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Chair: Mr. Pat Finnigan



Standing Committee on Agriculture and Agri-Food

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• (1405)

[*English*]

The Chair (Mr. Pat Finnigan (Miramichi—Grand Lake, Lib.)): Welcome, everyone, from across the country. Some of us are bathing in the sun on the beach, and some of us are scraping the snow away. That is Canada.

I call this meeting to order. Welcome to meeting number eight of the House of Commons Standing Committee on Agriculture and Agri-Food. Pursuant to the orders of reference of April 11 and April 29, 2020, the committee is meeting for the sole purpose of receiving evidence concerning matters related to the government's response to the COVID-19 pandemic.

The order of reference of April 11 also stipulates that only motions requesting or scheduling specific witnesses can be considered by the committee and that such motions shall be decided by way of recorded vote. As you know, today's meeting is taking place by video conference, and the proceedings will be made available via the House of Commons website.

For your information, the webcast will always show the person speaking rather than the entire committee. In order to facilitate the work of our interpreters and ensure an orderly meeting, I would like to outline a few rules for you to follow.

Interpretation in this video conference will work very much like a regular committee meeting. You have the choice at the bottom of your screen of floor, English or French. When you intervene, please make sure that your language channel is set to the language you intend to speak, not to floor. This ensures the best sound quality possible for our interpreters, and this is very important.

Also, before speaking, please wait until I recognize you by name. When you are ready to speak, you can click the microphone icon to activate your mike.

[*Translation*]

I also want to remind you that all members and witnesses should address their comments through the chair. Members who need to seek the floor when it's not their turn to ask questions must activate their microphones and raise a point of order. If a member wishes to respond to a point of order raised by another member, the member should use the "Raise Hand" feature. By doing so, the member will let the chair know that they wish to speak. To do so, click on "Participant" at the bottom of the screen. When the list appears, you'll see, next to your name, that you can click on the "Raise Hand" icon. Speak slowly and clearly, and make sure that your microphone is off when you aren't speaking. As you know, we strongly

encourage you to use a headset. If your headset is equipped with a hanging microphone, make sure that the microphone doesn't rub against your shirt while you're speaking.

If you have any technical difficulties, such as problems hearing the interpretation, or if you're accidentally disconnected, for example, please inform the chair or the clerk immediately. The technical team will try to solve the problem. Please note that we may need to suspend the meeting at that point to ensure that all members can fully participate. Could all participants click on the top right-hand side of their screen to ensure that they can see everything? That way, you should be able to see all the participants in a grid. This will enable all participants in the video conference to see each other.

[*English*]

Finally, just as we usually do in a regular committee meeting, we will suspend in between panels or sections of the agenda.

With that, we are ready to begin. I would like to welcome our witnesses.

For the first panel, from the Canadian Agri-Food Trade Alliance, we have Madame Claire Citeau, executive director.

Madame Citeau, please say hello to ensure that we can hear you.

Ms. Claire Citeau (Executive Director, Canadian Agri-Food Trade Alliance): Hello.

The Chair: Thank you.

From Food and Beverage Canada, we have Kathleen Sullivan, chief executive officer.

Ms. Sullivan, are you present?

Ms. Kathleen Sullivan (Chief Executive Officer, Food and Beverage Canada): Hi there. Yes, I am.

The Chair: Thank you.

We also have James Donaldson, member of the board of directors.

Mr. Donaldson, are you also present?

Mr. James Donaldson (Member of the Board of Directors, Food and Beverage Canada): I am here, yes. Good afternoon.

The Chair: From the Canadian Federation of Agriculture, we have Mary Robinson, president.

How are you, Mary?

Ms. Mary Robinson (President, Canadian Federation of Agriculture): I'm well, Patrick. How are you?

The Chair: Good. It's good to see you again.

Ms. Mary Robinson: It's good to see you.

The Chair: We also have Scott Ross, assistant executive director.

Mr. Ross, are you there?

Mr. Scott Ross (Assistant Executive Director, Canadian Federation of Agriculture): I am, thank you.

The Chair: Okay. Now we'll start the opening statements.

We'll start with the Canadian Agri-Food Trade Alliance.

Madame Claire Citeau, you have up to 10 minutes. The floor is yours.

• (1410)

[*Translation*]

Ms. Claire Citeau: Thank you, Mr. Chair and committee members.

[*English*]

Thank you for the opportunity to present to you today. My name is Claire Citeau and I am the executive director of CAFTA, the Canadian Agri-Food Trade Alliance.

As you know, CAFTA is the voice of Canadian agriculture and agri-food exporters, representing the 90% of farmers who depend on trade, as well as the ranchers, producers, processors and agri-food exporters who want to grow the economy through better access to international markets. This includes the beef, pork, meat, grains, cereals, pulses, soybean, canola, sugar, malt, and processed food industries. These sectors represent 90% of Canada's agri-food exports and support about a million jobs in urban and rural communities across Canada.

A few short months ago, just as the pandemic shutdown was beginning, I spoke at an event where I said we were worried that Canadians took free trade for granted. Today, I am here to say it's more important than ever that we not take trade for granted.

First, on Canadian agri-food exporters feeding Canada and the world, I will give you a brief overview of where CAFTA and our membership stand.

With most of the world on lockdown, it has become crystal clear just how foundational agri-food trade is for our economy and way of life. From feeding people here and abroad to the critical role global agri-food supply chains play in supporting jobs, the term "essential service" doesn't even begin to describe how vital farmers, food manufacturers and others are to a world in crisis.

Canada's export-oriented agri-food sector feeds our families and families around the world. Canada has become an agri-food power-

house precisely because we have specialized in making products that the world wants and needs.

In all this, CAFTA remains focused on advancing trade liberalization and ensuring that the voice of our exporters is heard. That's why we're pleased to be speaking with committee members today.

For our members, it is a mixed bag. Grain farmers continue to operate more or less as normal and face headwinds of rising non-tariff barriers with market access issues in various markets. Demand is strong for some grains, although the impact of massive U.S. subsidies for corn and soybeans adds to the anguish over a long list of issues. Pulse demand is high and prices are up. "Normal" also means that our canola exports are still blocked by China, and pulses and durum wheat continue to face trade barriers in key markets such as Italy, Peru and Vietnam.

There are increased costs and absenteeism in food manufacturing and questions about the future of the restaurant industry. It's a very hard time for hog farmers and cattle producers with backlogs of livestock growing.

For all, there is anxiety, uncertainty and challenges in unprecedented ways, whether it is canola, malt, soybeans, feed or even sugar, which food processors rely on.

Despite the crisis, those in the agri-food supply chain are a resilient bunch. However, we are concerned about one thing above all: the fear that this crisis will bring about new trade barriers and other forms of protectionism, and that rules and trade commitments that have been made will be undermined and not followed. I worry about the talk of self-sufficiency in food and nationalism, and I fear it will lead to a new form of protectionism in the name of "precaution".

I want to acknowledge the leadership role Canada is playing to keep agri-food trade open. First, we're very grateful that the Canada-U.S. border has remained open for trade. We have no more important partner than the U.S. Agri-food is especially reliant on inputs, ingredients and labour from the U.S. Our integrated supply chains remaining functional is one of the reasons grocery stores stay full today. The implementation of CUSMA will help ensure a continued strong foundation for trade with the U.S., and we are eager to see this agreement enter into force as quickly as possible.

On the issue of safeguarding rules-based trade, in recent weeks we've also been grateful for the leadership role the federal government has played in keeping global agri-food supply chains open. We have welcomed commitments to keep trade lines open and oppose export restrictions to help maintain resilience and avoid disruptions in the production and distribution of food. We know that supply shortfalls are best addressed through the unfettered flow of products and increased production. Essentially, in these dire times, more trade is needed, not less.

CAFTA is pleased that the federal government has been at the forefront of efforts to safeguard the WTO and the rules-based trading system. There is a new interim appeal mechanism, which is also very positive and which returns some certainty to the global trading system. We are hopeful that the appellate body will soon be restored.

When the threat of the pandemic subsides, our entire industry stands ready to work with the Canadian government to demonstrate that free trade needs to play a central role in helping economies return to full speed.

- (1415)

In fact, embracing unfettered trade in agri-food should be central in the plan to reboot Canada's economy. People around the world will continue to need to eat, and agri-food trade gives us one of the best engines for growth. Trade will be vital, but only if we limit protectionism and bolster international co-operation.

In all this chaos, Canada has a unique opportunity to find bold new ways for international trade and agri-food trade. The federal government is well positioned to take us there and help reach the goal of \$75 billion in agri-food exports by 2025, as identified in the Barton report.

Canada's government should also champion regulatory modernization. The economic round tables singled out the need to update domestic regulations and bring them in line with other jurisdictions.

Recommendations now need to be enacted. Much of what is needed is contingent upon other nations doing things to assist our export trade.

Trade in finished goods and cost-efficient regulatory processes in Canada help all links of our value chain be competitive. At a minimum, Canadian rules should evolve rapidly to support our competitiveness.

As recovery plans get developed, we want to share our ideas and work with you on actions that will give exporters confidence on a path forward.

On maximizing and enforcing rules-based trade, for us to take flight we need our existing free trade agreements to work. For example, CETA holds so much promise for agri-food exporters, yet it continues to fall short. The EU is not abiding by commitments to remove technical barriers shutting out our exports. At the end of this summer, it will be three years since the deal came into force. Our exports are flat, when they should be much higher. On the other hand, EU agri-food exports to Canada continue their double-digit increase. It's time to find solutions.

Such work includes achieving mutual recognition of meat-processing systems, developing protocols to verify livestock production practices, addressing misaligned regulation of crop protection products, more predictable and timely review of seed technologies, ensuring that country-of-origin labelling requirements are not applied in a trade-restrictive manner, and addressing illegal EU sugar subsidies that make our exports uneconomic.

Italy provides an example of where Canada needs to be more assertive in defending our trade interests. Quiet conversations have not resolved the issue to date. It's important that Canada challenge these measures, so that Italy's protectionist measures do not spill over into other countries and products.

Adding insult to injury, EU officials stress that Canadian exporters need to meet the high standards of the EU, when we're the fifth-largest agri-food exporter in the world for a good reason. We've asked the Canadian government to take up these issues with EU political leaders in order to secure commitments and timelines to remove and address the barriers that persist.

The world is moving towards the enforcement of rules. Canada should step up its response, too, and push for enforcement. India, a major market for pulses, has not followed internationally agreed-upon protocols and is not living up to its WTO commitments. Peru and Vietnam are major markets with unwarranted SPS measures that are creating significant risks and uncertainty for wheat exports. Canada needs to be proactive and nimble in its response to the growing use of non-tariff barriers to block agriculture exports.

I'll conclude by saying that the best way to support free trade is to continue to pursue new and deeper trading relationships around the world. If we do that, our export-oriented agri-food sector can help anchor Canada's economic recovery by powering ahead in global markets.

Before the crisis, our sector was growing faster than all other sectors of the economy. We believe that a strong agri-food trade sector means a strong economy and a strong Canada. Free trade has always been a key part of Canada's growth, and that will remain the case as we move ahead.

We look forward to working with all parliamentarians to advance our shared goals, which are rooted in free trade, support for the rules-based global trading system, and the belief that Canada can compete and win in the world.

Just as keeping trade open is feeding people today, embracing it tomorrow will be essential for economic recovery when life returns to normal.

Thank you. I look forward to your questions.

The Chair: Thank you, Madame Citeau.

Now we'll go to Food and Beverage Canada for up to 10 minutes, whether it's one or two of you. You can indicate if you're going to split your time.

Ms. Sullivan or Mr. Donaldson, go ahead.

Ms. Kathleen Sullivan: Thank you very much. I will be sharing my time with James Donaldson.

Good afternoon, everybody. My name is Kathleen Sullivan. I am the CEO of Food and Beverage Canada. FBC is the national association representing Canada's food and beverage manufacturers. My members include the country's food and beverage associations, as well as food and beverage companies.

I am joined here today by James Donaldson, who is the CEO of BC Food and Beverage. Later today, you'll also be hearing from another of my members, CTAQ, which represents Quebec's food and beverage manufacturing sector. Together, we represent about 1,200 member companies.

Right now I'm going to turn it over to James to talk to you for a little bit, and then I'll return at the end to close our remarks.

• (1420)

Mr. James Donaldson: Thank you, Kathleen.

Good afternoon, everyone.

I want to start by describing our sector. While some of you might feel that's unnecessary, we have learned through this pandemic that here in Canada, even among senior policy-makers, there is a fundamental lack of understanding of how Canada's food system operates. Without this knowledge, it's impossible for governments to adequately support us and to ensure that the food system continues to produce.

Food processing is a critical step in the food system. It's a step that takes place between primary agriculture and retail, and it represents over 60% of agri-food industry revenues in this country.

While much of our fresh produce travels directly from the farm to the grocery store, the majority of the food you and I buy has undergone a transformation in one of the companies Kathleen and I represent.

When you think of your grocery store, across virtually every aisle and department—deli, baked goods, cheese, pastas, sauces, meat, flour, sugar, baking goods, granola bars—these products came to you from a food processor in this country. The work we do takes place in manufacturing plants. Food and beverage processing is the largest manufacturing sector in the country. It includes over 7,000 facilities, employing close to 300,000 workers, and it produces \$118 billion in products every year. Our plants can be found in every one of your provinces, and they range in size from a few employees to over 10,000 staff.

In terms of COVID-19 and its impacts on our industry, it has hit our sector and our workers very hard. Food has been declared an essential service and “critical infrastructure”, yet our plants have continued to operate with little recognition and even less support.

Food manufacturers have virtually impossible jobs. They have been asked to keep their plants running so that people like you and me can eat. Employees and production workers have been asked to come to work every day, while their families and everyone else they know have been told to stay home. At the same time, food manufacturing is tasked with keeping our workers safe from a deadly virus while maintaining operations.

Before COVID-19, our main focus was food safety, and our plants were set up to facilitate food safety. Almost overnight, we had to pivot and introduce new ways of social distancing in closed buildings that were never designed for this.

Companies have accomplished this through a number of means.

There's certainly an increased usage of PPE or personal protective equipment, such as masks, gloves and hand sanitizer. I should note that these items are used in the normal course of operations, but of course the usage has increased during this pandemic. The challenge, though, is in both the access to PPE and the costs, which have been prohibitive. In many cases, the costs of these essential materials have escalated by several hundred per cent in the past two months of this pandemic.

There is also the introduction of health screening tools, such as thermal imaging cameras to determine whether or not employees have elevated temperatures; building temporary non-structural barriers such as Plexiglass screens, which is possible, but not in every environment; and other increased measures, such as increasing the sanitation of touchpoints, staggering shifts and staggering the use of common areas like lunch and change rooms.

The industry has pivoted very well, and a lot of the measures taken have been an extension of the food safety protocols it already had in place. That said, we do estimate that there has been a cost in excess of \$800 million, which is a cost that we just cannot pass on to the consumer.

In addition, we've seen an almost complete collapse of the food service industry, only one-third of which has been made up by increased retail. Also, even retail sales have focused primarily on staple items, as opposed to the specialty items, which in B.C. in particular is a \$10-billion industry largely dominated by small companies that are really specialized in innovative and unique niche products. Those items have also been in decline, even at retail.

With that, I'm going to pass this back to Kathleen, who can talk a bit about some of the liquidity strains on the industry.

Ms. Kathleen Sullivan: Thanks, James.

We have a huge problem across Canada's food manufacturing sector, and this is not going to be a short-term crisis. We are facing a new normal of extraordinary cost pressures that we have to address somehow, either by means of government support or through food price increases. Right now, in the immediate term, there is really no relief for these companies.

First, most food companies or food manufacturers are not qualifying for the COVID emergency relief programs. Programs like the Canada emergency wage subsidy are based on revenue losses. Of course, we are still selling food, so our revenues haven't fallen. What has happened, though, is that our costs have skyrocketed, because of the elements James talked about. What we really need is for these emergency programs to look at the impact on net income and use that as the real measure of loss.

The other problem we have is that it's virtually impossible in this country for food and beverage manufacturers to pass cost increases on in the best of times, and certainly not costs of this magnitude. Our retail sector is very strong and very concentrated. It creates an imbalance of power that is very challenging, particularly for small and mid-sized companies. Just last Friday, with no advance notice, one of the major retailers in this country sent an announcement to food companies about immediately imposing penalties related to delivery issues.

We know there was an announcement early this week from the Prime Minister of \$77.5 million. As James pointed out, we estimate the cost of adapting to COVID-19 to be over \$800 million. More to the point, the announcement this week really isn't designed to address these cash crunch or liquidity issues. It has been designed more to allow for investments by food companies.

The ongoing pressures we're facing are undoubtedly going to destroy some companies and drive them into bankruptcy. Food avail-

ability, food affordability and food sovereignty are all going to be impacted. Canadians will still eat, so, frankly, if we do nothing, what we will see is that more and more of our grocery shelves will be filled with products that come from offshore.

What do we do? On February 24, 14 food processor associations essentially representing the entire industry wrote to the Prime Minister and the federal Minister of Agriculture to highlight our concerns. We suggested that the federal government give serious consideration to expanding the existing emergency programs so they are better suited for the companies in our industry really facing liquidity pressures. We also suggested that the federal government look at more creative measures, for example tax credits, for companies to offset the additional costs of COVID-19, at a minimum.

Looking forward, we have to take a serious look at how our food system is structured and supported. This pandemic has magnified the importance and fragility of the food system. It has also highlighted some significant weaknesses. We will not be solving these issues with short-term business-as-usual approaches.

I note the announcement this morning by Minister Bains of a new industry strategy council to look at the impact of COVID-19. I sincerely hope that council includes someone from Canada's largest manufacturing sector who really understands how food processing and the food system work.

I want to close with probably the most important message I can deliver to you, and that's a message about our workers. For two months, as the pandemic has ravaged the globe, food workers have continued to go to work so we can have food. Our workers are heroes, but they do not have superpowers. Despite all of our efforts, they are getting sick. Tragically, as we have now heard, three food workers in Canada have died after contracting COVID-19. We send to their families and colleagues our deepest condolences.

We ask that you, as industry leaders, help us ensure that the Prime Minister and the public understand and acknowledge the efforts these workers are providing and the benefit they're providing to all of us, to make sure we have food in our pantries.

Thank you very much.

• (1425)

The Chair: Thank you, Ms. Sullivan.

Now, from the Canadian Federation of Agriculture, we have Ms. Mary Robinson, president, and Scott Ross, assistant executive director.

Go ahead, for up to 10 minutes.

Ms. Mary Robinson: Thank you, Mr. Chair. Thank you to the committee. We appreciate the opportunity to speak to you today.

My name is Mary Robinson, and I farm. Mine is a sixth-generation family farm in P.E.I., and I am the president of the Canadian Federation of Agriculture, the largest general farm organization in Canada.

I would like to start by thanking and acknowledging the work of Canadian governments, at all levels. Public servants and elected officials have been working 24-7 to help Canadians and keep us safe during these difficult times. The federal government has designed and executed many programs for both business and Canadian individuals. We are talking today about how we can bring this ingenuity and commitment to ensure an adequate food supply and support for our farmers.

The first wave of COVID-19 has exposed Canada's food access weaknesses as potential disasters. If there is a second wave in the coming months or if there is a similar pandemic in the years ahead and we have not addressed the food supply issues we are here to discuss, we risk economic and human tragedy.

As leaders, we have an obligation to plan for the worst and strive for the best. These coming days and weeks are critical if we are to ensure that Canada's domestic food supply is secure, both now and into the future.

Farmers go to work every day with the goal of putting quality food on the tables of all Canadians. Canadians take this for granted, and they should. Canadian farmers do not let Canadians down.

However, COVID has put Canada's food production, supply chain and food access in danger, and the food crisis is likely to worsen over the coming months if further action is not taken on an urgent basis. The CFA is calling for an emergency preparedness plan that gives farmers confidence to overcome these challenges, targeting investments in a number of key areas.

First and most immediate is emergency funding to address critical food supply challenges, enabling immediate targeted programming to help affected sectors address these unprecedented challenges. CFA conducted a survey of agriculture commodity organizations across Canada more than two weeks ago now, which at that time identified \$2.6 billion in financial impacts that pose urgent threats to the supply of food and the viability of farm operations across Canada. Given the rapid evolution of this crisis, the scope and scale of these impacts have only increased.

Second is that this crisis is telling us that now is the time to wake up and get Canada's BRM suite of programs right for producers to adequately respond to the unique challenges posed by this global pandemic. Farmers need the confidence that they will receive the support they need from AgriStability to keep on farming if they see significant financial losses. The BRM suite was never designed to deal with this kind of crisis, and now is the time to get it right. The next time we may see an even bigger food crisis in Canada.

Finally, further measures are needed to encourage Canadians to work on farms and in Canada's food-processing plants. This includes financial incentives but also, just as critically, prioritizing access to PPE, second only to health, to ensure that all agri-food workers feel safe coming to work.

Food systems around the world are under duress from unprecedented challenges and untenable operating conditions, with supply chain disruptions, lost markets and labour uncertainty threatening many agri-food supply chains around the world. Recently, the UN warned that the world is "facing multiple famines of biblical proportions", with COVID pushing an additional 130 million people to the brink of starvation.

Canadians and consumers around the world have always been able to depend on Canada's farmers to grow food, but today Canadian farmers are asking for immediate assistance from our federal government to be able to continue fulfilling that responsibility. Without it, Canadian consumers can expect to see decreased quantity and variety of food at their local grocery stores, as well as higher prices in the months ahead, while undermining our capacity to export and assist in meeting the impending global food security crisis.

Regardless of the economic plight facing so many people during this truly global crisis, everyone strives to eat three meals a day. Canada's farmers want to do everything they can to assist by providing access to the full breadth of affordable, quality Canadian food products.

Achieving this goal requires Canada's farmers and food businesses to overcome unforeseen obstacles, exorbitant new costs and immense uncertainty in the coming months. Painting a single picture of these challenges is difficult, as Canadian agriculture is an incredibly diverse industry, with hundreds of different commodities produced in regions across Canada.

● (1430)

However, in the face of this unprecedented crisis, it is also a significant challenge, as one-size-fits-all solutions are incapable of addressing the diversity of issues that arise. We have witnessed the loss of food service markets for fish, mushroom and potato farmers, just to name a few, who have seen markets evaporate overnight and now face the prospect of surpluses, sunk costs and reduced production. We continue to see uncertain access to labour, forcing horticulture farmers to make difficult decisions about how much they will plant, if they will at all this year, or whether they will have the workforce they need throughout the season to see those products go to market.

We continue to see the disruption of downstream supply chain partners, as we've seen across a number of livestock-processing facilities, driving increased costs and reduced markets and raising the spectre of animal welfare concerns and depopulation for many of Canada's livestock farmers, a truly regrettable last resort. Meanwhile, farmers across Canada, much like our partners in food processing, are taking on exorbitant costs and reduced efficiencies to maintain critical public health measures while being price-takers with no ability to pass those costs along.

Despite this diversity, we hear an all-too-common story from farmers looking for COVID-related relief. They are ineligible for support. Whether it's lumpy revenue that fails to see farmers qualify for the wage subsidy, operating structures that preclude them from accessing the Canada emergency business account, or the responsibility of being critical infrastructure and producing an absolutely essential good that limits them from seeking the Canada emergency response benefit, these existing measures do not respond to the urgent challenges they face in putting food on the tables of Canadians.

When it comes to the agriculture measures made available, we would first like to note our continued appreciation for the government in acting so quickly to provide farmers with access to urgently needed temporary foreign workers. We know that this work continues to this day. Saying that, looming shortages of work permits still hold the potential to undermine the successful entry of workers to date, leaving farmers facing continued uncertainty.

Furthermore, we were pleased to see the government quickly take steps towards addressing liquidity in the sector through FCC and the advance payments program. However, the unfortunate reality for many Canadian farmers is that they are not in a position to take on additional debt in the face of such uncertainty. Following on the most recent announcements, we're pleased to see the steps

taken to help address a number of issues identified above, but based on dialogue with the affected sectors, they are inadequate to respond to the scope and scale of the challenges they attempt to address.

When it comes to business risk management, I look at the collaborative efforts of all levels of governments and what they have undertaken in mobilizing their resources to tackle the unprecedented health crisis posed by COVID. I applaud all orders of government in their continued efforts to protect Canadians' health, demonstrating what can be accomplished in the face of urgent challenges when we work together.

However, maintaining and restoring Canada's agri-food supply chains to full capacity must be the leading priority behind the direct public health impacts of COVID. Yet when farmers call for a collaborative FPT approach to address essential food production, farmers are told to look to existing BRM programs that farmers have for years identified as inadequate. They were never designed to respond to this kind of unprecedented crisis spanning the entire Canadian farm and food sector and posing such acute challenges to the Canadian food supply.

In conclusion, Canadian farmers take pride in the fact that every day we feed Canadians. Every bite of food you have today and have had every day of your life started on a farm. Like most sectors of the Canadian economy, farmers have felt the tremendous pain brought about by the unprecedented nature of COVID.

We will always work as partners with government to make nutritious and affordable food available to all Canadians.

I thank you for your time and welcome any questions you may have.

● (1435)

The Chair: Thank you, Ms. Robinson.

We will start our questions with a six-minute round.

Go ahead, Mr. Soroka. You have six minutes.

Mr. Gerald Soroka (Yellowhead, CPC): I'm sorry. I didn't realize I was up first. I thought John Barlow was up first.

The Chair: Oh, I'm sorry. I have the second hour here. Yes, it should be Mr. Barlow.

Mr. Barlow, are you ready to go?

Mr. John Barlow (Foothills, CPC): Yes, thank you, Mr. Chair.

The Chair: I'm sorry. Go ahead.

Mr. John Barlow: It's okay. I know that Gerald would have been ready to go, too.

Thanks, witnesses, for your testimony. It highlighted a lot of the concerns that we have tried to bring forward. Many of the programs currently being offered by the government are not accessible by agriculture, for a variety of reasons. It's a unique business structure and has a unique financial position.

Mary, I'll start with you. I appreciated the comments you had after the agriculture minister made her announcement of some of the assistance packages brought forward earlier this week, which fall woefully short of the \$2.6 billion you asked for. Your comment on that was that it was like offering a bucket of water for a burning house. Why are these programs insufficient to meet the needs of agriculture? Why that comment?

• (1440)

Ms. Mary Robinson: Thank you for the question, John.

Well, when we look at our pork sector, they had estimated that in order for them to.... Obviously, none of the requests that are included in the \$2.6 billion are people's expectations of coming out of this whole. What we're looking at is that we want to be able to survive this. We can look at the \$50 million offered to pork and beef. That did fall quite significantly short of the combined just over \$800 million that they felt they needed in order to maintain herds or just to survive COVID.

In general, I think, we walk a tight line there. We're so pleased to see that some monies have been put towards agriculture, and we're thankful to have our Prime Minister mention it in the press. We're also pleased to hear him say that this is the beginning.

We're just trying to convey the sense of urgency. We need money now. People now are having to feed animals that were supposed to go to slaughter. It's having impacts on animal welfare and on how people are going to survive this from the perspective of farms.

Mr. John Barlow: You brought up the Prime Minister. He made an interesting comment during question period yesterday about how farmers should be happy with paying the carbon tax because they're actually gaining revenue from that. You talked about being a price-taker, and we have brought forward the fact that eliminating the carbon tax from agriculture would be an opportunity to help during this time. It would be more money in producers' pockets.

I did an Order Paper question earlier this year asking the department for the data on the impact the carbon tax would have on agriculture. I was really shocked when I got the answer back last week that those documents are "secret". Apparently, there's some national secret in the impact that the carbon tax has on agriculture.

I would like your opinion. Do you think that agriculture should know the impact of the carbon tax? Do you think that during this COVID pandemic farmers should be thankful that they're making revenue off the carbon tax?

Ms. Mary Robinson: I didn't come prepared to speak to the carbon tax today. I did come prepared to speak about COVID. I think we want to convey the message that we are keen to continue working with government. Hopefully, we will see some real momentum and traction here and we'll be able to find mechanisms, whatever

they might be, to deliver a meaningful financial backstop to give our producers confidence to move through this growing season.

Ultimately, what we're faced with right now is investing hundreds and hundreds of millions of dollars in fertilizer, seed, fuel, equipment, people and putting crop in the ground, and it's difficult to do that when we don't have any confidence that if something happens on the farm we won't go bankrupt and there will be a meaningful backstop for us.

Mr. John Barlow: Thanks.

You bring up a good point. The article that Dr. Sylvain Charlebois had out last week or the week before said that if there isn't some immediate assistance, we could lose up to 15% of our farms through this season. That will have a significant impact on our food security and certainly on the price of groceries on the grocery store shelves, not to mention, as Claire said, the opportunity for us to meet the global food shortage that could be a result of this.

How real is the financial crisis that agriculture is facing? Is the number that Dr. Charlebois brought up accurate?

Ms. Mary Robinson: We, too, saw those numbers. Just to put a real number on it, that's probably 30,000 farms that we're facing losing due to COVID this year. As for the impact of that, certainly we will feel it on food, but rural Canada will certainly feel it beyond food. Agriculture is the fabric of rural Canada, and it really is the backbone of our entire economy.

With regard to that, I haven't looked at how those numbers came to be, Mr. Barlow, but we can certainly supply you with more information that we might not have with us today.

Mr. John Barlow: Claire, do you want to respond to that very quickly? You talked about the opportunities for an engine of growth in agriculture, but if there isn't some assistance—a cash injection—for agriculture and we lose those 30,000 farms, what impact will that have on our trade opportunities?

• (1445)

The Chair: Ten seconds, please.

Ms. Claire Citeau: I don't think I can really comment on the revenue and the cash contribution. That's really something that our members are best to address, but what I want to say is that diversification and trade access to fight against protectionism is perhaps going to be even more challenging now. We cannot promote competitiveness in Canada if we are shut out of the growth from abroad that will ultimately return, and the stimulus of the competition that comes with it.

The Chair: Thank you, Ms. Citeau.

Now for our second round, and Kody Blois for up to six minutes.

Go ahead, Kody.

Mr. Kody Blois (Kings—Hants, Lib.): Thank you, Mr. Chair, and to all of our witnesses for providing their testimony today. We certainly appreciate hearing from you.

I'm going address my first questions to Ms. Robinson. This was touched on a little bit by some of our witnesses, but just briefly: Are all sectors of agriculture being negatively impacted as a result of COVID-19?

Ms. Mary Robinson: We do know that there's massive diversity in Canada, not just in commodities, but also in the nuances of how that's playing out regionally. We know there are some commodities that are hurting exponentially now, and the level of hurt varies. Here in Prince Edward Island, we have a lot of potato growers, and we're certainly facing a great amount of uncertainty as we look to make the investments to put the crop in the ground for next year. We know that mushroom farmers have thrown out millions of pounds of mushrooms. We know that greenhouse—

Mr. Kody Blois: Mary, I'm sorry to interrupt, but I have a number of questions I'll try to get through.

I'm hearing that it's diversified and does not affect everyone. Some sectors may be doing better than others. Can you just highlight quickly some of the sectors that might be doing better than others?

Ms. Mary Robinson: Well, I think in western Canada our grain growers are seeing shipments move quite well. Beyond that, I'm not really sure of any others.

Scott, is there anyone that you think stands out?

Mr. Scott Ross: I would just speak to what Mary said. We understand that there's still a lot of uncertainty in front of grain farmers, moving forward. From our understanding, things are moving reasonably well in that sector currently. However, as you know, things can evolve quite quickly. I think that certainly stands out as the sector that is, to some extent, in the current situation at least, managing reasonably well.

Mr. Kody Blois: Mary, in your presentation you mentioned that you wanted to extend the CERB. Is it my understanding that the CFA would like to have all agricultural workers qualify for the CERB, or did I get that wrong?

Ms. Mary Robinson: We're certainly looking for financial incentives to bring people who are currently displaced from their usual jobs, or unemployed, to come to work on farms. We feel that we need some financial tools to do that because we need to incentivize people to leave home and put themselves out there in the workforce today.

Mr. Kody Blois: What about the announcement by the Prime Minister this week of \$4 billion for essential workers, which could certainly include some of the agricultural workers? Just briefly, how are your discussions going with the provinces and getting some of that money flow to them?

Ms. Mary Robinson: Scott, can you speak to that? I'm not really up to speed on that.

Mr. Scott Ross: Yes. As it stands currently, as a national organization we certainly aren't the ones having those direct engagements with the provincial governments. However, we have encouraged our members to look at that wage top-up as a real opportunity for an incentive there, and to have discussions with their respective governments to see what can be done in that space.

We do hope there are some incentives possible through that structure, certainly.

Mr. Kody Blois: Mary, you talked about the fact that there has been about \$250 billion that has been put out, and you said it has largely not been available to agriculture. I appreciate that in certain circumstances that might be the case, but do you know the number of farms that might have been able to enroll in the Canada emergency business account so far, meeting the \$20,000 payroll threshold?

Have you heard from your members about enrolling in that program?

Ms. Mary Robinson: We have heard from several members who have had trouble accessing that because of the structure of their business.

Mr. Kody Blois: Surely there would be members out there who would have the \$20,000 payroll, between \$20,000 and \$1.5 million, who are certainly benefiting from that?

Ms. Mary Robinson: Yes, I believe so, and we certainly have much larger operations where that money is maybe not that significant to keep them going. Again, there would be diversity.

Mr. Kody Blois: I want to talk about the \$2.6 billion that you've referenced. We've seen a lot about this in the media.

I went on your website today. Where can I find that report? Is it public?

• (1450)

Ms. Mary Robinson: We submitted that to government. These are our emergency preparedness documents on the strategy.

With regard to the building of the numbers, I'm not sure if that's public yet or not.

Is it, Scott?

Mr. Kody Blois: I couldn't find it. Certainly if you could provide it to the committee, we'd appreciate it.

I want to go to the approach of having an agri-food emergency preparedness plan. You referenced it in your piece. You talked about a number of different things, like the emergency fund and the AgriInvest stimulus of 5% for all farmers.

Do you know how much that would cost? Obviously you have the \$2.6-billion emergency fund. You've talked about bringing AgriStability up to 85%. I hear this in my riding and I appreciate it. Do you have a global sum of what all those measures would cost?

Ms. Mary Robinson: I believe we know what it would cost for the AgriInvest. Was it \$1 billion?

What was the number, Scott?

Mr. Scott Ross: It was \$1 billion, yes.

Ms. Mary Robinson: As to your question, Kody, you're wondering what the cost would be for...

Mr. Kody Blois: I want to know the overall cost. Eight different measures were put out. We know that AgriStability, in any given year, is about a \$1.6-billion program. I just wondered if moving it back up to the reference margin of 85% was costed as part of your proposal to government.

Ms. Mary Robinson: Scott.

Mr. Scott Ross: I can speak to that.

With AgriStability, because it's demand-driven, it's quite difficult to assess exactly what the cost would be, because as the situation evolves that would change.

Certainly, those eight measures you referenced were identified about six weeks ago, and a lot has changed since that time. Certainly issues like access to PPE continue to evolve in terms of what the costs are, but as for our understanding of the increase on AgriStability, the minister herself has indicated it will cost around \$400 million.

Mr. Kody Blois: I have one final question, if I could, Mr. Chair.

The emergency wage subsidy—

The Chair: We're basically out of time. Sorry about that, Kody. I need to move on to the next member.

[*Translation*]

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

Mr. Yves Perron (Berthier—Maskinongé, BQ): Good afternoon, everyone.

I want to thank the witnesses for joining us.

Ms. Sullivan and Mr. Donaldson, you said that you were receiving little recognition and support and that the cost of the adaptations amounted to over \$800 million.

I imagine that, when you heard the announcements this week, you were disappointed. Specifically, what more do you need? You spoke about identifying structural weaknesses. In 30 seconds, can you elaborate on this issue?

[*English*]

Ms. Kathleen Sullivan: First and foremost, we outlined for the Prime Minister in a letter that the best way to approach the liquidity issues or cost crunch issues that Canadian food companies are facing is probably through the existing emergency programs that have been set up for COVID-19 to address the problems that many different sectors are encountering.

The challenge we have is that, because those programs are based on revenue, we don't qualify. It's not our revenues that are impacted; it's our cost increases. If we could amend the terms of the Canada emergency wage subsidy, for example, even if it were just for essential or critical infrastructure, to base it on net income, that would go a long way toward helping a lot of companies.

The other way is to take a look at using tax credits. We could provide companies with a tax credit for the costs they have had to incur, particularly critical infrastructure organizations that are essentially required to keep going and that incur these costs. They should be able to offset them at the end of the road.

In terms of challenges—

[*Translation*]

Mr. Yves Perron: One moment, please, Ms. Sullivan.

Mr. Chair, there has been no French interpretation since the start of Ms. Sullivan's comments.

I want to make sure that my time isn't reduced because of this interruption.

The Chair: Can someone from technical services fix this problem?

Mr. Richard Lehoux (Beauce, CPC): Mr. Chair, the same thing happened on my end.

The Chair: Okay, Mr. Lehoux.

Excuse me, Mr. Lehoux. I just saw that you raised your hand. I was about to respond. However, if I had known that your comments concerned the interpretation, I would have responded immediately.

Let's wait and see what the technicians do.

Mr. Yves Perron: May I continue, Mr. Chair?

● (1455)

The Chair: Go ahead, Mr. Perron.

Mr. Yves Perron: Okay, I'll continue.

Ms. Sullivan, I believe that you were about to discuss the structural weaknesses that you identified.

[*English*]

Ms. Kathleen Sullivan: Yes, there are three main weaknesses we've identified through the pandemic. We knew of them before, but they've been really magnified now.

The first is, I think, a really profound lack of understanding of how Canada's food system works. We know that more and more consumers are urban based, and they've sort of lost that connection to where food comes from. I think we're also seeing it with our policy-makers. Probably 95% of Agriculture and Agri-Food Canada's resources, its staff, are focused on primary agriculture. That's important, but what we don't have is any department in this federal government that is focused on the entirety of the food system and understanding how the entire food system works.

We also have a problem with the high concentration that we have in the retail sector in this country. It's virtually impossible. I mean, we, ourselves, are price takers in many cases, but 90% of the food companies in Canada would be considered small or mid-sized business, and they simply don't have the power to negotiate on an equal footing with large retail enterprises.

Finally, and this is a perennial Canadian problem, is the split jurisdiction between the federal, provincial and territorial governments. I know this is something that we all deal with, but we're in a crisis, which is really akin to this country being at war, and when we're in a crisis situation, we have to have the mechanisms where we're not sitting on calls with government officials who are saying, "Well, that's the province; that's not us", and then we have to go off and try to figure that out. I understand it's difficult, but we need to work together to find better ways to link that communication together. We don't have the time, as a country, to sit and wait for all of that to be sorted out.

[*Translation*]

Mr. Yves Perron: That's fine, thank you.

Yes, we're well aware of the overlap issues.

Ms. Robinson, you spoke about the issues with the current programs. I think that, like a number of us, you're a little tired of being told that the existing programs could be used.

Can you tell me what isn't working? How would an emergency fund address the fact that small farms currently don't have access to the assistance and need it? I'm thinking of a request made by the Fédération de la relève agricole du Québec regarding this issue.

[English]

Ms. Mary Robinson: I would ask Scott to jump in here. He is our BRM expert at CFA.

Mr. Scott Ross: When we look at BRM, one of the most noteworthy concerns we have is that, as it currently stands, around 31% of Canadian farmers are in AgriStability. That speaks to the number of farmers who are currently lacking in trust in the sufficiency of that program to respond to the risks they're facing in a normal year, let alone an unprecedented crisis like this.

When we look at AgriInvest as well, I think it's critical that we look at that \$1.6 billion number that is being referenced and ensure that we look at how the funds available in that pool relate to the sectors facing the most hurt. Then, when we look at a number of sectors, for example, the equestrian industry and horse farmers in Canada, they're unable, in many respects, to access those programs, because they, for one reason or another, are unable to qualify for a farm business registration number in many provinces.

There's a myriad of issues that drive that. It's a very complex set of issues, but we've certainly been working for a number of years on targeted measures to address that need. We believe that in the current kind of acute crisis we're facing, there's a need for a more timely intervention, and that speaks to the emergency fund that you raised.

[Translation]

Mr. Yves Perron: Thank you.

Based on what we've heard from all the stakeholders, I gather that the current federal assistance is clearly insufficient.

Ms. Citeau, you spoke about our competitive relationship with American companies. Compared to what's happening here, these companies are receiving a fairly significant amount of assistance from their government.

What will be the short-term impact of this issue, both right now during the crisis and also in the aftermath of the crisis?

The Chair: Please respond quickly, Ms. Citeau.

Ms. Claire Citeau: Our grain producers—soybean and corn producers, in particular—are already seeing a significant impact in terms of market distortions.

• (1500)

The Chair: Thank you, Ms. Citeau and Mr. Perron.

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

[English]

Mr. Alistair MacGregor (Cowichan—Malahat—Langford, NDP): Yes, thank you, Chair. Thank you to all of the witnesses for appearing today. It's really great to see all of you again on this platform.

The theme of my questions will be resiliency: how we build resiliency into the system. I think all of our witnesses have elaborated upon and described the weaknesses in our system, and I'm really interested, not only in how we deal with those in the short term, but really also in what kinds of things we have to put in place for the longer term so that we'll be better able to withstand shocks in the future.

I'll start with Food and Beverage Canada. I'd really like to thank you, first of all, for mentioning our workers. I think it's really important to illustrate the job they're doing on behalf of Canadians and the dangers they're exposing themselves to, and also their families when they go home. I think they really are the unsung heroes of what we're going through right now.

I also appreciate your comment that sometimes policy-makers don't have the expertise. However, when you look at the state of the industry in Canada and what this pandemic has thrust upon you, I really want to know, looking ahead to future shocks, what the answer is.

What kinds of things do we need to build into our system? Have our food processing centres become too centralized? Do we need to spread them out a bit more so that if one plant shuts down, others can take its place?

I'm just curious to hear any kind of innovative ideas that your association could suggest to this committee about how we can withstand shocks in the future.

Ms. Kathleen Sullivan: Yes, thanks very much, and I will just echo exactly what you said. There's no doubt that the last eight weeks.... I talk to food companies every day and the commitment that the workers have made, not just to their companies but to Canadians, is really moving.

As for what we need to do going forward, I think the first thing that struck me when the pandemic started was the fact that we had absolutely no plan for the food system. It's clear that measures had to be taken to address the pandemic, and I don't question those. One of those measures was essentially turning off the economy, if you will, but we didn't have a plan for what we were going to do with critical infrastructure. So we have to do that and this can't just be a lip-service activity. We actually have to sit down and start to map out what the food system looks like, from farms—including inputs to farms—all the way to retail and food service, so that we really start to identify where the weak links are.

Absolutely, there are about 10 different sectors in food manufacturing, with the obvious ones being meat, bakery and dairy. The level of concentration in each is very different. Where they're located across the country is also very different, and I think we do need to take a look so we've got a good understanding of what the sectors look like. You know, we're private companies. There's not a lot we can do in terms of collaborating and cooperating, but I think we can prepare, and if we understand better what we look like and how we're organized, I think that will help us.

Another thing we absolutely have to do—it was a problem before—is innovate. As an industry, we're the largest manufacturing sector in the country, but we lag behind most other manufacturing sectors when it comes to innovation and automation, those sorts of things.

What role they could play going forward is hard to know, but we're going to have to take a look at that. One thing we're going to have to start doing, that we probably wouldn't have thought about before the pandemic, is to really think about how we lay out our food plants.

It's not as though in six months' time we can go back to how things were. We are going to be looking at social distancing for a long time. We didn't build our food plants to accommodate social distancing; we built them to accommodate food safety. Now we're going to have to go in, because this is going to change how we look at things....

That's going to mean a lot of capital investment on the part of companies. That also may require support. You know, it's hard. If you think about Agriculture and Agri-Food Canada, I think they have about 4,000 very loyal employees. Maybe about 50 of them focus on food and beverage manufacturing. In ISED, it's maybe four people. Again, they're incredibly smart and incredibly dedicated, but we need to amp that up.

If we're really serious about the food system, from both a food security standpoint and from the standpoint of the economic contribution and our export opportunity, we now have to start putting our money where our mouth is, and I don't think we always did that before.

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

Ms. Robinson, I'd like to turn to you and the Canadian Federation of Agriculture. It's good to see you again.

Continuing on the theme of establishing resiliency, I know that some sectors have massive surpluses of produce or product because markets, as you said, have dried up. The government announced a plan of I think \$50 million to purchase surplus food and redistribute it to food-insecure communities. We don't have many details on that yet. Mr. Forbes, the deputy minister, said it's still a plan that's in process.

I'd like to hear your thoughts on that and whether this might be able to serve as a model to help farms weather future shocks. We produce an abundance of food in this country. Unfortunately, the fact is that we still have so many Canadians who struggle to get adequate food in front of them each and every day.

• (1505)

Ms. Mary Robinson: With regard to that \$50 million, when we at CFA get more details, we'll be working with our commodity groups to make sure they're well positioned to take advantage of that and to get food to the more vulnerable people in our population.

In regard to that resiliency of agriculture and food as we move through this, I would like to highlight that we see two fairly significant opportunities to make impactful change. The first would be a long-term labour shortage strategy. I know you're familiar with the work that the Canadian Agricultural Human Resource Council has done. I think we need to definitely put more focus there and more funding there. They're doing wonderful things. Seeing them build more solutions for all agriculture is really meaningful.

The second thing—

The Chair: Thank you, Ms. Robinson. I will have to cut it off there. We're already behind a little bit.

That's it for this panel. I really want to thank everyone: from the Canadian Agri-Food Trade Alliance, Claire Citeau; from Food and Beverage Canada, Kathleen Sullivan and James Donaldson; and from the federation, Ms. Mary Robinson and Scott Ross.

Thank you to all.

We will suspend until the start of our second panel.

• (1505)

(Pause)

• (1510)

[Translation]

The Chair: Welcome back. We'll continue with the second panel.

We're now joined by Ms. Sylvie Cloutier, chief executive officer of the Conseil de la transformation alimentaire du Québec, and Mr. Dimitri Fraeys, vice-president of the same organization.

[English]

Also, from the Retail Council of Canada, we have Jason McLinton, vice-president of grocery division and regulatory affairs, and from the Canadian Cattlemen's Association, we have Bob Lowe, president, and Tyler Fulton, director.

I hope everybody was able to hear me on this one.

We'll start with a 10-minute opening statement by the Conseil de la transformation alimentaire du Québec.

• (1515)

[Translation]

Ms. Cloutier, you have the floor.

Ms. Sylvie Cloutier (Chief Executive Officer, Conseil de la transformation alimentaire du Québec): Thank you for having us here today.

The Conseil de la transformation alimentaire du Québec, or CTAQ, is the main alliance of food and beverage processing companies. Its mission is to help entrepreneurs reach their full potential to ensure the sustainability of the food industry in Quebec.

The sector purchases over 70% of all agricultural products and almost 100% of fishery products in Quebec. The sector also enhances the products' value and processes and packages the products to provide quality food that the public can easily find at grocery stores year-round. The sector is the critical component of the chain from primary agriculture to retail.

Since the start of the COVID-19 pandemic, food and beverage processors have been facing major immediate challenges as they manage the health of their workers and address the need to maintain Canada's food supply in a constantly and rapidly changing environment.

As the first active phase of the pandemic continues, many food companies have stopped or cut back on their operations as a result of cash flow issues, their inability to manage health considerations or increased worker absenteeism. These challenges will have a significant impact over the medium and long term.

Given this changing situation, it's still a little early to truly understand the risk of company closures and the full impact of the crisis. However, some companies are already reporting certain things.

First, revenues are decreasing as a result of the significant drop in food service sales. Restaurants Canada estimates that 53% of restaurants have temporarily closed because of COVID-19 and that one in ten restaurants will permanently close. The pandemic has significantly affected food and beverage processors, and especially the food services sector. A number of food processors are experiencing the same drop in revenues as a result of school and hotel closures and the shutdown of air and rail transportation.

In addition, the increased costs associated with COVID-19 are directly related to several factors: increased absenteeism; labour shortages; salary bonuses paid to retain employees; increased use of personal protective equipment; schedule changes, including staggered shifts and lower line speeds to ensure greater physical distancing; increased spacing among workers, which reduces production capacity and drives up unit costs; temporary non-structural changes within plants to protect workers where physical distancing isn't possible; the purchase of health screening tools; increased benefits, such as child care subsidies; and the use of consulting services.

In the animal protein sector, the potential need and cost of animal slaughter should also be a concern, along with plant closures and slowdowns, which lead to a decline in processing capacity.

The industry is grateful for the emergency support programs announced by the various levels of government to help companies cope with the COVID-19 pandemic. These programs will benefit a number of food and beverage companies. However, some companies aren't eligible.

The food sector has maintained a continuous supply throughout the crisis. However, many companies are reaching the end of their resilience. The most recent federal announcement promising \$252 million in assistance falls far short of the needs identified by the entire network. The Canadian Federation of Agriculture is asking for about \$2.6 billion in emergency funding. We've estimated that the costs and losses for food processors across Canada since the start of this crisis, from March to today, amount to \$820 million. Just for the health equipment needed to protect employees, costs are expected to reach \$70 million by the end of 2020. The current programs don't properly address the exceptional circumstances at this time.

Our goal for the short term and the coming months is to ensure that as many food manufacturers as possible are eligible for financial support programs related to COVID-19. If food companies close, there's no guarantee that they'll reopen when the health and economic crises stabilize. By supporting companies in the immediate future, we have a better chance of keeping them running and ensuring a strong food system after the pandemic.

• (1520)

The additional safety measures, the complete or partial closure of major components such as slaughterhouses, the collapse of the hotel, restaurant and institutional market—which accounted for 35% of sales—and market disruptions entail significant, if not insurmountable, costs for thousands of food processing companies.

Overnight, a significant portion of these markets disappeared, which created an imbalance in the supply chains. This uncertainty puts pressure on the integrity of the food supply for the public, which depends on the ability of each component to play its role effectively.

The workforce situation presents a paradox. In Canada, the unemployment rate is 13%, while in Quebec, the rate now stands at 17%. Seven and a half million Canadians have registered for the Canada Emergency Response Benefit, but companies are facing a labour shortage. This serious shortage will require a readjustment of existing programs to maintain the minimum number of workers needed to keep companies operating. The Government of Canada must implement programs to encourage people to return to work.

The current crisis calls for exceptional measures. To fulfill our mission as food processors, we must have access to more generous, better adapted and, above all, flexible assistance programs to take into account the changing reality of our coexistence with COVID-19. In addition to experiencing and responding to the impact of the current crisis, we must ensure that supplies are sufficient and that we remain competitive in the markets. The assistance announced to date can't meet all the needs.

Flexible financial assistance programs for farmers and food processors must be implemented to limit long-term and supply chain effects and to ensure food security for the public. The temporary foreign worker program must be more flexible. The program must facilitate the transfer of workers from one company to another, as needed, or from agricultural production to processing.

The Government of Canada must act now to support the entire agrifood sector. The sector is also a job creator and a major and essential economic player for the vitality of the regions. We must remain consistent when it comes to such an essential and vital issue for our society and for the resilience of a significant part of our economy and territories.

We're proposing the following concrete solutions to support farmers and food processors: a specific fund to meet the needs of processors in terms of the loss of margins and the disappearance of certain markets; specific assistance for small businesses whose main market is the hotel, restaurant and institutional sector; assistance for stock support and freezing; assistance for the processing sector to cover the additional costs associated with protective equipment and the adaptation of production lines; a program to encourage employees to return to work; and, lastly, an economic recovery plan for the manufacturing sector, starting this summer.

Thank you.

• (1525)

[English]

The Chair: Thank you, Madame Cloutier.

Now we go to the Retail Council of Canada, who, between you, have up to 10 minutes.

Mr. Jason McLinton (Vice-President, Grocery Division and Regulatory Affairs, Retail Council of Canada): Thank you, Mr. Chair and other members of the committee, for the opportunity to provide a retail perspective on Canada's response to the COVID-19 pandemic.

For those of you who are unfamiliar with the Retail Council of Canada, we represent small, medium and large retail businesses, with a presence in every community across the country. Our members' sales represent over 70% of the retail industry by volume. As the voice of retail since 1962, we proudly represent more than 45,000 storefronts in all formats, including department, specialty, discount, independent retailers, online merchants, and most importantly in this context, grocery retailers.

Retail employs over two million Canadians, making ours the largest private-sector employer in the country. Retail is by no means unique in being severely challenged by COVID-19. We know that this committee is looking at the severe combination of

challenges facing Canadian food processors, producers, importers, freight and transportation operators. Even though grocery retailers have continued operations in this environment, they face a multitude of operational challenges. These include human resource and in-store security issues, sourcing of personal protective equipment, rapid adaptation of workplaces to emerging rules from health authorities, major increases in their cost structure, challenges with freight and shipping, and lastly, and importantly in this context, challenges with supply chains.

I would like to focus my attention on this last point.

[Translation]

The COVID-19 outbreak sent unprecedented shock waves through Canada's food supply system. We've seen the demand for food drop considerably in restaurants, hotels and institutions such as schools. On the other hand, we've seen a significant increase in demand at the retail level, since Canadians are now staying and eating at home.

The Retail Council of Canada has worked closely with groups of Canadian producers, processors and importers throughout the crisis to adapt to changing consumer behaviours and demands. We acknowledge and applaud the work accomplished by the Government of Canada to date. However, more work must be done to ensure that Canada can address the new challenges that our food supply is facing and will face as a result of the COVID-19 pandemic in the medium and long term.

The \$252 million emergency assistance program for farmers and food processors announced last Tuesday is a step in the right direction. However, as we seek to understand the longer-term effects of the epidemic on the entire supply chain, the Government of Canada must continue to work and to support all components of the food chain. These include the producers, food processors, importers, carriers and retailers.

• (1530)

[English]

Furthermore, it is critical that the Government of Canada put in place proactive measures to allow for greater sourcing flexibility as the situation with COVID-19 continues to evolve at a rapid pace. We understand that the Canadian Food Inspection Agency is working on easing restrictions on a temporary basis for retailers operating in Canada to allow them to sell meat in a province other than the one it is certified in, and for meat and other foods produced and labelled for other markets such as the United States and other countries to be sold in Canada.

We are highly supportive of these measures and urge the Government of Canada to adopt them immediately on a proactive and temporary basis rather than trying to address potential supply chain disruptions after they have already occurred. Adopting these measures on a proactive basis would help secure Canada's food supply now and throughout the COVID-19 crisis and would minimize costs throughout the supply chain and, ultimately, minimize disruptions and impacts on food affordability to consumers in these challenging times.

Finally, I'd like to personally thank Canadian farmers, food processors, retailers and retail employees who continue to keep Canadians fed and well throughout the COVID-19 outbreak.

Thank you, Mr. Chair, and members of the committee.

I would be happy to take your questions.

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

Now we'll move to our rounds of questions and to Mr. Soroka.

I think we're going to have to do five-minute rounds, folks, because we're going to run out of time. I'm going to cut them to five minutes for everyone so I can get the first round in.

Go ahead, Mr. Soroka.

Mr. Gerald Soroka: Ms. Cloutier, you said that the CERB program isn't working so well in encouraging workers to get back to work.

What are you seeing? Would they rather stay on the CERB instead of going back to work soon, or what is the issue?

She is still muted.

A voice: Ms. Cloutier, can you unmute?

Mr. Gerald Soroka: Now she is good.

[Translation]

The Chair: Ms. Cloutier, you may go ahead.

Ms. Sylvie Cloutier: Right now, the program is creating serious competition for food processors. They barely make the equivalent of what the federal government is providing. The Quebec government decided to give people a bonus as an incentive to stay on the job, paying workers an extra \$100 a week.

As things stand, the problem is that employees who are being asked to work overtime are saying no because they don't want to

lose the \$100 bonus the Quebec government is paying them. We're in a really tough situation, one way or the other.

[English]

Mr. Gerald Soroka: I'm going to have to interrupt you, because you're going to go on for quite a long time.

I'm just saying that if there were a sliding scale, it would assist in ending this issue, instead of just going to the \$1,000 and then getting nothing. Would that help?

[Translation]

Ms. Sylvie Cloutier: Yes, I think so.

[English]

Mr. Gerald Soroka: Mr. McLinton, you're saying that so many people are now buying food online when it comes to restaurants and that, but how much is actually being purchased online and being delivered to their homes? Is any of that being done?

Mr. Jason McLinton: Yes, certainly, all of our members are making that an offering. Some of the challenges they're seeing have more to do with delivery and that sort of thing. Every member I've spoken with is offering online and remote ordering, and there's a particular emphasis on making that available to vulnerable populations.

Mr. Gerald Soroka: Do you see this as a new industry starting to form, where we'll start seeing more people wanting to purchase more food directly in Canada?

Mr. Jason McLinton: We don't know the full implications of COVID-19 yet. One thing that is fairly certain is that the world is never going to go back to the way it was before. Certainly, I would anticipate that some of these things might become more common even as we start to emerge from the outbreak.

• (1535)

Mr. Gerald Soroka: Then if more people are purchasing more online, how much will the retail side and things like storefronts be impacted by this? Basically, how many closures will there be?

Mr. Jason McLinton: Our members are very, very active in the online space, so it will be interesting to see how things evolve. Because they are so active in this space, the ones who are going to do well are those who are going to continue to be very competitive in this online space.

Mr. Gerald Soroka: What about international markets then, more so from the United States? Will they have an impact on our local markets, as opposed to our bringing in more food from other countries or not?

Mr. Jason McLinton: We were pleased to see, with the renegotiation of CUSMA, the renegotiated NAFTA, that the Canadian government was able to keep the de minimis threshold at a reasonable level to prevent an unfair competitive advantage going to international online competitors. I anticipate that Canadian retailers will continue to remain very competitive in the online space.

Mr. Gerald Soroka: Ms. Cloutier, when you were talking about there being more protective equipment in slaughterhouses and various things to keep workers safe, do you believe there's enough money left that can be passed on to the consumer, or is there too much for the consumer to bear and the government will have to implement and assist with some of these programs?

[Translation]

Ms. Sylvie Cloutier: Currently, just the cost of additional protective equipment is estimated at \$70 million. That's not for slaughterhouses alone; it's sector-wide. Eventually, all of this will indeed affect the prices consumers pay, without more assistance in the medium or short term.

[English]

The Chair: Thank you, Mr. Soroka.

My apologies, I think I skipped the cattlemen's association, so I think we'll go to them now. Sorry about that.

Bob Lowe, president, and Tyler Fulton, director, I believe I skipped you, didn't I? Were you able to make your statement?

Mr. Alistair MacGregor: No, they haven't done that yet.

The Chair: Could you make your statement now, please.

Mr. Francis Drouin (Glengarry—Prescott—Russell, Lib.): I hope you don't have a beef with them.

Some hon. members: Oh, oh!

The Chair: No beef.

Mr. Bob Lowe (President, Canadian Cattlemen's Association): We don't give up easily.

The Chair: Go ahead.

Mr. Bob Lowe: Thank you, Mr. Chairman and members of the committee, for inviting the Canadian Cattlemen's Association to present on the challenges and solutions for Canadian beef producers during COVID-19.

My name is Bob Lowe. I'm the president of the Canadian Cattlemen's Association. With me today are Tyler Fulton, a director on our board and a beef producer from Manitoba, and Fawn Jackson, our director of government and international affairs.

Earlier this week, the Government of Canada announced funding for Canada's beef sector. I would like to state first that we are thankful for this initial investment, but we must stress that what was announced was one part of our three immediate asks, and we really do need the other two to be able to manage through the difficult situation that COVID-19 has put our industry in.

First, I would like to update the committee on the situation in the beef industry, as it changes frequently. Backed up within our beef supply system, we now have over 100,000 head of cattle that were supposed to be harvested but have nowhere to go. It costs on average four dollars a day to feed a market-ready animal, so this is costing our industry an additional \$400,000 a day. Although Cargill is back up and running, it is at a significantly reduced rate. We estimate that we are adding 5,000 head of cattle to the backlog each day. As you can see, we are in a serious situation.

Certainly, the \$50 million in funding that was announced for the set-aside program is helpful. We are currently working hard, in coordination with governments, to establish this program as quickly as possible. We are also thankful for the \$77.5 million that will be invested in processing. We know that eastern Canada in particular needs more processing capacity and that processing facilities in Canada are continuing to make adaptations for COVID-19. Processing shortage is the crux of the challenge we are faced with, so this is a sound investment.

I would like to express our deep gratitude to the workers within these plants, who are integral members of our community and critical to the foundation of Canada's food system.

Your work is essential and it does not go unnoticed. You are certainly our food heroes.

I would also like to express our gratitude for the meat-packing companies that are continuing their investment and innovation in these beyond challenging times.

We will continue to strive to use the best information available to us and implement appropriate actions, and we will certainly take lessons away from COVID-19.

I want to say that I have been impressed by the level of coordination and collaboration throughout the full supply chain, from the team at the market access secretariat, which helped to make sure we had all the information to continue international trade, and the CFIA, which quickly mobilized to ensure we had adaptable inspection services, to the plants, which implemented best practices, and the front-line food workers, who continually adapted to the difficult situation. It hasn't been easy, and it likely won't be easy for some time, but I can tell you that team Canada is a great team to be on.

Again, I must stress that we beef producers have challenges in front of us and we need to act quickly. Our board is very focused on the future and our young producers, and we know that COVID-19 is especially detrimental to the financial health of their farming operations.

I'm now going to hand it over to Tyler, as one of the younger producers on our board, to talk about our two remaining asks.

● (1540)

Mr. Tyler Fulton (Director, Canadian Cattlemen's Association): Thanks, Bob.

First off, we want to build an understanding about what risk management programs work for beef producers and which ones currently don't. In a nutshell, price insurance works, but AgriStability still has many challenges in its current form. Why doesn't AgriStability work for beef producers? The answer has to do with the structure of the program and the structure of the beef industry. Reference margin limits are one of the key reasons AgriStability doesn't work well for cattle producers. Without getting into too many details, this has to do with the fact that many producers, especially cow-calf producers, have low eligible expenses on the program, and we often produce our own feed and have low labour costs. What this results in is that our margin has to drop further than other commodities' before triggering benefits for the program.

For a long time, CCA has been advocating for changes to the program to improve equity and effectiveness for beef cattle producers. This includes the removal of the reference margin limit—the problem Bob was describing earlier—removing payment caps and enhancing the trigger to 85% of the reference margin. We don't have more recent program participation rates, but in 2017 only 31% of farms participated in AgriStability, and we expect that very few of those were beef farms.

While we understand Minister Bibeau's referencing the importance of utilizing existing programs, it has to be understood that these existing programs, especially AgriStability, aren't largely used by beef producers. The main risk management tool for beef producers is livestock price insurance in the west, the RMP program in Ontario and ASRA in Quebec. It should be noted that our fellow producers in the Atlantic provinces don't have access to any appropriate tool. Our immediate recommendation to federal and provincial governments have been on these programs.

Focusing in on the livestock price insurance program, this is a program this is actuarially sound. This is something that we as an industry are very proud of. It's a tool that works very well at very little cost to Canadian taxpayers. Right now is when cow-calf producers like me typically buy price insurance. Unfortunately, the cost of premiums are tied to market volatility, and we all know market volatility has skyrocketed. Premiums for a calf would typically be around \$10 to \$15 per head, but because of COVID-19, the cost has risen to about \$50 to \$70 per head. As cow-calf producers, we have until May 28 to decide whether we are going to buy price insurance. For many, it's been too expensive.

We are asking federal and provincial governments to cost share the premiums with us for this year, similar to the way they do it for crop insurance. This will maintain participation in the program and allow producers who are facing significant market uncertainty to weather the storm.

On our farm, I consider price insurance to be the most important tool that we have access to. Without it, we have no control over the biggest risk that our operation is exposed to, which is market price risk. Being a younger operator with significant debt, my lenders require that I have a method to mitigate price risk. It allows young producers the ability to ensure a floor price on cattle and helps to secure the future of their growing beef operations. Furthermore, young producers are typically highly leveraged and don't have equity to fall back on during downturns in the cattle market, putting Canada's long-term food security at risk. This underscores the im-

portance of managing price risk with a timely and bankable program, which livestock price insurance provides.

As you can see, price insurance is a very important tool, yet our Atlantic neighbours still operate without it, and this limits their ability to manage risk and grow the beef sector. The region has land and forage to grow the herd, but lacks this important risk management tool that supports herd expansion. Access to a price insurance program is key to achieving these expansion objectives.

• (1545)

Canadian and maritime beef producers would like to emphasize to the committee the utmost importance of establishing an eastern settlement index under the livestock price insurance program. It would contribute to the national price insurance coverage across Canada.

Ontario doesn't have livestock price insurance, but they do have their RMP program. They have requested a topping up of it, as last year they had processing capacity shortages that resulted in significant financial pressures on their industry. The program's funding cap severely limits its ability to provide adequate levels of support, particularly in challenging years.

For these reasons, we are recommending further dollars be allocated to assist with the main risk management tools utilized by Canada's beef producers: livestock price insurance and RMP.

Our third recommendation is to enhance the advance payments program by increasing the interest-free portion for beef cattle to \$500,000, increasing the overall cash advance limit to \$3 million and extending repayment terms for beef cattle to 36 months.

As the industry experiences reduced processing capacity and significant uncertainty in how long COVID-19 will last, these enhancements could provide added liquidity and flexibility for cattle producers to market their commodity at the best time and the best price, and could allow them to retain more breeding cattle in their cow herds.

The Chair: Mr. Fulton, we're unfortunately out of time. We have to move on. You might be able to finish your thoughts during the questions. Again, I apologize for skipping over you the first time.

We will now go to questions.

Lyne Bessette, you have five minutes. You can split your time.

[Translation]

Mrs. Lyne Bessette (Brome—Missisquoi, Lib.): Thank you, Mr. Chair.

I'll be sharing my time with my fellow member Mr. Blois.

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

We all know how important the Canadian Food Inspection Agency's inspections are when it comes to protecting the food chain and ensuring food security for all Canadians. That's why our government announced it will be providing the agency with \$20 million to increase its inspection capacity.

My question is for the Conseil de la transformation alimentaire du Québec representatives.

Have any of your members flagged issues tied to inspection capacity, or have there been any closures related to that during the pandemic?

Ms. Sylvie Cloutier: I'll let my colleague Mr. Fraeys answer that.

Mr. Dimitri Fraeys (Vice-President, Conseil de la transformation alimentaire du Québec): Prior to the \$20 million that was announced, yes, some plants were not operating at capacity. I will say that things have been a lot better in the past two or three weeks.

The crux of the issue, however, is that some inspectors are afraid to go into the plants, and that can significantly reduce the rate at which animals are slaughtered. As well, not all employees are willing to work given the fears around COVID-19. Something of a climate of fear has taken hold. Even when employers provide masks and face shields, we are seeing a slowdown in some plants.

• (1550)

Mrs. Lyne Bessette: Thank you.

Does the CTAQ consider some sectors to be more affected than others?

Ms. Sylvie Cloutier: I'll answer first.

All sectors directly tied to food services are very much affected, whether it be hotels, restaurants and institutions—essentially, the HRI sector—cafeterias or food service operators. The meat industry is also impacted, of course.

Mrs. Lyne Bessette: Great. Thank you very much.

[English]

Kody, it's all you.

[Translation]

Mr. Kody Blois: Thank you, Ms. Bessette.

My first question is also for Ms. Cloutier.

You said your industry had incurred \$820 million in losses or additional costs. Are you expecting compensation from the Government of Canada to cover all those losses?

Ms. Sylvie Cloutier: We'd like to see the government adjust current programming to make it more flexible, so food processors who need the support can get it.

We clearly have certain expectations of the government, including not creating problems in the field to fork value chain. If there's a weak link in the chain, it will have consequences for the longer term.

[English]

Mr. Kody Blois: Thank you very much.

I will go quickly to Mr. McLinton. Your retail council.... Are profit margins being impacted on the retail side, and are there some success stories? I know, in my riding of Kings—Hants, some of our smaller retailers are actually doing quite well. They've been able to pivot and have a lot of success.

Could you highlight that in about 30 seconds?

Mr. Jason McLinton: Yes. Thank you for the question.

Without question, our grocery members have been very fortunate in that they've been able to operate throughout this crisis. It has had significant impacts in terms of PPE and having to restructure stores. We've seen violent incidents, unfortunately, increasing quite a bit, so there has been a very big impact there.

To answer that question, a significant number of our members who have not been deemed essential have not been in operation right now, and they are looking to reopen their stores as the economy reopens. It's really great to see that the economy is reopening and the retail sector is going to be able to come fully back to life again.

Mr. Kody Blois: Thank you very much.

To the Cattlemen's Association, I loved the reference to eastern Canada, being a Nova Scotian MP. Where are the provinces on this? Obviously, the livestock insurance price is a provincial program, and my understanding is that there are only three provinces. It's easy to say we should implement it. I'd love to see it too.

Where are the provinces in relation to this?

Mr. Bob Lowe: If I can answer that, there are four provinces on it right now, and it's not a provincial program, so to speak. The federal government does backstop it.

The thing about the Maritimes is that they have absolutely nothing for risk management for the beef industry. With this COVID-19, I can't imagine—being from western Canada myself—not having anything, absolutely zero, that works in the cattle industry.

Mr. Kody Blois: They would have business risk management....

The Chair: Thank you, Mr. Blois and Mr. Lowe.

We have to move to the next question.

[*Translation*]

Mr. Perron, you may go ahead for five minutes.

Mr. Yves Perron: Good afternoon.

Thank you to the witnesses for being here. I'm going to start with Ms. Cloutier.

Ms. Cloutier, I'd like to revisit the need for a graduated approach to the supports available to Canadians, including the Canada emergency student benefit.

As you know, we suggested that it be adapted, as is the case with employment insurance. I'd like to know how significant that would be for you.

Did you calculate how the measure is reducing your production? What do you need on that front? Can you talk more about that?

Ms. Sylvie Cloutier: I'm going to let my colleague Mr. Fraeys answer that.

Mr. Dimitri Fraeys: With respect to labour, we're certainly realizing that we are competing. What we asked the government to do is adjust the programs so that students can go to work in the fields or at the plants, mainly for the summer.

When harvesting starts, the demand for workers at plants is going to be huge, especially when it comes to fruit and vegetable growers.

At this point, all the temporary foreign workers have not arrived, so we are going to need more students and local workers. What we'd like to see is a program that incentivizes workers, so that students or those earning less than \$550 a week are motivated to work.

Yesterday, our premier here, in Quebec, announced a program for those working in residential and long-term care centres. It could serve as a model, with the government providing bonuses to those who want to work at certain times, do overtime or work more.

It's really important to give people an incentive to work a bit more if we are going to keep feeding the population.

I hope that answers your question.

• (1555)

Mr. Yves Perron: Mr. Fraeys, those in the government have told us that 85% to 90% of foreign workers have arrived. They're usually here at this point in the year.

Is that the case in your industry?

Mr. Dimitri Fraeys: No, not as far as processing is concerned. That applies mainly to farm workers. It's another program that covers those who work in processing, and I know many companies are still waiting on those workers.

Bear in mind that, once they do arrive, they have to go into quarantine for two weeks. That means that, even if they arrive today,

they can't work for another two weeks, so for the time being, we have a labour shortage.

Mr. Yves Perron: Thank you very much.

This week, the Union des producteurs agricoles held a press conference to highlight how inadequate the support measures announced by the government are. Ms. Cloutier, you were at the press conference, for that matter.

My question is for Mr. Lowe and Mr. Fulton, from the Canadian Cattlemen's Association.

The government announced \$50 million for beef producers. How much time will that buy producers in terms of holding on to live-stock awaiting slaughter?

[*English*]

Mr. Bob Lowe: The \$50 million is for the set-aside program that is going to help pay for the extra feed. If you take the number of cattle that are backed up there, that \$50 million was gone about two weeks ago. It won't last very long.

[*Translation*]

Mr. Yves Perron: The money is already gone. That shows how important it is to get the amount right.

We talked earlier about the sector's ability to compete internationally and the agricultural assistance other countries—the United States, in particular—are providing versus the agricultural supports Canada is offering.

Without greater support for the agricultural sector and better implementation of the reciprocity of standards in your industry, what do you think the consequences will be?

[*English*]

Mr. Bob Lowe: If I heard the question right—it was kind of cutting in and out—were you asking about our international commitments...?

[*Translation*]

Mr. Yves Perron: I can repeat the question, with the chair's permission.

The United States, among others, has provided a lot more in the way of agricultural supports than we have here, in Canada. If you don't get any more help, what impact will it have in the medium and long term?

Also, where do you stand on the reciprocity of standards principle and the way it's being applied to what we import and the product quality required of you?

[*English*]

Mr. Bob Lowe: On the first question, you mentioned the United States. They are supporting their industry in a different way than Canada supports its industry. To my mind, there is a lot more appreciation for agriculture in some other countries than there is in Canada.

The Chair: Thank you, Mr. Lowe. Unfortunately, we have to move on.

Now we have Mr. MacGregor, for five minutes.

[Translation]

Mr. Yves Perron: Mr. Chair, I have a point of order.

Can Mr. Lowe have 10 seconds or so to finish his answer? There were a lot of delays, and I had to repeat my question because of technical difficulties.

• (1600)

The Chair: I already gave him 30 extra seconds, which should make up for the lost time. We have to continue.

Mr. Yves Perron: Mr. Lowe, feel free to answer the question when you speak again.

[English]

The Chair: Thank you.

Mr. MacGregor, you have five minutes, please.

Mr. Alistair MacGregor: Great. Thank you very much, Mr. Chair.

My question is for the Canadian Cattlemen's Association.

I understand that one of the requests was for the set-aside program. However, if you look at Alberta's example, the last time they had a set-aside program in place was to deal with BSE. Alberta's attorney general at that time, later on, found that a large amount of the money went to big multinational corporations like Cargill and Tyson Foods.

With the current crisis we're in, I want to hear your thoughts on how we ensure that the money is making its way to smaller-scale cow-calf operators, and what we do with the huge glut that will result from it later on in the fall, because we know that's going to depress prices.

A lot of small-scale operators are going to be in some really deep red ink as a result of this. I want to ensure that this program is not going to the huge multinationals but to the smaller-scale operators, who will desperately need it.

Mr. Bob Lowe: The set-aside program is designed to help with the feeding of cattle that we have to keep longer. It will go to the people who own the cattle.

It's different now than it was during BSE. I'm not sure about JBS, but I know for sure that Cargill does not own any cattle so it will not get any of this set-aside money.

The backgrounder market, which is between the cow-calf operation and the feedlot, is backing up too. They hopefully will be part of this set-aside program. Where the cow-calf sector comes in is in the price insurance. Price insurance is designed to help them.

Mr. Alistair MacGregor: Okay.

You may have heard that the federal government is allocating \$50 million to buy surplus produce from around the country and link it in with food-insecure communities. Do you think this is something your industry could participate in? I know you're having problems with meat processing at the moment, but we have a problem in Canada. We produce an abundance of food, but we still have a lot of families across the country who are struggling to put good-quality meals in front of themselves every day.

Mr. Bob Lowe: You answered your own question, pretty much.

Mr. Alistair MacGregor: Yes.

Mr. Bob Lowe: I mean, we would not be averse to donating beef to where it would need to be, but it's the processing side of it. A live cow doesn't do a food bank any good at all. We need to get that animal processed. That's the problem we're having right now. The processing part of it is the bottleneck.

Mr. Alistair MacGregor: Going forward into the future, we want to be able to withstand future shocks like this. We have exposed how vulnerable our meat processing sector is with 75% of our processing capacity in one province. We can see what happens when one plant shuts down for a week.

In your opinion, how do we mitigate that in the future? Do we need to find a way to encourage a more decentralized model so that farmers have options and we're not creating this kind of backlog? I'm just looking for how we establish resiliency in the future.

Mr. Bob Lowe: We are too. We aren't ready to give it up. The big monster processing facility, not only in cattle but in every other form of agriculture, leads to efficiencies that enable the price in the grocery store for our food to be pretty reasonable for pretty good stuff. I'll talk about beef, because that's what I'm familiar with. If we split the processing and made a lot more smaller plants, we'd lose the efficiency, which in turn would drop the price I got for my cattle and raise the price of food in grocery stores.

I think we're all going to learn from this. We're all going to go through it together. That includes the processors. They're doing stuff within those plants now; I mean, they're superinnovators. They want to process cattle, and they're making it pretty much.... You never know, but in another pandemic we'd be a lot more prepared, under the same system, than we were this time.

• (1605)

Mr. Alistair MacGregor: In the last Parliament, our committee toured the Cargill plant in Ontario. They're quite the operation to look at.

Mr. Bob Lowe: Yes, they are.

Mr. Alistair MacGregor: Thank you very much.

The Chair: Thank you, Mr. MacGregor.

The final five minutes go to Francis Drouin.

Go ahead, Francis.

Mr. Francis Drouin: Thank you, Mr. Chair. I didn't know I was going to get five minutes.

[Translation]

Thank you.

[English]

First, to the Canadian Cattlemen's Association, you outlined a couple of asks. The first ask is also asking for the provinces' participation. I know that the Government of Alberta made a recent announcement.

Let it be clear: I want to congratulate the Government of Alberta and Premier Kenney—a Liberal can say this—for joining in on this.

Have other provinces jumped on board yet, or are we still waiting for that particular program?

Mr. Bob Lowe: As far as I know, we're still waiting for the other provinces to jump on board. I think Alberta was the first one out of the gate.

Mr. Francis Drouin: As well, how will this particular program help your beef producers? We'll get to your other asks, but first, how will that help them?

Mr. Bob Lowe: It will help with paying when.... We have cattle in my feedlot right now that should have been processed a month ago. They get to a certain weight, and if they can't get marketed, we still have to feed them. I mean, cattle have a shelf life. You still have to keep feeding them. Meanwhile, the price is going down and the feed cost is staying relatively the same. It's an additional cost that's fairly significant. That's where the set-aside program will help. It will help pay for the extra feed that's going into those cattle.

Mr. John Barlow: On a point of order, Mr. Chair, that was....

The Chair: Yes. I have just been told that it was an extra question.

I'm sorry, Mr. Drouin. I have too many things going on here. I had you on the list, but effectively the round ended with Alistair MacGregor.

We have to close the questions on this panel.

I want to thank the Conseil de la transformation—

Mr. Gerald Soroka: Mr. Chair, I have a point of order.

Because we missed the Cattlemen's Association and we were not able to question them, is it possible for us to have a few questions?

The Chair: I'll give you two minutes, Mr. Soroka. Are you all right with that?

Mr. Gerald Soroka: I'll pass this on to Mr. Barlow.

Mr. John Barlow: Thanks.

It's really just one question for the Cattlemen's Association. Thanks for giving us the time, Mr. Chair.

You talked about the existing \$50 million through a program that's not new. AgriRecovery has been there every year, but the \$50 million, you said, Bob, is already gone. What is needed to get the cattle industry through this in terms of the budget for a set-aside program?

Mr. Bob Lowe: If I can turn this over to Fawn, she'll be more familiar with the numbers than I am.

Ms. Fawn Jackson (Director, International and Government Relations, Canadian Cattlemen's Association): Sure. On the set-aside we estimated and did a range from \$35 million to \$135 million, but we think we're probably going to be closer to the \$135 million. Then, on the livestock price insurance, we've also estimated a cost of around \$165 million.

Mr. John Barlow: Thank you very much, Mr. Chair.

The Chair: Okay. This ends our second panel.

[*Translation*]

Mr. Yves Perron: Mr. Chair, I have a comment and a point of order.

The Chair: Go ahead, Mr. Perron.

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

The Internet is causing a delay in the interpretation. When I asked the Canadian Cattlemen's Association representatives a question earlier, they didn't have time to finish their answer.

You gave Mr. Drouin extra time. While that's very kind of you, it doesn't seem very fair. Since the Conservative members got more time, I think you should do the same for Mr. Lowe so he can finish answering the question about the reciprocity of standards.

The Chair: I already gave you an extra 30 seconds, Mr. Perron.

[*English*]

Mr. Lowe, can you quickly finish on the question you had from Mr. Perron?

[*Translation*]

Mr. Yves Perron: Thank you.

[*English*]

Mr. Bob Lowe: Do I get 30 seconds more?

• (1610)

The Chair: Yes. Finish the answer that you had for Mr. Perron.

Mr. Bob Lowe: Okay. Thank you.

The agriculture sector in Canada has been taken for granted for a long time. Maybe it's more important to people in other countries. We're trying to change that.

As far as your standards go, in North America we basically run under one standard. We do the same thing here that they do in the U.S. and vice versa. They are our biggest export market. Does that answer your question?

[*Translation*]

Mr. Yves Perron: Yes, but I'd like to know whether that causes any additional challenges.

[*English*]

Ms. Fawn Jackson: I can jump in here.

In terms of comparing us to the United [*Technical difficulty—Editor*] is that we're utilizing the programs that work best in each location. For us here in Canada, we think the livestock price insurance and RMP are the key programs that we need to be utilizing. Of course, we have to compete on an international scale, so we are very closely monitoring what's happening in the U.S. and in Europe, which have strongly stood up and have supported their farmers.

Mr. Kody Blois: Mr. Clerk, just as a point of order, I think we've lost our actual chair. I don't see Mr. Finnigan.

The Chair: I'm back. My page closed. We had a bad connection.

While I'm still here, we're going to close the meeting with the panel. However, I would like to invite our members to stay on. We have a few business issues and, hopefully, the technical team will allow us a few minutes extra.

Thank you to our panel. Again, my apologies for the little technical difficulties that happened.

For the membership, today we had a discussion amongst the four parties, and we came up with a kind of road map to go forward. I can read for you the agreement that we came to together.

[*Translation*]

Here's what is being put forward:

That, with regard to the study on the Canadian response to the COVID-19 pandemic, the Chair, in consultation with the clerks and the analysts, assemble panels of witnesses for the committee's upcoming meetings; that, to the extent possible, these panels be made up of witnesses suggested by the recognized parties for the following agricultural topics or industries: the dairy industry, the horticulture industry, agricultural labour and foreign workers, the livestock industry and small farm businesses; that, in addition to the previously scheduled appearance of the Minister of Agriculture and Agri-Food, the Minister of Immigration, Refugees and Citizenship be invited to appear for the "agricultural labour and foreign workers" topic; and that, depending on the circumstances, the changing situation and the places available on the panels, the committee be able to add some witnesses if necessary.

That's basically the agreement we came up with. If anyone would like to move a motion to that effect or discuss it, we can, but it has to be quick since we are already over time.

Mr. Francis Drouin: I propose we vote right away.

Mr. Yves Perron: I believe there's a consensus.

The Chair: Can you nod your head?

Mr. Yves Perron: That's what we had agreed to.

The Chair: Yes, but it wasn't in committee.

Mr. Yves Perron: I understand.

The Chair: I see we have a consensus, so that's what we'll go with. Next time, I hope things will flow a little more smoothly on my end. Sorry for the problems.

Mr. Yves Perron: Certain things aren't your fault, Mr. Chair, like the delays before witnesses speak. They're waiting for the interpretation to finish. We may need to find a way to factor that in.

The Chair: We may also need to cut down on the time witnesses have for their statements. Now, they have 10 minutes, but we may need to shorten that to seven minutes, to balance out their time and the time we have for questions. We can talk about it next time. Think about it.

Mr. Yves Perron: Thank you everyone. Thank you to the interpreters, as well.

[*English*]

The Chair: Thanks, everyone. We'll see you next week.

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