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Chair: Mr. Peter Fonseca



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• (1550)

[English]

The Chair (Mr. Peter Fonseca (Mississauga East—Cooksville, Lib.)): I call this meeting to order. Welcome to meeting number 45 of the House of Commons Standing Committee on Finance.

Pursuant to the order of reference of May 10, 2022, the committee is meeting on Bill C-19, an act to implement certain provisions of the budget tabled in Parliament on April 7, 2022, and other measures.

Today's meeting is taking place in a hybrid format, pursuant to the House order of November 25, 2021. Members are attending in person in the room and remotely using the Zoom application. As per the directive of the Board of Internal Economy on March 10, 2022, all those attending the meeting in person must wear a mask, except for members who are at their place during proceedings.

I would now like to make a few comments for the benefit of the witnesses and the members.

Please wait until I recognize you by name before speaking. For those participating by video conference, click on the microphone icon to activate your mike and please mute yourself when you are not speaking. Interpretation is available for those on Zoom. You have the choice, at the bottom of your screen, of floor, English or French audio. For those in the room, you can use the earpiece and select the desired channel.

As a reminder, all comments should be addressed through the chair. For members in the room, if you wish to speak, please raise your hand. For members on Zoom, please use the “raise hand” function. The clerk and I will manage the speaking order as best we can, and we appreciate your patience and understanding in this regard. I request that members and witnesses treat each other with mutual respect and decorum.

I would now like to welcome today's witnesses.

We have with us, from Agri-Food Analytics Lab, Sylvain Charlebois, director and professor. From the Association of Mead and Honey Alcohol Producers of Quebec, we have René Bougie, president, and Vincent Lambert, secretary. From JDRF Canada, we have Dave Prowten, president and chief executive officer, and Alanna Weisman, endocrinologist. Also, from Publish What You Pay Canada, we have Sasha Caldera, campaign manager, beneficial ownership transparency.

We'll now begin with Mr. Charlebois from Agri-Food Analytics Lab and his opening remarks for up to five minutes, please.

Dr. Sylvain Charlebois (Director and Professor, Agri-Food Analytics Lab): Thank you, Mr. Chair, and dear members. I would like to thank the committee for inviting me to speak about Canada's food affordability situation.

Food supply chain hangovers due to the pandemic and the global impact of the invasion of Ukraine have enticed many to question the global nature of our food system. The entire planet operates under a 90-day production cycle of agricultural commodities. Canada's contribution occurs in the fall, obviously, along with the U.S. and parts of Europe.

About 15% of all calories on earth come from wheat. Corn covers a lot of calorific ground as well. With regard to Ukraine, coupled with sanctions against Russia, our global wheat deficit this year will be a significant challenge, given that 25% of wheat exports come from that region. Also, India's decision today to ban exports of wheat will only make things worse.

We are going to be short on wheat, corn, barley and many other commodities. By the time we are done with 2022, it is likely that more than 100 million more people will experience either famine or acute hunger, something that the world has never seen before.

Canada will be fine, food access-wise, but food will get more expensive. Poor nations will always lose access to their food supply first, while richer nations, such as Canada, will secure food supplies by paying more. Poor countries have no capacity to store calories at all. Germany, typically a big buyer of Ukrainian commodities, stated that retail food prices could increase by as much as 50% this year. Commodity traders are already buying and even hoarding what they can get to secure supplies needed for the next several months.

Canada can and should make a greater difference. Of some of the challenges we are currently facing, fertilizer access is certainly one. These critical inputs for farmers are, on average, about \$1,500 U.S. a tonne, which is five times what it was 12 months ago. Farmers need fertilizers to produce crops, but the market is controlled by a handful of very greedy multinationals who supply-manage their products to artificially boost fertilizer prices. Some of these multinationals are actually right here in Canada. Many farmers are paying tariffs on fertilizers right now—and even surcharges. In fact, some farmers right now are purchasing fertilizer without even knowing what the price will be.

We are all paying for years of genetic engineering bashing in the media as well, by groups who have used fear to put forward an organic-centric diet for affluent city dwellers. The approval process of new traits for new crops can take years in many developed countries, including Canada.

Agriculture is and will always be about technologies, and we need to accept that as such. A globalization 2.0 agenda will require getting nations to continue to trade, but it also will require them to adhere to an acceptable humanitarian conduct to participate in a global economy.

[Translation]

Canada should take steps to make the agricultural sector more efficient and productive, and have a strong food self-sufficiency strategy.

The only province in Canada that has already adopted such a strategy is Quebec. Canada needs a way to produce more in an open economy with greater access to affordable prices, while growing the agriculture sector through sustainable trade.

A comprehensive strategy would include sustainable water and renewable energy practises to support our production.

Canada lacks ambition and can do better. We have so much to offer.

Thank you, Mr. Chair.

The Chair: Thank you, Mr. Charlebois.

[English]

Now we will hear from the Association of Mead and Honey Alcohol Producers of Quebec for up to five minutes.

[Translation]

Mr. René Bougie (President, Association of Mead and Honey Alcohol Producers of Quebec): Good morning, everyone.

Thank you for inviting me to appear before the committee.

My name is René Bougie, and I am the co-owner of Miellerie King—distillery and meadery, located in Kingsey Falls, in the Centre-du-Québec region. I am also the president of the Association des producteurs d'hydromels et d'alcools de miel du Québec, or APHAMQ.

Our association represents about half of Quebec's mead producers, who produce over 50% of all meads.

Currently, Quebec has issued about 25 mead production permits, and that number has increased in recent years.

The reason we are here today is that in June, Bill C-19 will eliminate the excise duty exemption for wines. This would have a major impact on our industry.

The situation for mead producers is unique. Indeed, we are currently facing several challenges. There is the bee mortality rate, which has been increasing steadily over the past few years, the increase in various production costs, such as raw materials, fields to look after our bees and diesel. There are also the costs of transporting our various goods and the costs of packaging the bottles and

putting labels on the jars. The costs are constantly increasing. Eliminating this important exemption would have a significant impact on our various productions.

What we are asking for is that this exemption be maintained. As a result of negotiations undertaken by provincial negotiators, Quebec mead and berry or maple alcohol producers will not have to pay the mark-up to the Société des alcools du Québec, or SAQ, in the context of the World Trade Organization, or WTO, negotiations.

We would like the federal government to apply this type of exemption. In fact, this is what the bill provides for the production of alcohol at home.

I have presented the main elements related to our demands.

I'm happy to answer questions from members of the committee.

● (1555)

The Chair: Thank you, Mr. Bougie.

[English]

Now, from JDRF Canada, we have Mr. Prowten.

Mr. Dave Prowten (President and Chief Executive Officer, JDRF Canada): Good afternoon. Thank you for the opportunity to speak with you today.

My name is Dave Prowten. I'm the president and CEO of JDRF Canada. We're the leading charitable funder of type 1 diabetes in the world. I'm joined by Dr. Alanna Weisman, who is a clinician scientist and endocrinologist at Mount Sinai Hospital and University Health Network.

We are here to offer one key recommendation that will vastly improve the lives of Canadians who live with type 1 diabetes. It's a much-needed and long-awaited change to the disability tax credit.

Type 1 diabetes is a relentless 24-hour-a-day and seven-day-a-week disease that requires monitoring and attention. From the moment of diagnosis, a person with type 1 diabetes is reliant on insulin to stay alive. It therefore, by definition, is truly a life-sustaining therapy.

The Centers for Disease Control and Prevention estimate that someone living with type 1 diabetes has to make roughly 300 or more decisions per day than does someone without type 1. Do I need to eat? Do I not need to eat? Do I need to eat less? Do I need to eat more? Do I need to take insulin? How much insulin do I need? Do I need to check my blood sugar? Even with vigilant management and innovative technologies, the risk of long-term complications like heart and kidney disease, and the short-term realities of dangerously low blood sugars, which can lead to confusion, coma and even death, still remain.

That is why we are asking the committee today to make things a little easier for those living with type 1 diabetes by ensuring that they have equitable access to the disability tax credit by removing or reducing the antiquated and arbitrary 14-hour-a-week requirement. It is simply the right thing to do.

Type 1 diabetes is a costly disease, not only for our health care system but also for individuals and families. Depending on which province you live in and what type of benefits package you have through your employer, it can cost Canadians with type 1 diabetes, out of pocket, up to \$15,000 a year.

Previously, JDRC has advocated for reducing the number of hours needed to qualify for the DTC from 14 to 10, which was also proposed in the fairness for persons with disabilities act. The disability advisory committee appointed by the Minister of National Revenue actually proposed an even better solution, that qualification be automatic for all Canadians who need life-sustaining therapy, including insulin.

We implore the committee to amend the budget implementation act and call for either a removal of the 14-hour requirement entirely or, alternatively, a reduction in the hours to seven, so that more Canadians with type 1 diabetes can qualify.

To speak more on the disability tax credit, I will turn things over to Dr. Weisman.

• (1600)

Dr. Alanna Weisman (Endocrinologist, JDRC Canada): Good afternoon. I'm Dr. Alanna Weisman.

We are supportive and grateful for the commitments made in budget 2021 to recognize more activities under the current requirements, such as time spent determining dietary intake, physical exertion, medical appointments and medically required recuperation. This will help more people with type 1 diabetes access the tax credit. However, the current requirements are still problematic from a policy and medical perspective.

The 14-hour requirement for eligibility was introduced when the DTC was established in 1988. The Canada Revenue Agency states, "The purpose of the DTC is to provide for greater tax equity by allowing some relief for disability costs, since these are unavoidable additional expenses that other taxpayers don't have to face."

People with type 1 diabetes should not have to worry about how they are going to pay for insulin, supplies, advanced glucose monitoring devices or insulin pumps. Those costs exist regardless of how much time per week is spent on managing diabetes.

For example, those living with type 1 diabetes rely on insulin to survive. Diabetes management has come to the point where insulin pumps are viable options for individuals looking for an alternative approach to calculating and administering daily doses of insulin. While an insulin pump saves time and may help ease the mental burden associated with calculating insulin doses, it costs \$6,000 to \$8,000 and is not often covered by traditional health insurance plans. Less time spent on managing diabetes does not equate to an eased financial burden.

The current requirements for the disability tax credit are rife with inequities in access based solely on how health care providers fill out forms. The DTC could be approved for one person while being denied for another who has the same condition, simply because of a difference in the way their individual health care provider filled out their application form.

The current eligibility process is cumbersome and the 14-hour requirement is arbitrary, presenting many challenges for those trying to access the benefit. This barrier can be improved by removing the requirement entirely or reducing the threshold to seven hours to eliminate uncertainty around qualification. If this threshold is not removed or reduced to seven hours, individuals with type 1 diabetes will continue to be denied access, forcing them to remain living with the financial burden that comes with this disease and without the proper support in place to ease it.

I would like to thank JDRC and Dave for their work, and to thank the committee for hearing our testimony. We hope you will consider our recommendation to make the DTC more equitable and accessible to all with type 1 diabetes.

Thank you.

The Chair: Thank you, Dr. Weisman and Mr. Prowten.

We are now moving to Publish What You Pay Canada and Sasha Caldera for up to five minutes.

Mr. Sasha Caldera (Campaign Manager, Beneficial Ownership Transparency, Publish What You Pay Canada): Thank you very much, Mr. Chair and House finance committee members. Thank you for inviting me to speak today.

I might have connection difficulties. If I am lagging, please let me know, and I will turn off my screen.

My name is Sasha Caldera, and I am the beneficial ownership transparency campaign manager at Publish What You Pay Canada. Publish What You Pay Canada is part of the global Publish What You Pay movement of the civil society organizations working to make oil, gas and mineral governance open, accountable and responsive to all people. For the past four and a half years, I have been leading a coalition consisting of three civil society organizations to advocate for a publicly accessible beneficial ownership registry with our partners Transparency International Canada and Canadians for Tax Fairness.

In budget 2022, we applaud Minister Freeland's commitment to accelerate the timeline for a publicly accessible corporate beneficial ownership registry by 2023. This commitment is two years earlier than anticipated and includes participation from willing provinces and territories. Budget 2022 also includes a commitment for discussion with provinces and territories for a beneficial ownership property registry. Together these announcements are important to combat the proceeds of crime from entering Canada's economy.

Experts estimate that \$45 billion to \$113 billion is laundered annually into the country. Canada's announcement for a publicly accessible beneficial ownership registry is in line with other G7 and G20 countries committing to deploy such registries. These tools are now urgent national security priorities to prevent Russian oligarchs and other corrupt foreign officials from hiding dirty money in liberal democracies. Currently 105 countries around the world have made commitments to implementing publicly accessible registries.

The commitment in budget 2022 for a public registry includes ensuring that provinces and territories can participate in a registry system. As a vast majority of companies are registered within provinces, Ottawa will need to offer a blueprint that provinces can get behind. We recommend that the federal government reach an agreement with provinces and territories to allow provincially registered companies to send beneficial ownership information directly into a central registry that is managed by the federal government.

In turn, provinces can mirror legislation to their own business acts based on legislative amendments to the Canada Business Corporations Act. Using this approach, provinces would not have to devote resources to upgrading their own business registries, and provincial authorities can access the back end of the registry for investigations. Additionally, provinces can use beneficial ownership property registries to track down properties that might be owned by oligarchs on sanctions lists. We hypothesize that provinces can reap substantial revenues from asset forfeitures, as we recognize that properties are commonly used as vehicles to launder money in Canada.

Ottawa's leading the design, staffing and maintenance of a registry would be practical for a number of reasons. First, it would be appealing to smaller provinces that might not have the resources to collect and scrutinize beneficial ownership information. Second, Ottawa can commence work with willing provinces and eventually expand the registry to cover the entire country. Finally, if provinces start to collect and publish different information about beneficial owners on their own, it will be frustrating for businesses that require consistent data to fulfill anti-money laundering reporting requirements. Businesses having access to a free and searchable registry with verified data can reduce administrative costs to carry out

due diligence checks and improve compliance with federal regulations.

With respect to the legislative changes in Bill C-19, I would recommend that under division 30, proposed subsection 21.21(1) should be revised to as follows: "The corporation shall conduct ongoing monitoring and, at least once each financial year, ensure that it has identified all individuals with significant control over the corporation and that the information in the register is accurate, complete and up to date."

This revision is necessary because companies controlled by criminal organizations that wish to abuse the system or to evade taxes can delay updating beneficial ownership information by simply relying on this annual reporting requirement. The proposed change places the onus on the company to be proactive and ensures that the director of Corporations Canada is kept informed. Moreover, the public registry will possess the most accurate information about individuals of significant control.

Moving forward, we urge the federal government to ensure that all design elements of a publicly accessible registry are included in the second budget implementation act in order to meet the federal government timeline of 2023.

• (1605)

Furthermore, stakeholder consultations must be carried out in the most transparent manner, where a diverse cross-section of civil society, journalist and industry submissions are made public. We see this approach to be consistent with the goal of a publicly accessible registry, which is a crucial anti-money laundering tool that can strengthen the integrity of Canada's economy.

Thank you so much for your time, and I'm happy to take your questions.

The Chair: Thank you, Mr. Caldera.

I'd like to thank all of our witnesses for their opening remarks.

We are now moving to our first round of questions from members. In this round each party has up to six minutes to ask questions of the witnesses. We're starting with the Conservatives.

I have MP Stewart up for six minutes.

Mr. Jake Stewart (Miramichi—Grand Lake, CPC): Thank you, Mr. Chair.

My questions today are for the Juvenile Diabetes Research Foundation. I would like to thank you and each and every one of the presenters for being here today.

These questions can be answered by either Mr. Prowten or Ms. Weisman. You can decide that for yourselves.

I wanted to say a few things. Growing up, my mother's two best friends, two sisters, both had type 1 diabetes. They've both passed on at this point. They were very close. They lived and grew up down the street from where I lived. Today some of my best friends have children with type 1 diabetes as well. Certainly I am no expert in it, but I have seen and witnessed some of the struggles first-hand.

I'm going to give you some quotes from a friend of mine, just so that you can see where the mindset is of many parents today who have children with type 1 diabetes.

This one particular mother says to me, "Jake, I'm now functioning as my child's pancreas, literally. It's all in my...to do what that pancreas is supposed to do but now doesn't. I wonder if the Prime Minister thinks he needs his pancreas 24 hours a day. I can guarantee it's a 24-hour-a-day job, though I wish it were only 14 hours. I'd like to know how he would do working a full-time job and performing the job of his child's pancreas. The burden is so heavy that I've seen type 1 parents give their careers up to care for their child, and I've watched them run on minimal sleep themselves. The burden is really that heavy."

Today my questions mainly sit with the disability tax credit. Both kids and adults who have type 1 diabetes require life-sustaining therapy for the rest of their lives. Most have insulin pumps that give insulin 24 hours a day. Can you confirm that an inequality of access to the disability tax credit is really about patients and doctors trying to navigate arbitrary and inconsistent rules by the Department of Finance and Revenue Canada?

Thank you.

• (1610)

Mr. Dave Prowten: I'll start, and then I'll let Dr. Weisman maybe conclude.

We did a survey of our constituent base, and 43% of those who responded indicated that they have trouble getting the disability tax credit, whether or not that's from their medical professional or through the system. It's very bothersome and cumbersome for people, because not only do they have this disease but then they have to track what they're doing and defend all the time and energy spent managing that with their GP or endocrinologists. This is about giving people a credit, a disability tax credit, a financial break, but, really, they have to justify their life to get through the system to get the credit. Your question is actually very well directed, because it is a real challenge for us to get it through, and in some cases doctors are being asked to be compensated for the time spent on the form.

Dr. Weisman can give more specifics? It's a credit, but it's costing people, which is unfortunate, too.

Dr. Alanna Weisman: Absolutely. I echo everything Dave has said. I would just add that there is inequity in the system of applying for the tax credit. Because some providers may have only a few patients with type 1 diabetes, particularly in more rural or under-served areas, they may be less familiar with the process. We do see this inequity based on the particular provider's experience with the process, whether they support the application and, in addition, how much they might charge—as Dave alluded to—for completing this paperwork on behalf of the patient.

This is a costly condition, as Dave alluded to as well. There's been a lot of progress in technologies. They've helped a lot of people, but they're expensive. Regardless of the amount of time a patient is spending managing the condition, they're still having these financial burdens.

Mr. Jake Stewart: Thank you, Ms. Weisman.

I heard a parent ask whether the government asks someone who is blind if they cannot see at least 14 hours per day. You can see the stress that parents of children with type 1 diabetes are under.

It does defy common sense that Canadians requiring insulin multiple times a day for the rest of their lives don't automatically qualify as requiring life-sustaining therapy for at least 14 hours per week. When you think about this, it's a 24-hour-a-day process for anyone living with type 1 diabetes. Would you mind elaborating just a little further on that?

Dr. Alanna Weisman: I'm happy to.

Absolutely, as Dave mentioned in his opening remarks, insulin is a life-sustaining therapy for people with type 1 diabetes. If they were to not administer insulin, after a very short period of time they would be at risk of having dangerously high blood sugars, potentially leading to avoidable hospitalizations, coma or even death.

Our standard of care is to deliver insulin, as we call it, "intensively", which means either through multiple injections per day with each of those injections needing to be thought about and calculated, or through an insulin pump, which again is still being delivered on a 24-hour basis, still with multiple calculations and adjustments that need to be made each day. Insulin is absolutely a 24-hour, life-sustaining therapy.

Also note that in type 1 diabetes, there are no other medications approved for treatment. We have one medication, and that is insulin.

• (1615)

Mr. Jake Stewart: Thank you.

The Chair: Thank you, MP Stewart.

We're moving to the Liberals and MP Baker for six minutes.

Mr. Yvan Baker (Etobicoke Centre, Lib.): Thank you very much, Mr. Chair.

Thank you so much to all our witnesses for being with us today. I wish I had time to ask questions to all of you.

I'm going to start with Mr. Charlebois, if I may. My understanding is that our research shows that food prices are going to rise by approximately 5% to 7% this year. Can you speak to what the key reasons are for this increase?

Dr. Sylvain Charlebois: Certainly.

When we published Canada's Food Price Report in December, we were expecting an increase of anywhere between 5% to 7%. Given what has gone on so far in 2022, we are expecting the 7% threshold to be surpassed essentially because of the invasion of Ukraine.

I would probably point to two major factors.

First, we did start the year with this COVID hangover affecting supply chains. What a lot of people may not appreciate is that, as soon as efficiencies of supply chains are affected, it tends to cost more to move products around, whether that's on water or on land. That's exactly what's been going on. Variants have actually impacted the economies around the world at different times and in different ways.

Planning, predicting and forecasting in logistics have been very difficult and challenging for companies. That's why it's costing more to do anything right now. That's the one big factor.

The other big factor, obviously, is the war. Let's face it—that particular region is so critical to global agriculture. It does produce a lot of grains, as I mentioned, but it's the reaction to the war that is really going to cost way more, I think—the sanctions on Russia.

Also, what we're slowly seeing is nations panicking. We saw a few weeks ago Indonesia banning exports of palm oil. That's going to have a huge impact on vegetable oil as an ingredient, and vegetable oil is in everything we eat. It's impacting food service and food retail. Right now, already, we're seeing prices increase there. That's going to have a huge impact on most food categories.

Today, we just learned that India is banning exports of wheat. As I mentioned in my opening reports, wheat represents basically 15% of all calories consumed in the world, so we're going to be way short on wheat. Even if Canada and the U.S. have bumper crops this year, we're going to be seeing many people around the world suffering from hunger, unfortunately. In Canada, we are expecting prices to rise significantly—way beyond 7%, unfortunately.

Mr. Yvan Baker: Thanks for that, it was a very fulsome answer.

Based on what you've described there, all of these things—the war, supply chain issues, the actions taken by Indonesia and India, etc.—are all global forces. These are global factors that are impacting food prices. Am I correct?

There are some folks out there who have been saying that somehow the climb of food prices in Canada is due to domestic forces. What I'm hearing you say is that it's due to global forces. Is that correct?

Dr. Sylvain Charlebois: Absolutely.

Currently I'm speaking to you from Tampa Bay, Florida. I'm a visiting scholar at the University of South Florida. The food inflation rate here is 9.4%. This is not just a Canadian phenomenon. This is affecting the entire planet. I think that everyone should be worried about what's going on right now.

Canada's a rich country. As I mentioned, access to food won't necessarily be an issue. However, food affordability will be for many families in Canada, as a result of what's going on.

● (1620)

Mr. Yvan Baker: I really appreciate that. Thank you.

I just want to take a moment to ask the folks from Publish What You Pay Canada something, with my remaining 90 seconds.

If I could, I wanted to go back. Your organization was one of the driving forces behind the push to adopt a beneficial ownership registry. Bill C-19 has taken the first step towards that with the amendments to the Canada Business Corporations Act. Can you tell us why a beneficial ownership registry is so critical?

Mr. Sasha Caldera: Absolutely.

A beneficial ownership registry that is publicly accessible would deter the proceeds of crime from entering Canada. This is really important, because about \$45 billion up to \$100 billion is laundered through shell companies and shell properties and a variety of other means, each year. If the beneficial owners of these entities—that is the properties or companies—knew that they would be locatable and accessible on a public registry they would not register these entities in Canada.

We've seen these registries begin to be rolled out in many other G7 countries. Canada being a safe, stable democratic country has a huge risk if it leaves this back door to its economy open, where you can be a beneficial owner and incorporate a company or property anonymously.

Mr. Yvan Baker: Thank you.

The Chair: Thank you, MP Baker.

We go now to the Bloc and MP Ste-Marie for six minutes, please.

[*Translation*]

Mr. Gabriel Ste-Marie (Joliette, BQ): Thank you, Mr. Chair.

I would like to greet all the witnesses and thank them for their presentations. I also thank them for being with us today.

My first questions will be for Mr. Bougie or Mr. Lambert.

In Bill C-19, the government is imposing the excise tax on wine producers as a result of a WTO dispute.

The problem in your case, Mr. Bougie and Mr. Lambert, is that at the federal level, when we talk about wine, that includes mead. That is not the case in Quebec.

Can you confirm that and explain to me once again how imposing the excise tax on wine will have an impact on producers in your sector?

Thank you.

Mr. René Bougie: Thank you very much for the question.

Indeed, the big problem for us is that, at the federal level, wines are considered to include any fermented agricultural material that is 100% produced in Canada. Since 2006, we have benefited from an exemption that applied to wines made from the fermentation of 100% Canadian products. However, in the bill that was tabled following the WTO dispute, as you mentioned, all wines were put in the same category. This includes grape wines, which are the ones really targeted by the WTO dispute with Australia, ciders, maple wines and berry wines. At the end of the day, it is all producers who are being targeted, in a way. All these producers will have to pay these duties.

Let us look at the volume of mead produced in Quebec and in Canada. In Quebec, as I was saying earlier, there are about 25 mead producers, who must therefore have hives and do all the work involved in that province. There are 25 of us, but we represent about half of all mead production in Canada. Some figures suggest that there are about 50 mead producers in the country, but there is no national association representing them at the moment. Until recently, we didn't even have a provincial association, because with the work involved in our hives and processing our products and all the other related tasks, we don't have much time to think about organizing and structuring ourselves. It's a lot of work, but now we're organized and we're trying to push for the issues that are important to us, like this one.

We believe that the government is on the wrong track by not moderating the application of excise duties and by imposing them as much on wine producers, who are the real targets, as on cider, mead and berry wine producers. This directly affects small producers who, in addition, occupy all of Quebec's territories and contribute to an economic activity that generates interesting spinoffs for their communities. With this new tax, on top of all the other things I was talking about earlier—and that some of the witnesses mentioned—that are affecting our production, such as increased costs, it will be more difficult to continue processing our various products and to offer attractive prices.

Mr. Lambert, do you want to comment on that?

• (1625)

Mr. Vincent Lambert (Secretary, Association of Mead and Honey Alcohol Producers of Quebec): You answered the question very well, Mr. Bougie.

Mr. René Bougie: Thank you very much.

Mr. Gabriel Ste-Marie: I congratulate you on joining forces. Mead production, from A to Z, is more than a full-time job. It takes passionate people like you to do it. We feel your passion.

Can you give some examples of what the adoption of Bill C-19, in its current form, would mean for a particular product, in terms of costs?

Mr. René Bougie: Let's take the example of a light mead with 4.5% alcohol. The retail price of a 473-millilitre bottle that we sell at a grocery shop will be about \$2.90. In the end, the increase will be about 16¢ on that amount. That may not sound like much, but proportionally, it represents a 5% increase in the price of a can. I would remind you that mead is already a product that sells for more than beer and cider. By way of comparison, to produce a litre of absolute alcohol, it will cost \$7 to \$9 for grain alcohol, while for

mead, the cost will vary from \$18 to \$25. Therefore, it costs us more to produce our raw material.

There are more and more new products on the market, such as sodas and low-sugar flavoured drinks. We want to be competitive, to market our products and to be able to stand out. But because of this tax, the leeway we had to do promotions and try to compete is taken away. We have to bear a lot of costs. After all, we produce directly in the fields. The raw materials we use, for example to feed the bees, have to be transported to the fields and our products have to be delivered by truck. So we have to take into account these transport costs and, incidentally, the increase in the price of diesel. I also mentioned containers. The price of several containers, such as glass bottles, has doubled. We should also not forget the cost of labels. Imposing this tax, on top of all that, would have a major impact on our industry, in my opinion.

Yet it is a measure that would not cost the government much. It's money that hasn't even come into the government coffers since 2006. At the moment, we are only asking that the exemption be maintained. If this is not possible, we are at least asking that an exception be made for us. The bill already provides for exceptions, so we would like to be included. It would give us some breathing room and allow us to have an industry that continues to thrive, as evidenced by the explosion in the number of meaderies and honey-based spirits producers in Quebec and across the country.

Thank you.

Mr. Gabriel Ste-Marie: That's very clear. Thank you very much, Mr. Bougie.

Mr. Chair, is my time up?

[English]

The Chair: Thank you, MP Ste-Marie.

We'll now hear questions from the NDP and MP Blaikie for six minutes.

Mr. Daniel Blaikie (Elmwood—Transcona, NDP): Thank you very much.

I'll start with a question for JDRF Canada. Your organization has done a lot of advocacy over the time that I've been a member of Parliament on the 14-hour requirement. When we asked officials, in the context of this particular budget implementation act, why it was that they were maintaining this requirement, I was surprised to hear them make an equity argument. They said it would be unfair to make exceptions for people living with diabetes, because other people have to meet the 14-hour requirement.

If they've made this argument to you, when you've had opportunities to speak with government, what justification did they offer to you in your conversations? What do you think of this apparent equity concern on the part of the government, when it comes to folks without diabetes who are trying to access the disability tax credit?

Mr. Dave Prowten: This is sort of relative to other diseases. That's one of the things we've heard. This was established in 1988. We're actually not really sure of the genesis, whether it was something like dialysis or some other condition, so 14 hours became a bit of a threshold. We're seeing a longer list of activities being incorporated, such as carbohydrate counting, which is all positive.

What's interesting to us is.... We take away that there's this desire to help people with type 1 diabetes actually get the disability tax credit, and we're trying to thread the needle. Ideally, we could get rid of the hour requirement, because if you have got type 1 diabetes, you need insulin. It's a life-sustaining therapy. It's as simple as that.

If we need to find a middle ground, we'd say, "Let's reduce that from 14 to seven," because it seems like the GPs and doctors.... If that's a hurdle where people are debating if 14 hours is enough, we don't think that's the real issue. It's not the amount of time. You have type 1. It's an expensive disease. It's meant to be a disability tax credit. It's meant to be a financial helper. It's not really about the time.

We're trying to find a way that would actually be acceptable to the government to make this change. We feel like we're all moving in the right direction, but we're really trying to find a way that could make it acceptable for more and more people with type 1 to get approved.

• (1630)

Mr. Daniel Blaikie: It just seems odd to me that, if there's an acceptance in principle by the government that it wants to help people with type 1 diabetes, I don't know why it's so difficult. It's a pretty predictable process in terms of people knowing how much material they're going to need and knowing how much time it takes up in the day.

Have you heard anybody in government say, "We just really don't think that people with type 1 diabetes are fit for the DTC program, because that's not what the program was intended for?"

I don't understand why, and I'm not blaming you. I find this log-jam perplexing, because it seems like a relatively straightforward problem and the solution should be correspondingly straightforward.

Mr. Dave Prowten: We would agree with you, strongly. In reality, if you have type 1, you need insulin from the moment you're diagnosed. Therefore, it's a life-sustaining therapy. If you're making an extra 300 decisions a day.... I did a calculation. That's like a decision every 12 seconds to get up to an hour a day. We make many decisions very quickly these days, but when you're making a dosing decision about how much insulin to give, that's a calculation and it's not done in 12 seconds.

You're spot-on here. We are trying to find a way to get things as low as possible, so more people can go to their GP or go to their

endocrinologist and not have to debate about the number of hour so that a form can get signed and completed.

Mr. Daniel Blaikie: How frequent or how normal is it for this area to push back on people's paperwork on this? Have you heard many stories of people who are having the details of their paperwork being contested by the CRA?

Mr. Dave Prowten: We had a big issue a few years ago, when there were some changes being made. That's when this really came to light. Ever since then, we've been battling that and it seems like there's a series of them. Patients have to track their hours, the doctors have to sign it off and then the CRA has to review it. It's actually a very complicated and cumbersome process, and there are many steps on the journey, I would say.

Mr. Daniel Blaikie: It would be interesting to calculate the hourly value of everybody's time who is involved in that process and compare it to the expenditure by government on the tax credit measure itself. I suspect we're asking for a lot of productivity invested in a relatively low-cost outcome for government.

Mr. Dave Prowten: The other thing is that companies have started to pop up to be the processors of the forms, because it's such a cumbersome process. If this could be streamlined for the patients, which is what this is really about, that would be the win. If they could have a very simple form that they knew would be accepted if you have type 1 diabetes, the whole system would be much more efficient, from the patient to the government supporting them.

Mr. Daniel Blaikie: Indeed.

If I have some time remaining, Mr. Chair—

The Chair: You have 15 seconds.

Mr. Daniel Blaikie: Okay. I'll give that up and wait for my next round.

Thank you.

The Chair: Thank you.

Members and witnesses, we are moving to our second round now. We have the Conservatives up first, with MP Chambers for five minutes.

Mr. Adam Chambers (Simcoe North, CPC): Thank you very much, Mr. Chair.

Thank you to our witnesses for appearing. I apologize to those of you who were ready to appear last week. We're glad to have you back this week with us.

Professor Charlebois, I was very surprised or perhaps concerned this morning, when I saw some of the news about more protectionism with the wheat exports coming out of India. You mentioned the palm oil issue as well.

You mentioned we're a rich country and we'll likely be okay, but do you think the government is prepared for what could happen?

• (1635)

Dr. Sylvain Charlebois: I assume you're talking about supplies and food security domestically. Is that your question?

Mr. Adam Chambers: Yes. Generally, do you think we're in a good spot? Is the government prepared for some of the negative potential scenarios that may come with food shortage issues, supply issues, etc.?

Dr. Sylvain Charlebois: I don't see any evidence of that at this point. I'm using the federal budget as evidence.

I think Ottawa's intent was to make our agriculture greener, which is fine, but what the world really needs right now is more efficient Canadian agriculture. I'm thinking about some of the tariffs that farmers are exposed to. Farmers are price-takers. Mr. Bougie, in his sector, that's exactly what he's talking about. Price-taking economics is quite cruel, especially in the context of a global food security crisis.

Canadian farmers need more breathing room. They need access to affordable fertilizers, which is not what they have right now. The cost of diesel is also impacting the entire supply chain.

I don't see any measures right now that will help our entire supply chain, at this point, to make sure that food access is not an issue at all, unfortunately.

Mr. Adam Chambers: Thank you very much for that answer. I represent a riding that has significant agriculture and farmers in it, and they're expressing those concerns that you expressed to me.

When you were speaking with my colleague, Mr. Baker, about global forces on the supply chain and increasing inflation prices on food, you said there are some things that are within the government's control and some things that are outside of the government's control. Let's set aside the things that are outside of the government's control.

Do you think the government is taking steps on the things that are within its control to keep inflation on food prices low?

Dr. Sylvain Charlebois: I will say that there's nothing wrong with food inflation, but food inflation that is out of control is a disease affecting many families. That's where we are right now. I would say that food affordability is a challenge. Honestly, right now, I don't see any evidence that the government is properly overseeing the entire system.

I'll give you one example. Again, I mentioned that I'm in the U.S. I've been in the U.S. for six months. The White House has been very forthcoming and, frankly, aggressive in how price-fixing is occurring in the U.S. There are some anomalies right now in Canada, I must say. Some price increases are justified, while others are difficult to explain.

I'm not suggesting that there is criminal behaviour going on, but there are increases right now that are beyond any data that we have at the lab. It's hard to explain. In some sections of the grocery store, we're seeing double-digit increases. I'm thinking of the centre of the store, at the meat counter and the dairy. There are a lot of things going on that I would encourage Ottawa to look into very seriously.

Mr. Adam Chambers: Thank you very much.

I have about 30 seconds left. I would like to switch to Mr. Caldera for a moment.

Thank you for your work in pushing the government to advance its interests.

I have two quick questions for you. First, the need for it to be publicly accessible, that is planned for the future but not immediately. Can you touch on that briefly? Second, and quickly, has Industry Canada reached out to you yet to begin consultations?

Mr. Sasha Caldera: Thank you very much, Mr. Chambers.

Yes. The registry must be publicly accessible, full stop. All other G7 countries [*Technical difficulty—Editor*]. You even have fragile states, globally, that are [*Technical difficulty—Editor*] publicly accessible registries. For Canada not to have a publicly accessible registry, [*Technical difficulty—Editor*] it would be a very limited registry [*Technical difficulty—Editor*] as part of the registry design being put forward.

We have not been contacted yet by Innovation, Science and Economic Development with regard to the status of consultations. We do hope they will take place over the summer.

● (1640)

Mr. Adam Chambers: Thank you very much.

Thanks, Mr. Chair, for your indulgence.

The Chair: Thank you, MP Chambers.

We'll now move to the Liberals and MP Dzerowicz for five minutes.

Ms. Julie Dzerowicz (Davenport, Lib.): Thank you so much, Mr. Chair.

I want to thank all the presenters for their excellent presentations and for being here today.

My first question is for JDRF Canada.

In the last Parliament, my colleague Sonia Sidhu sponsored Bill C-237, which was adopted with support from all parties. Bill C-237 set a requirement for the government to present a national framework for diabetes. This framework, I understand, is due by the end of June.

Have you been consulted by the government on this framework, and what do you hope to see from it?

Mr. Dave Prowten: Thank you for the question.

Yes, we have been involved in the consultations. There has been a series of meetings. I would say the Public Health Agency of Canada seems to be driving it.

What we hope to see from it is a real mandate. I think a framework could just be a document that outlines some things to do. I would prefer to see a mandate with some real action that would help address things like the prevention of diabetes.

We're a type 1 diabetes organization, but there's type 1 and type 2. We need to have a strategy that would address the different areas of diabetes—prevention, research, management, etc. I think it has to be comprehensive and action-oriented.

Ms. Julie Dzerowicz: Thanks very much.

I want to give a huge thanks to you both, Mr. Prowten and Dr. Weisman, for your extraordinary leadership. I think we're very determined to take additional measures to provide support to those suffering from diabetes in Canada.

My next question is for the Agri-Food Analytics Lab.

Dr. Charlebois, you presented some very important testimony this morning. I want to continue the questioning that Mr. Chambers started. How can the Canadian government...? It's very difficult when there are forces beyond our control, but I really want to explore what more we might be able to do here in Canada to help support Canadians and farmers, and to improve food security. Is there any way we could even slightly reduce some of the anticipated pricing increases we'll be seeing?

I heard from you that we need more affordable fertilizer. I heard about diesel prices. As you know, that's nothing we can deal with. I heard from you about dealing with price-fixing, and being more aggressive. Is there anything else we could do nationally? That's question one.

Question two is, what can we be pushing for internationally that would be helpful?

Dr. Sylvain Charlebois: It's a great question. I'm not sure there's anything we can do this year, because it's May 16. Either our seeds are in the ground or they're about to be in the ground. Contracts are signed. Right now I would say if you start with farm gate, a lot of farmers are flying in the dark. They're actually committing to contracts without knowing how much they're going to pay. That is not helping.

Farmers are motivated to grow. They're motivated to produce because prices are very high, but up the food chain you're seeing a lot of consolidation. There are fewer players having a lot of power, whether it's in grain handling, processing or distribution. I know that the Competition Bureau actually registered concerns about the Shaw-Rogers deal recently. I would have hoped that the bureau would actually have registered concerns about the 1998 deal between Provigo and Loblaws, the 2005 A&P deal with Metro, and the 2015 deal between Empire and Safeway out west.

All of these deals have actually given more power, more authority and more influence to just a handful of players, which is really impacting competition. It's impacting everything we do domestically.

Internationally, it's important to recognize that we need to make sure that our supply chains remain resilient and that we continue to encourage companies and traders to trade abroad and make our agriculture much more efficient.

I have just one piece of data for you. There are only a few provinces in which the territory used to support agriculture has increased in the last five years. We're talking 1% or 2%. Those are Quebec, Alberta and, I believe, Manitoba. Since 2003, Canada is at minus 8%. We're using less land to produce more food. You can see that, right now, agriculture is under a lot of pressure to produce more. I would look into that.

Thank you.

• (1645)

Ms. Julie Dzerowicz: Thank you so much.

The Chair: Thank you, Ms. Dzerowicz. That's your time.

Now from the Bloc for two and a half minutes, we have MP Ste-Marie.

Go ahead, please.

[*Translation*]

Mr. Gabriel Ste-Marie: Thank you, Mr. Chair.

My question is for Mr. Bougie or Mr. Lambert.

You have clearly shown us that, because of its special characteristics, mead is more expensive to produce than cider or other alcohols.

However, all costs are increasing. In addition, there is the question of the excise tax, because Ottawa does not distinguish between wine and mead and does not recognize your particular situation.

What is the situation in Quebec City and at the SAQ, and how could Ottawa be inspired by what is done in Quebec City?

Mr. René Bougie: Thank you very much for the question.

Within our association, we had the opportunity to speak to some negotiators from the Quebec ministère de l'Économie et de l'Innovation. They told us that, in their negotiations, they were able to make the distinction between the various types of alcohol.

So, in talking to Australian officials who negotiated at the WTO, we learned that it was grape wine that was really targeted, a major source of aggravation for the Australians.

As we said earlier, the amount of mead we produce in Quebec is really limited, about 90,000 litres in total. However, this production is constantly increasing, and it is a growing industry.

So the fact that mead is currently classified in the same category as other types of alcohol, such as grape wine, is really a major burden for our types of businesses. What surprises us most is that the provincial negotiators were able to make this distinction and have the mark-up applied by the SAQ on meads, ciders, berry wines and maple wines removed as of December 1, 2023.

However, in the federal regulations, more specifically in Bill C-19, this distinction is not found in the exceptions section. As I said earlier, all costs are increasing, and this tax creates undue pressure on our production at a time when we are increasingly seeking to diversify and add value here in Canada. This distinction would be essential for our businesses to continue to grow.

In addition, this tax on all wines made from 100% Canadian ingredients has not been collected since 2006. Although there are some compensatory programs, we realize, when discussing with all of our colleagues at the national level, that the money that is put on the table would not even compensate for the sums that would have to be committed.

Our first demand is therefore that the exemption be maintained and that our products be included in the exceptions. If this is not possible, we would at least like to have access to compensatory programs that would allow our producers to be compensated at their fair value, especially since our products were not taxed before.

We would therefore like to obtain the committee's support so that the special nature of our businesses is recognized and their products are included in the exceptions.

Mr. Gabriel Ste-Marie: Thank you, Mr. Bougie. We will work on that.

The Chair: Thank you, Mr. Ste-Marie.

[*English*]

Now we'll hear from the NDP, MP Blaikie, for two and a half minutes.

Mr. Daniel Blaikie: Thank you.

Mr. Caldera, I want to circle back on the question about the public beneficial ownership registry.

We've talked a little bit already about how there are some first steps toward that, but I wonder if you could highlight what you think are the important next steps that need to follow and what the timeline ought to be for those next steps.

• (1650)

Mr. Sasha Caldera: Thank you very much, Mr. Blaikie.

First of all, what we think would be the immediate next step is for stakeholder consultations to occur with industry, civil society, journalists and international civil society. These consultations can be stretched out over the summer, and they should be conducted in a very transparent manner.

If it's possible, have these consultations in front of committee, where all stakeholders can submit their views and perspectives on the record and talk about what they want to see in a registry publicly. That is ideal, because the very nature of this tool is to utilize transparency as a way to deter the proceeds of crime from entering our economy, and we think a transparent consultation would be very important and consistent with that goal.

The next step would be for the federal government to convene provinces and territories through the regular finance ministers' meetings, say that we are going ahead with a centralized, publicly accessible registry and reach out to provinces and form a coalition of the willing. This way, we think there will be many early-adopter provinces that would be interested in joining.

We note that the Province of Quebec has already made a commitment to make its beneficial ownership information public and searchable in its own registry. British Columbia has done the same with properties, and the Atlantic Canada provinces I think will be

very much enthusiastic supporters, simply because they might not have the capacity to do this kind of upgrading. The agreement and the framework for a pan-Canadian registry can be achieved through the federal-provincial-territorial meetings that regularly occur.

After consultations, we think that all of this should be packaged into the next budget implementation act and, as a whole, swiftly passed before the end of the year.

Those three steps I think will set up Canada to meet that 2023 target.

Mr. Daniel Blaikie: Thank you very much.

The Chair: Thank you, Mr. Blaikie.

We'll hear questions from the Conservatives.

We have MP Albas for five minutes.

Mr. Dan Albas (Central Okanagan—Similkameen—Nicola, CPC): Thank you, Mr. Chair.

Thank you to all of our witnesses for being here today. I'd like to concentrate mainly on Monsieur Charlebois and then maybe get to the mead and honey alcohol producers.

I want to say to Mr. Prowten and Dr. Weisman, thank you for the work you do. Connecting me with local advocates like the Findlater family in West Kelowna has really changed my thinking on what we can do as a country. I want to thank you for your work, and I'm very glad that my colleague, MP Stewart, has been asking questions.

To start with, Mr. Charlebois, thank you for being here. You've been a little critical of the government in saying that the White House is looking to try to effect as many policies as it can to help Americans cope with inflation.

You've been very critical of the government. As a G7 country, we've seen others—Joe Biden being one of them, I guess—propose in the United States to open up the strategic gas reserves. We don't have those strategic gas reserves here, but we do have what Conservatives have proposed: a cut to the GST on diesel and regular gas as a way to allow businesses, especially those that are affected, save a bit of money so that they can cope with it but also, especially, for those with low incomes or on fixed incomes.

Do you think a GST break on diesel and fuel in general would help at the agricultural level and in the grocery chain, as well as with consumers?

Dr. Sylvain Charlebois: Thank you for the question.

I would probably say that at the farm gate it would be critical to apply a break like that. Closer to the consumer, I don't know, but I do believe that farmers have no options but to absorb extra costs. They're at the mercy of what's happening. As was mentioned before, we don't have control over diesel prices, but certainly we can help our farmers.

For other components, other levels of the supply chain, they have options. Don't forget that when you walk into a grocery store there are, on average, 18,000 different food products. There's lots of that going on. People have choices. In farming, farmers don't have a choice, so I would look at the farm gate specifically.

• (1655)

Mr. Dan Albas: Thank you very much for that.

I'll move to the Association of Mead and Honey Alcohol Producers of Quebec.

I have to say that I'm sorry,

[*Translation*]

My French is not excellent.

[*English*]

Maybe you could explain this to me. You've been lumped in, your association says, with the wine category. Now you are subject to the same changes that the wine industry and cider industry are under. Is that correct?

Mr. René Bougie: Yes. In answer to your question, actually, under federal law when we're talking about wine, we're talking about all fermented products that are produced by Canadian producers. There's no difference between grape, honey and other things like that. Actually, with the end of the exemption, we will all have to pay this tax. This is why we are asking to have the same acknowledgement done in Quebec to be able to not be....

Mr. Dan Albas: Subject to it.

Mr. René Bougie: Yes.

Mr. Dan Albas: I'll move to my next question. You have a bottling deadline of July 1. Anything bottled from July 1 on will be subject to this new tax. Is your industry ready for this, or are they having supply chain issues like we are seeing in cider and with the wineries?

Mr. René Bougie: We are all in the same situation. Actually, it's going to be a big issue. It will arrive very fast.

Mr. Dan Albas: Your industry has not had to pay this tax before. Are many of your producers aware that they're going to have to pay this, or will it be a shock when they receive the bill in the mail?

Mr. René Bougie: For sure it's going to be a shock. We're an association, and we were looking for this information many months ago. We received this information and we began to do our representations. We found it problematic. We cannot have this.

Mr. Dan Albas: This is my last question, sir. You said that, because of the way your mead is produced, this tax will hit you harder than other industries. Is that correct?

Mr. René Bougie: Yes. It's correct. It's more expensive to produce mead because honey costs more to produce than apples or grain or other agricultural matter.

The Chair: Thank you, MP Albas.

We're now moving to the Liberals.

MP MacDonald, you have five minutes.

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

I'm going to address my questions to you, Mr. Charlebois. I follow you, being from Atlantic Canada and living in a riding that consists of many farms. I'm always reading and seeing what you have to say.

Conflict and climate change are having major effects on inflation, as you said. They're also creating financial speculation in trading and grain futures, for example. I won't be as kind as you were in what you called them. The last farmer I spoke to called them grain pirates. That's how he referred to them. They're creating artificial inflation by doing this.

With everything that's happening right now, are high food prices here to stay, based on what we're seeing now?

Dr. Sylvain Charlebois: Thank you, Mr. MacDonald, for the question. Yes, I think we're seeing a new normal. Prices won't drop any time soon for a variety of reasons. Unpredictability is really pushing companies to hedge against risks very differently. I think since COVID, they're adopting a new mindset. We're seeing it across the board, not just in Canada but around the world.

I want to go back to one comment I made about the White House and what's going on in the United States versus Canada. There's much more oversight in the United States. I believe the reason we're seeing more of a forceful government in the United States looking at what is, I would say, unacceptable behaviour from some companies is that they have data. They actually have access to a lot of data to see exact patterns in terms of pricing and what's going on across the supply chain.

That's something that in Canada, frankly, we do not have. If companies have data, it's either protected or it's very pricey. It's very expensive. In Canada, data is not democratized in the agri-food world. That's why we created the lab in the first place, by the way, at Dalhousie University.

In the United States, it's so easy to get data and get the story and perhaps see particular scenarios that wouldn't be acceptable socially. That's why we're seeing a much more forceful American government looking at the beef industry or the grain industry and things like that. That's how I would explain it.

• (1700)

The Chair: Mr. MacDonald and Mr. Albas, just a moment please.

Members, bells are ringing. I think we have about 27 minutes or so right now. I'm looking for unanimous consent to see if we can go up to....

Is everybody okay with that? Okay, great.

You may continue.

Mr. Heath MacDonald: Mr. Charlebois, we have the Food and Agriculture Organization, FAO. How do we strengthen and expand that market information system that you were just talking about, and what would you personally do to adhere to that or create a more open process?

Dr. Sylvain Charlebois: Sir, are you talking about the FAO specifically?

Mr. Heath MacDonald: Yes.

Dr. Sylvain Charlebois: The FAO has a critical role to play, obviously, with the World Food Programme in particular, which is going to be in a deficit again this year. I would certainly recommend continuing to support the program itself.

I've actually had the pleasure of working at the FAO in Rome for a month about six years ago. The FAO is trying its best to supply and support developing countries where food security is actually an issue. Yes, certainly I would encourage Canada to continue to support the program supported and sponsored by the FAO at this point.

Mr. Heath MacDonald: In one of your recent interviews on BNN, you talked about the tension in the food industry. Can you elaborate on what you mean by the "tension in the food industry"?

Dr. Sylvain Charlebois: If I remember correctly, I was actually using, as an example, the stop sale that occurred between Frito Lay and Loblaw's. You may recall, about a month ago, Frito Lay or PepsiCo decided to stop selling to Loblaw's because they couldn't agree on prices.

Stop sales are frequent in the food industry, but right now there are many stop sales as a result of a higher food inflation rate. Companies try to increase prices or adjust prices, but as I said, going back to my comment about power and influence, grocers in particular will try to keep prices down and increase margins at the same time.

Right now, the federal government is working on a code of practice. I think this would solve a lot of these issues right now. I'm hoping that, at some point, we will see a code of practice being implemented in Canada as we are seeing right now in the U.K. and Australia.

The Chair: Thank you, MP MacDonald.

This is our third round, members. We have MP Fast up first, for five minutes.

Hon. Ed Fast (Abbotsford, CPC): Thank you, Mr. Chair.

Thank you to all of our witnesses. I'm going to direct my questions to Mr. Charlebois.

In your testimony, you referred to food inflation as a disease. Did I hear you correctly?

Dr. Sylvain Charlebois: Yes, you did, sir.

Hon. Ed Fast: All right.

Today, in the Guardian newspaper, the governor of the Bank of England has warned of "apocalyptic" food prices, which he said will be disastrous for the world's poor. Those are his words, but I think they reflect what you've just said.

Do you agree with the assessment that this could be apocalyptic in its scope?

Dr. Sylvain Charlebois: Thank you for the question, Mr. Fast.

I consider myself an optimist most of the time. I do believe in the nature of free markets, and I do believe that we have a strong agri-food economy in Canada. It lacks ambition, but it is a strong economy. We do very well for the most part, but I am greatly concerned right now.

I'm very concerned, and I'm not convinced, based on conversations I've had with different people in Canada.... I've travelled back to Canada several times over the last few weeks. I actually don't believe that Canadians are fully aware of what's going on. We're really facing a global food security crisis.

As I said, I don't think Canada will run out of food, but it will get pricier. Germany is one country where we're likely to see prices explode, the U.K. as well. We need to prepare ourselves.

• (1705)

Hon. Ed Fast: You said that you expect food prices in Canada to surpass—I think these are your words—"way beyond 7%". Am I correct in having heard you say that?

Dr. Sylvain Charlebois: That's correct.

Numbers are being reported by StatsCan, but we actually have every reason to believe that Statistics Canada is undervaluing the current food inflation rate right now. We believe that the actual food inflation rate in Canada, in March, was close to 9.5% or 10%.

Hon. Ed Fast: I'd like a little bit of additional guidance from you. You've mentioned a number of things that Canada could do. On price fixing, you said we should perhaps be looking at how we do mergers and acquisitions within the grocery space and have more affordable fertilizer and fuel for farmers. You talked about perhaps suspending the GST.

You also referenced genetic innovation in how we produce food. Perhaps you could expand on that a little bit.

Dr. Sylvain Charlebois: Yes. There's a lot of great work. Canada's a leader in genetic engineering. I don't think we've embraced that enough. From a business perspective we're doing very well. Farmers believe in the technology being developed in Canada.

There's a lot of noise, as you probably know, Mr. Fast. There's a lot of noise in the margins discouraging governments and industry from using genetic engineering to make our agriculture safer. I think the science has been pretty clear for decades now. The science is pretty strong. We need to be clear.

Right now we're just waiting for Health Canada to make public guidance for gene editing. It's been months now. We've been waiting for the guidance. You can feel that Ottawa is always hesitating to approve traits and new technology. I think we need a firm commitment from the federal government at this point, just because of what we're seeing right now around the world.

Hon. Ed Fast: Okay.

Is there anything in the budget right now that supports genetic engineering?

Dr. Sylvain Charlebois: Not clearly, no, but I can say that the most recent climate change report tabled by the Intergovernmental Panel on Climate Change does implicitly—not directly and clearly—encourage the use of genetic engineering to actually provide a safer, more sustainable agriculture to the world.

Hon. Ed Fast: I have a question to the mead association from Quebec.

Are you aware of whether the federal government ever conducted an economic assessment to determine the impact this new excise tax would have on your own industry?

Mr. René Bougie: Actually, I cannot tell. Maybe Vincent heard about something.

About the specific impact, we just know the money they want to put in the compensation program. Actually, Vignerons Canada is doing some research about it to evaluate the impact that it can have. Other than that I don't know.

Do you have other information, Vincent?

Mr. Vincent Lambert: We did have conversations with Wine Growers Canada, who told us, as René said, that the program that would be put in place to reimburse the excise tax was not sufficient. If they did some sort of a study on the costs and impacts, I couldn't tell.

• (1710)

The Chair: Thank you, MP Fast.

We're moving to the Liberals.

MP Chatel, you have five minutes.

[*Translation*]

Mrs. Sophie Chatel (Pontiac, Lib.): Thank you, Mr. Chair.

I would like to clarify one point. In the budget, \$600 million is dedicated to innovation in agriculture in order to recognize the absolute importance of being more and more efficient in our practices.

I thank the witnesses for being with us today.

I also thank Mr. Charlebois for suggesting some very important solutions. We know very well that the war in Ukraine has caused an increase in the price of food, wheat and oil. It has also caused problems with supply chains. Even though we are working very hard with our allies to deal effectively with the resulting global crisis, we have to be fiscally prudent in the wake of a pandemic. However, this does not change the fact that, in reality, it is the most vulnerable people who are at risk of food insecurity.

In my constituency, I represent a rural area. Soon people will have to choose between putting gas in their car to go to work or paying for groceries. That worries me a lot, obviously.

Mr. Charlebois, you mentioned some possible solutions, and I thank you for that.

Do you know whether our partners in the G7, the G20 or the Organisation for Economic Co-operation and Development, or OECD, have found innovative solutions that would allow us to make better use of the budgets we have?

Dr. Sylvain Charlebois: Thank you for the question.

It is always difficult to change things in a few days. To ensure food affordability, you have to have a long-term vision.

Some government measures have helped the sector. For example, it has helped one of the organizations we work with, Protein Industries Canada, which is located in Regina. It's an innovation cluster that was created in 2016, I believe. Those measures have encouraged a lot of companies to invest in the food processing sector. I think that, in the future, we need to focus particularly on processing across Canada.

Let's take the example of Atlantic Canada. In the Atlantic provinces, there is virtually no food processing. In some provinces, buying local accounts for 3% or 4% of food consumed. New Brunswick and Nova Scotia are examples. Nova Scotia has lost 28% of its farms in the last five years, and there is no strategic anchor for the industry.

The government should have a vision for food processing first, and that should be for the whole industry, from farm to fork. In my opinion, buying local is extremely important. To encourage consumers to think about buying local, it has to be done in an open economy, as Quebec has done. In my opinion, Quebec has understood this and has set up its food autonomy policy. Domestic production capacity must be developed to meet local demand. We must also export products in order to create wealth within the province.

I will give the example of Quebec strawberries. In recent years, consumers have been encouraged to eat strawberries all year round. Consumers are being programmed, so to speak, to think about Quebec strawberries all year round rather than just a few weeks a year. This is the kind of initiative that we will have to think about seriously, throughout the country, and not just in Quebec.

Mrs. Sophie Chatel: Thank you very much.

We must therefore think about a strategy for food autonomy and buying local, among other things, as Quebec has done.

Dr. Sylvain Charlebois: Over the past five years, the only province that has created agri-food companies is Quebec. In fact, 461 companies have been created.

Mrs. Sophie Chatel: That is excellent. I find that inspiring.

Thank you very much for your answers, Mr. Charlebois.

I would now like to talk about the beneficial ownership registry, which is a very important tool.

It is all very well to have a registry, but the data must be of good quality. We really need to be able to ensure the quality of the data and have the authority to look at what is behind a chain of multiple companies.

Mr. Caldera, what are the challenges you face in terms of getting quality data?

• (1715)

[English]

The Chair: Give a short answer please.

Mr. Sasha Caldera: Right now, data validation and verification is, I would say, an emergent technology. It has also been raised as an issue of concern among the countries that are implementing publicly accessible registries. When the U.K. first implemented the Companies House registry in 2016, one of the biggest criticisms was that the data was not verified. That hindered the ability of law enforcement and competent authorities to carry out investigations, and it made the data quite risky for reporting entities that had due diligence obligations. The tool itself was useful, but without verifying or validating data—

The Chair: Thank you, Mr. Caldera. We appreciate it. If you could get some more of that answer to us in writing, that would be great.

The reason I say that is that I am looking at the time, members, and I have the Bloc and the NDP, to be fair to all the parties and give them an opportunity.

Mr. Ste-Marie, you have two and a half minutes.

[Translation]

Mr. Gabriel Ste-Marie: Thank you, Mr. Chair.

Mr. Charlebois, I thank you very much for all the work you do. You always present an accurate and clear picture of the situation in the agri-food sector through the media, and you are proving that again today before the committee. I take my hat off to you and I thank you for giving us a picture of the seriousness of the current situation.

I'll ask you my three questions in rapid succession.

To what extent are last year's droughts affecting inflation in the food sector this year?

To what extent can we increase our agricultural capacity or cropland acreage across Canada this summer? As a corollary, to what extent can we put in place, in the short term, the solutions you have suggested for the food processing sector?

Finally, how might the recent flooding in Manitoba affect inflation in the food sector?

Dr. Sylvain Charlebois: Thank you for those questions.

Because of the droughts, we started the year 2022 with extremely low stocks. This year, we wanted to start a more productive year, but unfortunately, there is more humidity in western Canada than last year. It could get better, but nature has to cooperate.

Last year's drought was disastrous, as shown by the statistics. It was a major problem and will remain so. There have also been droughts in Russia and the United States and floods in Germany. We hope that, in the northern hemisphere, we will have a better year. The southern hemisphere is having a better year so far, which will help us.

As for cropland acreage, I have to tell you that there is not much to be done at this stage. Producers are already motivated to produce more. We don't think the flooding in Manitoba will have a huge impact. It's certainly going to take longer to plant, but the flooding shouldn't affect production for the year.

Mr. Gabriel Ste-Marie: That's very clear. Thank you very much, Mr. Charlebois.

The Chair: Thank you, Mr. Ste-Marie.

[English]

Our final questioner before we conclude our meeting today will be MP Blaikie from the NDP.

Mrs. Sophie Chatel: Mr. Chair, I think we have to adjourn. It's 10 minutes.

The Chair: We're just going to give two minutes to MP Blaikie.

Is everyone okay with that?

Mr. Daniel Blaikie: Thank you very much.

I want to come back quickly to Mr. Caldera who spoke about the timing of further changes that would be required to establish a public beneficial ownership registry.

One of the criticisms we've heard of the government's enactment of sanctions against Russian oligarchs is that it took longer than it should have, and in that time, a number of the targets of those sanctions were able to sell off their assets.

Is there a similar consideration here in terms of the timeliness of establishing a public beneficial ownership registry, particularly for those who are concerned about having that as a tool to apply pressure to Russia?

• (1720)

Mr. Sasha Caldera: For sure. That concern is being echoed by anti-money laundering experts in all G7 countries, particularly those who are part of REPO task forces. This is why the registry needs to be set up expeditiously with verified data. There is technology on how to do this in Canada and that the Canadian government can learn, particularly from the Digital Identification and Authentication Council of Canada.

Mr. Daniel Blaikie: I know we're short on time, Mr. Chair, so I'm happy to leave it at that.

The Chair: Thank you, MP Blaikie.

I want to thank the witnesses. We really appreciate your time and expertise. Thank you for coming before our committee on Bill C-19. You may submit anything that you would like to put in writing to the members, if you were not able to give a fulsome answer.

On behalf of the committee members, the clerk, the analysts, the interpreters and all the staff here, we thank you very much. Have a wonderful day.

The meeting is adjourned.

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