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• (1100)

[*Translation*]

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

Welcome to meeting number 102 of the House of Commons Standing Committee on Agriculture and Agri-Food.

I will begin with a few reminders.

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

[*English*]

I'm going to remind colleagues that we have taken some additional measures to protect the health and well-being of our translators. For the witnesses who may not have been privy to this yet and who are in the room—I guess that's you, Mr. Forest—if you're not using your headset, we ask that you keep it away from the microphone.

Colleagues, please make sure you wait until you're recognized so that we don't have multiple microphones in play at the same time. I know that shouldn't be a problem, but we'll make sure that we keep the health and safety of our translators top of mind.

We have a couple of substitutions today.

Welcome back, so to speak, Mr. Epp; you are a regular in substitution at least. Certainly you're here for Mr. Steinley today.

We have Mr. Chiang in for Mr. Carr.

Ultimately, Ms. Murray will be joining our committee on the Liberal side, I'm told. We'll look forward to having another voice from British Columbia to join Mr. MacGregor.

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

I'd now like to welcome our panellists here today.

[*Translation*]

First of all, we have Jean-Philippe Gervais, who is executive vice-president, strategy and impact as well as chief economist of Farm Credit Canada.

[*English*]

Mr. Phil Tregunno, from the Ontario Tender Fruit Growers, is with us by video conference.

[*Translation*]

We also have with us Pascal Forest, who is president of Producteurs de légumes de transformation du Québec.

[*English*]

Finally, from Sustane Technologies Inc., we have Peter Vinall, president, joining us by video conference.

It's great to have all of you here.

Colleagues, we're going to move as quickly as we can because we have four witnesses in this panel and up to five minutes for each organization.

I'll start with Farm Credit Canada.

Mr. Gervais, you have up to five minutes. It's over to you.

Mr. Jean-Philippe Gervais (Executive Vice-President, Strategy and Impact and Chief Economist, Farm Credit Canada): Good afternoon, Mr. Chair and members of the committee. Thank you for inviting me to join you today.

My name is Jean-Philippe Gervais. I'm the executive vice-president of strategy and impact and chief economist at Farm Credit Canada, or FCC.

[*Translation*]

FCC is a federal Crown corporation committed to the Canadian agriculture and food industry. With a loan portfolio of over \$50 billion, we support 102,000 customers through over 2,300 employees and 103 offices across the country. We provide financial services, as well as advisory services, management software and knowledge sharing to the industry.

FCC provides broad support to customers in the horticultural industry, which is comprised of greenhouse, field vegetables and fruit sectors. As of March 31, FCC's total horticulture portfolio was 3,576 customers with \$4.77 billion of total owing. This represents 6.3% of FCC's overall customer base and 9.4% of our portfolio balance. Regionally, British Columbia, Ontario and Quebec contribute the largest amount to the horticulture industry.

[English]

Recent production challenges across the country have impacted FCC customers and the industry. The greenhouse sector has experienced disease outbreaks, which, combined with a tighter profitability environment because of elevated interest rates and input costs, have led to an increase in impaired loans in the sector. In the fruit sector, adverse weather conditions and high input costs as well have led to increases in impaired loans. Overall, these financial challenges are not currently significant at our portfolio level and represent less than 5% of the total owing by the greenhouse and fruit sectors.

FCC is currently offering additional support to fruit and wine sector customers in B.C. who are facing financial hardship as a result of prolonged cold temperatures over the winter and the significant resulting damage to wine vines and fruit trees across the province. In addition, last summer's severe drought and wildfires adversely affected tourism, a critical source of revenue for many wineries in the region. Our 2023 adverse weather customer support program has been in effect since last July.

Customer support is a central part of FCC's business, and we consider a variety of credit and deferral options to reduce the financial pressures on producers. We also provide knowledge to help producers make informed business decisions. For example, we will be releasing the 2023 FCC fruit land value analysis tomorrow, on May 8.

- (1105)

[Translation]

Ontario orchard and tender fruit growers, the majority of whom are in Niagara, are witnessing a period of robust crop quality and strong fruit prices, and the Quebec apple market remains stable. In the Atlantic region, there has been a persistent issue of excess supply in fruit, particularly with wild blueberries, which is straining the market. This demonstrates the wide regional disparity in the horticulture industry, specifically in fruit production.

FCC is committed to not only supporting our customers through these adverse events, but helping all affected persons become more resilient and disaster-resistant in the future.

[English]

Thank you for your time. I look forward to answering any questions you may have.

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

We're now going to turn to Mr. Tregunno, who is with the Ontario tree fruit growers, I believe.

Go ahead.

Mr. Phil Tregunno (Chair, Ontario Tender Fruit Growers): Thank you very much for the opportunity to speak to you today.

My name is Phil Tregunno. I'm the chair of the Ontario Tender Fruit Growers. Our organization represents all growers of stone fruit and pears across Ontario, with a farm gate value in 2023 of over \$85 million.

I myself am a fruit grower. Our family operates 700 acres of tender fruit and grapes in Niagara-on-the-Lake, and we are fully invested in the future. Our farm is right along the Niagara River

With an outdoor crop, we face many weather challenges and rely primarily on crop insurance to provide a safety net. Frost and freeze are our main perils, with an average of 83% of all claims when things like that happen.

Climate change has resulted in more erratic swings in temperatures, and winter was no exception, with warm February and March temperatures, resulting in full bloom from April 7 to 10. That was days earlier than 2023. It's about a month earlier than when I started farming. We used to have blossom time on Mother's Day and now it seems to be a month earlier.

Temperatures fluctuate a fair bit. On the last full moon, we had negative three degrees Celsius. We expected a bit of damage from that, but luckily everything seems to have come through, and we expect a full crop.

Drought and high heat as a result of climate change are also perils that we face. We definitely have a lot of impact as a result of that. At that point in time, of course, we have all our labour and all our inputs for the season in, so it is a very hard hit for farms.

The big part about this is that a lot of this is site-specific. In some of these cases, you can have freezes or hailstorms or whatever in one site, but the nature of Niagara is that there are a lot of smaller farms that are not necessarily adjoining parcels. Site-specific insurance is something that we've been really pushing for. It's something that's really important.

Agricorp delivers production insurance programs, and we're working with them to make changes to the plans to make them more responsive to our particular risks. We believe that rather than whole-farm coverage, one of our real asks is to get into site-specific coverage. We've been blocked on that, for a number of reasons. Some of the case is the funding between the federal and Ontario governments on that.

They've also said that moral hazard is an issue for having site-specific coverage. We've developed the farm management software Croptracker, and we believe that we would overcome any sort of moral hazard with that.

On our use of AgriStability, it also operates on a whole-farm basis and, really, it's disaster insurance. The nature of Niagara is that we grow multiple crops, and to trigger a benefit on a whole-farm basis is less likely in our sector, so AgriStability has not really been too beneficial for us. Our main... It really is for crop insurance. That's the real need: a good, working crop insurance system.

We've also received funding from AAFC to continue new variety development with a focus on climate change and import replacement. The funding will take us to 2028, and we hope it will result in some heartier varieties that can better withstand frost, freeze, drought and high heat events. The funding also includes life-cycle analysis, carbon sequestration platform, investigation of potential best management practices and reduction of the on-farm greenhouse gases.

We continue to work at the provincial level for a Niagara region-wide irrigation system. Some of us who are close to things like the Niagara River have some real benefit. Other areas have no access to raw water. It's something that we desperately need to produce fruit across the whole area and to mitigate some climate issues. We're looking for federal infrastructure dollars to construct a region-wide system and make upgrades in the Niagara-on-the-Lake system.

• (1110)

Labour is a really key issue for us. It's very seasonal. Lately we've been informed by ESDC that they're going to make some changes to the seasonal agricultural worker program. That program has been there for 58 years, and we feel there is a tremendous amount of oversight to it and it's very beneficial. We're worried—a little more than worried—that ESDC will lump it in with some of the other temporary programs and not treat us the same way as we have been treated over the years with the seasonal aspect of the nature of growing fruit.

The Chair: Thank you, Mr. Tregunno.

I apologize. We're just over time. I gave you a little bit of extra time. I appreciate your being able to make the sentiment on the labour piece.

I'm being advised of one thing by our clerk. I note that you have a background that is blurred, and it seems to be slowing your connection speed a little bit. As we go to our other witnesses, maybe you can play around with it or work with our technical team. We would appreciate that.

[*Translation*]

Mr. Forest, the floor is yours for five minutes.

Mr. Pascal Forest (President, Producteurs de légumes de transformation du Québec): Thank you, Mr. Chair.

Ladies and gentlemen, thank you for taking the time to listen to my concerns about the future of Canada's horticulture sector.

My name is Pascal Forest, and I am president of the Producteurs de légumes de transformation du Québec. I also sit on the board of Fruit and Vegetable Growers of Canada and am a fifth-generation horticultural producer.

The current risk management programs no longer work, mainly as a result of climate challenges. Given economic developments and the vagaries of weather, the effectiveness of those programs and the ad hoc assistance made available to horticultural producers leave much to be desired.

This is evidenced by the events that occurred in Quebec last summer, when the major horticultural regions were hit by historic rains. On August 4, we sought emergency assistance from the Que-

bec government, which then requested that the federal government activate the AgriRecovery program in response to the disaster. Unfortunately, however, we are still waiting for a response more than nine months after making that request. The situation has had substantial financial consequences for many horticultural entrepreneurs.

In the short term, the government must increase its disaster responsiveness and improve the ability of its risk management programs to adapt to the instantaneous and substantial impacts of climate change.

Food resilience concerns must also be taken seriously. It would be irresponsible to think that the population of Canada isn't exposed to potential fresh fruit and vegetable shortages as a result of damage caused by climate incidents and the major production losses they more frequently cause. It would also be delusional to think that existing programs, in the medium and long terms, can cover climate-change-related costs or increase adaptability to a degree commensurate with those significant impacts.

The economic profitability of our horticulture farms has also come under even more pressure now that the retail and wholesale industry has been concentrated in recent years. Five players now hold a 75% market share in Quebec's retail sector, and the vast majority of food wholesalers belong to foreign interests.

The imbalance of market power among major retailers and producers has increased that pressure. Production costs are rising as retail and wholesale giants strive to cut prices by forcing us to compete with foreign products. However, since the societal and environmental standards of the exporting countries are, in many instances, more permissive, this leads to unfair competition.

The Canadian government must do a better job of protecting horticulture producers. If the major players refuse to sign voluntarily on to a code of conduct, such a code must sooner or later be imposed. As far as I'm concerned, the ultimatum for that will come at the end of May. This situation has dragged on too long.

The Canadian government must also be more energetic in its efforts to demand reciprocal standards for foreign products.

To sum up, since the population of Canada is now 40 million inhabitants, we must have an adequate number of farmers who want to continue farming. I will close on a personal note: My children and nephews aren't convinced that their professional future includes taking over the business that is the result of the work of five generations. Urgent action is required if they are to change their minds.

Thank you.

• (1115)

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

Go ahead, Mr. Vinall.

[*English*]

Mr. Peter Vinall (President, Sustane Technologies Inc.): Good morning, Mr. Chair and members of the committee.

My name is Peter Vinall, and I'm the president of Sustane Technologies. This morning I'm joined by Kevin Cameron, our senior vice-president of business development.

Thanks for giving us the opportunity to speak to you today about how Sustane is uniquely positioned to assist the horticulture sector in meeting the government's climate change goals through the reduction of plastics waste and the use of society's organics as a negative carbon fertilizer.

We were founded in 2014, and we're based in Halifax. Sustane is a Canadian clean-tech company, and we're on a mission to improve waste circularity, materially reduce greenhouse gas emissions and have a global impact with our solutions.

Every year Canadians throw away over 2.5 million tonnes of plastic waste. Only 9% of plastic is actually recycled in Canada and North America, and the rest ends up in landfills and in the environment, threatening our health, wildlife, rivers, lakes and oceans.

Certain kinds of plastics can be replaced with biodegradable alternatives. Single-use plastics, however, play a critical role in health care and food safety, among other things. For example, the horticultural sector needs to use plastics to transport goods to markets. While there's a desire to reduce the sector's carbon footprint, there are very few cost-effective or viable alternatives in production, distribution and transportation.

That's where our sustainable solution comes in. At Sustane, we're focused on improving waste circularity by repurposing single-use and end-of-life plastics back into a plastic precursor. We can take end-of-life plastic and put it back into the plastic food chain, so to speak.

Through our proprietary mechanized process, we're able to recycle up to 90% of landfill-destined waste into plastic precursors and negative carbon fertilizer, replacing the current high-carbon processes. We're already doing that in Nova Scotia at our full-scale demonstration plant in Chester, where, in addition to municipal solid waste, we also process plastic from the federal government's ghost gear cleanup program and agricultural waste from farmers.

Just last month we signed an agreement with Wetaskiwin County in Alberta to build a facility there, which will also process some of their agricultural waste, improving the carbon footprint of farming in the province.

We've also signed a memorandum of understanding with Washington state, and we're planning our expansion into the United States.

At a community level, our innovative approach to use waste management reduces a municipality's carbon footprint by up to

10% through the prevention of up to three tonnes of greenhouse gas emissions for every tonne of waste that we would process.

Mr. Chair, Sustane believes that industry needs to be responsible in the use of plastics, but that government must also recognize that for many processes, plastics are the only economically viable material for the immediate future. If the government truly wants to support our agriculture sector, it should be funding circular economy projects that can process horticultural waste and support extended producer responsibility programs to fight climate change.

We should also be working to support the sector through the adoption of new technologies as they become available. Canada has the opportunity to lead on agricultural sustainability by investing in solutions that promote waste circularity. Canada can not only achieve its climate goals without punitive measures on industry but can also help bring forward a mature, made-in-Canada technology that's in high demand around the world.

Thanks again for the opportunity for us to appear. We're more than happy to answer any questions you might have. I hope you have the opportunity to visit our Chester plant in Nova Scotia to see our cutting-edge technology in action.

Thank you very much.

• (1120)

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

As the proud member of Parliament for Kings—Hants, I invite any Canadian and all committee members to come to Nova Scotia to see our beautiful province, whether it's for Sustane Technologies or otherwise.

With that, we're going to turn it over to questions.

Mr. Epp, welcome to the committee. It's great to have you back. We'll go over to you for six minutes.

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

I'll start with Mr. Phil Tregunno.

Sir, what's a nectarine, and how long has the industry been growing them in Ontario?

Mr. Phil Tregunno: Well, a nectarine is a rather interesting story, because most of the varieties are American nectarines that we've transplanted over here and have taken off.

In lots of the other areas, nectarines are basically 50% of the markets—it's 50% peaches, 50% nectarines. We're likely about 30:70 in Canada right now, so it's fairly attractive.

Mr. Dave Epp: What's one of the issues that have been holding back getting that fifty-fifty balance?

I have copies of an exchange of letters from your industry to the CFIA. I understand that the industry has been going through an exercise in grading. Can you explain? I can hardly believe what I read, which is that it has been a 14-year process, and it's not been completed yet. Is that correct?

Mr. Phil Tregunno: That's correct.

We initially got nectarines brought in as a test. We were told we would have a grade schedule out there. It was supposed to be completed in the last year or two, after 14 years. Instead, we were just sent something that said it would continue on as a test.

Mr. Dave Epp: There's an initial pilot that was started 14 years ago under a different government. Where is the delay?

My understanding is that the industry has actually developed the standards. Is this not a "review, adopt and process" process? Where is the holdup?

Mr. Phil Tregunno: The holdup is at the CFIA. We've put in all the documentation. The industry has sent everything in to the CFIA, so it just needs approval.

Mr. Dave Epp: When did the industry submit that information?

Mr. Phil Tregunno: It went in, I would say, four or five years ago, at least, and we were told it would be completed by this year.

Mr. Dave Epp: What is the effect on the supply chain of this delay?

Mr. Phil Tregunno: Our retailers in that had great concern because they would not be able to advertise the product as "Canada No. 1" as far as the grade is concerned. Even though all our cartons and containers are printed ahead of time, we would have had to somehow redo all those cartons and containers, so we wouldn't have been able to have them labelled as Canada No. 1.

Mr. Dave Epp: Is this a food safety issue?

Mr. Phil Tregunno: Absolutely not. It's a grading issue. It's things like sizing or marks, or something like that. It's basically to get something across someone's desk and get it accomplished.

Mr. Dave Epp: Has there been any viable reason given for why it's taken four years since the department got all the information?

Mr. Phil Tregunno: No. There's been nothing, other than it's the Safe Food for Canadians Act that they're working on.

• (1125)

Mr. Dave Epp: Thank you.

I'm going to turn my attention to a colleague of mine from 30 years ago.

[Translation]

Mr. Forest, my French isn't very good, but I'm learning with Duolingo.

[English]

My French is marginally better than when we met 30 years ago. I'm working on it.

You listed a number of issues facing the horticultural industry. When you interact with retailers on their choices to bring in imported produce versus Canadian produce, be it fresh or processed—I know our intersection was on the processed side, while presently you're here more in the fresh capacity—what is their reaction to additional plastics burden costs and carbon tax issues that the farmers and producers face? How is that taken into account by the retailers?

[Translation]

Mr. Pascal Forest: I couldn't answer that question as it pertains to Canada, since I deal solely with the United States for fresh vegetables.

The pressure that producers face definitely won't lower production costs. Every additional requirement will obviously increase costs. Then we're being asked to charge lower prices to reduce the costs for Canadians. However, if our competitors whose products are imported here don't have to meet the same requirements, we'll lose ground every time.

[English]

Mr. Dave Epp: You and I intersect, and I'm going to take a little licence here. We both grew for the same processor. I grew green beans in Ontario and you grew them in Quebec for the same multinational processor. We were competing with green beans from New York and Minnesota. We had many discussions about this.

Again, does that same dynamic apply on the processed side that you just articulated for the fresh side?

The Chair: You have 20 seconds, unfortunately.

[Translation]

Mr. Pascal Forest: If we don't have the same regulations, we'll definitely lose out to that competition.

[English]

Mr. Dave Epp: Thank you, Mr. Chair.

For the record, we were both very young 30 years ago.

[Translation]

The Chair: Thank you very much, Mr. Epp and Mr. Forest.

Now Mr. Drouin has the floor for six minutes.

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

[English]

Just quickly, Mr. Tregunno, on your exchange with Mr. Epp, I'd be happy to follow up on your behalf, if we can get in touch after this committee, on the issue you've raised. I'd be happy to help you.

[Translation]

My first question is for Mr. Gervais.

The agriculture sector is facing a lot of climate-change-related challenges. I don't want to name them all, but has your Crown corporation noticed any specific lending trends in this context?

How does FCC help farmers facing certain situations that aren't really predictable, such as weather phenomena?

Mr. Jean-Philippe Gervais: To answer that question, I'd say that the key for us is to take a proactive approach to the businesses we work with. We're familiar with climate change, of course, and all the production challenges it entails. Consequently, our primary approach is really to be proactive. We've also adopted the same approach to other challenges, such as rising interest rates. We took proactive action when we saw interest rates were rising and worked with clients to come up with more appropriate solutions for their businesses.

I think you have to understand that the challenge is to identify the specific characteristics of each business. They obviously aren't all at the same place in their growth, transition and volume strategy. There are a lot of factors to consider.

However, the main point is that they have to be proactive. We see that when we set up clientele assistance programs based on production challenges. We recently implemented one for producers in British Columbia. Another one has been in place for a year dealing with the extreme heat and drought they've experienced since 2023. In addition to agricultural producers, it also targets the entire chain, all production sectors.

We therefore take an individual and proactive approach. This enables us to secure as much assistance as possible for clients and to work with them toward the best solutions for their businesses.

Going forward, I would add that we need to help producers and assist them in introducing production and management practices that help them increase their resilience and the sustainability of their businesses as they cope with climate change. For example, we have a financial incentives program. We've worked with partners, but really in partnership, not alone. We currently offer six programs and others are being developed.

Another aspect of our work, for example, is setting up sustainable funding programs. We're currently developing a framework and establishing principles that will govern the way we work so we can offer financial products that enable entrepreneurs to make changes to their businesses.

● (1130)

Mr. Francis Drouin: I understand how producers can endure an occasional crisis in a given year, but now they're being forced to deal with many consecutive crises from year to year. If they have cash problems, that unfortunately undermines their ability to overcome those crises.

How do you work with them when they're facing consecutive crises? The architecture of those programs was never designed to cope with crises that disrupt production from year to year as a result of uncontrollable factors.

Mr. Jean-Philippe Gervais: That's a good way to put it. I think the main challenge arises when many factors come into play. For example, consecutive factors or problems of a similar nature may be associated with unexpected production variations. Some production variations may also be associated with unfavourable weather conditions combined with interest rate hikes.

From what I've seen over the years, I'd say that businesses in this industry are generally well equipped to weather a crisis or a one-off event. It's when numerous disruptive factors occur that things get complicated. In a way, I think that has complicated the business environment of all farms in the sector. That's definitely the case of horticulture production, given the significant production challenges in recent years.

The current approach is to come up with more long-term solutions. The benefit that a corporation like FCC offers is that we can work continuously with the agriculture and agri-food sector because it's the only sector we serve. You could say that ours is truly a lasting commitment, one that makes it possible to adopt a more long-term perspective.

As I mentioned in my remarks, there may be an increase in the number of loans that are granted on demanding conditions. However, we know we can adjust those loans over time so those businesses can return to profitability by making changes to their financial practices, or their production practices in particular.

I think you have to take a longer-term approach.

Mr. Francis Drouin: I see. Thank you.

Mr. Forest, I know that you mentioned risk management programs in your remarks and that you discuss them with the producers you represent. I also explained why those programs aren't always able to resolve current issues. What suggestions do you have for us on that subject?

Mr. Pascal Forest: Prompt action by the programs is definitely a decisive factor. For example, the new season is starting, but so far we've received no compensation or assistance for the year just completed, even though we should have it by now. We did the preparation and the necessary work, but it has simply taken too long. I know there's red tape, but food is an everyday need. We can't afford to wait a year or two for the programs to react, saying they're going to discuss and think about it. We're well past that now. Most producers are complaining about how long they have to wait from claim to settlement.

The Chair: Thank you very much.

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

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

Thanks to all the witnesses for being with us today.

Mr. Forest, I'm going to continue with you since you're on a roll.

You're telling us that what's important is quick execution. The government was asked to activate the AgriRecovery program last November, and it's May 7 now. Would you like to comment on that?

Mr. Pascal Forest: As I just said, it's really taking a very long time. I don't know how you could say it otherwise. There are deadlines that have to be met in this process, and I think everything's been done right. I'm more or less here because I'm waiting for answers.

Mr. Yves Perron: We're in the month of May, but it's important that the people who do calculations in the offices understand that your season didn't just start. In fact, it started a long time ago.

We're talking about cash flow. When did you file your claims? When do you need money to prepare for next season?

Mr. Pascal Forest: We need it now. We have to buy seeds, fertilizer, airline tickets for the workers and so on. We started requesting foreign workers last October. We constantly need cash.

• (1135)

Mr. Yves Perron: Are there any businesses among your members that are considering skipping their turn this year or switching crop productions?

Mr. Pascal Forest: I don't think it's possible to do that at the last minute, but some members are definitely thinking about it. I hear them discussing it. Some people have been in the business for many years and are questioning things, somewhat as they're doing back home. I don't think we'll be able to go on for very long competing against foreign producers that export their products here and enjoy greater assistance measures than we have in Canada.

Mr. Yves Perron: You mentioned standard reciprocity. That's a major problem that we often discuss in committee, but one where we aren't seeing a lot of movement.

Do you have any specific recommendations about that? If you do, you can also send them to us in writing at a later date.

If we don't require that the same standards be applied to foreign products, then perhaps we should provide more support for our producers. Otherwise we'll eventually have no domestic production. We realized during the COVID-19 crisis that we wanted to have local vegetables.

Mr. Pascal Forest: That's sad because it's definitely very important.

If we go to war, we need to be able to do so on equal terms. If our competitors are permitted to use products to which we no longer have access or that we're no longer allowed to use, we simply won't be able to compete. That's obvious. We definitely need prompt execution. The Pest Management Regulatory Agency, or PMRA, does an extraordinary job of examining products, but it takes five years.

Mr. Yves Perron: We see roughly the same phenomenon with product approvals. I'm thinking of linuron, in particular.

Mr. Pascal Forest: That's right.

Mr. Yves Perron: That's the most recent example of a major problem that arose. We almost wound up in a situation where we were importing a product that contained that molecule when we weren't yet allowed to use it here.

In short, prompt execution is one of your recommendations.

Mr. Pascal Forest: Yes.

Mr. Yves Perron: Previous witnesses have also told us that we need a faster program than AgriRecovery, a kind of "AgriDisaster", that can release funding promptly.

Would you like to comment on that?

Mr. Pascal Forest: I've heard those comments made by my colleagues, and I agree with them.

After a disaster, you don't want to wait two years to rebuild your house. You start over and you keep going. The same is true in our case. Agriculture is in perpetual motion. We finish the season, we make a little progress, then we start over.

So faster is better; that's for sure.

Mr. Yves Perron: One of the current issues is the fact that expenses have risen sharply as a result of interest rates. You need to know that agriculture is a sector where considerable investment is needed to generate revenue. You have to invest eight dollars in order to generate one dollar of revenue.

Please give us a few more details on that. Are there any specific measures the government should introduce? Quebec farmers are taking action and making considerable demands of the Quebec government. However, the federal government is responsible for half of that portfolio. So what can the federal government do to improve the situation?

Mr. Pascal Forest: Claims could also be filed with the federal government. The idea would be to provide protection by capping interest rates at a certain level, at least until rates start to go back down in the short or medium term. That compensatory measure could provide some assistance during the transition period.

Mr. Yves Perron: You discussed the code of conduct and bargaining power in your presentation. Since you sell perishable goods, you're often put in a tight spot and forced to give in at the last minute. We were recently told about situations in which suppliers had delivered perishable goods to grocery stores, which then, a few days later, called to tell them to take back two thirds of their order.

Have you heard about those situations? Have you experienced that too? What would you like to tell the committee about those important issues?

Mr. Pascal Forest: What's important in all this is to know that we in the agriculture sector are mostly family businesses that have to deal with multinational corporations. Obviously the concentration of distribution doesn't really work to our advantage. It's the multinationals that make the decisions, and they virtually decide who lives and dies. We don't really have any alternatives. As I said earlier, we do business with the United States. Things are really different on the other side of the border.

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

[English]

Maybe I'll remind everyone to keep their phones on silent. I know we forget sometimes.

I'll also remind our witnesses to keep their cameras on. That would be Mr. Vinall.

There you go, my friend. Folks might want to ask you questions.

It's over to you, Mr. MacGregor.

• (1140)

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

Thanks to all of our witnesses for joining us today.

Monsieur Forest, I'd like to start with you.

In the horticulture sector, especially over the last four years, can you tell me what it's been like in terms of your input costs and generally across the sector? What has the trend been like since 2019-20 until now?

Mr. Pascal Forest: The costs went up, for sure.

Mr. Alistair MacGregor: By how much have the costs gone up, would you say? Was it considerably?

Mr. Pascal Forest: They went up considerably, yes.

Mr. Alistair MacGregor: Is it far more than you've ever seen in your career?

Mr. Pascal Forest: Oh, of course.

Mr. Alistair MacGregor: Did you know that during that same time, when you look at oil and gas costs and fertilizer costs, the companies in those sectors have seen some of their best years ever on record?

Mr. Pascal Forest: I agree with you.

Mr. Alistair MacGregor: I think we're seeing a story in Canada where at both ends of the food supply chain, the consumer and the primary producers are really getting the short end of the stick, while a lot of people in the middle, whether it's the people who supply the inputs or the people who control how food is retailed, are having some of their best years ever.

We see the situation that has developed in Canada, and it has not been just over the last eight years. I think this has been a development over 40 years through successive Liberal and Conservative governments.

From your perspective, how should the federal government intervene to try to swing the pendulum back so that it's fair both for people in your sector and for consumers at the other end?

[Translation]

Mr. Pascal Forest: I can tell you what would be good to see and what would make us feel supported by the government.

First, I'd like to live solely off the market. I basically don't want the money I earn to come from subsidies or government assistance. However, if my competitor is receiving assistance, I definitely want to be able to receive it as well. As I said earlier, it really has to be a fair fight. In the competition game, we have to be able to fight on equal terms. My thinking won't change on that point.

The idea would be to establish standard reciprocity, to use the same plant protection products and to have the same access to foreign workers. All of that is incredibly complex, every year. There are always surprises. What doesn't surprise us, however, is that agricultural production occurs at the same dates every year and that everyone here eats in the morning, at noon and in the evening. There are no surprises there.

[English]

Mr. Alistair MacGregor: You talked about the challenges of bringing the next generation into farming. They're looking at the state of farming and the challenges, and they're saying that it's not something they want to put themselves through.

You talked about a number of subjects, but I want to look at the existing suite of business risk management programs. You talked about the delays between when you put in a claim and when a payment is issued. I think two of the programs that are most currently cited during this study are AgriStability and AgriInsurance. The current agricultural partnership lasts until 2028. When you look at AgriInsurance and AgriStability, which one of those programs do you think would be best to be reformed to be more responsive?

[Translation]

Mr. Pascal Forest: I think all the programs should be reviewed so that everything is covered. Of course, agriculture changes, the weather changes, and markets always adjust, but necessarily in the short term. We have to try to cover everything.

For example, as Mr. Drouin mentioned earlier, we've never seen such weather swings. Consequently, if we don't have anything that reacts to weather swings as quickly as they occur, we'll definitely be left to our own devices.

[English]

Mr. Alistair MacGregor: Thank you for that.

I think that's been a common theme. Especially during this study, farmers from every sector have been telling us that they are on the front lines of climate change. We just heard a witness say that blossoms are coming out a month earlier than when he first started. Thank you for adding your expertise to that.

I want to turn my next question to Sustane Technologies.

I was just recently in Vancouver at the Canadian Produce Marketing Association. They hosted their big trade show at the Vancouver Convention Centre. A big topic there was indeed the use of plastics in the industry. There was a panel discussion on not only the role government should play, but also the role that industry has to play.

I represent a riding on a coastal environment, so microplastics are a very real concern of ours, given that they eventually end up in the ocean. There's significant concern about bioaccumulation, especially in the seafood that we consume on the coast.

I want to hear a little bit more detail from you on the role that you think the government can be playing. I think we're at two polar opposites currently. We have what the government's put on offer and what the Conservatives are countering with.

It sounds like you're trying to find a more nuanced middle path. I'm just wondering if you can explain a little bit more about that.

• (1145)

Mr. Peter Vinall: Thanks so much for the question.

Plastic waste is obviously an issue that goes across all sectors, including agriculture. We have a solution that can help with that. We can take the least recyclable plastic that goes into a landfill.... Even with the plastic you put on the curb for recycling, typically 50% of it doesn't get recycled; it ends up in the landfill. We can take those streams and recycle them with our technology.

We have an offtake with a petrochemical group that has now confirmed that they can use our product. They've told us that it's the best in the world. This is a product called naphtha that we make from plastic. Our quality is the best, we're being told. It can be used as a drop-in replacement for fossil naphtha, to make plastic. That's a breakthrough we're really proud of and that we're hoping to scale now.

The other point I think I would make is that we hear a lot about plastic in the ocean. That doesn't come from Canada. That comes from other countries. However, in Canada, we freely export our waste plastic to other countries and we call that recycling. I think there's a role for government to put an end to that, frankly.

“Wishcycling” is a term that I hear a lot lately. We put it out on the curb. We think it's going to get recycled, but the reality is a lot of it gets exported to other countries that don't have our standards and controls.

I think there's a clear role for government to say that we've had enough of that. We have a made-in-Canada solution that can take these plastics in Canada, turn them back into feedstock—circularized plastic—and put an end to that.

That would be my response.

Mr. Alistair MacGregor: Thank you.

The Chair: Thank you, Mr. MacGregor.

Thank you, Mr. Vinall.

[*Translation*]

I now give the floor to Mr. Lehoux for five minutes.

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

Thanks to the witnesses for being with us.

Mr. Forest, you briefly outlined your views on the code of conduct. What I retain from that is that, in your view, if no agreement is reached by May 31, something will definitely have to be done.

Are you confirming that today? I share that view as well, but I'd like to hear you say it.

Mr. Pascal Forest: I confirm that it's important that this become a really serious issue. We producers are serious, and it's important that we be respected and taken seriously. As I said earlier, as a result of the way distribution is concentrated, these actors are simply too strong. Family businesses, small, medium and large, will never be able to compete with the multinationals. We need something that will provide a framework for this and that respects both sides.

Mr. Richard Lehoux: So you agree that, if all the major players don't get on board, this code will have to be made mandatory because everyone will have to comply with it for it to make any sense.

Mr. Pascal Forest: Absolutely.

Mr. Richard Lehoux: That's great. Thank you.

You mentioned the foreign workers issue earlier. You said you were still in the same situation year after year. That's also true of people in my region.

What changes should be made? Earlier we heard one of the witnesses discuss a potential amendment that the government is currently planning to the temporary foreign workers program. However, it appears that won't be done in a way that will improve the situation, which could even get worse.

What's your view on that subject? The timelines should be quite significantly shortened, shouldn't they?

Mr. Pascal Forest: The timelines were six weeks 20 years ago, and they're six months now 20 years later. I honestly think the existing technology should help us do better than that.

Mr. Richard Lehoux: Do you think the major problem is that the system is unwieldy? Is the system's administration too cumbersome?

Mr. Pascal Forest: It's a waste of time.

Mr. Richard Lehoux: You say the timelines were six weeks 20 years ago. Now it takes a year. Technology should normally help reduce those timelines to three months, for example.

Mr. Pascal Forest: I think we've graduated from the era of the fax machine and the envelope. Matters should be resolved more quickly than that.

Honestly, you'd think today's long timelines are deliberate. I don't understand the principle, but maybe my level of education is preventing me from understanding.

Mr. Richard Lehoux: Mr. Forest, I can assure you it isn't your education; I'm discouraged too.

Mr. Pascal Forest: In my case, some foreign workers that I had 20 years ago still work for our business today. So absolutely nothing has changed; it's all the same; it's all copy and paste. But they're conducting labour market impact studies all the same. They know perfectly well they're doing them for no reason, but they're operating a machine when they know they could be using it to do something more productive.

• (1150)

Mr. Richard Lehoux: Thank you very much, Mr. Forest. I think that's quite clear.

You mentioned standard reciprocity several times. You also discussed that with my colleagues. What could the Canadian Food Inspection Agency, or CFIA, do to improve this aspect in co-operation with the Canada Border Services Agency, or CBSA? We know that CBSA also has to be involved.

CFIA has a role to play, and PMRA has a job to do on approvals of various goods, but that process involves too much red tape. When goods arrive in Canada, how could CFIA improve the situation in co-operation with CBSA?

Mr. Pascal Forest: We would already see an improvement if both sides had the same standards. Consider the United States, for example. One could assume that we have virtually the same type of agriculture. We grow the same vegetables, although, of course, not in the same seasons. Americans eat our products for part of the year, and we eat theirs the rest of the year. I don't know the exact consumption ratio, but it may be 50-50. Harmonizing regulations would obviously improve the situation.

Mr. Richard Lehoux: The two administrations should have some major discussions. We should engage in talks with our American cousins soon. Since the border is 5,000 kilometres long, many goods cross it, from both sides, as you said.

Mr. Pascal Forest: Yes.

Mr. Richard Lehoux: Agriculture and Agri-Food Canada should make an extra effort to communicate with its American counterpart to expedite approvals of certain goods that are used on the other side, but not here.

Mr. Pascal Forest: Yes, product approvals should be facilitated. The manufacturers of plant protection products should be able to put the same labels on their products in Canada and the United States. That's ultimately the problem.

Mr. Richard Lehoux: We understand why customs agents can't verify all shipments entering the country. Since you must have colleagues posted not far from the U.S. border, you see what's happening on the ground. In your view regarding standard reciprocity, are goods entering the country being checked often enough?

Mr. Pascal Forest: I'm not sure I can answer your question. I know that, when our semi-trailers cross the border, they undergo very serious checks in the United States. However, I don't know what checks are done on the Canadian side when U.S. or Mexican

goods enter the country. I have some doubts about that, but I don't have any evidence.

Mr. Richard Lehoux: Thank you very much.

The Chair: Thank you very much.

I now give the floor to the honourable member for Malpeque for five minutes.

[*English*]

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

I'm going to go to Mr. Vinall. That's an interesting company you've developed.

We're sitting around this table with a lot of growers, obviously, and there's one lowest common denominator, which is climate change. You have some solutions for that. I read some of your preamble and I wanted to ask you how small you can go as far as sectors or industries are concerned.

You talked about communities and provinces, like Nova Scotia and Alberta, etc., and that's great, but sometimes provinces are slow to react and governments are slow to react. I'm just wondering about industries or sectors.

Have there been any discussions with the Canadian Federation of Agriculture, for example, or someone like that about Sustane Technologies and what they're doing?

Mr. Peter Vinall: In fact, we've been in discussions with a number of agricultural groups that would represent the collection of agricultural plastic that's used for growing agricultural products. We're working to find a way to bring that into either stand-alone conversion facilities or our larger systems where we take regular garbage. With our technology, we have the ability to take multiple streams, including dedicated waste streams from agriculture, for example.

Not all plastic types are chemically recyclable, which is what we do, but about 80% are. In fact, most agricultural waste plastics are polyethylene and polypropylene polymers, and those are the most recyclable in terms of chemical recycling, which is the approach we take.

The physical form of these plastics is often the challenge for mechanical recycling. They're films. They're thin. They're all different sizes and shapes. However, with our process, we have the ability to shrink them down, compact them and then put them into our depolymerization system to effectively 100% recycle them on an infinite basis. That's unlike mechanical recycling, in which you try to sort of melt the polymers and blend them, and you only get one or two chances to do that. With chemical recycling, it's infinite. We can do it over and over again.

• (1155)

Mr. Heath MacDonald: Also, Mr. Vinall, I'm splitting my time today with the chair, Mr. Blois.

I want to ask if there have there been any discussions with your company or any thoughts on making those partnerships real and including some type of carbon credits for industry representatives.

Mr. Peter Vinall: Carbon is an interesting topic for us. From the get-go, we said that we needed to design a solution that doesn't need an incentive or a subsidy from the government, whether a carbon subsidy or other subsidy. Of course, when you're developing technologies, finding investment that's prepared to take the risk on the development of the technologies is a challenge, and this is a role that government can play. We've had some support from the federal government. We're appreciative of that. Obviously, as we scale, we will need more.

The solution we've developed can out-compete the landfill. We have a solution that doesn't require a subsidy at the landfill end. That means that we can say that we'll save you money as a municipality, and you send the garbage to us. You don't need to have the long-term liability of the landfill. Certainly, they're difficult to permit these days.

Our challenge is more the ability to scale our technology and get support from government for the financing required to scale and build larger and larger facilities.

Mr. Heath MacDonald: Thank you.

The Chair: Mr. Vinall, one of the reasons I'm happy that you're before this committee is that we are having important conversations on the role of plastics in the horticultural sector. It's been raised by a number of members.

What I think is encouraging is that there is technology out there that can help separate the crucial question of how those plastics do not go into the environment because of the work that your company can do. Obviously, I think there's work to be done on the innovation on the packaging side. However, for those—to your point—that are an absolute necessity, then I think having better diversion programs so that they don't go into landfills is one of the key recommendations that can come from this committee.

I have been to your facility. I was impressed with it. However, one thing I want you to share in the 40 seconds you have left is how some of the agricultural fertilizers, the natural fertilizers from turning basically what otherwise would be food waste in a landfill into a frass type of fertilizer, are showing early promise. Can you quickly tell us about that?

Mr. Peter Vinall: Yes, absolutely.

Soils are degrading across the world in terms of organic content. There's a big push for circular, regenerative and sustainable agriculture.

At the same time, that organic material that's coming out of the soil—like food waste and other products like that—ends up in a landfill, where we lock it into a plastic-lined, inefficient bioreactor that lets 50% of that methane escape into the atmosphere.

What we can do is take municipal solid waste, that organic material, separate it and put it into a form as a fertilizer. We have gained CFIA certification—the first of its kind, we believe, in Canada—to take waste product—garbage—separate the organics and put them in a form that is clean, has high nutrient value and can be used as a fertilizer.

We've pioneered that pathway in Nova Scotia. We're in active trials now—I'm sorry; that was more than 40 seconds—and we're hoping to scale that part of our business as well.

The Chair: Thank you very much.

[*Translation*]

Mr. Perron, the floor is yours for two and a half minutes.

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

Mr. Gervais, I'm glad to have you with us today. I'm pleased to see you again. It's a happy coincidence that you're here today at the same time as Mr. Forest, with whom I earlier discussed the interest rates, charges and costs that have to be absorbed and for which financial support is requested from the government. However, that's also partly FCC's mission.

Last week, a producer pointed out to one of my colleagues that he was facing charges of 18% on outstanding amounts. Don't you think that's high? I was honestly surprised to see it.

I ask you quite candidly: Would you please explain this policy to me and the way you've adjusted your assistance based on business viability?

Mr. Jean-Philippe Gervais: I'm not aware of that particular situation, but I can tell you what usually happens. In a situation where a loan or a payment is in arrears, we immediately go to work on it. As I said, the ideal approach is to work proactively. You have to be able to restructure a payment schedule, extend amortization and come up with other solutions by comparing types of goods or available loans that would allow for a slightly different payment schedule. For example, you can opt for a partial interest-free loan. In that case, however, interest may still accrue even if it isn't required to be paid at that time.

There are various situations. That's usually what happens for a loan to be restored to performing-loan status. In the case you mentioned, it may simply be a matter of the definition that is assigned to the word “charges”. The main thing is to find a way to restructure a payment schedule.

• (1200)

Mr. Yves Perron: Thank you very much for your answer. You reassure me somewhat. I wanted to draw your attention to this situation because I thought the percentage was high, considering your mission.

Mr. Forest, I have about 30 seconds left to ask you if there is any element that we haven't mentioned and that might be important to point out to the committee.

By the way, if the witnesses wish to clarify any points for the committee, I would ask them to provide us their recommendations in writing following their testimony.

Mr. Pascal Forest: I would conclude by noting an element that was mentioned several times today: Programs must execute quickly. It's important for all agricultural businesses that assistance programs be as responsive as the agricultural sector. We have to be efficient every day when we're in production. We have to be on top of production constantly, 24 hours a day, seven days a week. Production never really stops. It's an ongoing job. I think it's important to have programs that assist producers promptly and permanently. I think it's unacceptable to have to wait six months to a year for a response.

[English]

The Chair: Take us home, Mr. MacGregor, for two and a half minutes.

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

I'd like to turn my final question to Mr. Gervais from Farm Credit Canada.

You had an exchange earlier with Mr. Drouin. I missed a little bit of it, so accept my apologies if I'm covering some of the same ground.

Repeatedly before this committee and in particular in this study, we have heard a lot about the impact that climate change is having on farm operations. Farm Credit Canada is central to farms' financial success, and you mentioned that you have 3,576 clients who work with Farm Credit Canada who are in the horticulture industry.

What I want to know is your perspective looking forward into the next decade or the next couple of decades, knowing what we now know about these extreme weather events. For example, in British Columbia, we saw in one year a massive heat dome followed by an atmospheric river. We know that western Canada is facing extended drought forecasts for this summer because snow packs and water reservoirs are at a fraction of what they should be. What does that do to Farm Credit Canada's risk analysis going into the future?

If farmers are going to be continuously pummelled by this, which may result in late payments, struggles with loans and so on, what does that do to your overall risk analysis in the next decade and even further on?

Mr. Jean-Philippe Gervais: Taking a long-term perspective, we feel that we need to position and support our customers in the industry transition to a low-carbon economy, because otherwise we're going to be exposed to way too much risk stemming from climate change.

We're starting right now in terms of putting in incentives for adopting production practices that are going to lower the carbon footprint in different operations. We offer software solutions that we think can also improve the carbon footprint on farms, and we can also put together a sustainable finance framework that will allow operations to introduce new production practices to introduce new technology. It is really a long-term challenge that we have in front of us.

We must not forget that there's a food affordability challenge as well that we have in front of us in terms of feeding the growing

Canadian population and the world, frankly, because the world needs more Canadian agriculture.

I do think that by acting with all of that together now, we can deal with or manage the risks that we are going to face going forward. What we're doing in terms of risk analysis, without getting into the details too much, is to assess the financial risks over a long period of time. We call it stress testing. We're stress testing FCC's resiliency to be able to serve the industry as well as testing the resiliency of the industry going forward.

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

Thank you, Mr. Gervais.

[Translation]

On behalf of all the members of this committee, I want to thank the witnesses for their testimony and the work they do in the agriculture and agri-food sector in general.

• (1205)

[English]

We're going to suspend, colleagues, to bring in the second panel. We'll be back in just a few minutes.

The meeting is suspended.

• (1205)

(Pause)

• (1210)

The Chair: Colleagues, we're going to get started.

We're a few minutes late. There was a little bit of trouble transitioning, but we're ready to rock and roll. If you have conversations, take them outside, please.

Colleagues, we're continuing our panel, and today we have, as part of the second panel, Frank Stronach. He is the founder of Magna International and founder and chairman of Stronach International, but I think he's going to talk farming and the good work he's doing in that space as well.

From the Canadian Agri-Food Policy Institute, we have Dr. Al Mussell, who is no stranger to this committee. It's great to see you back, Dr. Mussell

[Translation]

Lastly, we have Geneviève Grossenbacher, who is director of policy at Farmers for Climate Solutions.

Welcome to the committee this afternoon.

[English]

We have five minutes for each opening statement.

I'm going to start with Mr. Stronach. We go over to you for up to five minutes, please.

Mr. Frank Stronach (Founder of Magna International, Founder and Chairman of Stronach International, As an Individual): As most of you might know, I am the founder of Magna International, which I started in a garage and built up into a company of over 170,000 employees.

Then, 12 years ago, I decided I would get out of the big car business and go into agriculture. The more I got into agriculture, the more I saw this huge chemical jungle. We know that approximately 95% of the we food eat comes from industrial farms. On industrial farms, you see no more eagles flying, for the simple reason that there are no more rabbits and no more pheasants. We kill everything. The pesticides, fungicides and herbicides get into the air, and we breathe the air; they get into the water, and we drink the water; they get into the soil, and we eat the food grown in the soil.

Family farms were always the backbone of Canada. A country that can feed itself will never have a problem, but family farms are practically on welfare. The children of family farmers say, “Mom, Dad, I don't want to be in farming. I don't want to be on welfare.”

There are so many indications and statistics that practically all kids have allergies. There has been an enormous increase in the number of type 2 diabetics cases, and autism is on the rise. Most well-to-do families feed their kids organic foods, but I believe in a Canada where every kid has an equal chance to grow up healthy. That is not the case anymore under these circumstances.

My recommendations are, one, that no Canadian kid should go to school hungry, which means breakfast has to be served; two, no Canadian kid should leave school hungry; and three, the law should state that the food served in schools has to be organic.

When people say we cannot afford to feed organic food to our children, I do believe that is a very poor statement to make because the medical cost savings would outweigh the cost of producing organic foods.

I believe Canada should take a closer look at how family farms can survive. They could survive and do well if Canada had a special program to support family farmers who grow organic foods. I hope the Minister of Agriculture takes a serious look at my recommendations. The subject is very dear to my heart. It is important that all Canadian kids have a chance to grow up healthy and happy.

I will make myself available to go into more detail on how to grow healthy foods for Canadians.

Thank you.

• (1215)

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

We'll now turn to Dr. Al Mussell for up to five minutes, please.

Dr. Al Mussell (Senior Research Fellow, Canadian Agri-Food Policy Institute): Mr. Chair and honourable members, I'm pleased to appear before you today and to provide my insights as a researcher at the Canadian Agri-Food Policy Institute.

Horticulture is an essential element of Canadian agriculture and secure access to nutritious food. It's an important source for food manufacturing and the basis of Canadian export-oriented industries,

and it's an area where Canada has an importing interest, both off-season and throughout the year.

Horticultural products—edible and floriculture, or nurseries—have ranged around 12% of total farm cash receipts, recently valued at just under \$11.5 billion, but represent a far smaller share of agricultural land. Exports of fruit and vegetables were recently valued at about \$125 million. Flowers and ornamental exports were valued at almost \$225 million.

Processing horticultural crops is economically significant regionally within several provinces. Work by CAPI doctoral fellow Kushank Bajaj at the University of British Columbia has found that Canada is dependent on imports for about 80% of its fruits and 60% of its vegetables, and the dependence on imports exceeds this in some provinces and territories.

Canada's northern climate has limited the output and extent of horticulture. However, some of the key factors are changing. The data compiled since 1948, and even earlier, show that much of the country is warming and receiving more precipitation. The greatest warming and increase in precipitation are in the winter and in northern Canada. Nonetheless, these changes are allowing for increased crop yields, the movement of new crops into areas where the climate was previously unsuitable and the movement of agriculture into regions with climates that were previously unsuitable for farming.

It presents a prospect for growth in horticultural crops in Canada. New developments in controlled environment agriculture and/or vertical farming provide some call for optimism for Canada's ability to supply fruits and vegetables locally, including in northern regions of the country, according to another newly published report by CAPI doctoral fellows.

However, this entails multiple challenges. Just as warmer and wetter promote plant growth, they also promote crop diseases and pests. Some of these were foreign to Canada in the past, but are beginning to be seen in Canada due to changes in climate, and they require an effective means for control. Canada will require research to support controls, enable or generate access to new crop varieties because of climate change, and the ability to expedite registrations to make these products available to growers.

The meaning of “warmer and wetter” in terms of local windows of time with favourable weather for fieldwork needs to be better understood. It will need to be met with plans for a workforce, including temporary workers called upon to work a longer season.

Crop insurance, heavily relied upon by horticultural industries to underpin investments, faces multiple challenges. It requires an adequate level of acreage and frequency of independent management in order to establish insurance programming, which can be a challenge in provinces where horticultural crops are minor. Similarly, crops that are newly introduced to a province lag in terms of availability of insurance, as the data required for due diligence must be acquired and analyzed.

The multilateral, rules-based trade environment, which has facilitated export-oriented horticultural industries and allowed Canada to confidently meet much of its needs for fruits and vegetables through imports, is eroding. Canada has played an active role in attempts to revitalize the WTO and rules-based trade, and this should continue. However, a prudent strategy would reduce some dependence upon imports through exploration of expanded horticultural production in Canada and the challenges this entails.

Thank you again for the invitation. It's my pleasure to respond to questions.

The Chair: Thank you very much, Dr. Mussell.

We'll now turn to Ms. Grossenbacher. It's over to you.

Ms. Geneviève Grossenbacher (Director of Policy, Farmers for Climate Solutions): Mr. Chair and members of the committee, thank you so much for having me today.

I'm here representing Farmers for Climate Solutions, or FCS, as director of policy but also as a farmer myself. I grow vegetables on the outskirts of Gatineau, just on the other side of the river. My husband and I were the proud winners of Canada's Outstanding Young Farmers Award in 2021 in Quebec.

FCS is a farmer-led and rancher-led national coalition with 29 member organizations across the country. We represent over 20,000 farmers and ranchers, all working to scale up climate solutions in agriculture. We advance policy proposals grounded in on-farm experience to better support producers in the face of climate change. We also encourage the adoption of low-emission and high-resilient practices via FaRM, our farm resilience mentorship program.

For FCS, it is clear that the horticultural sector faces unique challenges due to its high-value, diverse and perishable crops and the fact that BRM programs were really not designed for horticulture. Because of that, we really feel that we need to act on two fronts urgently: We need to improve BRM programs to reduce risk for governments and farmers and provide timely support to farmers, as you've just heard, and we need to incentivize the adoption of climate-resilient practices. We also need to double down on resourcing existing and new programs that build on-farm climate resilience to prevent crop losses.

We really must act now. The urgency cannot be overstated. The climate is changing faster than policy measures and BRM programs can adapt. Our sector is especially vulnerable.

I want to share with you a story from a farmer I met recently that exemplifies the need for action. Richard is a mixed vegetable farmer cultivating 600 acres of land in Annapolis Valley in Nova Scotia—in the riding of Mr. Chair. Last year, due to relentless rains, he lost 40% of his crops, amounting to \$320,000 in damages. This level of loss was unprecedented in his 45-year career. Thankfully, Richard is amongst one of the few lucky farmers who subscribed to AgriStability, but the \$80,000 he will get for that program, when he gets it, falls very short of covering his actual financial loss. Richard now faces the really distressing challenge of having to dip into his retirement savings to have money to plant this year.

This situation shows how urgent it is that we find ways to better support farmers. In a good year, horticultural farmers don't make enough money to cover bad years. Farmers like Richard should not have to underwrite the cost of crop losses due to extreme weather events.

High inflation and interest rates are putting the industry's already thin margin at risk. Our sector is vulnerable, and the cost of inaction is high. As Richard put it, businesses are used to taking risks, but our sector is currently on very thin ice. We are very much at risk of losing farms. This would be terrible for our economy. It would drive up food prices and food insecurity.

Existing BRM programs fail to meet the unique needs of horticulture farmers, for several key reasons. Number one, there is very low uptake. Horticulture farmers find that programs are not tailored to their unique needs or their crop diversity. For instance, in Nova Scotia only 14% of total acreage was covered by crop insurance in 2021.

Two, premiums are often too high. For instance, for Richard the crop insurance premiums are quite prohibitive. They would cost him \$40,000, nearly 4% of his gross sales, which would eat a large part of his profit margin.

Three, there's a high loss threshold, meaning that compensation is triggered at a very high level of losses, leaving farmers vulnerable to most losses that they experience.

Four, the coverage is inadequate and unclear. With horticulture covering over 200 different crop varieties, farmers are uncertain about which crops are covered and what minimum land area is required for compensation to kick in. This disproportionately affects diversified farms. Actually, farmers who diversify to mitigate their own risk feel penalized by existing programs. Further, as you heard, farmers face long delays in getting compensated. This has a big impact on their ability to recover from their losses.

In a nutshell, horticultural producers are already at high risk due to climate change. To boot, they don't have a real safety net in place. This must change.

As extreme weather events become more frequent, BRM programs are becoming increasingly costly. For instance, in 2023 crop insurance payouts in Canada reached \$3.88 billion, up from \$1.7 billion in 2020. To tackle this issue, FCS formed a farmer-led expert task force to identify specific ways to improve BRM programs. In their 2022 report, which I would happily circulate to the committee, the task force makes a number of recommendations.

Number one is that we make improvements to key programs like AgriInsurance, AgriInvest and AgriStability to reduce risk for governments and producers by incentivizing the adoption of climate-resilient practices.

• (1220)

Number two, we also need to make sure that BRM programs—again, you've heard this—are affordable, accessible, tailored to the needs of farmers and horticulture farmers, and ensure timely compensation when disaster strikes.

Number three, reforming BRM programs will not be enough. Therefore, number four, we also need to double down and invest in existing and new programs that build on-farm climate resilience to prevent crop losses. Programs like the popular and oversubscribed on-farm climate action fund, the OFCAF program, are crucial examples of programs that need further investment and resourcing.

We really cannot wait to act until 2028, when current programs expire. Action is needed now.

On that note, thank you, Mr. Chair.

• (1225)

The Chair: Thank you very much.

You mentioned Richard. I know that he's a regular participant who will watch committee proceedings. He is certainly one of the best in the country in terms of his knowledge on risk management programs and he did a lot of work. Assuming it's the same Richard—Kings—Hants is a small place—he's done a lot of work on Canadian horticulture.

If you're watching today, Richard, we appreciate your work.

With that, I'm going to turn it over to Ms. Rood for up to six minutes.

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

Thank you to the witnesses for being here today.

Mr. Stronach, in your opening remarks, you referred to as “industrial farms” versus organic farms and the traditional farms. I have to say, Mr. Stronach, that you're a businessman. You're a very well-known successful businessman, but I, as a farmer, take offence to that terminology, as I'm sure a lot of farmers who are watching this right now take offence to your calling us “industrial” farmers. We're business people as well, Mr. Stronach, and we're trying to make a living at farming.

We heard from witnesses in the previous panel about how difficult it can be to make a living. I just want to set the record straight that family farms work very hard in this country, and many of us are incorporated, for various reasons, to make a good business model. We work very hard to produce the best food for Canadians, using the least amount of chemicals and using the least amount of inputs as possible. I just want to correct the record on that.

Sir, you're known for having a strong commitment to the environment and to conservation and sustainability. We've seen that this government has proposed regulations banning plastic food packaging. We've heard that a Deloitte report says that food waste and spoilage will increase drastically—actually, by 50%—and will increase greenhouse gas emissions by 50% from food wasted. I'm just wondering if you can comment on whether this is a good business decision coming from the government.

Mr. Frank Stronach: First of all, I'd like to say that the last thing I want to do is criticize farmers, because I think that to provide food is the most noble profession people can have.

When I refer to “industrial” farms, I refer to farms that are quite a few hundred acres, or a thousand or a few thousand acres, where you do single crops or where there isn't a lot of variety. Nature can take care of itself if you leave it reasonably alone, but the fact is that when you have large farms where you have maybe 500 acres of corn or soy or whatever, there are a lot of chemicals used—fungicides, pesticides, etc. The plain fact is that on those farms, you don't see any more eagles flying. Why? It's because we poison everything. That's the problem.

Again, practically every kid has allergies. A great percentage of kids have. There's the rise in type 2 diabetes and autism. I mean, we've got to wake up. We use too many chemicals to produce foods, so we've got to wake up.

Ms. Lianne Rood: Well, Mr. Stronach, I can tell you from my experience that in all of the farms I've travelled to across this country, I saw eagles fly over the farms in British Columbia when I was out there a couple of weeks ago. I see lots of wildlife and I disagree with that statement.

My family used to farm over 1,000 acres of potatoes. Many farms are big, and they're family farms. They're owned by families, and the truth of the matter is that they have to have large farms in order to succeed in this industry in Canada. It's very hard to compete as a small farm any more.

Mr. Stronach, around the world we've seen that experiments have been happening, and I'm going to turn to Dr. Mussell for a moment. We've seen what's happened in Sri Lanka with organic farming when you take away all of the pesticides and then see the inability to actually produce food.

Dr. Mussell, I'm wondering if you would comment on that and what we've seen in Sri Lanka. Should we legislate organic food for kids in school?

• (1230)

Dr. Al Mussell: Thanks for the question.

I don't think we have the luxury of legislating organic foods. There are a number of concerns there, but the biggest one.... You started your question off with Sri Lanka. What occurred in Sri Lanka was that essentially the agricultural system fell apart when they stopped using fertilizer and at least certain pesticides.

We have to make prudent use of fertilizer and pesticides. This is to be taken as a serious matter, but we can't simply do without. I would direct you to some of the research done at the University of Manitoba, in which they found that globally, 40% of the adequate diet based on protein can be directly mapped back through to the Haber-Bosch process that produces artificial nitrogen.

There's a certain group of people who can afford organic food. These are personal choices, and I don't advise people on personal choices. However, I believe that the idea that this is a widespread solution is incorrect, in my understanding of it.

Mr. Frank Stronach: I'd like to make a few comments on that.

I would like to see a Canada where every kid has the same chance to grow up healthy.

When you look back 50, 60, 70 or 80 years ago, people hardly had any allergies. We started to use so many chemicals that...all the kids are practically sick. Yes, you still see eagles flying in the mountains. There's no farming, so of course you see eagles fly.

On the industrial farms where you farm single crops in large quantities, there are no more rabbits there.

Ms. Lianne Rood: Mr. Stronach, I would love to invite you to come to my farm or to any farm in my riding of Lambton—Kent—Middlesex, where you can see the plethora of wildlife that lives in the area among all of the agriculture that takes place there.

The Chair: Thank you, Ms. Rood. We're at time.

Thank you, Mr. Stronach. I think one thing we can all agree on is the importance of food in school and early education. It's good to see some of the measures that were introduced recently.

Ms. Taylor Roy, I'm going to turn it over to you for up to six minutes.

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

We've heard from numerous witnesses today of the importance of sustainable food and local food security for Canada. Mr. Stronach, I know that you've put a lot of time and effort into GUHAH, the foundation you started to ensure that children have access to healthy food. I'm proud that our government has introduced a national school food policy.

Could you explain a little bit? When you're talking about industrial farms, what is it about those farms that you feel is problematic for childhood health? Why do you think organics would be better for children?

Mr. Frank Stronach: First of all, in industrial farms or large farms, a lot of chemicals are used, such as fungicides and pesticides, etc. Those are known facts. Everybody, every chef or most people....

Foods with lot of chemicals are not as healthy as organic food. You cannot grow organic food in huge, large.... You need greater varieties of crops. Nature will take care of itself.

As for anybody who is saying that we cannot afford organic food for kids, I think that's a very bad statement, because the medical costs are huge compared to whatever extra time we would have to spend on growing organic food. I think the future generation will not look too greatly on the people today who use a lot of chemicals in growing foods.

Ms. Leah Taylor Roy: Thank you, Mr. Stronach.

I know that you are in the farming business and that you have an organic farm. I'm wondering if you can talk about what the government can do to help with the transition. We know we can't just cut off all fertilizers or pesticides. There is a transition, as in the oil and gas sector, where we have to transition to renewable sources of energy.

We heard earlier from the founder of a company called Sustane, which is working on more organic fertilizers from food waste. We know there are a lot of approaches to controlling pests through natural mechanisms.

What do you think the government can do to provide leadership or to help make the transition from using more harmful chemicals to using more natural, organic methods?

• (1235)

Mr. Frank Stronach: I said earlier that a country should feed its people. Family farmers have always been the backbone of Canada. They could feed Canadians. It's very important.

Right now, family farms cannot compete with industrial farms; therefore, I think we could set up a family trust fund whereby family farms, if they farm organic, will get a subsidy. It's quite simple.

I think we should have great concern. There are sicknesses, and the rise of type 2 diabetes and autism is enormous. When you read most medical books, you can see what the problems are. Saying that we cannot afford it is the wrong statement, because we should do everything we can so that our kids have a chance to grow up healthy, and 50, 60, 70 and 80 years ago, they grew up healthy in Canada. Why can't we do that now?

Yes, there are more people living now, but we could utilize more farmland to grow organic food.

Ms. Leah Taylor Roy: Thank you, Mr. Stronach.

Regarding young people and keeping our farms in Canada, we've heard a lot in this committee about young people not getting into farming, not being able to afford it or not having interest in it, but I've noticed in my experience that there are a lot of young people who are interested in smaller farms, organic farms and local farms.

Have you seen that as well? How do you think we can encourage young people or support young people who want to start these kinds of farms?

Mr. Frank Stronach: Basically, we should have projects and programs to show that farming is cool, that farming is the most noble thing to do. With the right approach, we could interest a lot of young people to get into organic farming. There should be recognition when you do organic farming.

I'm not speaking for myself. I don't take any government money; I do my own thing. I have accumulated a lot of experiences, and I know how difficult it is. It takes a different approach to do organic farming. You have to have smaller varieties of foods to produce, and nature will take care of itself.

Ms. Leah Taylor Roy: Thank you very much.

The Chair: Thank you, Ms. Taylor Roy. Thank you, Mr. Stronach.

The importance of regional and smaller farms is something this committee has focused on in terms of the backbone. I know Mr. Perron has been a great champion in that regard.

[Translation]

Go ahead.

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

Thanks to the witnesses for being with us today. We appreciate their being here.

Ms. Grossenbacher, I have a lot of questions for you, so I'll try to be efficient.

You said that we need to improve our programs and that we can't wait until 2028. You say that in a recommendation. We have to sit down with people in the sector and review this on an urgent basis. Is that correct?

Ms. Geneviève Grossenbacher: Yes, it's really an emergency that's increasingly being brought to our attention. The losses in question here for farmers are calculated in the hundreds of thousands of dollars, not the tens of thousands. A few months ago, an episode of *La semaine verte*, which I encourage you to watch, explained how horticulture producers are distressed as a result of the losses resulting from climate change. The programs don't currently support them, and many farmers are wondering if they can continue operating.

I actually forgot to tell you that I wear more than one hat. I am also president of *Écoute agricole*, an organization that provides mental health services to producers, the members of their families and their employees. Nearly every week since last summer, at least two farmers have come and told me that they don't know what to do or whether they can keep their farm. They wonder if they would be better off shutting down their operations now before they lose their shirts.

If we don't act now, I guarantee you we will be losing a lot of farms.

Mr. Yves Perron: That's good. Thank you for that clear answer.

Some Quebec farmers filed a claim with the AgriRecovery program last November. Today's date is May 7, and they still haven't received a response. You heard what one of the witnesses from the previous panel said. The wait does nothing to improve the situation. The program has to be responsive. That witness concluded his remarks by saying that the programs have to be as effective and responsive as the farmers are. I'd like you to comment on that.

• (1240)

Ms. Geneviève Grossenbacher: I couldn't have said it better.

Yes, the programs have to be adjusted. I'm not just talking about AgriRecovery. The situation is the same for virtually every producer. Richard, the farmer from Nova Scotia whom you were discussing earlier, is in the same boat: He's still waiting for his \$80,000 from AgriRecovery, whereas his losses amount to \$320,000. To run his farm next season, he needs that money now, not a year from now.

Mr. Yves Perron: He's now in trouble because he didn't have the money when he had to place his orders. We understand that. Thank you very much, Ms. Grossenbacher.

You also talked about how important it is to adopt low-emissions practices and to encourage good practices.

What do you think about the idea of a policy that would recognize positive environmental actions by rewarding producers specifically and financially? That would provide them with funding to make their next investments or simply to survive. What do you think of that?

Ms. Geneviève Grossenbacher: Yes, the programs have to be reviewed, but we especially believe that efforts must be made to determine how farmers can be better supported. The reality, especially in the horticulture sector, is that farmers aren't supported.

What we need is to find a way to reward good farming practices that develop and reinforce farms' climate resilience. That could be done through reward programs or in other ways, whatever they may be. A host of models could be considered, but we really have to focus on this. It's absolutely vital that farmers be better supported by developing on-farm climate resilience.

Mr. Yves Perron: Do you think it would be fair to acknowledge what has already been done? For example, is it normal to provide support to farmers who are in transition but to offer nothing to their neighbours who've been engaged in organic farming for 25 years?

Ms. Geneviève Grossenbacher: That's another good question.

Recognizing what's been done by forerunners, those who have adopted these practices before any others, is a problem for all the programs. I know it can be costly, but we have to think of a way to support those individuals.

However, I'd like to emphasize that many programs don't currently apply to people who have already adopted good practices. That's often the case of diversified horticulture farms. In a way, those farmers are told that they don't need support because they face far fewer risks. Yes, we're exposed to fewer risks, but we suffer losses when a tornado hits. We therefore need that support. Something's lacking there.

Would you please remind me what your question was?

Mr. Yves Perron: I was asking you if we should recognize what's been done in the past.

Ms. Geneviève Grossenbacher: Of course. The people who adopted these practices many years ago should get more recognition.

Mr. Yves Perron: I sense that you have a lot to tell us about resilience, Ms. Grossenbacher.

During a meeting with some wine producers this morning, I cited the example of a vineyard in my riding where a lot of vines were destroyed by frost, but not the three rows of vines running along a line of trees. They survived thanks to those trees. That's a measure that could be introduced.

How could we increase farm resilience by taking these kinds of steps?

I would also like to know what you think about the current state of research and development in Canada, and especially about its funding.

Ms. Geneviève Grossenbacher: That's another good question. Allow me to answer it in English.

[*English*]

There's so much we can do to build resilience on the farm, and it can take different forms. Depending on what types of production you have and what you do and what you grow, there are different things you can do on your farm.

Definitely we need more research and development to see what works best, but at the same time, we already know. Farmers for Climate Solutions has done tons of work to look at the best practices to reduce emissions, but really, at the same time, to build climate resilience at the farm level. Things like cover cropping, nitrogen management and rotational grazing are all things that we already know now that we can do. For horticulture, diversifying is actually a great insurance policy.

I can give you an example of my farm. Over the past decade, we've had the worst two droughts and the worst two floods of the past 100 years. Also, last year was exceptional: Almost every week, we had something. We had early frost and early heatwaves, and then we had smog in June and August and crazy torrential rains in July, and we had five tornado warnings through it all. I don't know about you, but I've lived in this area for a long time and have never heard that we could have tornadoes. All this adds so much stress to the farm. As I said, if a tornado hits, I'm not protected.

At the same time, throughout those years our farm has always been able to produce high-quality vegetables for our communities. Some of our farmers across the street, who do monoculture, have been hit really hard. Again, there are different things that we can all do, but on my farm, what has helped me for sure is the diversification. Sometimes, one year, one crop doesn't work—

Oh, I'm sorry.

● (1245)

[*Translation*]

The Chair: Yes, Mr. Perron's time is actually up.

Thank you very much, Ms. Grossenbacher and Mr. Perron.

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

[*English*]

Mr. Alistair MacGregor: Thank you, Chair.

Actually, I'll allow you to finish your answer, because I was interested in that same line. Perhaps you can expand on the interaction between how planting a diverse set of crops builds that resilience, but we don't have a BRM program that recognizes that or is even adapting to that.

Ms. Geneviève Grossenbacher: Thank you again for the question.

Maybe what I can say to finish the thought is that on our farm, we do a lot of things.

You mentioned BRM programs. I am currently paying \$300 a year to participate in crop insurance, but I know very well that I will never benefit from that. The maximum that I would ever get from crop insurance on my farm is estimated at \$32,000, which is only a fraction of what my diversified crops can sell for on the market. Because we have about 35 different crops, I would never have enough of one crop to actually trigger the compensation. That's been a real issue.

What we've done on our farm—and again, it's different strokes for different folks, depending on what you grow—is we've really focused on diversification. Our crop rotation is about 12 years, so it's 12 years for a crop to come back to the same place. About half of our land is always under green manure or cover crops. Because of that, over the past five years, we've been able to double our production on the same amount of land—double our production—with half of the resources. We've shrunk our team by two and have used less seed, but have produced twice as much output. Again, it has proven to be the best insurance policy we have on our farm, because we've always been able to fare.

That said, I will say that last year, the level of stress on our farm and on other farmers, with all the extreme weather events that we were hit with, was high. The stress was really palpable in the community.

Mr. Alistair MacGregor: On that note, I know from my six years on this committee that farmers are always wary of an “Ottawa knows best” approach, but your organization really prides itself on farmer-led solutions. These are practices that have been tried and have worked on farms because they're coming from your members, and your members are farmers.

Putting this in the context of a possible role that we could recommend to the federal government, I want to know what some of the big challenges are. When you look at how some climate adaptive practices have allowed farmers to withstand the ravages of extreme weather events and other farms have not done so well, there's a real difference in how different farming techniques can build in that resilience. What are some of the big challenges in spreading the word and trying to get more adaptation to happen?

Ms. Geneviève Grossenbacher: There are so many.

On one hand, there's the farmer-to-farmer learning that needs to happen. The government needs to support those types of exchanges, because farmers will only put in practice on their farms what they've seen works somewhere else. There are a lot of things we can do on the farm to scale up those practices.

At the same time, what we feel right now is lacking—and we are really appreciative of the study—is for the government to look at its programs and see where they can support and enhance the adoption of those practices. There are a lot of things that could be done with BRM—and again, I can circulate the study—through AgriStability, AgriInsurance and AgriInvest, small tweaks that could actually make sure that farmers are compensated for keeping grasslands in-

tact and sequestering carbon and helping them when disaster strikes to retain more water, for instance, in their field, or when droughts and things like that happen.

I feel like I'm not answering fully, but there are so many things that can be done.

Mr. Alistair MacGregor: Totally.

For my next question, I want to turn to soil health.

A lot of us are eagerly awaiting the Senate agriculture committee's study into soil health. It's a very long and comprehensive one. I think they're hoping to table it by the end of this month. We know that other countries around the world, like Australia.... Australia has a very similar system of government and has put in a national policy framework around soil health. They have a national strategy on soil.

I'm going to put in a shameless plug for my bill, Bill C-203. Promoting those carbon sequestration practices allows soil not only to hold more water during a drought year but also to soak up more water during an excess moisture event. What more could Canada be doing to promote those practices? Should we be following the example of other countries like Australia, which has looked at its agricultural soils as something akin to a strategic asset?

• (1250)

Ms. Geneviève Grossenbacher: Again, it's a very good question.

We very much look forward to seeing the study when it comes out. We contributed to it too.

Obviously, we agree soil health is really key. Actually, a lot of climate resilience rests on soil health. You said it yourself. When you have better soil health, you'll be able to better retain water or deal with the different extremes that come your way.

I can provide more comments directed specifically to soil health, but we welcome the strategy.

Mr. Alistair MacGregor: Okay. Thank you very much.

I'll leave it there, Mr. Chair.

The Chair: We'll give you back those those 30 seconds, maybe.

Mr. Barlow, you have five minutes.

Mr. John Barlow (Foothills, CPC): Thank you very much, Mr. Chair.

Thanks to our witnesses for being here.

Before I go to my questions, colleagues, I gave a notice of motion on April 9, and I would like to move that motion now.

Why this is coming today is that I went to one of my constituents on the weekend, a ranch near Kananaskis country that is a couple of quarter sections in size. Mr. Stronach, you'll be happy to know that we saw a couple of black bears and a couple of bald eagles.

However, what was frustrating for this ranch owner—we were riding horses throughout his property—is that his feed bill for his animals went up \$1,000 in one delivery, and that \$1,000 was completely as a result of the carbon tax on trucking.

We'd like to highlight the fact that this carbon tax is having a detrimental impact on people in Canadian agriculture and their ability to stay in business. This is a family rancher. Dewy is looking forward to passing on this family ranch to his grandson and granddaughter in the next few years and is questioning the financial viability of being able to do that with the impact that the carbon tax is having on their operation.

On April 9, I put forward a notice of motion that I'd like to move now.

Over the last few weeks, we've received letters from dozens of stakeholder groups representing tens of thousands of farmers and certainly tens of thousands of hectares of arable farmland that highlight the impact that the carbon tax is having on their operations, and certainly through this study alone, we've heard that 44% of produce growers are operating at a loss, which is certainly not long-term viability for their operations.

I asked my colleagues on April 9 for unanimous consent for the committee to report those letters that we received from a number of provincial agriculture ministers, agriculture stakeholder groups like the Association of Rural Municipalities in Saskatchewan, Grain Farmers of Ontario and a number of others, asking for the government to review its decision to increase the carbon tax by 23% on April 1 and to take a look at the impact this is having on Canadian agriculture as part of the consideration for the debate on Bill C-234, which is coming back later this month.

I'm asking my colleagues for unanimous consent to table those letters in the House as part of the discussion on Bill C-234.

The Chair: Okay, thank you, Mr. Barlow.

Basically there is now an opportunity for debate on the motion as it's moved. I've stopped the clock, Mr. Barlow, and I'll open up the floor to any of our colleagues who may want to weigh in.

Go ahead, Mr. Drouin.

Mr. Francis Drouin: I have lots of respect for my colleague on the other side and the letters that have come forward. I know that those letters are public, so I don't see how that will inform the debate. Bill C-234 is completely in the control of the opposition. Should they choose to read into the record those particular letters, they can do so at their will when it comes up for debate.

Bill C-234 has come before this committee before. We've dealt with it. It's been sent back to the House and to the other chamber, and it came back. I don't see what more we could add to this particular debate.

I've seen all of the letters. They're public. I don't see what value it would add to the House of Commons. I think most parliamentarians have seen those letters as well. They are in the public domain.

The Chair: I do see Mr. Louis, and I'll look for anyone else. Mr. MacGregor or Mr. Perron may want to weigh in.

Go ahead, Mr. Louis.

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

I'm looking for some clarification. I don't know if I've seen this reference to “report the letters it received from agriculture stakeholders”. What would this process entail? I'm not sure I've come across this before. Maybe the clerk can help us with that.

The Chair: I can turn to my clerk, but my understanding is that the letters that were received that were addressed to the committee would essentially be tabled in the House of Commons. That would be the procedure. There would be a tabling of them. I think that it probably would allow for some element of debate if folks wanted to move what has been tabled, but it would essentially just be taking those documents and having them available to all parliamentarians, I think, as part of parliamentary privilege.

Is there anything I'm missing?

The clerk is telling me, Mr. Louis, that she'd have to check exactly what is possible procedurally and what isn't. We'll come back with answers on that.

Colleagues, would you like to adjourn debate? Would you like to continue it? I'm really in your hands at this point.

Go ahead, Mr. Barlow.

● (1255)

Mr. John Barlow: I think we understand what I'm asking: Either I or the chair would table these letters in the House. I would just like to call for a vote as to whether or not we would support tabling these letters, which, again, represent tens of thousands of our stakeholders, highlighting the impact the carbon tax is having on their operations.

I would like us to table those letters in the House of Commons to make that official, and I'd just call for a vote if everyone's good with that.

The Chair: I did see a hand first, though, Mr. Barlow.

I'm going to go to Mr. MacGregor.

Mr. Alistair MacGregor: Thanks, Chair.

My position on Bill C-234 is well known.

There's a lot of preamble here that I believe is unnecessary, so just for simplicity's sake, I would suggest a friendly amendment to my colleague Mr. Barlow to simplify the motion. It is as follows: "That the committee report the letters it received from agricultural stakeholders, the Ontario Minister of Agriculture, Food and Rural Affairs, and the Saskatchewan Association of Rural Municipalities regarding the 23% carbon tax increase on April 1 to the House for its consideration in debate on Bill C-234.

It's just a simple to-the-point motion. I'm okay with having a vote on this, but I think it's important to understand what this would result in, procedurally, in the House. I've never been on a committee where we've simply reported letters to the House.

The Chair: Colleagues, I can ask for some procedural help from the clerk about the mechanism that Mr. Barlow is talking about.

I take notice, Mr. MacGregor, that you've just moved an amendment. You've offered an amendment to Mr. Barlow's motion to simplify it, but if you would like, we can come back to this once I get some guidance from the clerk.

Go ahead, Mr. Perron.

[*Translation*]

Mr. Yves Perron: I'm just going to make a brief comment. With all due respect to Mr. Barlow, I quite agree with what Mr. Drouin said. This subject has been addressed here, and it's now in the hands of the House. The letters are public. So I don't see what that will add.

I'd be prepared to vote on that.

[*English*]

The Chair: What we can do if committee members are ready to vote—which Monsieur Perron said he is and which Mr. Barlow has asked for—is vote on what Mr. MacGregor has just moved, which is an amendment. We can vote up or down on that, and then we can choose to vote up or down on what Mr. Barlow is seeking to do procedurally. Is that how you would like to proceed?

Some hon. members: Agreed.

The Chair: Okay. Go ahead, Madam Clerk, if you could, on the amendment that Mr. MacGregor moved on Mr. Barlow's original motion.

Colleagues, essentially what Mr. MacGregor's amendment would do is keep "Given that", and then the text of paragraph "a)" would stay. Then he goes immediately down to the bottom of the piece and would add, after the text of paragraph "a)", "regarding the 23% carbon tax increase on April 1 to the House for its consideration in debate on Bill C-234."

That's what I had. Go ahead, Mr. MacGregor, if we're wrong.

Mr. Alistair MacGregor: Chair, it's just a simple motion that the committee report the letters. I'm removing the entire preamble and removing the "ask for unanimous consent". It's just a motion that the committee report the letters, and then it stays the same on the bottom end.

Mr. John Barlow: It would be that the committee report the letters it received from agriculture stakeholders. Paragraphs "a)" to "j)" would be gone.

The Chair: I'm being asked by the clerk if you could send it in writing quickly, and we'll suspend until then.

Go ahead, Monsieur Perron.

• (1300)

[*Translation*]

Mr. Yves Perron: I simply want to say that I have a commitment at 1:15 p.m. That must also be the case for a few other people here. Consequently, either we postpone the vote until the next meeting or we hold it now.

[*English*]

The Chair: We still have a certain amount of time.

Mr. MacGregor works pretty quickly, so we'll just wait for about 60 seconds for him to get this to the clerk, and we'll go from there.

Colleagues, I think we're going to be dealing with procedural matters, and then we have to go in camera. Unfortunately, we get cut off from the witnesses for our last round of questioning, unless you would like me to continue to proceed, get through this procedure, and try to do what we can. We have about 15 minutes more that we could do.

Ms. Leah Taylor Roy: Mr. Chair, is there any way that we can finish up with the witnesses so that we can move to this, as opposed to having them wait for us to go through the motion?

The Chair: We don't always deal in purist procedural terms. I'm quite *laissez-faire* as your chair, but technically, now that it has been moved, we have to deal with this piece of business. It is unfortunate, but that's what we have to do.

I'm going to read this to you, colleagues:

That the committee report the letters it received from agricultural stakeholders, the Ontario Minister of Agriculture, Food and Rural Affairs, and the Saskatchewan Association of Rural Municipalities regarding the 23% carbon tax increase on April 1 to the House for its consideration in debate on Bill C-234.

That is what Mr. MacGregor has moved.

We're going to proceed to a recorded vote on the amendment.

Go ahead.

(Amendment negated: nays 6; yeas 5)

The Chair: We will now go back to the main motion. I can repeat this if you want, colleagues, or if you think it's going to be a similar voting pattern, we can just move on.

Mr. Barlow would like a recorded vote.

Okay, go ahead.

(Motion negated: nays 6; yeas 4 [*See Minutes of Proceedings*])

The Chair: Mr. Barlow, you have two minutes left in your time.

Mr. John Barlow: Thanks, Mr. Chair.

Dr. Mussell, you were talking about the issue in Sri Lanka, and I just want to highlight the fact that when Sri Lanka went 100% organic, they had famine, and, as you said, the agriculture industry collapsed, which we are also seeing in the EU as they force 25% organic farming there.

I think there's a place for everything, but we can't force it.

I understand, Dr. Mussell, that you've been working on policies around the carbon tax not being a punitive policy, perhaps, and that we should look at things that reward farmers for some of the things they're doing, rather than punishing them.

Can you talk a little bit about some of the policy ideas the Canadian Agri-Food Policy Institute is looking at that would be more of a carrot than a stick?

• (1305)

Dr. Al Mussell: Yes, certainly.

We look for opportunities in which agriculture can be a solutions provider. As one of only a few industries that are capable of sequestering carbon, we look at that as an option and look at what options there are to provide incentives for that.

As we get into this, a lot of the discussion has been around mitigation. Climate change mitigation is very important, as is what different industries can provide. I think there is a point at which agriculture is somewhat unique, because agriculture, as some of the other witnesses have mentioned, is extremely sensitive to climate and climate extremes.

When we think about resilience, I think a lot of the resilience in this environment is about adaptation and how we prepare the sector for what it may need to contend with. I think a pretty aggressive research and development agenda would pursue that type of resilience around adaptation and look for opportunities for mitigation within that.

However, it strikes me as pretty clear that adaptation is the most critical and acute need.

The Chair: Thank you, Mr. Barlow. Thank you, Mr. Mussell.

Mr. Louis, you have five minutes.

Mr. Tim Louis: Thank you, Mr. Chair.

Before I start, I want to share some of my time with Ms. Taylor Roy.

Ms. Leah Taylor Roy: Thank you.

Thank you, Mr. Louis.

I just want to say something to Mr. Stronach, because I failed to say it in my last session.

I just want to thank you. There are numerous people at your stage and age, Mr. Stronach, with your success, who would not be this passionate about the kind of vision that you have for our country. I want to thank you for caring deeply about our environment, future generations and our country. I just want to say that we need

more people with vision who see that the way things are is not the way things have to be.

Helen Keller said, "The only thing worse than being blind is having sight but no vision." Thank you for your vision and for what you've done for our country.

Mr. Tim Louis: I do want to thank all our witnesses for being here.

Ms. Grossenbacher from the Farmers for Climate Solutions, I'll start with you.

First, I congratulate you on your Outstanding Young Farmer award in Quebec. Obviously, as seen through today's testimony, it's well deserved.

Farmland needs to be preserved, and for that to happen, we need to know how much farmland we have, because once it's gone, it's gone. What impact do data collection practices have on policy options? How important is it to measure our land inventory, our soil surveys of rural Canada, to understand more about the land that we need to protect? What steps can we take to address these data limitations?

Ms. Geneviève Grossenbacher: Again, I appreciate the question.

Of course, farmland is really important. It's the main resource that we can grow food on, so we absolutely need to protect it more; we're losing it too quickly. For sure, data is key to making sure that we have a repertoire—an inventory—of what we have, to better protect it, and also to better understand climate change. Different soils have different capacities to sequester carbon with time, and understanding what types of practices work on those soils to make sure that we have the best climate adaptation potential is really important, so we do need data strategies, for sure.

The good thing on data... It's such a big topic, but on data itself, there's a lot of data that we already have in terms of, for instance, knowing what the best practices are that reduce or that help adapt to climate change. We have that kind of data, but it is lacking on farmland. Where is the best farmland? How can we protect it? What are the different soil types, and how can we help them help us better adapt to climate change?

Mr. Tim Louis: Would you say that this data exists a bit in silos and that it's difficult to aggregate it?

Ms. Geneviève Grossenbacher: I would, for sure. We've definitely been working also to make sure that different governments and the government and industry work together hand in hand to better merge that data. With data, then, come all these questions of who accesses data and for what purpose. You know, there are questions for farmers, or farmers are scared that the data will be used against them or that they will not have access to that data. We need to make sure that the data is accessible, but definitely....

Mr. Tim Louis: I thank you.

I have such limited time. I'm going to switch to Dr. Mussell from the Canadian Agri-Food Policy Institute.

I'll start my questioning with one of the most important resources of all: water. Especially with climate change, water management is more important than ever, so I'd like to ask you about watershed management and about the use of land, forest and water resources in ways that don't harm plants and animals living there.

What role do watersheds play in better understanding and managing our water resources for agriculture?

• (1310)

Dr. Al Mussell: You know, throughout many parts of the country, we do have watershed management units. For example, in Ontario, where I live, we have conservation authorities that manage landscapes according to a watershed level. We know that with the warming of the climate, the atmosphere will have a greater capacity to hold moisture and therefore also to release it suddenly, so I think that planning at a watershed level is.... It always was important, and I think it's just all the more important now.

Mr. Tim Louis: What resources, research initiatives or projects have you undertaken to improve water management practices in agriculture specifically?

Dr. Al Mussell: We've just come off a project that looks at different aspects of water management in Canada. The most recent piece was on the prospects for irrigation in western Canada.

When we think about water irrigation and conservation, I think that another aspect that we have to bring in here is scarcity. When we're talking about horticulture and about climate change, I think an important element of our mindset needs to be scarcity. We do have global scarcity in farm and food products. Canada is in a fairly fortunate position, but we have to go full circle from sustainability—which includes water management and how we handle soils and so on—around to scarcity, and that's different—

The Chair: Thank you, Dr. Mussell.

I apologize, but we're over time. I try to be generous, but maybe that's my my sin here as your chair.

[*Translation*]

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

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

I would like to apologize to the witnesses for the time that was wasted today.

I unfortunately have other commitments and therefore won't ask any more questions. However, out of respect for the witnesses and the time they've given us, I encourage them to forward to the committee any comments they didn't have time to make.

[*English*]

The Chair: Thank you, Mr. Perron. I know Mr. MacGregor has ceded his last two and a half minutes.

On behalf of the committee, let me thank our witnesses here from the second panel. Ms. Grossenbacher, Mr. Stronach and Dr. Mussell, thank you for your contributions to agriculture and for your testimony here today.

Colleagues, we will not be sitting on Thursday. We will be back after the break to study H5N1. It is something we're seeing south of the border, and we want to make sure we have a meeting to ensure that we have proper protocols here in Canada.

That will be our first meeting when we come back on Tuesday, May 21. Thank you so much.

The meeting is adjourned.

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