that long ago, I cannot help but recall a time when I was optimistic and enthusiastic about farming. Agriculture in our province seemed to be at the top of its game. The apple industry was thriving, the wine industry was making a name for itself on the international stage and the horticulture sector was adapting and investing in new equipment and technology. It was a time of prosperity and promise, fuelled by innovation and good yields.

However, in recent years, I've witnessed a troubling trend. Over the last few years, it feels as though we are heading downhill at a very fast pace. Last year was especially extremely challenging. The rain, the polar vortex, the winds and the fire wreaked havoc on our farms. This served as a stark reminder of how fragile our agriculture industry really is.

Aging demographics, rising costs and climate change, with increasingly unpredictable weather, threaten to undermine the progress we have made and jeopardize the future of Nova Scotia agriculture.

Access to healthy food is fundamental to maintaining a healthy population. As farmers, we play a critical role in ensuring that fresh, locally grown produce is readily available. We face challenges of food security and limited access to affordable healthy foods. We need to get the cost of production down. It is imperative that we work together to address these issues and create a food system that prioritizes local, healthy and accessible foods.

We need to invest in agriculture. Farmers face numerous obstacles. Rising input costs and labour costs are major concerns going forward. By investing in agricultural innovation and technology, we can strengthen, compete and help farming families in rural communities.

I cannot talk about agriculture without talking about the environment. The health of our environment is paramount to the long-term prosperity of Nova Scotia agriculture. Climate change poses a grave threat to our agricultural lands, with more frequent extreme weather events. As stewards of the land, we must prioritize sustainable farming practices that mitigate greenhouse gas emissions, conserve soil and water resources, and preserve biodiversity, but we need help to do this. We need to advocate for policies and initiatives that prioritize the production, distribution and consumption of locally grown foods that are environmentally sustainable.

I also must draw attention to the pressing issue of business risk management programs, which are currently failing to adequately serve our horticulture sector. Despite the diverse nature of our farms, existing BRM programs struggle to accommodate this diversity, making it challenging for farmers to access the support they need.

The reduction of AgriStability triggering compensation levels has left our sector very vulnerable to climate change impacts, with only a small fraction of horticulture acreage covered by existing production insurance. As we anticipate more severe weather events in the future, the inadequacy of current BRM programs becomes even more apparent.

In conclusion, the health of Nova Scotia agriculture requires help. I urge you to prioritize policies and investments that support agriculture sectors and promote healthy local food in Nova Scotia and Canada.

• (1115)

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

We'll now turn to questions from our colleagues. We're going to start with the Conservatives.

I believe Ms. Rood is up first for up to six minutes.

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

Thank you, witnesses, for being here today.

Mr. Lemaire, you touched on plastics a little bit. We've heard that the new plastic ban is going to cost grocery retailers at least \$6 bil-

lion. I'm just wondering if you could tell us how that figure may have been arrived at. How would the loss of plastics affect packaging costs?

**Mr. Ron Lemaire:** That's a very conservative estimate of the cost to grocers. The number was derived through work that we've done as an industry with Deloitte to understand what the cost of food will be based on the elimination of plastics.

This isn't single-use plastic; these are plastics that could be recycled and put into a circular economy. We're anticipating that if we were to eliminate the technology from our sector, there would be upwards of a 34% increase in food costs. Even beyond that, there would be a dramatic impact on greenhouse gas emissions.

Food waste is a concern of Canadians at this time. The affordability of food has been noted by one of the other witnesses.

**Ms. Lianne Rood:** You did touch on the fact that it's going to cost an extra 34%. That is what we could see as the rise in cost for produce for Canadian consumers when they are already faced with challenges of affordability for groceries.

What are the alternatives to plastics right now for the industry? How do they compare to plastic? Are they as effective? You've already mentioned that it's going to increase the cost.

**Mr. Ron Lemaire:** Currently there are some alternatives in the market. The industry continues to innovate; however, all these alternatives come with increased cost. If we are looking at using, for example, a clamshell for strawberries in moving to an alternative packaging format, the moisture level in strawberries does not allow for that product to be effectively shipped and transferred for the distances that we move product, whether from Île d'Orléans, from Ontario or from B.C.

We need to look at a fit-for-purpose package that meets the requirements. I'm referring to a bagged salad, a fresh-cut product, a strawberry package, and I could go on. It comes back to the need to convey product from field, where in many cases it is packed, through a system to a consumer and ensure that this living, breathing, organic product can survive the journey and still have five, six, seven and up to 10 days of shelf life in the home.

• (1120)

**Ms. Lianne Rood:** In general terms, how would removing primary plastic packaging affect hygiene? You touched on efficiency and the cost of moving the perishables. Will there be a higher cost to move those items?

**Mr. Ron Lemaire:** It will be dramatically higher, if we can move them at all. This is part of the challenge. It would basically, with the current proposed model, eliminate all the bagged salad industry. It would eliminate any of the value-added components like all of the fresh-cut business.

Consumers, especially coming out of the pandemic, have a heightened sensitivity to food handling. There are some food safety risks relative to conveyance with a plastic-free environment. That was provided through research that was done by industry in the last six months.

**Ms. Lianne Rood:** Do you have a dollar figure on job costs as well as spending if we have an inability to provide fresh fruit and veggie trays, for instance, as well as all those premade packaged goods that you find in the grocery store?

**Mr. Ron Lemaire:** If we start combining all the... I mentioned that because of a lack of consumption and because the convenience of packaging also enables consumption and drives consumption within the Canadian market, we are looking at that \$8-billion figure. With every reduced serving, we see the numbers increase significantly. We're looking conservatively at \$6 billion, so add on \$8 billion.

Then you start looking at a shift in the market. Canadian producers in the greenhouse industry are investing in new technologies. We're looking at a massive shift of job loss out of our horticultural sector. They're basically looking at new opportunities and/or producing and shipping to other jurisdictions. We will see our Canadian food being shipped to the U.S. and other jurisdictions where they can package and ship effectively.

**Ms. Lianne Rood:** What role does plastic play in encouraging consumers to purchase fresh fruit and vegetables?

**Mr. Ron Lemaire:** There are a series of components. The right packaging choice is packaging so that the consumer can identify and see the product. It's a visual experience to see and understand the product. Everyone turns their strawberries upside down when they purchase them.

Then you're looking at whether we are complying with the messaging around what the product is. Unfortunately, the consumer is uneducated relative to one tomato versus another tomato. That messaging and marketing component drives consumption relative to what I am getting in it. Am I getting a product with more antioxidants if it's a health message? Am I getting a product that has certain taste variations compared to other products?

**Ms. Lianne Rood:** I have one last quick question.

How much food would be wasted without primary plastic packaging, and what would be the consequences for landfill sites and our physical environment?

**Mr. Ron Lemaire:** On the impact on food loss, we're looking at an increase of over 50% for food waste on certain products, which is dramatic. What's really scary is an increase in greenhouse gas emissions of over 50% because of the waste components that start occurring, from field right to the consumer.

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

Mr. MacDonald, it's over to you for six minutes.

**Mr. Heath MacDonald (Malpeque, Lib.):** Thank you.

I'm going to follow up on that line of questioning with Mr. Lemaire.

Mr. Lemaire, have there been any other advancements from other countries relevant to moving towards more environmentally friendly packaging?

**Mr. Ron Lemaire:** I was just in Europe last week. We had the opportunity to have one of our team on a panel with German, Dutch and Belgian panellists, an individual from the U.K. and an Italian. There's great concern in the EU, where we're seeing a shift towards looking at how to move to a plastic-free environment for produce.

What's interesting is that in the European Commission, Parliament shot down the wording that was proposed. It's gone back to the EU commission. The commission has proposed new wording that looks at introducing a model with a series of caveats. It's the opportunity to basically enable the state governments to not incorporate an elimination strategy if there is a disproportionate economic and administrative cost.

I'm just looking at this, which is from our EU partners. I apologize for looking at a document here. It's looking at whether they see issues relative to increased water loss or turgidity loss, microbiological hazards or physical shocks, oxidation.... All of these exemptions for which the states would be enabled have gone back to the European Parliament.

We understand that the Parliament is potentially going to reject this as well because of the hypersensitivity in the EU relative to where industry is, where the ability is to actually meet these targets and the dramatic impact on the consumer in these jurisdictions because of the inability to transfer from a plastic environment.

The bigger picture here is a circular economy. How do we keep the plastics in the system? How do we enable collection and recycling—

• (1125)

**Mr. Heath MacDonald:** Thank you, Mr. Lemaire.

I don't want to interrupt you, but I only have so much time.

**Mr. Ron Lemaire:** Yes—no worries.

**Mr. Heath MacDonald:** I was interested in that, and I don't have all of the insights, but I did read something relevant to it while I was also looking at cross-border tariffs, which I'm assuming your sector would be very concerned about if other countries that were exporting started doing cross-border tariffs on the imports that they're receiving, and if we're not on an equal playing field, the producers will end up paying for this. It's something that I will obviously be watching very closely, and I'm sure you are too.

I'm going to move on now to Mr. Spurr, please.

Mr. Spurr, you mentioned rising costs in your preamble. Could you elaborate on what those actual rising costs are for your growers?

**Mr. William Spurr:** As Stefan said before, nitrogen is the big one. Fertilizer is huge. It's gone up by, he said, 128%. I didn't have the numbers. I just knew right off the get-go that it was over 100%. For fertilizer for us, pesticides for us and labour for us, the costs keep on rising. If we need to make more affordable food, then we need to get the costs down.

**Mr. Heath MacDonald:** I know that our chair sponsored Bill C-359 to address "provisional registration and approval" to ensure timely access to things like feed, seed and product. I certainly endorsed it as a co-signer with him. It is frustrating as a parliamentarian to see how slowly the bureaucratic process works sometimes. It's frustrating when you see things being utilized in the United States or Europe and we can't access them here for what could be two years.

Are there any examples that you could provide to us of those impediments?

**Mr. William Spurr:** Any time that we've had to deal with stuff like AgriStability, it's always a long time coming. It's usually two years for what we save when it comes through.

I don't know of any examples right off the top of my head, but it does need to come faster. Two years away is way too long. We're dealing with a lot right now, and to not have financial help in a timely manner is really not helpful.

**Mr. Heath MacDonald:** I know there have been discussions on input tax credit, and concerns were raised by farming communities for necessary temporary foreign workers for labour, and we all know that labour is an issue in the farming community. How is the present input tax credit an obstacle to you at the present time, or what's the cost to you?

**Mr. William Spurr:** I'm not that familiar with it.

**Mr. Heath MacDonald:** All right.

Some of these guests are yours, Mr. Chair, so if you want to take my last minute and a half, please do so.

**The Chair:** It's only a minute, but I will take it, given Mr. Spurr's here. I'd better not usurp my own colleagues as the chair.

Will, can you talk a little bit about food in school? I know that you talk about the ups and downs and the weather impacts that farmers are facing in the Annapolis Valley in particular. I know a lot of the conversation locally is about whether we can start to incorporate the idea in the institutional mind, thinking about schools and hospitals. I know this is a federal committee, but how important would it be to provide some stability to your growers if they had contracts with provincial agencies and they knew there was a consistent supply that they could continue to provide in the days ahead?

● (1130)

**Mr. William Spurr:** I think it's very important.

Our breakfast program has had a huge uptake. I have two kids in elementary school, and a lot of times I have fresh fruit to give them, and they'll eat that, and then they'll go to school and eat some more. There are a lot of kids out there who wouldn't have fresh fruit available to them, and it has a lot to do with cost.

I'm fortunate that I can grab a bag of apples and not care if they only eat half the apple, but a lot of people can't do that. When they can go to school and get fresh fruit, fresh vegetables, it's definitely really beneficial.

There are other industries too. I know that when wild blueberries.... There are a couple of other people who had a lot of inventory and were trying to get it into the hospitals. I think they eventually got in, but it took a very long time. If we could streamline that and have contracts, I think it would be very beneficial for both parties.

**The Chair:** Yes, certainly this committee can maybe look at where the federal government's been involved in helping to support provinces.

Thank you, Mr. Spurr.

[*Translation*]

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

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

Thanks to the witnesses for being with us today.

Mr. Larrass, you discussed the asymmetrical regulatory framework. We're talking about the reciprocity of standards, and you cited a lot of good examples, such as grapes from Peru, blueberries from Chile and so on. So that's a problem.

How can we solve that problem? Do you have a specific recommendation you could make to the committee?

[*English*]

**Mr. Stefan Larrass:** Thank you, Mr. Perron.

Just to set the expectation clear, I don't think we're looking at changing or lowering the standards. That's not the message I want to convey.

There is no simple answer, but I'll offer that the European model is that they view their agricultural system as having a social contract with their government, and for every layer of additional expectations that is imposed on their domestic farming sector, there is a green portion of the funding, the green pillar of farm support funding, that the European government makes available to its farmers. The total amount of farm support from their income support that's responsive to production losses and income revenue losses, added to the green support, is more than twice what we have in Canada.

I'm not saying that we necessarily need to model that one, but I think it is an existing model in which the expectations on the farmers are accompanied by corresponding compensation, and it reflects a spirit of co-operation between government and the farming sector.

[*Translation*]

**Mr. Yves Perron:** Thank you very much. That's a good answer.



I liked your introduction where you said this isn't about lowering quality or requirements. It's about fairness and adequate support.

Correct me if I'm wrong, but in Europe if a product arrives from another country and doesn't meet the standards set for local producers, it can't enter the country.

Is that correct?

[English]

**Mr. Stefan Larrass:** I don't want to pretend to be an expert. I would be worried about Ron telling me.... He just came from Europe, and he would tell me that I'm wrong. I happen to have anecdotal information that they have high standards, for example, on genetically engineered content, and I imagine they have pretty rigorous standards on other aspects of what goes into their domestic food consumption system, but I don't want to speculate. I do believe, sir, in general, that the spirit is true.

[Translation]

**Mr. Yves Perron:** I think we should reject a product that doesn't meet the standards we set for people here. That's the message I wanted to send.

Mr. Spurr, you discussed rising costs and climate change, two challenges to which you're very much exposed and for which you have no support. Current insurance programs don't cover those risks.

Would you please tell us more about that? Would you have any recommendations to make to the committee to solve the problem? How can we make adjustments accordingly?

In recent years, things have not gone well, for different reasons in each year. Consequently, we can't anticipate the circumstances of the next year. The objective of the committee's study stems from the challenge that climate change represents. We want to know how we can determine the actual nature of those risks. Perhaps more collective agricultural risk-sharing would help us produce a food supply based on local products and not depend on outside sources for our food.

What are your observations on the subject?

• (1135)

[English]

**Mr. William Spurr:** For us, AgriStability just doesn't work. The next time something can change in AgriStability will be in 2028. That's just too far away. We need a program in place until 2028, until we can get stuff figured out. We need something in place right now.

I think 13% of horticulture farmers in Nova Scotia are insured by the province. That's a very low number. Part of the reason is that the premiums are just too high. We need a program in place that works for Nova Scotia. We need help with the premiums. That's where I would say the greatest need is. We need the premiums. That just needs to be for a year or two until we can figure out the right system for us.

We had a terrible year last year. If we have another terrible year this year. It's not going to be good, so BRM is really important right now.

[Translation]

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

I agree with you when you say something has to be done right now. The Sustainable Canadian Agricultural Partnership is very rigid and won't be amended until 2028. We'll have to wait and see the shape it takes, but producers have been demanding that for months.

I'm less familiar with the situation in Nova Scotia but I'm pretty sure it's similar to that of Quebec. Nothing has happened at the federal level, even with regard to the emergency loans granted through the Canada emergency business account, the CEBA. People requested that the deadline for repayment of their federal loans be extended to allow them some respite. They asked that they at least be granted that if the government did nothing else. The response was a flat refusal by the government.

In Quebec, the Quebec government granted access to no-interest emergency loans to assist producers. However, as the federal government required that the emergency loans it had granted be repaid, many producers used the money from the provincial government to repay their federal loans. They were caught up in a vicious circle and ultimately wound up with no assistance at all.

What clear message would you like to send, or what recommendation would you like to make to the government today?

[English]

**Mr. William Spurr:** I think it needs to be up to the province. You have to allocate the money, and then the province needs to work together to figure out what works best for them.

I know about just Nova Scotia. For Nova Scotia, what I can recommend is that we need something done right now. We can't wait any longer. The new uptake is going to be coming out in two months. It's not a lot of time, and we just need help with premiums. The premiums are too high.

We have a lot at stake. When we have one bad year, it's not the end of the world; when we have two bad years, a lot can happen. We need to have some insurances in place.

All I can really say is that we really need help with the premiums, just for a transition year or a couple of transition years until we can really figure out what works best for Nova Scotia.

[Translation]

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

[English]

**The Chair:** Okay, we're going to keep it to that. Thank you.

We'll go to Mr. MacGregor.

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

I'd like to thank all witnesses for being here to guide our committee through this study.

Mr. Larrass, I'd like to start with you. I noted that in your opening comments, you referred to that 110% increase in the cost of diesel. I've been looking at the publicly available information on price fluctuations in diesel, and I assume you've seen that massive increase, probably since 2018 or 2019. Is that about correct?

**Mr. Stefan Larrass:** Yes, that's correct. The figures I'm quoting are compiled by the Ridgetown Campus of the University of Guelph. That's based on real data gathering of prices experienced by farmers.

**Mr. Alistair MacGregor:** What has that 110% increase done for your members? I'm assuming they're just taking that on the nose from all the transport costs.

**Mr. Stefan Larrass:** Absolutely. The extra costs essentially are absorbed by farmers.

Farmers obviously always try to pass on costs wherever they can. If you absorb every additional cost, obviously every additional cost would become a red figure in your books. Let's say that 75% are able to be passed on. You'll always have the competition factor from external factors as well as from imports, and so on. It's very rare that 100% of costs are passed on, so you will experience a net loss as a result of that diesel price increase.

**Mr. Alistair MacGregor:** Our committee is in receipt of publicly available data that shows that during the same time that you saw a 110% increase in your diesel costs, oil and gas companies saw their profits increase by over 1,000%. It's obvious that this kind of corporate greed is filtering through and really hurting our farmers.

In talking about inputs, I think this committee is hearing you quite clearly on the struggles that farmers are going through with the cost of inputs. We can talk about diesel and we can talk also about fertilizer.

In a previous study we had Keith Currie, the president of the Canadian Federation of Agriculture appear here. He's a very familiar face at this committee and a great all round advocate for the industry. He made mention of the fact that it was very necessary for the federal government to step up to the plate and start talking about a critical input strategy.

We don't have any specifics on that, but do you have any opening thoughts on what you think such a strategy could include? Do you think that's a recommendation you'd like to see this committee pursue as part of its report?

**Mr. Stefan Larrass:** Absolutely. I don't want to venture too far into the details, but for our sector, inputs include not just things like fertilizer and diesel, but also crop protection products. I would say a holistic approach that includes everything that's needed to successfully grow fruits and vegetables in this country would include the items you've listed, and it would also include things like crop protection products, because it's so critical to our industry to have those inputs as well.

Yes, I believe there would be value to that, absolutely.

• (1140)

**Mr. Alistair MacGregor:** Thank you very much for that.

Mr. Lemaire, I'd like to turn to you.

You and I have had conversations about plastics. I think it's very important in this conversation to also put in the perspective of the coastal communities. I live on Vancouver Island and, of course, we deal with the very real problem of microplastics, the bioaccumulation in the food chain. It's pretty sure knowledge that every time I go fishing off the coast of Vancouver Island, I'm probably ingesting salmon that has some component of microplastics because of that bioaccumulation.

I understand very well and I'm very sympathetic to the plight that you find yourself in with these new regulations, but I really want to delve a little bit further into your exchange with Mr. MacDonald.

You were just about to start on the circular economy. Can you offer this committee any suggestions on how the federal government can maybe partner a little bit more with industry to start realizing that circular economy?

The problem I hear from constituents and even from people who are involved in the waste chain is that when it comes to sorting plastics, if there's too much confusion, most of it will just go into the garbage stream. What can be done to ensure that those plastics are in fact being reused and are not ending up in the waste stream?

**Mr. Ron Lemaire:** Thank you, Mr. MacGregor.

This is the complexity of the issue. We need a strategic approach federally that brings together the provinces, harmonizes our EPR systems, and educates Canadians. That's the simple answer.

When we look at the proposed regulatory approach and the P2 notice, we see that it is actually removing the ability to handle compostables and biodegradable plastic materials. We have members who have invested in new technologies that have a totally biodegradable material that do not leave any microplastics in the environment. It's quite costly, but the industry is invested.

This is where we look at a combination. There's no silver bullet. We need to look at how we build the infrastructure and then federally enable and support provinces and municipalities. The Federation of Canadian Municipalities needs to be engaged effectively to ensure municipalities that are very fragmented are enabled and supported and that the right funding mechanisms are put in place to bring the system together.

We also need to create an economic engine. We need to enable the value of these materials in the system.

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

I'll leave it there, Mr. Chair.

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

We'll now turn to Mr. Barlow for up to five minutes.

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

Before I go to some of our other witnesses, I want to go back to Mr. Lemaire.

I think it's important that we really highlight this number. I want to make sure I have this right. You said that if the current government goes ahead with the P2 plastics ban, the increase in food costs will be 34%. Is that right?

• (1145)

**Mr. Ron Lemaire:** That's correct.

**Mr. John Barlow:** We will also see an increase of 50% in food waste.

Are that 34% number and the food waste number things you came up with, or are they specifically from that Deloitte report?

**Mr. Ron Lemaire:** They're from the Deloitte report. There are a series of reports that are publicly available on our website. I'm happy to have our staff forward them all. I think they have been provided to the committee, but I'm happy to have them sent to the committee again.

**Mr. John Barlow:** Can you make sure that the Deloitte report is tabled with this committee as part of that?

**Mr. Ron Lemaire:** I can.

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

Obviously, we're also debating Bill C-234 in the House of Commons. There is a Senate amendment as part of that bill that removes the heating and cooling of barns from the exemption, as well as greenhouses.

What impact will that amendment on Bill C-234 have on the fruit and vegetable industry when you're talking about 44% of your members selling at a loss?

**Mr. Ron Lemaire:** This is a dramatic shift. We need to look at the targeted and time-limited carbon tax exemption for the agriculture industry.

For greenhouses specifically, right now the sector estimates that the carbon tax costs about \$22 million annually. If we move forward, that's going to rise to between \$82 million and \$100 million by 2030. When we talk about food costs, this tax is putting them through the roof.

In many ways, when you look at all of the carbon sequestration that happens, also in the greenhouse, and some of the new technologies that are being pushed through, there's an amazing push to work toward carbon neutrality. However, we're not there yet, and we need time, which is the key to a limited carbon tax exemption that will enable us to be functional.

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

Mr. Spurr, you said you need help now to get through what could be another tough season. We're feeling the same in western Canada, with not much of a snowpack and with water always being an issue.

Bill C-234 would exempt the carbon tax from farms on natural gas and propane, specifically greenhouses, and for you in produce,

exempt heating and drying of product in barns. It would immediately remove the carbon tax for you.

Would it be a benefit to you in your production, and to your colleagues in Nova Scotia, to remove that carbon tax from your bills?

**Mr. William Spurr:** Yes. Anything that gets put on us that we have to add extra cost to is just going to add to our bottom line. Being exempt from it would be beneficial, but it's one thing.... There's a lot more that's accumulating, like the pesticides, the fertilizer and the labour. It just adds to it.

**Mr. John Barlow:** Right.

**Mr. William Spurr:** The carbon tax is.... It would be nice if we didn't have to pay that, or not get exempt.... If we had to pay it, and then we could take that money and invest it into being sustainable....

**Mr. John Barlow:** Right.

Just to be clear, that carbon tax is not only on your natural gas and propane, but when you're buying fertilizer, it's on that fertilizer, and when you're paying for your diesel and transportation, it's also on that diesel. Removing that cost would provide you assistance and financial relief right now, which could happen.

Mr. Larrass, you mentioned that 44% of your members are selling at a loss. How important is that carbon tax exemption on greenhouses specifically, for fruit and vegetable producers?

**Mr. Stefan Larrass:** Thank you for that question.

It would be tremendously important to have the exemption that was originally in place be reinstated before the modifications to the bill are made. A full exemption on inputs like natural gas for heating purposes would be the equivalent of tens of millions in financial relief. It would be tremendously impactful. It is urgently needed.

I just want to reiterate the point that from a consumer's perspective, ideally, the greenhouse operations would take on that cost themselves, but can we really expect growers to volunteer to take on that cost? Some of that cost is going to be passed on, so if we're talking about tens of millions in the financial equivalent of that carbon tax on greenhouse operations, tens of millions will make their way into the food price that Canadians are paying.

It's impactful not just to our members but ultimately to consumers as well. If the carbon tax could be removed from the operation costs for greenhouses, growers and consumers would benefit significantly.

• (1150)

**The Chair:** We're at time, Mr. Barlow. Thank you, Mr. Larrass.

We'll turn to Mr. Louis. I think you and Ms. Taylor Roy are going to split your five minutes.

Go ahead. It's over to you.

**Mr. Tim Louis (Kitchener—Conestoga, Lib.):** Thank you, Chair. Yes, I'll be splitting my time with Ms. Taylor Roy.

Thank you to everyone for being here.

I would start with Mr. Lemaire from the Canadian Produce Marketing Association.

You mentioned off the top that fresh produce consumption is declining and that we should be having fruits and vegetables on half of our plates. You also mentioned a national school food program and how that can help if the federal government's working in partnership with provinces and territories.

You mentioned it a bit, but can you expand on how that would improve children's health, lower families' grocery bills and also support our local farmers, like Mr. Spurr mentioned?

**Mr. Ron Lemaire:** I think the integrated approach is key here. The challenges are the federal-provincial jurisdictional issues that were noted by the chair, but we can surpass those challenges.

I think the federal government can take a lead here. There has been a lot of good work, and modelling has already been proposed for a school food program that works with key NGOs across the country and effective delivery systems. OFVGA and Stefan's team already run a program in northern Ontario that is very effective and very targeted.

How do we support existing programs in the market and expand those so they are sustainable and delivering to those Canadians who need support? It means some dollars. It needs federal coordination and enablement of the province and municipal framework from the school breakfast programs in B.C. to the programs in Nova Scotia, Ontario and even in the far north.

**Mr. Tim Louis:** Thank you, I appreciate that. I believe that is absolutely going to help our farmers locally, help the children and keep costs of groceries down.

With that, I'm about halfway through.

Go ahead, Ms. Taylor Roy.

**Ms. Leah Taylor Roy (Aurora—Oak Ridges—Richmond Hill, Lib.):** Thank you very much. Thanks for sharing your time.

Thank you to all the witnesses for being here.

It's an incredibly important conversation, because I think confronting the challenges of climate change and pollution while supporting our farmers is what's needed. I was very encouraged by the conversation Mr. MacGregor had about how we can provide solutions. Leaving things the way they are is not a solution.

One thing I like to say is that often, when some of the members talk about the costs of these programs, they don't talk about the cost of doing nothing.

You were talking, Mr. Spurr, about the increasing climate events you and many farmers are facing. We know that with plastic production, not only are these microplastics getting into our environ-

ment, but they affect groundwater, food chains and supply chains, and they are having a huge impact on human health. We never look at the costs that are incurred from that; we only see the one side of it.

You said that the quality and the environmental standards are very important to you.

I spoke with two members from your organization yesterday, Dave and Aaron. We were talking about the greenhouses in particular. One thing they were talking about was how the carbon is captured in the greenhouses to be used for growing the plants. I thought that was really encouraging.

Is that one thing we can look at in terms of continuing to have a price on pollution to help us reduce greenhouse gases, but at the same time rewarding farmers for what they are doing to help with environmental goals?

Mr. Larrass, I'd ask you that first.

**Mr. Stefan Larrass:** Thank you for the question.

I understand the goal of creating incentives to stop, as you mentioned. The cost of doing nothing is that bad behaviour could continue if the incentives aren't there. As a parent, I will say I believe in incentives.

I think the main message I want to leave you with is about a true partnership. In the European model, there is significantly higher support. If you look at it on a dollar-for-dollar basis, you see that it's.... I said it's twice, but it's actually more than twice for our sector, which is not supply managed. It's significantly higher. It's a true partnership, rather than the idea that "you need to do better". We know we can do better, but where's that partnership? I think that's where I welcome the dialogue.

As for greenhouses and the recirculation of carbon, it's a great example of how innovation and technology can help solve the problem. Rather than just exhausting that furnace exhaust outward, we bring it back in to the plants. We're getting much closer to carbon neutrality through that kind of technology. Technology can get us a long way.

I don't know if that answers your question.

• (1155)

**Ms. Leah Taylor Roy:** It does. I think it's one really good example.

I think the other thing is that often these estimates are based on people not reacting to the price signals. It's kind of the status quo, and let's look at what would happen if the price was put on, and people don't....

As you say, there are a lot of innovative, creative solutions that we can come up with by co-operating. Perhaps compensating farmers for the contributions they're making to offset or to sequester carbon is one of those ways. I appreciate that.

I think I'm at time. I was going to ask Mr. Spurr for his comments on it, but that's okay.

**The Chair:** We'll see if we have enough time at the end, but we have to go to Monsieur Perron.

Monsieur Perron, you have two minutes and 30 seconds, please.

[*Translation*]

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

Mr. Lemaire, I discussed the reciprocity of standards with Mr. Larrass, and he told me you might be in a better position than him to answer my questions on the subject.

Do products that come from outside Canada meet the standards we set for our local producers?

[*English*]

**Mr. Ron Lemaire:** Products should not be entering the country if they have not met Canadian standards.

Mechanisms are in place at the border to protect the Canadian marketplace. If a product is crossing the border without meeting our quality, food safety and labelling standards, then it's a greater discussion we need to have with border services and the Canadian Food Inspection Agency.

[*Translation*]

**Mr. Yves Perron:** I see.

It throws production costs out of whack.

Mr. Larrass mentioned grapes from Peru, blueberries from Chile and strawberries and raspberries from Mexico. We could also mention carrots from China.

Are we really exercising control at the border?

Isn't there something we could do to exercise effective control?

Should we consider setting tariffs for products where standards aren't consistent with our own? The money thus collected could be used to help our businesses improve their environmental performance.

What do you think of that?

[*English*]

**Mr. Ron Lemaire:** I have a great concern on a tariff-based system, only because the country that establishes tariffs is also the country that has to deal with tariffs on their trading programs.

We've been fortunate enough in the fresh fruit and vegetable industry to be a non-tariff form of business, and we work effectively with our trading partners to ensure that we have open markets. That way, we can ensure that the Canadian grower has access to markets without the burden of additional tariffs, because we've put similar models in place, and then a reciprocal model is then in place.

I want to quickly talk about the EU. You were correct relative to the standards in the EU and access to that market: If you don't meet the standards, you don't access the market.

However, one thing we saw in the EU—and this is important—is that on their pest regulatory framework, they've stepped back from removing pest management tools from their regulatory tool box because they've realized that the growers need them and there are no other alternatives.

It's something we need to watch closely in the same context in Canada. Let's not burden the grower without having tools in their tool box to effectively grow the products Canadians need.

[*Translation*]

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

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

[*English*]

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

Mr. Lemaire, I'd like to continue with you on the packaging alternatives.

In British Columbia we have a very strong attachment to our forest industry, and I want to put a plug in for a local pulp mill in my riding, the Crofton Pulp and Paper Mill, because they were, for a number of years, really trying to upgrade their paper line to make specialty paper products that would replace single-use plastics. They have run into some troubles because of fibre availability.

I remember that when I was at the CPMA convention in Montreal—I think it was in April of 2022—I saw an industry showcase on some of the fibre-based innovative packaging that was coming out. Can you talk a little bit more about some of the developments that are going on in that area? I understand that they are not suitable in all cases, but do you see that maybe in the next five to 10 years, some really critical advances in fibre-based packaging could help support struggling pulp mills out on the west coast of British Columbia?

**Mr. Ron Lemaire:** Thank you, Mr. MacGregor.

The question is good.

There is a CPMA member company whose product line is called Earthcycle. They actually were with us in Europe promoting this Canadian product. It has a fibre base, and they have a range of other products that do meet the market and meet an environmental footprint.

On your comment, is it a one solution for all? No, and this is where we have to pick the right package for the right product for the right system, and there's the complexity of what that means.

On the pulp discussion, fibre packaging had a 14% increase at the end of 2023. That was on top of a 13% increase in the spring. A 27% increase in fibre packaging in Canada has a tremendous impact to the cost of product through the system. As Stefan has mentioned, it doesn't always get conveyed to the consumer in full because the grower and the supply chain absorb some of that, but we're at the end.

I want to talk about a couple of other components in a study. In Canada, as you know, I'm the chair of the Global Coalition of Fresh Produce. Labour costs are up 18% in Canada. This was in 2023. There was a 16% increase in plant-based material costs, a 21% increase in crop protection costs, a 24% increase in energy costs, and a 20% increase in the cost of machinery and equipment. These are generalized numbers across the fruit and vegetable industry, but those costs have to move somewhere. The growers cannot burden themselves with them anymore. We're at a tipping point.

• (1200)

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

Mr. Lemaire, you know I'm supportive of Bill C-234. I supported it at the House level. You mentioned \$22 million of carbon price-related costs. I believe four-fifths of on-farm costs are exempt, but for the one-fifth that's not, it's \$22 million.

Can you quantify that in the size of the industry? Again, I'm sympathetic to this and I support it, but just for the committee's benefit, given \$22 million in cost, how big is the greenhouse sector in the country in terms of—

**Mr. Ron Lemaire:** Off the top of my head, I'd say the greenhouse sector is just under \$1 billion.

**The Chair:** Thank you.

On behalf of the committee, I'd like to thank Mr. Spurr for coming from Nova Scotia and Mr. Larrass for coming on behalf of Fruit and Vegetable Growers of Canada. We also thank Mr. Lemaire, who is no stranger to this committee, for coming on behalf of the CPMA. Thank you.

Colleagues, before we suspend, we talked about a grocery code of conduct and sending letters to grocery CEOs. We've done that work. I suggested to the analysts that we would include a press release explaining that the committee is calling for that. I'm looking for your approval in that regard.

Are there no issues with a press release to inform folks of what we're doing? Good.

Okay. The meeting is suspended. We'll be right back. Please don't go too far.

• (1200)

(Pause)

• (1205)

**The Chair:** Colleagues, we're going to get started on the second hour. That was a great first hour of testimony.

For our second hour, we have three different witnesses with us.

[Translation]

We would like to welcome Catherine Lefebvre, president of the Association des producteurs maraîchers du Québec, and Patrice Léger Bourgoïn, general manager of that same organization. Welcome to you both.

We also have Jennifer Pfenning, president of the National Farmers Union.

[English]

It's nice to see you online, Ms. Pfenning.

From the Nova Scotia Fruit Growers' Association, and no stranger to our folks in the Annapolis Valley, we have Emily Lutz, executive director, and Jeffrey Walsh, who is a director and an apple grower.

It's great to have you guys here in Ottawa.

We're going to have five minutes for opening remarks, and then we'll turn it over to questions. We might have to go just beyond one o'clock, but I'll do my best to manage the time.

[Translation]

Mr. Léger Bourgoïn, go ahead for five minutes.

**Mr. Patrice Léger Bourgoïn (General Manager, Association des producteurs maraîchers du Québec):** Ladies and gentlemen, thank you for inviting us to appear before you and for the time you are giving us.

For some months now, fruit and vegetable growers in Europe and Quebec have obviously expressed despair at a challenging economic and societal climate. Last summer, 60% of Quebec farmland was affected by excess water, which resulted in estimated lost sales of at least \$143 million. Climate vagaries have also resulted in additional costs of approximately \$7.3 million.

These few numbers illustrate the economic pressure that our businesses are now facing. Every season, fruit and vegetable entrepreneurs have to invest millions of dollars in their farms if they are large producers, and tens—or even hundreds—of thousands of dollars if they are small producers, before they can make a single dollar. To finance their operations, farmers are, now more than ever, forced to put their land up as collateral in order to get financing. This cannot go on for much longer.

In the specific case of Ireland, a new and troubling trend began in the summer of 2023. Many vegetables, such as cauliflower, carrots and broccoli, temporarily disappeared from grocers' shelves. One prominent economist, Jim Power, outlined his analysis to industry leaders, noting that the number of Irish field vegetable producers had decreased from 377 in 1999 to 166 in 2014, a 56% decline. And that number has fallen even further since then.

In light of this observation, a more equitable sharing of risk among supply chain partners has become inevitable. For several years now, for example, the European Union has been considering measures to improve protection for farmers in the supply chain, and an act has been passed to prohibit 16 commercial practices.

In the circumstances, we welcome the efforts that Mr. Champagne, the Minister of Innovation, Science and Industry, is making to identify solutions for price volatility. However, the consequences of those solutions must not undermine the economic health of fruit and vegetable producers. In Ireland, economist Jim Power has observed that rising imports and the increasing concentration of a small number of very powerful retailers have had a significant negative impact. The growing market share of the discount chains has had a significant effect on the prices that fruit and vegetable producers have received for their products. Consequently, again according to Mr. Power, many farmers have been forced to shut down operations.

A safety net must be put in place to protect small and medium-sized businesses from the giant food chains.

• (1210)

**Ms. Catherine Lefebvre (President, Association des producteurs maraîchers du Québec):** In addition, our main sustainable development concern is the level of regulatory requirements in both Quebec and Canada. We're being hurt in three ways in Quebec.

First, most consumers perceive no added value in purchasing fresh fruit and vegetables that have been produced in accordance with high social responsibility standards.

Second, our governments don't rigorously observe reciprocity in international standards the way they should.

Third, with respect to environmental, social and governance factors, ESG factors, all major retailers in Canada boast about the constant, sustainable efforts they make, but they in fact don't abide by their own rules. If they did apply those factors, Canadian products would be favoured over others, and purchasers would pay a premium on those products for meeting the applicable standards.

Consider this example. In January 2024, a major food chain purchased an entire shipment of products from a Quebec producer and raised the farm gate price by 114% to set the retail price. A few days later, the producer was told to take back more than two-thirds of the shipment because the retailer had been offered a lower price by a Mexican producer. Despite the cut to the price paid by the retailer, the in-store selling price remained unchanged. Consequently, there was no benefit for consumers.

Now let's consider solutions. It's impossible to address climate change without seriously attacking it head-on. It's almost essential that the federal government introduce a food security and climate

change adaptation plan together with producers and the provincial governments. To do this, financial support for businesses is critical in enabling them to adapt to climate change.

In the circumstances, we would welcome an enhancement of the AgriStability program to reflect successive years of losses as a result of weather and climate change. The interest-free tranche for early payments, which was increased by \$100,000 this year, should also be maintained at \$350,000.

In conclusion, whereas the Canadian population is now—

**The Chair:** Ms. Lefebvre, your allotted time is unfortunately up, but I trust that committee members will have an opportunity to question you during the period reserved for that purpose.

[*English*]

We will now hear from Ms. Pfenning for up to five minutes.

**Ms. Jennifer Pfenning (President, National Farmers Union):** Thank you.

I am a farmer and a mother of the next generation of farmers. Founded in 1981, our family farm has grown to approximately 700 acres of organic vegetables. The third generation on this land, my sons and nephews, have chosen to make their careers in farming food in the family business. We grow carrots and a variety of other root crops, as well as leafy greens and cooking vegetables. We are also a distributor, providing market access for a network of other local farms.

Thank you for inviting us to participate in your study of this critically important issue. Canada's food guide recommends, as you heard from Mr. Lemaire earlier, that half our plate be made up of produce, horticultural crops, at every meal. We can't overstate how important it is for Canada to have a thriving horticulture sector to provide this food.

I am a farmer and I need to make a living. I need affordable seed, affordable land, suitable water for irrigation when necessary, a return that allows me to pay employees a fair wage and provide safe working conditions, and as predictable a climate as possible to accomplish all of this. We know that long-lasting GHGs will keep warming the planet even if we stop emitting today. We must adapt, and we must drastically reduce our emissions.

You as members of the agriculture committee have a duty to do everything you can to reduce emissions from the oil and gas industry and to stop the destruction of the wild areas and biodiversity that remove atmospheric CO<sub>2</sub>.

The existing BRM solutions are designed for broadacre crops and so do not work well for horticulture, and even less well in the context of climate disruption. The costs of applying can exceed any potential return if AgriStability is triggered. The high value per acre, diversity and perishability of our crops make damage assessment so complex that it is extremely difficult to create formulas to assess weather and storm losses. Thus, any compensation available is low and may not be adequate to keep affected farms in production, particularly if claims are processed so slowly that the next revenue-generating crop is unduly delayed.

We must invest in the on-farm infrastructure needed to adapt to our changing climate. Some specific examples are water treatment infrastructure for sustainable irrigation, photovoltaics integrated into shade structures and greenhouse design and technology that integrate photovoltaics and heat storage. We also need public plant breeding of locally adapted horticultural crop varieties made available royalty-free to growers.

Class 1 and 2 farmland located near urban centres must be protected for our food sovereignty. Canada needs policy solutions to ensure that this land is protected and reserved for farmers growing food. To ensure that farmers can succeed under changing climate conditions, the NFU proposes that AAFC establish a Canadian farm resilience agency to provide farmers in horticulture and other sectors all across the country with trustworthy advice delivered by independent extension personnel who are not tied to agribusiness corporations.

With public agronomists to provide practical advice and researchers to develop new methods, farmers can increase their farms' resilience to climate change and reliably produce the food Canadians need. Spending just a dollar or two per acre of Canadian farmland could result in the necessary adaptation and resilience. Savings from preventing crop losses and BRM payments would greatly exceed the cost of extension services, so these important services for farmers could be had at no net cost. By promoting the resilience needed for Canadian horticulture farmers, we can expand their market share and keep a much higher proportion of the Canadian food dollar within our economy.

We are here to address the climate impacts threatening the economic viability of our farms. We also face a rapid rise in costs of production, accompanied by downward pressure on the price we can command.

The farmer's share of the consumer food dollar is small, so grocery store price increases disproportionately benefit the large retailers. Increasing ownership concentration in wholesale and food processing further depresses our returns. Falling returns are creating a structural deficit. The difference is being taken out of the land, farm workers' labour and the farmer's income. Failure to address these issues means ever fewer Canadian horticultural farms; less of our food being grown in Canada; and vulnerability to environmental, political and economic conditions in the countries our imported food comes from.

- (1215)

Addressing these overarching issues is supported by Canada's food policy vision, which is: "All people in Canada are able to ac-

cess a sufficient amount of safe, nutritious and culturally diverse food."

**The Chair:** Ms. Pfenning, I've given you a few extra seconds. We're at time. If you have any final quick thoughts, please convey them very quickly.

**Ms. Jennifer Pfenning:** Thank you. It's one sentence.

**The Chair:** Okay. Thank you.

**Ms. Jennifer Pfenning:** A viable, resilient horticulture sector is a critical component of Canada's food system, and if we don't support it, we erode our sovereignty as a nation.

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

I apologize to the witnesses. We're always constrained in time here on Parliament Hill.

Mr. Walsh, it's over to you for five minutes.

**Mr. Jeffrey Walsh (Director, Apple Grower, Nova Scotia Fruit Growers' Association):** Good morning, everyone.

Distinguished committee members and fellow presenters, my name is Jeffrey Walsh. I am a third generation apple farmer from Rockland, Nova Scotia. I'm here representing the Nova Scotia Fruit Growers' Association as the recently elected vice-president.

Our association represents tree fruit growers of Nova Scotia, which means primarily apples, but we also grow pears, peaches and other stone fruit.

The NSFGA was created in 1863 and has a long history of promoting education and advocacy among farmers. Over the last 30 years, Nova Scotia apple growers have invested in high-density orchards of valuable new varieties, making us a leader in Canada's production of apples.

Today I'm going to speak on three issues facing our industry.

The first issue is pest management and crop protection products required for growing apples.

As a farmer, I see the challenges that arise when certain products are either deregistered or limited to the extent that it's impractical to use them at all. The PMRA, or Pesticide Management Regulatory Agency, is responsible for rules and decides which products are allowed or not. The pest management centre, or PMC, is a different body that helps generate new data for guiding rules around pesticide use.



While the PMRA has been undergoing work to become more transparent and accountable, the PMC does not seem to be receiving the same support. The PMC collects data through research and studies that provide information on important decisions that have enormous impacts on our industry. As an example, many apple farmers in Canada are facing a serious disease in orchards called “fireblight”, which causes trees to die. There are limited products to fight this disease, and the ones we do have are essential to protecting our orchards. If we lose them, our entire industry is in jeopardy.

We need to invest in solid data and evidence to prove the safety and efficacy of these products and also to seek good alternatives if there are reasons to, so that we can continue to grow food. This leads me to my final point on this topic, which is that our association supports private member's Bill C-359. We should take advantage of work in other trusted jurisdictions to allow quicker access to safe and tested crop protection products for our Canadian farms.

The second issue is labour. Most horticulture farmers take advantage of seasonal agricultural worker and temporary foreign worker programs. These programs are essential to our businesses, and we could not farm successfully without them.

Some of these programs require the provision of on-farm housing, meaning that farmers are either buying or building accommodation, which is a huge cost. Due to the current housing market, many are choosing to build new; however, as I recently discovered after investing in accommodations of my own, none of the HST on the new build was eligible for an input tax credit, due to a policy of the Department of Finance. This came as a shock, as most other commercial necessities on farms are eligible for a rebate.

Along with the Nova Scotia Federation of Agriculture and the Canadian Federation of Agriculture, we are requesting that this be changed, and we encourage you to support us in this work. It would help farms with cash flow and encourage more investment in worker housing. It's really important that farmers provide high-quality homes for employees to live in, as we want them to feel safe, valued and comfortable in their housing and hopefully return to us year after year.

As a final note on labour, I want to recognize the Government of Canada for implementing the recognized employer pilot, which has made it easier for farmers to apply and has reduced red tape while also ensuring that those who do not follow the rules are restricted in accessing these programs. It's imperative that we work together to make sure the employees and the farmers are benefiting and the rules are being followed.

The final issue I want to briefly to speak on today is cost. It's becoming more expensive to grow food, and despite high prices in grocery stores, farmers are seeing declining returns. For costs like labour, trellises, trees, orchard maintenance equipment, fuel and even the bins to put apples in, everything is going up. We are competing with exports from other countries and with states like Washington that put downward pressure on our prices. Oftentimes, those countries see less pressure in their costs of production than we face in Canada, and many of them are well supported by their government in the work they do.

I encourage all of you to keep fighting on behalf of farmers so that we can continue to compete. I appreciate the work all of you do on this committee to support growers and farmers in our sector. I appreciate your time today and I thank you very much for the invitation to speak.

• (1220)

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

We'll now turn to questions.

I'm going to turn to Mr. Lehoux for up to six minutes.

[*Translation*]

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

Thanks to the witnesses for being with us today.

My question is for Ms. Lefebvre or Mr. Léger Bourgoïn.

Bill C-280 is now at the second reading stage in the Senate, and we hope it will receive royal assent as soon as possible.

Do you have a clear message for us regarding the direction and relevance of Bill C-280?

**Ms. Catherine Lefebvre:** Bill C-280 is very good for us. It represents financial security. Given the number of clients we have, I'd say it really represents financial security for Quebec.

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

Now I'm going to turn to Bill C-234.

Once again this morning, I met some producers from your organization who asked us to restore Bill C-234 to its initial form. That, incidentally, was proposed in an amendment.

What's your view on the subject? What pressure could we exercise to put a stop to all the to-ing and fro-ing involved with this bill and to ensure it comes into force as soon as possible?

I imagine it'll have consequences for you as well.

**Ms. Catherine Lefebvre:** We're much less affected by that in Quebec because we already have provincial framework legislation for carbon pricing.

So Bill C-234 will put us at a disadvantage if it's passed as proposed.

• (1225)

**Mr. Richard Lehoux:** However, you have to understand that this effect will eventually be felt. Quebec won't be able to tolerate being in competition for long.

It will nevertheless have consequences.

Won't it?

**Ms. Catherine Lefebvre:** Yes, it will have consequences.

**Mr. Richard Lehoux:** Earlier you mentioned risk management programs. You're being hit by one disaster after another from one year to the next.

What program do you think should be reviewed as soon as possible?

**Ms. Catherine Lefebvre:** Considering the summer we had in Quebec, I'd say crop insurance is the essential program to re-evaluate and modify immediately.

We're lacking a program, a farm disaster program. No such thing currently exists. It would apply to incidents associated with climate change, since the AgriRecovery initiatives aren't meeting needs right now.

**Mr. Richard Lehoux:** That's right. AgriRecovery doesn't meet disaster-related needs, which are becoming increasingly frequent.

It's really important to introduce a program for that purpose. I think the federal government should exercise leadership and come up with a program like that as soon as possible.

**Ms. Catherine Lefebvre:** I entirely agree.

**Mr. Richard Lehoux:** Many new climate-change-related problems are appearing. I'm thinking of mould in particular. All kinds of bacteria develop and undermine producers' work in the fields.

We know that the Pest Management Regulatory Agency, or PMRA, hasn't had a good time of it in recent years. It's had to deal with a budget that has remained unchanged. Canada isn't competitive with other countries.

I would like you to tell us more on that subject.

What do you think about this situation? How should the federal government react?

**Ms. Catherine Lefebvre:** First, PMRA takes way too long to make decisions on emergency approvals and all types of special approvals.

We saw this in the carrots case, and we're experiencing it now with beets. Pesticides have been pulled from the market without any alternatives being offered. These decisions, which are slow in coming, are really ruinous for producers.

**Mr. Richard Lehoux:** Do you think the increasing red tape is due to a shortage of staff in the system?

Do you think PMRA's budget should be significantly increased?

**Mr. Patrice Léger Bourgoïn:** We think so, Mr. Lehoux.

Consider the beet example. The sugar beet was already a certified product in Canada. PMRA was simply asked to expand the certification to include the traditional beet. If you're playing *Jeopardy*, and I ask you how many years the file has been under review, the answer would be—wait for it—12 years.

**Mr. Richard Lehoux:** Everyone very clearly understands that, when a review extends over 12 years, that has consequences. The reaction is too slow in coming.

I'd like to address another factor that will have significant repercussions. Earlier you discussed plastics and the significant financial impact associated with them.

Can you quantify that impact?

**Ms. Catherine Lefebvre:** We don't have that figure for the moment. Our producers aren't there yet.

However, I'd like to go back to the subject that the previous witnesses discussed.

The reciprocity of standards is very important. If we're prepared to accept products that come from outside our borders and aren't packaged in recyclable or compostable plastic, as we require of our producers, we can't require it in the sale of products from our Canadian and Quebec producers.

**Mr. Patrice Léger Bourgoïn:** Please allow me to add to that answer, Mr. Lehoux.

Earlier Mr. Lemaire discussed food waste, which is a serious problem.

Plastics help preserve products for much longer periods. We're talking about grocery basket affordability here. Take two pieces of broccoli, one wrapped in plastic and the other without plastic packaging. Put them in your vegetable drawer and see how long they're preserved.

Food waste is also a problem. We mustn't solve one problem by creating another.

**Mr. Richard Lehoux:** Yes, you're right. Nearly 50% of food waste could occur as a result of this problem. So it's important to study the problem.

Ms. Lefebvre, thank you for reminding me of the reciprocity of standards. I don't usually forget that aspect. It's something that has always been very important for me.

How do you view—

**The Chair:** Your time is unfortunately up.

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

**The Chair:** I now yield the floor to Mr. Drouin for six minutes.

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

I'm going to give you my last two minutes of speaking time, since we have people from your province, Nova Scotia. I wouldn't dare cause you to miss an opportunity to question the good people of Nova Scotia who have come to see us here in committee.

However, I'm going to take this opportunity as well to ask Mr. Bourgoïn and Ms. Lefebvre some questions in French.

We spoke in November, and I also spoke to several fruit and vegetable producers. They told me that new situations arise from field to field because some fields may have dried up, whereas others a few kilometres or a few hundred metres away are flooded. I know that situation causes a certain amount of stress among the producers you represent.

We've often discussed crop insurance and the affordability of insurance premiums, and there's one thing I'd be curious to know.

I know you've begun a study, and the witnesses from Nova Scotia who appeared before you discussed it. There appears to be a problem in the fruit and vegetable industry. Insurance premiums are too high, which undermines our producers' profitability.

What solution would you suggest for that? What would be an acceptable premium relative to revenue? With what other sectors could you compare your situation?

I'd like to hear your comments on that.

• (1230)

**Ms. Catherine Lefebvre:** First, what makes fruit and vegetables a complex sector is the fact that insurance has to cover all the vegetables that we produce, which isn't the case today. Some protections aren't available for certain niche vegetables or small vegetables.

Second, the producer pays a contribution of 40% of the total crop insurance premium rate, and we expect to get the minimum amount corresponding to that 40% contribution, which isn't the case in all provinces.

Third, the problem with crop insurance is that it covers the shortfall in a hard year, that is to say, only when a small portion of the area of the fields is lost.

We experienced a tough situation in 2023. Some farms lost more than 50%, even up to 85%, of the area of their fields. Crop insurance didn't cover that loss. We agree that crop insurance covers approximately 30% of the revenue that was lost.

**Mr. Francis Drouin:** We normally look at the range of risk management programs when a crisis or situation arises. If that doesn't work, the provinces can obviously request federal assistance through AgriRecovery, which isn't really a program in itself. It's more of a regulatory agreement, a regulatory framework that determines needs.

You also mentioned the possibility of establishing a program that you called "agri-disaster".

How would that program be different from AgriRecovery? The challenge in creating such a program is that the needs of the producers suffering through that kind of crisis always have to be thoroughly analyzed.

How would a program like "agri-disaster", to use your words, be different from the AgriRecovery initiative?

**Ms. Catherine Lefebvre:** What we're now hearing from provincial representatives is that, to qualify for AgriRecovery assistance, losses must be related to production deficiencies that are covered by crop insurance.

As you said earlier, crop insurance covers only 30% of our final cost. We should have a program to make up that difference. It could be called "agri-disaster", as I said. However, regardless of how the program would be named, it would cover the shortfall. That program could also meet the needs of producers over a period not exceeding a year and a half.

You have to understand that, as a result of AgriRecovery's delays, the disaster occurs and the producer doesn't receive a cheque until 18 months later. That component of AgriRecovery doesn't work either.

**Mr. Francis Drouin:** That's somewhat the problem with insurance programs in general. It takes time even in the private sector. A few trees fell on a shed at my place, and it took a year for me to get a cheque.

However, I'm sure we can find ways to do better. We should be able to address the new realities that all producers experience as a result of climate crises that are occurring virtually everywhere in Canada and Quebec.

Thank you very much, Ms. Lefebvre.

I'm going to yield the rest of my speaking time to the chair.

[English]

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

I'm wearing my Annapolis Valley tartan tie today because we have some folks from Nova Scotia, just outside my boundary, but of course they're good advocates in the province.

Jeff, I want to pick up on what you talked about around the HST input tax credit. As I understand it, because we have had this conversation, I want this committee to understand what you're asking. Right now, when you go to build new housing for seasonal workers, let's just say that the cost was a million dollars. In Nova Scotia, the HST would be 15%. As I understand it, you are able to take the entirety of that expense and claim it against your taxable income over the lifetime of the house.

What you're proposing, and what you said to this committee today, is that it would be nice to be able to have that HST provided up front, when the purchase of the home is actually made or the home is actually built, for cash flow purposes. Is that correct? It's just so this committee can understand.

• (1235)

**Mr. Jeffrey Walsh:** Yes, that's correct.

The CRA treats it as residential even though we can't rent it out to the guys. It's treated differently from the way it would be treated if it was a cold storage building, a barn or any other infrastructure for the farm. It's just treated differently, and when I was building it, a lot of growers in our area were building them too, and we all assumed that there would be an HST rebate on it like any other commercial expense.

**The Chair:** You mentioned access to farm input tools. I'll say pesticides and pest management products. I certainly concur. I know many around this table would too, but just quickly on research, part of what has made the Nova Scotia apple industry so competitive is the Honeycrisp apple, which I know has been a high-value product for our province and indeed across the country. Research is important.

The government is putting a lot of money into research, including for GHG emission reduction, but how important is it that it's not just about environmental research but about trade competitiveness as well?

Be quick, given the time.

**Mr. Jeffrey Walsh:** On pest protection, the PMC needs to go out and find the data to give to the PMRA. If we lose some of these chemistries, we are going to be in a huge mess. We won't have to worry about putting apples in bags, because there will be no apples to put in the bags. It's very important that PMC and PMRA be funded accordingly.

[*Translation*]

**The Chair:** Mr. Perron, you have the floor for six minutes.

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

Thanks to the witnesses for being with us today.

Ms. Lefebvre, I'm going to continue on the same subject as I discussed with Mr. Drouin. You spoke to us on the very interesting topic of reform. That's the purpose of this study; it's the alarm that you sounded early last summer. However, we still haven't had a response from the federal government, and we obviously want one.

When you talked about the "agri-disaster" program, you clearly explained that AgriRecovery doesn't cover the remaining 70%. How do you think it would be possible to introduce that program in short order?

Do you have a written recommendation that you could send to the committee?

**Ms. Catherine Lefebvre:** I'm going to put the question to Ms. Lessard, from the association's agronomy sector. I'm sure we have documents we could provide you with. We've had many meetings with representatives of Financière agricole du Québec. We definitely have information that we can send you.

**Mr. Yves Perron:** You have to understand that it's urgent.

Have any members of your association talked about getting out of production this year?

**Ms. Catherine Lefebvre:** They've done more than talk about it. Some got out of production in the fall. We were involved in the reporting on *La semaine verte*, which was broadcast last Sunday. Two farmers have left the sector, and another is thinking about it. A lot

of farmers are reducing the acreage of their fruit and vegetable production.

**Mr. Yves Perron:** What are the farmers who reduced the size of their fruit and vegetable production doing now? Are they leaving their fields fallow? Are they doing something else?

**Ms. Catherine Lefebvre:** They're leasing their fields to other field crop producers or cultivating them themselves. It depends on their equipment.

**Mr. Yves Perron:** If we keep telling producers to invest millions of dollars in their fields in early summer but then that they're on their own in July if they run into trouble, they'll go and do something else; they'll opt for less complex crops.

Is that a correct interpretation of your remarks?

**Ms. Catherine Lefebvre:** Yes, you accurately interpreted them.

**Mr. Yves Perron:** This is a major problem.

We're talking about food security and quality products that are subject to a lot of environmental requirements and standards concerning the use of pesticides and herbicides and so on.

What can you tell us about what we import with regard to the reciprocity of standards?

**Mr. Patrice Léger Bourgoin:** One thing is clear, and that's that we're seeing a new and unfortunate trend toward private standards on which governments have no say. We've cited numerous examples during meetings before the committee.

As you know, listed companies increasingly have ESG standards. Most of the major grocery chains doing business with Canada have them. I encourage you, over coffee on a Sunday morning, to peruse the 50-or-so-page reports of each of the major chains.

The question you have to ask yourself after reviewing those documents is this: If they're applying everything that's described in those documents, how is it that carrots from China are being consumed in Canada in October and November, when the refrigerators of Ontario and Quebec producers are full?

As the saying goes, you've got to walk the walk.

● (1240)

**Mr. Yves Perron:** Do you have any concerns?

Do we have any information about the pesticides and herbicides being used to grow those carrots?

**Mr. Patrice Léger Bourgoin:** Take the United States as an example. The U.S. prohibits Chinese carrots from entering the country unless it's having a shortage. It's afraid that diseases will spread across the U.S. We discussed this a little earlier today.

Why aren't diseases a food safety issue for Canada? As far as I know, no diseases pass through customs.

**Mr. Yves Perron:** I discussed this issue with Mr. Lemaire earlier.

If products from outside Canada don't meet Canadian standards, shouldn't we impose tariffs on them or at least prohibit their entry? What do you think about that?

**Ms. Catherine Lefebvre:** First, you'd have to conduct more inspections. That's basically it. A very small number of inspections are conducted in customs.

Second, in Canada, we really rely on societal and environmental standards that don't have any scientific basis, for example. That's really a disadvantage relative to importer countries.

**Mr. Yves Perron:** If we impose standards, there would have to be more support. This goes back to what we said earlier about Europe, where there are more payments.

I'd like to ask you some questions about product certification. Recently there was a whole saga about linuron. The product had changed slightly and was approved in the United States. Canada took a long time to approve the product, as a result of which producers weren't able to produce and we imported carrots containing that same product.

What's the solution to this problem? Would harmonizing our regulations with those of the United States be conceivable if we don't want to lower our quality standards?

**Ms. Catherine Lefebvre:** It's not just the United States. I'm thinking about what's happening with beets and the pesticide Nortron, as well as the problems we had with PMRA.

The beets on the Canadian market come from Mexico. Mexico has no problem using the herbicide Betamix, the former product, or the new pesticide Nortron. Since Mexico doesn't regulate pesticides to the same degree we do, the competition between us is gradually increasing, and we have fewer and fewer options for producing at reasonable cost.

**Mr. Yves Perron:** So we need resources in order to certify products more promptly.

Is that correct?

**Ms. Catherine Lefebvre:** Yes, that's correct.

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

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

[*English*]

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

I would like to thank all the witnesses for being here and for helping guide our committee through this study.

Ms. Pfenning, I would like to start with you and the National Farmers Union.

It is a fact that extreme weather events driven by climate change are going to come with more frequency and more severity in our future. We know that farmers are on the front lines of that. I have spent six years on this committee and I have often heard farmers say that they are on the front lines of climate change.

There are some particularly worrisome trends coming our way. I know there is a lot of concern on the Prairies for this upcoming summer because of low snowpacks and precipitation levels.

I have always had my work on this committee guided by the theme of establishing resiliency. I know farmers are very wary of an "Ottawa knows best" approach, but there are farmers who are showing us the way. I think it's the job of this committee and indeed of all parliamentarians to find those farmers who are leading the way, put them up on a pedestal and help them spread the knowledge.

I was very taken by your mention of a Canadian farm resilience agency. Would you mind expanding a little on that? How do you think this committee should tailor its recommendation to that effect?

**Ms. Jennifer Pfenning:** Thank you very much for the question.

I want to say thank you again for taking the time to study this issue.

A Canadian farm resilience agency would be a comprehensive way of supporting farmers' resilience.

I appreciate that you recognize that farmers are very independent. We don't want handouts and we don't want to be dependent on Ottawa to give us what we need; however, we need programs, systems and regulations that support our ability to do what we do best, which is grow food.

When we're talking about the knowledge and research that's required to adapt to the changing climate and increased impacts from wilder weather, it needs to come from a space that is not attached to a sales pitch. Right now, most of the information that we have access to for new research, new products or new ways of doing things comes from an agribusiness source that attaches a sales pitch to the information.

One key piece of the CFRA would be offering information and making it accessible to farmers across the country. It would be developed on farms by farmers and by publicly funded researchers. It would be an agronomy base that would be in the best interests of the country and serve Canadians, not a business that is making a profit off of it.

• (1245)

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

I know your organization is a member of a broader umbrella group, Farmers for Climate Solutions. I recently had a meeting with that group, and one of the big topics was the implementation of a sustainable agriculture strategy.

Do you know a little bit about that? Do you know how this Canadian farm resilience agency might fit into that wider strategy?

**Ms. Jennifer Pfenning:** The CFRA would actually enable us to implement all of the things that we see are necessary under the sustainable agriculture strategy.

Darrin Qualman is the NFU's representative at the sustainable agriculture strategy table, and he's representing us very well. As you're looking at that sustainable agriculture strategy, I would encourage you to not water it down. Keep it strong. We have to keep the vision very effective, bold and visionary.

The CFRA would.... I don't have enough time here to explain all of it, but we will provide a written submission with further details and an expanded explanation of it.

Essentially, it's a way to support farmers to do what we need to do to adapt to climate change.

**Mr. Alistair MacGregor:** Let me rephrase the question. I just want to switch gears.

It's a known fact there are extreme labour pressures in the agriculture industry, and new data came out today from the Canadian Agricultural Human Resource Council. It estimates that by the year 2030 there'll be 100,000 vacancies in the agricultural industry. Given that labour is a such a key component to its future success—to its current success—does the NFU have any ideas it would like to share with the committee, or can you provide any recommendations on how we can best approach that labour deficiency, that gap, to ensure our farmers are as successful as possible?

**Ms. Jennifer Pfenning:** Thank you very much. You've touched on a really important point. I saw the notice that the report had hit my inbox, but I haven't had a chance to look at it.

I'll just talk for a minute about a specific example. On my farm, in the peak of our season, we employ roughly 150 people, and 45 of those individuals come from overseas. We have, as a country, been relying on offshore labour, human beings who come to our country to work on our farms and do the essential work of producing food. At the beginning of the pandemic, we saw what happened when we didn't have those skilled hands in our fields.

Ultimately, if we want to address that labour shortage, we have to ensure that we set farming up. Specifically, horticulture has a very great demand for physical and human labour that cannot be replaced by machines, as the technology has not been adapted to do that. I struggle to see how that would happen in any short period.

We require many people. If we want to address that need, we have to ensure we have a system that enables the people working in the field to produce the food we eat to have a dignified work experience, no matter where they come from.

Increasingly relying on workers who come here and are subjected to very strict controls that reduce their agency, and in many ways disenfranchise them and make them vulnerable, is not a productive or positive way forward.

We, as the NFU, have many papers on that.

• (1250)

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

Mr. MacGregor, I gave an extra minute and a half. I know you'll be judicious in your second round to give us that time back.

Next we have Mr. Epp.

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

I'll begin with our friends from Nova Scotia.

I appreciated your testimony on the temporary foreign worker and housing situation. That's a very familiar subject in my own riding, where there is a large horticultural presence. I also appreciated your testimony regarding PMRA and PMC.

Can you talk quickly about the co-operation between our Canadian regulatory folks and the industry with the IR-4 program? Could you also talk about the number of projects that are being supported, given inflationary costs and the lack of support for the PMC? I'm assuming that the number of projects that qualify is being reduced.

**Ms. Emily Lutz (Executive Director, Nova Scotia Fruit Growers' Association):** I can take that one.

I'm Emily Lutz, the executive director here to support Jeff in his questions.

Speaking directly to that, the FVGC is looking for an \$8-million increase for the PMC. That directly translates into the ability to do more projects and collect more data.

What's important to recognize, too, is that the best data helps us address increasingly complex issues, and some of that is also driven by climate change. It's not just the products we're using right now, but it's the projects and challenges we're facing moving forward.

Climate change has brought insects to our industry from elsewhere that we have never seen before because of our warming climate. Looking ahead, it's going to be essential for the PMC to collect that data for us in order for us to make good farming choices.

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

I'm going to switch to our friends from Quebec. We heard in testimony earlier that consumption of fresh fruits and vegetables is declining, cost being one of the main drivers. One might think that if Canada adopted a code of conduct, it would bring transparency but would increase the cost to consumers.

Mr. Bourgoin, you touched on Ireland. The U.K. has a code of conduct and the consumer experience has been just the opposite. Could we expect in Canada that if we took a code of conduct, the consumer would actually see lower prices?

**Mr. Patrice Léger Bourgoin:** Thanks for your question.

[Translation]

Consumers would definitely view healthy relations between suppliers and retailers as a positive.

At the request of the federal, provincial and territorial departments, we worked for two and a half years to establish a dialogue in order to develop a retailer code of conduct and industry good practices. That work was done with considerable maturity and extensive dialogue.

We talked to each other, eyeball to eyeball, and, to the satisfaction of the ministers, managed to present a code of conduct that, in our humble opinion, will serve the interests of everyone in the country.

However, one industry actor in particular came and said he didn't agree. The consultation process took two and a half years, but, at the last minute, someone said he didn't agree and didn't want to be part of the process. That attitude is simply unacceptable.

[English]

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

Very quickly, who needs to participate in the code for the consumers to benefit? Is it everyone?

[Translation]

**Mr. Patrice Léger Bourgoin:** I would say that the major retailers that influence the market must be part of this. Eighty percent of sales are made by a small number of retailers. Those five major retailers in Canada must definitely be part of it.

The associations of smaller retailers took an energetic part in developing the code, which, I would reiterate, should smooth out relations.

I believe that, after two years of exploration, we will collectively be able to verify whether the work we've done yields the desired results.

[English]

**Mr. Dave Epp:** Thank you, Mr. Chair. I'm going to cede my time to my colleague Ms. Rood.

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

Mr. Bourgoin, in testimony between you and Ms. Lefebvre, you mentioned that in some instances, farmers are being undercut by the big grocers, and my colleague just touched on the code of conduct.

I'm wondering if you can give us an example of some of the practices you've seen in Quebec. We've heard some of the things from farmers in Ontario. What have you seen the grocers do to farmers in Quebec when it comes to advertised specials and getting their local product into grocery stores in Quebec, and how would that code benefit those farmers?

• (1255)

**Mr. Patrice Léger Bourgoin:** I'll give you one example.

[Translation]

This happened last January. A Quebec producer got a call from a major chain that wanted to sell one of its products, as my boss mentioned earlier. The product was subject to an agreement between the producer and the major chain. A few days later, the same chain received a better price from a Mexican producer and then decided to cancel the order from the Quebec producer.

When the major retailers come to the table, they simply say that their aim is to lower prices for consumers.

However, in this specific case, in the following days, we kept gathering information on the withdrawal of the Quebec product in favour of the Mexican product. Strangely, we saw that the price displayed on the circular and in stores hadn't dropped. The chain had simply maintained the price, even though it had obtained a product from outside Canada at a lower price.

[English]

**The Chair:** Go ahead really quickly, Ms. Rood.

**Ms. Lianne Rood:** Thank you for that information.

I'd like to move a motion:

That the committee invite the Minister of Agriculture and AgriFood to appear for no fewer than two hours regarding the Supplementary Estimates (C), 2023-24 and that this meeting take place as soon as possible, but no later than Friday, March 1, 2024.

Thank you.

**The Chair:** That could be tough, given that it's two weeks away, but of course we always have the minister in to have different opportunities to hear from him, so we'll see where that goes as a committee.

We'll turn it over to Mr. Louis for up to five minutes.

**Mr. Tim Louis:** Thank you, Chair. Thank you to all the witnesses.

I'll be splitting my time with Ms. Taylor Roy

. I'm going to direct my questions to Jen Pfenning of the National Farmers Union, because it's an honour to speak in this committee to a farmer who lives 15 minutes down the road from me in Kitchen-Conestoga. We've had many conversations on your back porch and at the kitchen table.

You mentioned in your statement off the top that class 1 and 2 farmland must be protected and reserved for farmers to grow food. Can you expand on the importance of keeping this farmland for us to have that local food?

I understand that we're losing 319 acres of farmland every day in Ontario. What can we do to keep those small and medium-sized family farms like yours in our communities? What measures can we take to protect farmland, and how can all levels of government work together?

**Ms. Jennifer Pfenning:** Thank you very much. It's always a pleasure to speak with you, Tim, and I look forward to having some more chats on the deck or at the kitchen table.

I probably don't need to remind all of you just how precious class 1 and 2 farmland is in our country. Less than half of a per cent of our total land mass fits into that category, and more than 50% of it is in southern Ontario. It's mostly very close to urban centres. Those urban centres are the source of pressure on that very farmland that feeds us because of the expansion of the urban centres and sprawl.

All levels of government need to work together to ensure that the protections that exist are not eroded and in fact are strengthened. Farmland needs to be seen as a non-renewable resource, because it is. If we allow the existing dynamic to continue, we will lose the capacity to feed ourselves eventually and in the not too distant future.

Farming should be the number one highest priority for class 1 and 2 farmland use, for every piece of it across this country. By enshrining protections that ensure it is kept, we will enable ourselves to continue to feed ourselves into the next generation.

It's been very difficult for individual farmers to prevent the loss of farmland, because we're under pressure to sell. For the next generation to take over, it is very difficult. We don't have a way to save for retirement beyond the increased value of our farmland that we have to then sell. Those falling returns for what we grow are creating the structural deficit I mentioned. Input companies and landlords are taking too much and buyers are paying too little, with the difference being taken out of our land, out of the labour and out of our income.

Allowing it to continue is unsustainable. We need to look to the future.

• (1300)

**Mr. Tim Louis:** Thank you. I appreciate that.

I want to share my time with Ms. Taylor Roy. Thank you.

**The Chair:** You have just under two minutes.

**Ms. Leah Taylor Roy:** Thank you, Mr. Louis. Actually, you asked one of the questions I was going to ask.

I'd like to continue directing my questions to you, Ms. Pfenning.

I appreciate what you're doing as an organic farmer. In my constituency there are several of them, including Southbrook Vineyards and Bill Redelmeier, Frank's Organics, Joyfully Organic Farm. I have spoken to a number of them, and they're very concerned about the organic standards that we have in place and the cost of certification.

I'm wondering if you have any comment on that and what our government can do to support organic farms in particular.

**Ms. Jennifer Pfenning:** Thank you very much for that question.

I'm very familiar with the farms you mentioned as well. I enjoy Southbrook wine a lot.

The organic standard is the key to maintaining our ability to protect organic farmers from imports that don't meet the same standard. As we are reviewing it currently, we have received funding from the government and we're very grateful for that as a sector, but

we need supports in place to ensure that the support to review and maintain the standard is ongoing.

Other jurisdictions around the world are supporting their organic standard. Our biggest trading partner, the U.S., is investing far in excess of what we have invested per capita into organics. That's our biggest competition as farmers in Ontario, in Canada. We are competing south of the border.

**The Chair:** We're going to have to leave it at that. Thank you to you both.

I would like to recognize the presence of Mr. Ehsassi, member of Parliament for Willowdale, who has presented a motion on food waste, in terms of creating a framework.

It's great to have you, an urban MP, here taking an interest in rural issues and sustainability. Thank you, Mr. Ehsassi.

[*Translation*]

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

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

Ms. Pfenning, you proposed to create an agency focusing on farm resilience. You mentioned that it was important that the agency be highly decentralized and that decisions come from its base. You said it had to be a centre that gathered information from research funded by the public sector, not by businesses that make profits from proposed products. Among other things, I'm thinking of the recent update of directives on genomic editing, which must certainly have disappointed you.

Do you agree with me that, if something of that kind were established, it would have to be really decentralized in order to accommodate the specific situations of the provinces and territories? Farmlands are different, and they are subject to different climates. Shouldn't there also be a major investment in research and development?

**Ms. Jennifer Pfenning:** Thank you for that question.

My French isn't good enough for me to answer you in French.

[*English*]

I apologize. My sound cut out a bit during the question.

Yes, we're asking for it to be decentralized, but it needs to be nationalized. We need centres across the country.

As we all know—this isn't something that I need to explain to anybody, I'm sure—we all have different conditions on our farms across the country. We're facing different environmental stressors, so we will need those centres to be adapted to and addressing the specific conditions in each area.

For example, right now the snowpack—

[*Translation*]

**Mr. Yves Perron:** I apologize for interrupting, Ms. Pfenning, but speaking time is really limited.

Thank you very much. I clearly understand your message.



Ms. Lefebvre and Mr. Léger Bourgoïn, what do you think of that? Do you have any more important points that you would like to emphasize before concluding your testimony?

**The Chair:** Please do so in 30 seconds.

**Ms. Catherine Lefebvre:** I believe Ms. Rood discussed the important part earlier. I'm referring to the motion she introduced, to the effect that the federal budget should take into account the portion that falls to agriculture. That part should be representative of our contribution, whether it be to our gross domestic product, our GDP, to health or to all the other budget items.

I believe we deserve our fair share. Whether it comes from insurance programs or programs that support our agriculture, I believe the budget should allocate a greater portion to the needs of the agricultural industry.

[English]

**The Chair:** Mr. MacGregor, I expect a nice succinct question and a nice succinct response, please. I go over to you.

• (1305)

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

I'm going to ask my questions to our Nova Scotia guests, so I hope that adds a few points there.

**The Chair:** Oh, well—then you get more time.

**Some hon. members:** Oh, oh!

**Mr. Alistair MacGregor:** To the Nova Scotia fruit growers, I'm a coastal Canadian on the Pacific side, and my province was battered by an atmospheric river in fall 2021 that caused absolutely brutal devastation and damage. I think it cost our province about \$9 billion, and a lot of that came from farmland. I know Nova Scotia is no stranger to its fair share of natural disasters from weather. Can you explain a bit about the hard lessons learned from those events, and where you think the federal government can be stepping in to help farms adapt their farming practices to try to establish a bit more resiliency in the face of what are sure to be future storms coming your way? What can be done to help you adapt and become more resilient?

**Mr. Jeffrey Walsh:** One of the things that went on during the last 10 years, probably, is that Dalhousie University did a study on infrastructure for our actual trellis equipment, so we now have a template that we can plug everything into to build stronger, more sustainable systems for holding the trees up. There's nothing worse than when a hurricane comes through in September and the trees are loaded with fruit. Not only do we lose the crop for the year, but we lose the whole tree and we're out of production for years to come. It would be nice for more business risk management systems to be put in place to try to weather that, with hail netting and things like that. There are different climate change things that we can use to mitigate, but the costs are massive to try to get them implemented.

**Ms. Emily Lutz:** To add on to that, the costs of production are going up and our returns are declining, so farmers have less money in their pockets to address these issues that we need to address to fight climate change.

One thing I also want to point out is that the burden on associations, growers and industry to contribute to research keeps going up. We have these problems and we are receiving less money for our products and our costs of production are going up, and then we're seeing that our share of research projects keeps going up as well. It's really hard to find those dollars to contribute to those research projects that can help us find ways to reduce our own environmental impacts and mitigate climate change on our own farms as well as to look to the future to try to see what's coming and to plan for how we can grow in changing conditions.

I think there's a lot that the federal government can do in terms of lessening the burden on industry and on associations regarding our contributions to research, because we simply just don't have cash available to put into these projects, and we see the contribution formula change from fifty-fifty to seventy-thirty. It might be well-intended, but it's really difficult for us to come up with that cash when our farmers are struggling to make ends meet and even to farm.

**The Chair:** Quickly, Ms. Lutz or Mr. Walsh, on cold storage, you mentioned the state of Washington in your opening remarks and the apples that are flooding into the market. Can you speak to this committee not only about the importance of cold storage research but also about how that is a market mechanism to try to help protect value for your products?

**Mr. Jeffrey Walsh:** We have some of the best cold storage. We do a lot of research at our Kentville AAFC building, so we have some of the best cold storage data around. We're able to hold our fruit back in cold storage longer, while Washington and other areas flood the market. We can hold our fruit until the spring or summer of the following year. We can hold it for a whole calendar year, and that helps protect us on costs, because while they're flooding the market with low-quality, low-value fruit, we just hang on to ours, sell it domestically and sell a bit when we need to. We can hang on to it until June, July or August, and sell it all then at a better price.

**The Chair:** Colleagues, thank you so much. We ran a little over our time, but I thought the testimony was great today.

Let me thank our witnesses from l'Association des producteurs maraîchers du Québec, Ms. Lefebvre and Mr. Léger Bourgoïn; our witness from the National Farmers Union, Ms. Pfenning; and our witnesses from Nova Scotia, Ms. Lutz and Mr. Walsh.

Thank you for your testimony today.

Colleagues, we're going to be on a break week next week, but we'll be back on February 27. The first hour will be on horticulture and the second hour will be with Minister Champagne on the continuation of efforts to stabilize food prices.

As a quick note on the grocery code of conduct, there were great exchanges today with our friends here around the table. This committee believes in the grocery code of conduct and will be writing to the CEOs to express our complete desire and to call for them to adopt that code.

We'll see you after the break week, colleagues. The meeting is adjourned.

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