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Chair: Mr. Pat Finnigan



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• (1540)

[English]

The Chair (Mr. Pat Finnigan (Miramichi—Grand Lake, Lib.)): I call this meeting to order. Welcome to meeting number 18 of the House of Commons Standing Committee on Agriculture and Agri-Food. Pursuant to Standing Order 108(2) and the motion adopted by the committee on October 24, 2020, the committee is resuming its study on processing capacity.

Today's meeting is taking place in a hybrid format pursuant to the House order of January 25, 2021. Therefore, members are attending in person in the room and remotely using the Zoom application. The proceedings will be made available via the House of Commons website. So you are aware, the webcast will always show the person speaking, rather than the entirety of the committee.

I will take this opportunity to remind all participants of this meeting that screenshots or taking photos of your screen is not permitted.

[Translation]

To ensure that the meeting runs smoothly, I'd like to share certain rules with you.

Members and witnesses can speak in the official language of their choice. At the bottom of the screen, you can choose floor, English or French, without having to select the language channel. You can also use the "raise hand" function. If you want to speak or get the chair's attention and this option isn't working, you can always raise your hand. The clerk will prepare the list of members who want to speak.

Before taking the floor, wait until I recognize your name. Click on the microphone to turn off mute mode.

I want to remind you that all remarks from members and witnesses must be addressed to the chair.

When you aren't speaking, please mute your microphone.

[English]

As you may have noticed, today's meeting will consist of one panel of three witnesses, as we had a last-minute rescheduling of witnesses. The meeting will end at five o'clock, or might extend now that we've had a little problem.

I will start by welcoming our witnesses here.

I know Ron Lemaire, from the Canadian Produce Marketing Association, very well. He has been on our committee many times. Welcome, Mr. Lemaire.

We also have MNP LLP Kelleen Tait, partner; and Glenn Fraser, national leader, food and beverage processing practice. Welcome, Ms. Tait and Mr. Fraser.

I would assume that the third witness is not with us yet. When Derek Johnstone, special assistant to the national president of the United Food and Commercial Workers Union Canada, joins us, we'll make sure that he has his chance to make his opening statement.

Mr. Lemaire, do you want to start with your opening statement, for seven and a half minutes?

Mr. Ron Lemaire (President, Canadian Produce Marketing Association): Thank you, Mr. Chair.

On behalf of the Canadian Produce Marketing Association, representing over 800 companies growing, packing, shipping and selling fresh fruit and vegetables in Canada and supporting roughly 249,000 jobs across the country, I want to thank the chair and members of the committee for the opportunity to share our comments on increasing capacity for processing in Canada.

My comments today are reflective of a complex supply chain that works tirelessly to provide fresh fruit and vegetables across Canada, and to develop opportunities and solutions to increase processing capacity and competitiveness in Canada.

Our recommendations support the government's export objective of \$75 billion by 2025, as referenced by the Barton report, and support the goal of increasing local capacity to protect food security and strengthen Canada's food sovereignty while providing safe food for all Canadians.

Canada's fresh fruit and vegetable industry contributes significant benefits to our economy, to our communities and to the government. In 2018 alone, the total value of the fresh fruit and vegetable sector was \$17.7 billion. Development in the fruit and vegetable sector, including processing, directly leads to jobs for many Canadians and Canadian workers. At the same time, the government collects over \$2.6 billion in revenues through taxes on production each year.

The fresh fruit and vegetable industry has significant potential to transition more products towards processing and value-added items such as frozen fruit and vegetables, baby food, juices, shredded lettuce, minimally processed salad kits, mini carrots, purées and others. In fact, in 2020, in a survey conducted by Caddle, 24% of Canadians indicated that they were planning to spend more on frozen produce in the next year, 2021.

Unfortunately, the current market conditions encourage more number 2 grade Canadian produce items to be sold in the open market in the United States for processing or for juicing than in Canada, as there are self-imposed barriers to domestic processing sectors. The pathway for fresh number 2 grade produce items to be processed needs to be modernized to encourage greater investment in the sector at the provincial level, specifically in Ontario. The regulated commodity model in Ontario is an example that has created a disincentive to drive innovation and investment.

Currently, we are not aware of new processors entering the Canadian markets, for reasons that include labour challenges, corporate tax structures and the regulated market conditions in our largest province. The regulated market conditions in Ontario restrict some movement of open-market fresh produce into processing channels. As an example, Ontario fresh producers are now shipping product to North Carolina for carrot purée and to New York, New Jersey and Pennsylvania for diced carrots for soups.

However, by selling into the U.S., a Canadian company receives only about 35% of the gross revenues back, due to the logistics and transportation costs. While these exports may seem on paper to look positive toward our Barton goal, they are not providing the best return for our growers.

To provide better support for increasing processing capacity here at home, there are three key areas of focus and review needed by the federal government: our domestic labour model in plants, the high cost of product and inputs, and competition from frozen products coming from overseas, which are significantly more cost-effective due to low input and labour costs.

This committee has heard previous testimony related to the gaps in labour; I will reiterate the estimated shortfall of 30,000 workers within the processing sector, with projections doubling by 2025. Without the necessary skilled workforce, the sector is already facing an uphill battle. CPMA supports a labour strategy that focuses on addressing the shortages in skilled trades, ensuring we have access to qualified foreign workers and supporting automation and innovation.

We all recognize that the produce sector functions in an extremely competitive market. As commodity prices and volumes drive the success or failure of our sector, the Government of Canada should examine short-term and direct supply chain opportunities to support and create market opportunities both domestically and internationally.

At the same time, federal and provincial regulatory models must also be reviewed to determine opportunities and gaps being created by the unintended consequences of regulated commodity models and production volumes. The COVID-19 pandemic has imposed significant new challenges for businesses throughout our supply

chain, including the added costs of purchasing personal protective equipment and other health screening tools and equipment, the implementation of safety protocols to allow for social distancing and so on.

• (1545)

All of these impacts are difficult to pass on to Canadians without increasing the cost of fresh produce, thereby creating food security concerns.

While the government funding available through the agri-food workplace protection program and the emergency processing fund is welcome, these measures will not be able to address the full scope of the economic challenges facing our sector, especially as COVID protocols will be with us for the foreseeable future.

The Government of Canada should implement a series of tax-incentive programs that will encourage industry to invest in Canada. This can include PPE tax credits to support those companies protecting their workers on packing lines and processing lines or investment tax credits that can spur GDP growth.

As I noted at the outset of my comments, there is significant potential for the fresh fruit and vegetable industry in Canada to transition more products towards processing and value-added items. The Government of Canada can foster growth in our sector by working with industry to address the challenges I've described here today.

CPMA is greatly appreciative of the opportunity to share these comments, and I'm happy to answer any questions the committee members may have.

The Chair: Thank you, Mr. Lemaire.

Ms. Tait and Mr. Fraser, please go ahead.

Mr. Glenn Fraser (National Leader, Food and Beverage Processing Practice, MNP LLP): Thank you, Chair.

It is an honour to be invited today to discuss building back better with a more robust and competitive agri-food sector. Enhancing our domestic and global competitiveness with respect to food and beverage manufacturing capacity has never been more critical. A global race is on and Canada cannot afford to fall behind.

My name is Glenn Fraser and I'm the national leader of food and beverage processing at MNP. I am joined today by colleague, Kelleen Tait, national lead of livestock and poultry.

As a leading accounting, consulting and tax advisory firm headquartered in Canada, MNP is in the unique position to be the voice of over 20,000 agri-food clients, including 1,000 food and beverage manufacturing companies from coast to coast to coast. One thing is for sure, the post-COVID-19 business environment will look much different than it did pre-pandemic. More virtual activity is forecast as food and beverage manufacturers look to technological solutions to increase their efficiencies and effectiveness by adopting automation, mechanization, digitization, e-commerce and AI.

MNP believes Canadians will witness a significant increase in the applicability and investment in these areas within the industry supply chain. It's already happening as we speak. To enhance domestic and global competitiveness, we believe the federal government can help resolve ongoing issues and impediments to growth and profitability. We have three specific building back better recovery recommendations.

Our first recommendation is that the federal government take a leadership role in establishing new policies and programs to ensure the consistent availability of high-skilled labour. Labour supply is critical for an industry that is the backbone of Canada's food supply. In today's food and beverage manufacturing industry there is a labour shortage of 10%, which is expected to widen in the next five years. To address this the federal government needs to explore policy options that would invest in automation, training and career awareness.

Automation can bring in efficiencies and cost savings for businesses, and it also has the potential to help address labour shortages, which are particularly sensitive to disruption. Automation will equally create demand for skilled workers and draw more youth to well-paying jobs in their communities that they can be proud of.

To fully capitalize on this opportunity, the federal government will need to create programs and provide incentives geared toward training and skills development for the modern workforce. It is also critical to create specific policy geared toward developing awareness among youth of the variety of rewarding and skilled career and employment options within this industry.

Our second recommendation is for the government to foster innovation in the food and beverage manufacturing sector. The food and beverage manufacturing industry is currently experiencing decreased investment caused by declining margins, difficulties in accessing capital for investment, and ongoing barriers to accessing tax credits toward scientific research and experimental development.

Working in partnership with provincial governments and industry, the government should broaden existing funding programs while also developing industry-specific policy that can be used to promote innovation in food and beverage manufacturing. Innovation doesn't need to be leading edge or new technologies. Innovation can also be achieved by adopting proven strategies and technologies that may already exist inside or outside of Canada.

Programs such as Agriculture Canada's agri-innovate program and ISED's strategic innovation fund have the potential to be expanded to include incentives for food and beverage manufacturers to invest. We would like to emphasize the importance of innova-

tion, automation, mechanization, digitization, e-commerce and AI in this sector. These funding programs need to be specifically tailored to the food and beverage manufacturing industry so there is a more streamlined and simplified method of accessing these funds.

Our third recommendation is for the FPT agriculture ministers to ensure there is a grocery code of conduct that establishes a fair, transparent and efficient relationship between grocery retailers and food and beverage manufacturers. In Canada, five major grocery retailers control 80% of the grocery market. This has caused an unbalanced relationship in the business landscape between retailers and the food and beverage manufacturers where arbitrary transaction costs, fees and penalties are levied, at times retroactively.

In addition, the COVID-19 pandemic has exposed additional challenges and costs at all levels of the supply chain.

• (1550)

Retailers have taken some of these financial costs associated with COVID-19 and passed them down to the manufacturers. This adds additional strain on already escalating costs for most if not all food and beverage manufacturers.

A grocery code of conduct would enable the food and beverage manufacturing industry and retailers to engage in a constructive and transparent manner that ultimately provides positive outcomes for all Canadians.

In conclusion, we want to thank this committee for its important work in building a more competitive food and beverage manufacturing industry. Automation, skilled labour, training and awareness, enhanced innovation programs and a grocery code of conduct would ensure this critical industry is equipped to grow and prosper at home, reach attainable export targets and compete abroad.

These recommendations are vital to our future food security and an affordable supply of quality food for all Canadians.

Thank you.

• (1555)

The Chair: Thank you, Mr. Fraser.

I believe we have Mr. Johnstone from United Food and Commercial Workers Union of Canada, special assistant to the national president.

Mr. Johnstone, you have seven and a half minutes.

Mr. Derek Johnstone (Special Assistant to the National President, United Food and Commercial Workers Union Canada): Thank you, Mr. Chair.

On behalf of the United Food and Commercial Workers, I would like to thank the standing committee for the opportunity to share our perspective today and also for the work of the committee on this important subject.

Before I put forward some of our thoughts, it might be good to say a few words about who we are.

The UFCW is the voice of Canada's food workers. We are one of the country's largest unions and are very proud and privileged to represent more than a quarter of a million hard-working people across Canada. About 80% of our membership work in food-related sectors. As we like to say, you can find UFCW members everywhere in the food chain, from field to fork.

Throughout the pandemic our members have played a central role in holding the front line and providing the food and other crucial products and services that Canadians need for their day-to-day lives.

I can tell you that the last 12 months have not been easy for food workers in Canada. For good reason, many of our members have been afraid to go to work. They are afraid to get sick; they are afraid to bring the virus home to their families. Thousands of our members have tested positive, a number have been hospitalized, and some have died.

As a food workers union, we've been calling for a number of measures and responses to the pandemic, many of which have been implemented in varying degrees by industry and by major employers in particular. However, consistency and enforcement remain a problem.

The CFIA, of course, watches over production, but they have made clear to us that their job is to ensure the safety of the food in the plant, not the people in the plant. That responsibility, as you know, falls to the provinces, with whom we have had, to say the least, mixed experiences throughout the pandemic.

The elephant in the room throughout the pandemic and long before COVID is line speed. The speed of the production line has made physical distancing practically impossible. For many years it has been the leading cause of repetitive strain injuries and mental health issues for many UFCW members.

The truth and the bottom line is that to protect Canada's food supply we must protect Canada's food workers. There remain some major structural issues that stand in the way of fully achieving that.

When we turn our focus to labour recruitment challenges, then, these are factors that must be considered as part of the problem.

That said, food processing is still a sector with a lot of potential. It's a sector that could and should be recruiting and creating more jobs for Canadians.

UFCW is very concerned about the exponential growth of the temporary foreign workers program in recent years. We strongly recommend a more varied approach to the situation facing our in-

dustry, one that prioritizes the expansion of federal and provincial nominee programs and one that makes sure that Canadians are fully aware of the opportunities and pathways that exist in the food-processing sector.

Government needs to ensure that investments are being made in developing domestic labour markets. We've seen data to suggest that there is an inverse relationship between TFW usage and public investments in active labour market policy initiatives, which quite frankly is no way to build the future.

Going forward, we urge the committee to recommend a stakeholder-based approach to developing recruitment, skills and strategies for the sector. UFCW, for instance, is very well positioned to help champion the food service and industrial trades. If employers were compelled to work with us on these issues, perhaps through the LMIA process, to identify domestic labour sources, that could result in better outcomes that benefit the sector as a whole.

In any event, the last thing we want as the food workers union is to see Canada's entire food system become reliant on a temporary, precarious and vulnerable workforce, such as we have now in primary agriculture. To do so would mean less stability, security and food sovereignty for one of Canada's most crucial sectors. With that said, thank you to the committee for the invitation and for shouldering this very important work. I look forward to answering any questions you might have.

In any event, the last thing we want as the food workers' union is to see Canada's entire food system become reliant on a temporary, precarious and vulnerable workforce, such as we have now in primary agriculture. To do so would mean less stability, security and food sovereignty for one of Canada's most crucial sectors.

With that said, thank you to the committee for the invitation and for shouldering this very important work.

I look forward to answering any questions you might have. Thank you.

● (1605)

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

With that, we'll start our question round.

Ms. Rood, you have the floor for the first six minutes.

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

Thank you to the witnesses for appearing today. I've heard common themes today from all three of you, and one of the common themes is on labour shortages.

Mr. Johnstone, you mentioned that you would like to see more recruitment into the food-processing sector, I'm curious what your suggestion is to get that. Coming from a farming background myself, finding labour is the biggest challenge for any food producer, so I'm wondering if you could elaborate on how you think you can recruit people into this business. You say we don't need temporary foreign workers or seasonal agriculture workers, but without them, we have no food supply in this country, so I'd like to hear your thoughts on that.

Mr. Derek Johnstone: That, of course, is the question. I certainly think more can be done to leverage the networks that stakeholders have. We, as the food workers union, represent a quarter of a million members across Canada in over 600 communities, yet we have never really been engaged in trying to get the word out on the opportunities in the sector. We represent tens of thousands of folks in the meat sector in particular, and we know that there are very good jobs in that sector, still a lot of full-time jobs, these are jobs with pensions, they're union jobs.

I would suggest to you that a lot of Canadians, despite some efforts that have been taken by employers and some government work, are unaware of them. I know even with our own membership that that's the case. I think that the efforts to date probably haven't leveraged stakeholders as much as maybe they could have. One of the reasons we're keen to be here today is to really put on the record that we want to play a meaningful role in doing this.

As you may know, we used to have a forum in Canada through the sector council program that brought stakeholders together through a tripartite process to tackle challenges like this. That program, regrettably, was discontinued about a decade ago, and there is no forum that exists in Canada for us to do that, which I think is to the detriment of the sector.

Ms. Lianne Rood: Thank you very much.

Mr. Lemaire, I want to ask you a couple of questions. Being from a producer background myself, we've heard about the small profit margins that farmers have at the farm gate, especially in the fresh fruit and vegetable industry. I'm wondering if you could touch on a bit on the grocery code of conduct and why it's so important for processing in Canada. If we start losing our farmers, if we start losing our capacity here because of labour, because of bankruptcies that we could potentially be seeing because of COVID-19, why is it important that we have a code of conduct going forward and how is that helpful for producers to ensure that we continue to have food security?

Mr. Ron Lemaire: Certainly, I think one of my colleagues who testified, Mr. Fraser, did touch on the key points around the code of conduct and the competitiveness that is at the national level within retail. There are so few players that drive a price-driven market, which pushes down on the growers, who are price-takers. That is part of the challenge, especially when you look at it in the context of global and domestic, and it's the combination therein that creates the complexity of the question you ask. When you start looking at the cost of inputs, the cost of labour, even on entry now, if you want to be a farmer, the cost of land and/or transition of land from one generation to another, you begin looking at a very steep hill to climb as a producer. As you bring it all together, you start looking at what your market looks like, and a delivery of a product with a

very small margin in a price-taking market can create a very strong hurdle for a Canadian producer.

Ms. Lianne Rood: Thank you very much.

You also touched on grade 2 and processing vegetables. I have a number of vegetable processors in my riding, we do a lot of field crops. I'm wondering if you could touch a bit more on that, because what I've heard from my processors is the biggest challenge is still labour; it's not actually getting the product, it's labour. With more farms potentially going out of business, they are going to have a hard time finding products, so I'm wondering if you could touch on that.

Mr. Ron Lemaire: I would love to, thank you.

This is coming directly from some of our fresh members who are not part of the Ontario Fruit and Vegetable Growers' Association. When you look at the annual negotiated price and volume model in place in Ontario for those items, out of the 350 processed veg growers in Ontario who are producing.... You're right, they are producing and to a volume that is required at the price they're being asked to sell. The labour is an issue for them, no doubt about it, but if I'm a fresh grower, I don't have access to that market. If I do have excess product, if I have a bumper year and I want to try to move my product into that market, I'm excluded. There are challenges for the fresh industry with that closed market concept. I don't want to put up a position for the processed veg group, but it does create an issue for expansion.

The Chair: Thanks, Ms. Rood and Mr. Lemaire.

[*Translation*]

Ms. Bessette, you have the floor for six minutes.

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

I want to thank all the witnesses for being here today.

My questions are for Mr. Lemaire from the Canadian Produce Marketing Association.

Mr. Lemaire, you said that the profit margins for products exported to the United States for processing weren't as high as they could be.

Aside from implementing a code of conduct, what long-term measures can the federal government take to address this situation?

Mr. Ron Lemaire: Thank you for your question.

[English]

The key we're looking at here again comes back to a series of strategies that I noted. One is ensuring that we have access to the appropriate labour pool that we can effectively produce and process the products domestically. The challenge relative to selling into the U.S. comes into the added cost of logistics and transportation, and also looking at the market conditions for commodity pricing at the time the product is sold, which will fluctuate.

We've already heard some key pieces around Ontario and Canada. When we start looking at the other opportunities for growth in Ontario, when we start looking at key pieces around automation and innovation, it's perhaps the greatest opportunity we have, because if we can't find labour and we need to start moving down the path of increased automation and/or innovation around the production line, as we heard Mr. Johnstone talk about, it's the speed of the line and how it's operating and other tools that we can drive within that line. It is a labour gap of moving the product through, even at an increased speed with fewer workers, unfortunately, to try to meet the demand of the product in the market at a lower cost.

We are dealing with a competitive environment that requires our finding the most efficient model of producing, processing and shipping the product to its destination. Unfortunately on a global level other countries have implemented strategies including low-cost labour in some cases. In other cases it's incentives and support to their processing sector to enable them to be successful through their tax model, and through their corporate structure to enable them to structure their business to have an incentive to even be in existence within the country.

Mrs. Lyne Bessette: Thank you.

[Translation]

Last week, we heard from a representative of Olymel, a company that had to shut down one of its processing plants as a result of a COVID-19 outbreak. This situation reminds us how employees in the food industry, as essential workers, can be particularly vulnerable to the virus.

Can you elaborate on the measures that your members have implemented to protect their employees?

Have these measures led to any slowdowns in the supply chain?

• (1610)

[English]

Mr. Ron Lemaire: Most definitely. I can only talk to the fresh fruit and veg sectors and to the processing side on that end, and that can include the greenhouse industry, as well as looking at the minimally processed. When we start looking at the investments, you're looking at protective barriers between workers on the processing lines. You're looking at full personal protective equipment that they are wearing within those lines. You're looking at trying to create greater distance.

If you don't have the opportunity to create a barrier between workers, you are looking at shifts. You're managing your lines so your workforce is not coming in in one cohort, they're being broken down into various teams in the event of an unfortunate outbreak so

you can manage that workforce and not see a reduction in support. A range of strategies have been extremely successful. We've continually looked at rapid testing and we have been asking about how we can access the tools so we can have that opportunity to do random testing, and/or an opportunity to test people as they potentially show symptoms to ensure the overall safety of the employee base. That unfortunately has not been successful to date.

Mrs. Lyne Bessette: Thank you.

[Translation]

You mentioned automation earlier.

In your opinion, what are the main barriers to innovation and the adoption of new technologies?

Also, to what extent can private investment help boost innovation?

[English]

Mr. Ron Lemaire: Private investment is a key function of driving innovation. It's also rethinking how we process, so some new, innovative tools that can change the actual production line, change the thinking around how we operate our line, again, from a fruit and vegetable perspective.

Also, it's looking at including the entire supply chain in the solution and not just looking at it within one segment of the market. Bringing in the growers, right through to the retail end, the buying end, and having that discussion as a group to find where those opportunities lay through the automation process is fundamental.

[Translation]

The Chair: Thank you, Ms. Bessette.

[English]

Thank you, Mr. Lemaire.

Now we go to Monsieur Perron.

[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 today.

I have several questions. I'll turn first to Mr. Lemaire.

Mr. Lemaire, most of the stakeholders who come here talk about labour issues.

In your sector, are there any bureaucracy issues when it comes to foreign workers?

Mr. Ron Lemaire: Thank you for your question.

[English]

It's a good question, and I apologize to the interpreters because I have it on the English channel.

I'll be very quick. I want to talk about the situation today, because we're dealing with a very unique environment where we have multiple layers of authority and multiple layers of responsibility to ensure the safety of the workers.

First it's getting them into the country, and the protocols we are working with to move them from their point of origin to the processing facility and/or area they're working within or the farm they're working on.

The fundamental challenge we're dealing with right now is the unknown. We all recognize the recent changes to the entry requirements into Canada and the challenges we're now dealing with, targeting a March 14 date, without a clear understanding relative to whether the temporary foreign workers are required to stay in a government-issued hotel and/or whether they will be exempt to enable them to transfer seamlessly to the farm for the quarantine period.

There is a range of challenges we're looking at that continually add more costs, so we look back at the issue of costs in the system.

The other piece around this is municipal and provincial.

On the issue of today, if we have a foreign worker coming into the country, they land in Toronto. If they have to hold in Toronto for three days because of the new measures and then they have to go to the Atlantic provinces, they have to hold for another 14 days in quarantine. Now we are up to 17 days out of the workforce, which is also a burden on the individual.

• (1615)

[Translation]

Mr. Yves Perron: Mr. Lemaire, I gather that you're telling me that you don't have any information and that you don't know whether you'll be required to quarantine workers.

The information that I have—I'm by no means saying that it's official—suggests that essential workers would be exempt and would go directly to the farms, as they did last year. No one has told you this. Is that right?

[English]

Mr. Ron Lemaire: The information that's been provided to date is that until the 14th they are exempt, and they are working through the details.

This is the bureaucracy. You have four departments that are working on moving temporary foreign workers to the farm and to the processing facilities, and within that system, you have the Public Health Agency, Health Canada, ESDC and then Agriculture Canada, all linking together. Then you have Global Affairs that is also working to ensure that the countries are functioning and able to move....

Within all of those jurisdictions and alignment, the information we're receiving is that they are exempt for now and they will be allowed into the country, but we do not know what will happen as of March 14.

[Translation]

Mr. Yves Perron: Okay. Thank you.

In your presentation, you spoke about foreign competition. You said that input costs were lower in other parts of the world and that perhaps labour costs were lower as well.

When you need to deal with foreign countries, such as when you export your products to the United States, you said that it was less cost-effective for you. I'd like you to elaborate on this.

What tool do you need to make your exports more secure?

[English]

Mr. Ron Lemaire: There's a range of pieces that come into play from the production level and from enabling more inputs, such as the registration of a greater volume and number of different crop production tools, that allow our producers to use and leverage a more cost-effective input in their production in a more cost-effective manner. That enables them to improve on their margin. New technologies also help them increase their yield. That's the first piece.

The next piece comes into ensuring they have a labour force. Then the other piece ensures that, as they move through the system and move it to the processing facility, the processing facility has those similar tools in place, so that they have the opportunity and the right corporate tax model to enable them to successfully drive and move the products through their processing system into a market that isn't dealing with extremely low wages, extremely low input costs and overall low cost of production, which is really the starting point for the entire system in fruit and veg.

[Translation]

Mr. Yves Perron: Mr. Lemaire, for the processing industry to exist, you must first produce your products. Right now, I believe that your clients have major concerns about the economic situation.

Are you worried about bankruptcy announcements in the near future?

How can the government help you in this area?

[English]

Mr. Ron Lemaire: That's an extremely great point.

The government can do one key thing for the fruit and vegetable industry, which is not effectively protected in a bankruptcy scenario under the Bankruptcy and Insolvency Act. It can correct that by creating a deemed trust that would protect processors of fruit and vegetables and fresh fruit and vegetable sellers and growers in the event of a bankruptcy. The material and tools are there.

The Chair: I'm sorry Mr. Lemaire. Thank you. We're out of time on that one.

Now we have Mr. MacGregor for six minutes.

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

Thank you to all of our witnesses.

I'll start with Mr. Johnstone. I wanted to talk to you about the recent closure in Red Deer at the Olymel plant. We had a representative from Olymel appear before our committee to talk a little bit about that.

I wanted to get your perspective to start off with. How are the workers doing at that plant? How are they dealing with the new situation they find themselves in?

Also, could you maybe open the conversation up a bit more broadly from labour's point of view? We have found during the course of the study that meat-processing plants have become so concentrated that when they get shut down, it has such a huge cascading effect on the whole supply chain.

From your point of view, how are we to inoculate our processing plants and, of course, the workers who work in them from these future shocks to the system?

• (1620)

Mr. Derek Johnstone: Thank you, Alistair. That's a very good question.

I can tell you that the situation at Olymel is really the worst fears for these workers. When they get up every morning and go to bed every night, they think about when the next outbreak is going to occur. The most recent one has been at Olymel.

As I mentioned in my introductory remarks, our members are very frightened to go to work, and with very good reason. There have been some changes in the plant. I heard mention that some plexiglass shields have been introduced. It's certainly the case in most, if not all, of the larger processing facilities. They put some distancing in the lunch rooms and whatnot. Really, as long as the line keeps rolling at a top speed, you can't really do anything about the density on the floor. In terms of an outbreak, it's a bit of a ticking time bomb. We just saw that at the plant in Red Deer.

I can tell you that when that does happen, on top of the strains that folks have by going to work and the stresses associated with that, when they are forced out of a job, the onus is on them to adapt to that new reality for them. There have been some new programs set up throughout COVID, of course. There's the CRSB is the latest incarnation of that support. Again the onus is on the employee to file for that, unlike in some other jurisdictions.

We understand that in places like Denmark, which has pork processing as a huge part of its economy, that is not the case. In those scenarios, the administrative piece is handled directly between employers and governments. Not only are employees in that scenario getting their full pay, but it's a seamless approach for them. It's handled directly by the employer and the company.

It's something that I think would certainly go a ways to assisting our members who just want to go to work every day. They bear the brunt of these outbreaks when they happen in many ways. Certainly and most apparently it's their own personal health, but also in the more practical ways when it comes to trying to make ends meet. It's a difficult situation in a meat plant in multiple ways.

Mr. Alistair MacGregor: A common thread we've had through this study and others is the concentration in the marketplace, especially among meat processors. You have Cargill, JBS, Olymel. These are huge players, and they really control significant market share through just even one plant. I think Olymel said that Red Deer was...about 30% of pork processing in Canada, so that's massive.

You and I have talked before of the Ryding-Regency situation which I guess is...Tru Harvest Meats. Do you have any updates on that?

If we are looking to try to make sure that we have more processing capacity, we would be interested to know about ones that were shut down and what the odds were that they would be coming back to get that capacity back on line.

Mr. Derek Johnstone: I wish I did, and to your other point in terms of concentration of meat packing, for instance, that's an excellent, practical example. In Ontario there's really a crisis in terms of small to mid-sized packing facilities. Ryding-Regency was one of them. It's a facility that was shut down in September 2019, so this plant has essentially been dormant for a year and a half.

We have 200 members there. They are folks who haven't known what their future is at that plant for two Christmases. But on top of that, a big part of the committee's work over the last few meetings has been about the crisis with regard to skilled labour in food processing. We have 200 highly skilled industrial butchers who are in a position now—I don't know whether they go on to do something else, whether they leave the sector. It's not something that as an industry we can afford to have.

Despite numerous attempts with both the ministry and the CFIA, I could tell you that we have gotten hardly any information on what the status is at that facility. We understand that an application has been put forward, but that's been the case for going on a year. I have to say the communication has certainly been wanting on that piece for us, and certainly for our members.

• (1625)

The Chair: Thank you.

Now we'll go to the second round, and Mr. Steinley for five minutes.

Mr. Warren Steinley (Regina—Lewvan, CPC): Thank you very much.

Thank you to the witnesses for appearing before us today.

Throughout this process we've been hearing from witnesses saying that the margins are getting smaller, and the bottom line for the agricultural sector producers' manufactured processes are getting lower.

My question is for Myers Norris Penny, either Mr. Fraser or Ms. Tait. We haven't heard from her yet. Is MNP looking at undertaking an economic analysis of what the carbon tax has done to the agriculture sector? If they are, would they be willing to share that with the committee? If they have not, are they planning on doing so?

Ms. Kelleen Tait (Partner, MNP LLP): Thank you.

To date we have not completed an analysis on that, but we would be open to working with our client and with all those impacted on coming up with an analysis and providing some further information on it.

Mr. Warren Steinley: Mr. Fraser, do you have anything to add?

Mr. Glenn Fraser: No—exactly what Kelleen said.

Mr. Warren Steinley: Perfect.

I'm looking at tax changes that have been made from 2017, 2018, 2019, and to grow our processing capacity in Canada we're going to have to make some changes to our tax structure.

As tax specialists, are there any specific recommendations you could give to this committee that we could bring forward that would incentivize growing our processing and capacity sector in Canada?

Ms. Kelleen Tait: Absolutely. I think there are many opportunities to provide funding to some of these organizations so they can continue to access and innovate, as we've talked about. Some of those, like the scientific research and experimental development tax credit, can be overly complex, and at times our industry has noticed some poor success rates at obtaining funding through that program due to the complexity, so just understanding that maybe a more predictable system and one that is easily understood by the producers going into it...

Mr. Warren Steinley: I think that's a very valid point. When we did the BRM report, lots of producers and lots of agriculture witnesses talked about how complicated the tax process is.

Briefly, if you could, how could we simplify that process and the tax structure in the ag sector, especially when it comes to incentives, like you said, and tax credits for bringing more capacity to Canada?

Ms. Kelleen Tait: Absolutely. I think we also need to refocus on the definition of innovation and research and development. Often-times, our producers are taking new techniques, new to Canada or new to their industry, and they're perhaps not being given the credit for those under those programs.

As Glenn had alluded to, these don't need to be new, ground-breaking technologies. They need to be ones that help with the gross margin, the operational side, and can provide benefit to the producers.

Mr. Warren Steinley: I would be remiss if I didn't mention Protein Industries Canada, which is right in the heart of Regina, which is my riding.

You have a new partnership, or a recent partnership, with Bioenterprise Corporation. It expands on the role of business accelerators in the ag sector.

Will there be a role in that partnership with Bioenterprise Corporation to also help increase processing capacity? Could you expand on that a bit, please?

Ms. Kelleen Tait: Sure.

Obviously, in that scenario as well, we would be assisting with some of the people coming through that incubator. Some of the things we discussed earlier, those research and development credits, would play a huge role there.

Also, access to capital for some of those new businesses is going to be difficult, or established businesses, really. Therefore, if there was any availability of government funding that could be easily predictable and applied for, that would be truly of benefit.

• (1630)

Mr. Warren Steinley: Thank you very much.

Lastly, with the carbon tax increasing from \$30 to \$170 per tonne, do you think that might play a role in having limited capacity growth opportunities in Canada?

Ms. Kelleen Tait: It's always important for those producers to determine what their margins are going to look like, and that would certainly be a factor in profitability for many of them.

The Chair: Thank you, Ms. Tait and Mr. Steinley.

[Translation]

Mr. Drouin, you now have the floor for five minutes.

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

[English]

Thank you to all the witnesses.

Mr. Lemaire, it's great to see you. It's great to have you before our committee.

I'll go back to MNP afterwards, but I'm going to make a prediction here that at some point we're going to hear the Minister of Finance pleading for the private sector to make more investments as we heard the late Minister Flaherty, about 10 years ago, after the recession had passed, plead with the private sector to make more investments. I know in general the manufacturing sector had asked for the accelerated capital cost allowance, which was done in the fall economic statement in 2018.

Mr. Lemaire, in terms of those tax measures, are your members using that, or is it not working? Should we be doing other measures? I know you talked about more tax incentives. I would be curious to find out what those could be.

Mr. Ron Lemaire: We actually have a survey out asking some of those questions right now. I'm sorry, but I don't have the full details on the breadth of what the solutions are.

Mr. Francis Drouin: Okay.

Mr. Ron Lemaire: You've heard from Ms. Tait and Mr. Fraser some of the possibilities, and I think you touched on a key piece: Why isn't the industry leveraging the existing infrastructure and existing tools that are available to them? Is it because of the complexity? Is it because they don't fit the market tool that truly will benefit them?

I think that's part of the analysis we have to do. We need to sit down and look at the existing tool structure. That's something we're trying to investigate. Is it more of a tweak we need than a total rebuild, and/or a new structure that needs to be put in place?

Those are all the questions that we're hoping, actually, coming from this committee, we can find some clear recommendations to the federal government on, that this is the clear direction in which you need to move.

Mr. Francis Drouin: Yes. It's not finger pointing at the food sector. It's in all the manufacturing sector right now. We have heard pleas from the CME as well on other factors.

Mr. Ron Lemaire: Yes.

Mr. Francis Drouin: Ms. Tait, perhaps you want to jump in here. When you're advising [*Technical difficulty—Editor*] some of these programs— [*Technical difficulty—Editor*]

The Chair: Monsieur Drouin, there is—

Mr. Francis Drouin: I've been hearing the same. Private manufacturers are not investing in upgrading their manufacturing plants [*Technical difficulty—Editor*] as quickly as other countries, if I can say that.

Ms. Kelleen Tait: I apologize. You were breaking up there so I was having some issues hearing the question. Can I ask you to repeat it?

Mr. Francis Drouin: Sure.

This is with regard to what the Government of Canada needs to do to incentivize manufacturers to upgrade equipment, to benefit from more automation in Canada, which I don't believe is going to erase jobs. It just creates new kinds of jobs.

I am an MP, but before that I was working in another industry. I've been hearing the same story for the past 15 years, that Canada

lags behind other countries when it comes to upgrades that are done at our manufacturing plants.

I am wondering what you're hearing from your clients on this.

Ms. Kelleen Tait: Especially in the last few years, our clients were dealing with some tightening margins and having difficulty accessing capital to make those large investments. Programs that would provide access to funding would be very beneficial.

Additionally, those changes to a research or development tax credit could be beneficial. The easier that program becomes, and the more predictable it is for the users, the higher success rate you'll have in utilizing it.

• (1635)

Mr. Francis Drouin: Okay.

I was asking Mr. Lemaire about this. The accelerated capital cost allowance was a change that was done in the 2018 fall economic statement. Have your clients used that at all to buy new equipment, and to be able to use some of those incentives?

Ms. Kelleen Tait: Absolutely. Different clients will utilize it should the timing be appropriate for their current expansion and should that fit within their criteria.

Mr. Francis Drouin: Regarding the decision pie for making that investment, when you're advising clients, obviously you've raised an issue about policy for labour supply. It's a major issue and this committee has heard it over and over again. You've talked about access to the strategic innovation fund. Are there other measures you think we should be looking at?

Ms. Kelleen Tait: I think that if the three things we mentioned today could be addressed in a manner that would move them forward, it would provide a real catapult for the industry and cover off a good portion.

The Chair: Thank you.

[*Translation*]

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

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

Mr. Fraser or Ms. Tait, the government's emergency processing fund has helped companies modernize their equipment and protect workers from COVID-19. However, the second component of the program couldn't be implemented as a result of a lack of funding.

What are your thoughts on this situation?

Do you have many clients who were unable to do the necessary work?

Do you think that we could quickly inject more money into this program?

[*English*]

Ms. Kelleen Tait: I think the funds and their availability were always appreciated. One difficulty would be ensuring the funds are available when needed—and having access to those funds, of course.

Mr. Glenn Fraser: Certainly one of the—

[*Translation*]

Mr. Yves Perron: You also spoke about the labour shortage. You said that you need to automate equipment, train employees, provide career options, and give employees information. Nevertheless, we know that there's still a labour shortage.

Your clients are probably using foreign workers. We've been asked to increase the percentage of authorized foreign workers from 10% to 20%.

Are you in favour of this increase? Would it be enough?

[*English*]

Ms. Kelleen Tait: I think it's also important to focus on the automation side of that. As we can look toward bringing automatization and automation to some of these industries, they'll be able to retain their current workers and hopefully have a smaller gap in the skilled workers they need. There will also be some opportunities to retrain some of those workers for skilled positions they can be proud of and find very rewarding.

[*Translation*]

Mr. Yves Perron: Thank you.

You brought up a very good point, Ms. Tait. I'd like to ask Mr. Johnstone a question about this.

Mr. Johnstone, you spoke earlier about an inverse relationship between the use of foreign workers and investment.

I want you to explain this to me.

Do you have any issues with the use of foreign workers?

The Chair: I let you ask your question, Mr. Perron, but we don't have time for the answer. Sorry about that. Mr. Johnstone may have a chance to answer the question later.

[*English*]

Mr. MacGregor, you have two and a half minutes. Go ahead.

Mr. Alistair MacGregor: Thank you, Chair.

I'll turn to Mr. Lemaire and the CPMA.

One of our previous witnesses was the Agri-Food Innovation Council. I was really interested in your comments in your opening statement about the tremendous potential that exists for value-added products. Despite the challenges you listed, I know that there have been some success stories. There are companies that are making it in Canada under current conditions. That's what I'm really interested in.

I asked the AIC about some of the common threads that weave through these success stories, and they say it's the presence of an ecosystem that can bring together researchers, entrepreneurs, industry reps, investors to mentor entrepreneurs and so on.

Can you talk to our committee about some of those success stories, about any members of the CPMA who have found success under current conditions in innovative food processing, and about what led to their success?

● (1640)

Mr. Ron Lemaire: Yes, most definitely. As an example, I can talk about Sliced, out west, under the Star Group. When you start looking at where and how they found success, you see that, number one, they ensured that they had control over their production base. They had an internalized ecosystem where they managed it from start to finish. They also invested heavily in automation and the innovative production line. They used state-of-the-art technology in their production and their fresh-cut operations so that they could ensure they were processing the vegetables and the fruit product going through in the most effective manner.

Then, the other end comes out relative to the key attributes on the packaging piece and managing your cost centre. We continually look at the overall cost and structure, from your production to your package to the consumer. You have to be able to manage it all. At the same time, the piece that we are now seeing more and more is the sustainability component that starts flowing into that full value proposition.

They've looked at all of these pieces and brought all of those elements together. Even pivoting during COVID and looking at how they can redistribute and re-manage that supply line into the market is fundamental.

There are stories like that across the country. I totally believe that the opportunity is there. The model we're seeing and where we have opportunity moving forward is in really trying to drive this back into a regional model where, for our sector, we can centralize production with the growers so that they can move it together and into the market.

Mr. Alistair MacGregor: Thank you.

The Chair: Now we'll go to our five-minute round.

[*Translation*]

Mr. Lehoux, you have the floor for five minutes.

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

I also want to thank the witnesses who are here this afternoon.

Mr. Fraser or Ms. Tait, you said that the AgriRecovery framework should be expanded or improved. I'd like you to elaborate on this issue. We occasionally think of different programs, but sometimes it's pointless to reinvent the wheel.

Do you have any suggestions for changes to AgriRecovery?

[English]

Ms. Kelleen Tait: Many times, our clients or the companies we're dealing with are competing against very large companies for funding with some big projects. We need something focused on food and beverage that will support the small and medium-sized enterprises in their operations. Again, technology doesn't need to be driven by something big and fancy like reinventing the wheel, when the wheel exists there.

[Translation]

Mr. Richard Lehoux: On that note, in terms of public policy, you spoke about promotion along with training and automation. Should the federal government or provincial governments focus more on promoting occupations in the agri-food sector?

[English]

Ms. Kelleen Tait: There's an opportunity to really highlight these careers and these jobs to Canadians as they move through their training, to tell them those opportunities exist. As we move towards automatization or a more skilled workforce, there will be increased compensation that comes with that, and hopefully some safe changes and more rewarding feedback for those employees. If we can find a way to really get that message across to Canada's youth, that would be important for both governments to focus on.

[Translation]

Mr. Richard Lehoux: Thank you.

Should the federal and provincial governments work more closely together to quickly implement the code of conduct?

Do you agree that this should be done as quickly as possible?

• (1645)

[English]

Ms. Kelleen Tait: The grocery code of conduct is going to be something very important for the industry. A focus on transparency and predictability for all those involved would be a key success factor. Yes, I would encourage that this happen as soon as possible.

[Translation]

Mr. Richard Lehoux: Thank you.

Mr. Johnstone and Mr. Lemaire, you spoke about labour issues. The industry as a whole is still short 25,000 to 30,000 workers.

Mr. Johnstone, what do you suggest?

I understand that it's necessary to work on promotion, but what measures can be taken to encourage people to come and work in the agri-food industry?

Should this aspect be included in programs tailored to the immigrant workforce, for example?

[English]

Mr. Derek Johnstone: That's probably a good idea. On the immigration side, it's obviously important to evaluate what skills we're recruiting for when we allow newcomers to come to Canada. That's a key part.

I would just reiterate my earlier point. I don't accept the notion that all underemployed or unemployed Canadians and permanent

residents and people who've taken themselves out of the labour market are aware of all these opportunities in the food processing sector. I don't buy it. There are a lot of people—certainly stakeholders from labour—who would probably agree with me.

It's reckless for us as an industry to accept the fact—like it's a *fait accompli*—that Canadians don't want to do this work, that they all know about it and that they're just not interested. I haven't seen any evidence, quite frankly, to support that in terms of a national survey. I look at our own membership, and it's something that UFCW's been trying to champion. We have lots of underemployed members who are working part time.

The Chair: Thank you, Mr. Johnstone.

[Translation]

Mr. Richard Lehoux: Thank you.

The Chair: Thank you, Mr. Lehoux.

[English]

Mr. Blois, you have five minutes. Go ahead.

Mr. Kody Blois (Kings—Hants, Lib.): Thank you, Mr. Chair.

Thank you to our witnesses.

I'll start with the folks from MNP. We have heard the narrative about access to capital. That's something we've heard throughout. Where do your members—and you mentioned you have about a thousand different businesses—get their capital right now for expansion generally?

Ms. Kelleen Tait: Capital for expansion would come significantly from traditional sources of financing, such as bank loans or government grants. Any grant programs are always of benefit, especially to new producers who are coming into the industry. Also, many will utilize their other businesses, operations or personal savings to put into this.

They're not looking for handouts here. They're just looking for some support to go with what they're doing already.

Mr. Kody Blois: Interest rates are at about 0.25% right now through traditional channels and through the Bank of Canada. When you're advising your businesses, are you encouraging them to take advantage, perhaps, of this long-term ability to borrow at low interest rates?

Ms. Kelleen Tait: It is always a factor, of course, in determining the length of time the loan is needed. The current rates and opportunities to access that capital are all considered as well.

Mr. Kody Blois: You mentioned, obviously, strategic innovation funding and some of the—I don't want to say agri-invest—different agricultural programs that are around. Agri-innovate, I think, is what you mentioned.

Certainly, government has a role in terms of helping to support private sector business. However, in terms of tax credits, as Mr. Drouin mentioned, is it better that government put something out that all businesses can take advantage of? Of course, even with government programs, not everyone is necessarily a beneficiary. Would you recommend, perhaps, a wider swath so that businesses themselves can choose to take advantage of those programs, or is it a bit of both?

• (1650)

Ms. Kelleen Tait: You'll find a bit of both. Having programs where it's easy for our producers to know that those are applicable to them and that the funds are earmarked to ensure a safe and consistent food supply for Canadians will be important. Of course, they'll also have access to some of the more global programs that have been announced.

Mr. Kody Blois: One of the things that we've heard in other meetings is that sometimes there's almost a domestic plant, i.e., we have multinational companies and some of their subsidiaries exist in Canada, but they might not be their main operations. Has it been your finding through MNP that sometimes that's why the funding is not always available: because these are global companies that have multiple operations around the world, and Canada, for whatever reason, just might not be the targeted choice at this point in comparison to other global players?

Ms. Kelleen Tait: Glenn, do you want to address that question?

Mr. Glenn Fraser: Yes.

We don't really represent a lot of multinational, large-scale food and beverage processing companies. When you look at our client base, it's predominantly Canadian-based and Canadian-founded companies. As Kelleen mentioned earlier, their struggle is just understanding the programs. Is it worth going through the process and the protocol to claim, and is there transparency? A lot of times people will go all the way through and not get the outcome, so that message gets passed on.

Mr. Kody Blois: MNP is a big company. You, of course, are advising internationally with other jurisdictions. If there are other programs out there that you think, in your line of business, are very beneficial, I would appreciate it if you could submit them to the committee.

I want to go to Mr. Lemaire very quickly.

You talked about companies that can be successful, that control their production base and look not only at one segment but at the whole industry. I think it's a good point, and others have raised it. Do you see a role for government in that, or is that just private enterprise being innovative and connecting the dots within their industry? We have to walk the line between what the role of govern-

ment is legitimately, which I think we... I don't want to abdicate our responsibility, but is that really the role of private business?

Mr. Ron Lemaire: That's a great question. The simple answer is that, yes, there's a role for government. It is creating the right economic environment to connect all of those businesses. I'll give you an example in the blur of the regulatory enforcement of how the business operates. We heard the comment about the role of the CFIA and other responsibilities. That gets into a different discussion compared with what this committee is looking at right now, but it is an influencing factor.

On top of that, looking at everything Ms. Tait and Mr. Fraser mentioned around the incentives, and looking at some of the tools that are necessary, especially around capital investment, is key here. If a company is going to look at how to leverage, especially during COVID right now and the risk.... There are two models. What is the short-term opportunity to address the recovery? We heard "build back better". Yes, God love it, let's do it. However, the big key here is this: How do we look at the short-term gain, and then what is the long-term strategy?

The Chair: Thank you.

Colleagues, we're done a little bit early with that round. If we do the full second round, it will take us considerably over.

I suggest that we give one question to every party.

Some hon. members: Agreed.

The Chair: Okay, I'll follow the order as listed here.

Mr. Epp, go ahead and ask your question in roughly a couple of minutes.

Mr. Dave Epp (Chatham-Kent—Leamington, CPC): Thank you, Mr. Chair.

I'll direct my question to Mr. Lemaire, please.

I heard in your opening comments that you are supportive of a potential code of conduct because it would address the imbalance of power between the big five retailers and the manufacturing suppliers or processors. Can you reconcile that with your other comments where you talked about the regulatory environment and how fresh producers would be selling into...particularly in the Ontario situation? I happen to have a few years of wars in that segment.

Mr. Ron Lemaire: Right.

Mr. Dave Epp: How do you reconcile that? I hear that you don't necessarily supply under contract or supply a steady stream that would support increased capacity investment. Could address that dichotomy, which is in my mind, at least?

Mr. Ron Lemaire: They are two different discussions, and one is about the market conditions and transparencies we heard earlier. The other piece goes back to market conditions in open production and trade.

I think the reality comes back to this. If you are selling into the regulated model and you are a part of the growing community that is paying into that model, you are functioning in a very successful production base. Within the other side of the production industry in fresh fruit and veg, where you are growing for the fresh industry, you have product that could funnel into the processing chain that could build that gap in volume that Ms. Rood mentioned. All of a sudden you are excluded, and you have difficulty in finding channels for that product in the processing, so the opportunity gap exists. It really looks at how you improve that channel for supporting those processed veg producers who may be able to leverage the fresh industry that has excess product.

• (1655)

The Chair: Thank you, Mr. Lemaire and Mr. Epp.

Now, Mr. Ellis, go ahead with your questioning.

Mr. Neil Ellis (Bay of Quinte, Lib.): I made some quick notes about what you said—I think it was Ron—about 30,000 jobs are short now, and by 2025, you're going to need double, or are going to be double short, in the labour force.

Mr. Ron Lemaire: Correct. Looking at projections and looking at support, and this is also in support of the testimony of Food and Beverage Canada, I think what really comes down in the play is that everyone is working with a smaller labour pool. I know for a fact that working with a smaller labour pool that is to optimal efficiency and delivering growth.... If we're looking at a growth model, do we have the right labour force to drive that growth? If not, back to the point on automation and back to the point on finding more efficiencies, industry is leveraging those tools now. What is unfortunate is there is a segment that loses out on jobs, but there definitely is, as Mr. Drouin mentioned, a segment that gains jobs.

Our goal then is to ensure that we have community colleges and others training the right people to come in with the right technology, the right data knowledge and a range of other skills that can drive automation innovation to fill the labour gap, but the short goal is to increase the percentage available for temporary foreign workers within this sector.

Mr. Neil Ellis: Thank you.

I have one quick question for Mr. Johnstone.

Yesterday I believe Minister Qualtrough announced funding of \$63 million for the union trading innovation program that supports skilled trades, improving quality of jobs and having a more skilled productive workforce out there.

I just wonder if you could comment on things like this that the federal government is doing now to have more skilled workers.

Mr. Derek Johnstone: The resources the government has put forward are not just that; it's the money through the Future Skills Centre as well. There's some good stuff there, but certainly, in our sectors, just as important is a need to compel employers to come to the table. Back to my earlier point, having the conversation as stakeholders as a sector is critical. It doesn't exist in terms of form right now, so the money is great, but we also need the government to play a role in bringing stakeholders together.

Mr. Neil Ellis: Thank you.

The Chair: We'll go to Mr. Perron.

[*Translation*]

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

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

Mr. Johnstone, I'm very pleased to have the chance to ask you my question again.

In your presentation, you said that you saw an inverse relationship between the use of foreign workers and investment.

Since the start of the committee's work, we've seen both issues. There's under-investment in the industry in the country. However, the labour shortage is so severe that foreign workers are needed.

Did you really say that? I'd like you to elaborate on this.

How do you reconcile these two issues? Are foreign workers covered by the agreements in place in the plants represented by your association?

[*English*]

Mr. Derek Johnstone: They are, and historically we're very proud of the way that we have used our collective agreements to leverage provincial nominee programs in order to secure real pathways to citizenship, and that's something that we haven't touched enough on.

To your point, Mr. Perron, TFWs have been coming into our membership, absolutely. That's been the case especially in meat plants. We're very proud of the way we have used our contracts to leverage provincial nominee programs in order to secure real pathways to citizenship for migrants.

This is something you probably haven't talked about enough on this call: that the federal government has set up a federal nominee program and provinces have the ability to exercise the nominee program, though Ontario has historically lacked. This has to be seen as a pillar in terms of meeting the needs of the sector.

Having somebody as a migrant, as one of the temporary foreign workers, coming into this country for 30 years and being on a hamster wheel is in nobody's interest. If we're going to build security and stability and longevity in our sector, we need to allow people to come here to lay roots and build lives; that's key.

To your other point, about the inverse relationship between active labour market policy investments and the expansion of the temporary foreign worker program, we're just citing OECD data. This data clearly shows that public investments in such things as activating the underemployed and providing opportunities for people who have taken themselves out of the labour market to upskill—the percentage in terms of Canada's GDP of such investments into those programs—has declined at exactly the same rate that our use of temporary foreign workers has climbed over the last 20 years.

• (1700)

The Chair: Thank you, Mr. Johnstone.

Mr. MacGregor, go ahead with your questions.

Mr. Alistair MacGregor: Thank you, Chair.

Mr. Johnstone, I'll continue with you.

I agree with your sentiments about the strength of provincial nominee programs and identifying where particular gaps are. It's why my wife is in Canada. She immigrated to Canada from Australia because of the B.C. provincial nominee program, which identified her skills as being in shortage here on Vancouver Island.

You referenced the existing agri-food pilot program. Continue, if you would like to, any thoughts you have on that particular program. Also tell us if there's a series of concrete recommendations you would like to see us make as a committee in our report. That's what our ultimate aim is with this report: we want to make those

kinds of recommendations and have the federal government respond to them.

If there's anything else you want to add in terms of getting stakeholders more involved or anything we can do about encouraging our universities to reach out to get more Canadians connected to those jobs, we would appreciate it.

Thank you.

Mr. Derek Johnstone: The agri-food pilot was put into effect last year. I just recently asked for an update of data on the way it has been performing. I have yet to receive it, so I don't have any data on how it's rolling out.

The commitment was 2,700 new opportunities for permanent residency for agri-food workers, mainly focused on the meat sector.

The criteria are still very high. They include a level 4 for English. We know that many TFWs come into the country who perhaps haven't attained that facility in language. As far as I know, the program is not accompanied by any opportunities to strengthen language skills.

It is also not enough, quite frankly. We've heard the numbers—30,000, 65,000.... You know, 2,700 a year is an important start, but it's not even close to being—to address your second point, Mr. MacGregor—what needs to be a real pillar of the solution to the crisis facing the sector; that, taken together with significant substantive investments in activating and developing domestic labour markets that are in keeping with the trajectory we are seeing with the use of temporary foreign workers.

The Chair: Thank you, Mr. Johnstone and thank you, Mr. MacGregor.

That will wrap up today's testimony.

I really want to thank Mr. Ron Lemaire from the Canadian Produce Marketing Association for joining us again today. Kelleen Tait and Mr. Glenn Fraser from MNP, thanks for being here. Mr. Derek Johnstone from the United Food and Commercial Workers Union Canada, thank you for bringing us your perspective on this.

To all our colleagues, have yourself a good day and have a good weekend, if we don't see you tomorrow.

Thank you so much.

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