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Chair: Mr. Pat Finnigan



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• (1535)

[English]

The Chair (Mr. Pat Finnigan (Miramichi—Grand Lake, Lib.)): I'll call this meeting to order.

Welcome to the 11th meeting 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.

[Translation]

Today's meeting is taking place in a hybrid format, pursuant to the House Order of September 23, 2020. 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.

To ensure an orderly meeting, I would like to outline a few rules to follow.

Members and witnesses may speak in the official language of their choice. You have the choice, at the bottom of your screen, of either Floor, English or French.

Before speaking, please wait until I recognize you by name. A reminder that all comments by members and witnesses should be addressed through the chair.

When you are not speaking, your mic should be on mute.

[English]

With that we are ready to begin.

First, I would like to welcome our witnesses to today's meeting. From CropLife Canada we have Ian Affleck, vice-president, biotechnology. We also have Dennis Prouse, vice-president, government affairs. From the Government of Alberta, we have assistant deputy minister Jamie Curran, processing, trade, and intergovernmental relations division, Alberta Agriculture and Forestry.

We'll get going.

If CropLife wants to start, you have seven and a half minutes for your opening statement. Go ahead.

Mr. Dennis Prouse (Vice-President, Government Affairs, CropLife Canada): Excellent. Thank you, Mr. Chair.

My name is Dennis Prouse, and I am the vice president of government affairs for CropLife Canada. With me is my colleague, Ian Affleck, vice president, biotechnology.

CropLife Canada represents the Canadian manufacturers, developers and distributors of pest control and modern plant breeding products. Our organization's primary focus is on providing tools to help farmers be more productive and more sustainable. We also develop products for use in urban green spaces, public health settings and transportation corridors.

Last week, this committee heard from Mr. Jim Everson, president of the Canola Council of Canada. We feel that he provided some excellent comments and context for the committee, and some of his points are ones on which we hope to build and expand today.

This study is a timely one, as it speaks to the broader economic challenges we have and the post-COVID-19 future for Canadian agriculture. Specifically, how can Canadian agriculture and agri-food act as a driver for investment, jobs and growth at a time when Canada will need it more than ever?

Fortunately, a road map to this future already exists in the form of both the Barton report and the agri-food economic strategy table report. Both outline the tremendous promise of Canadian agriculture and how we are now falling short of meeting that promise.

The Barton report, for instance, sets as a goal of having Canada as the number two agriculture and agri-food exporter in the world. Currently, we are number five. That's simply not good enough for a country with Canada's potential. The economic challenge post-COVID-19 is going to be making Canada's critical industries more competitive, and agriculture and agri-food is at the top of that list.

The road to growth in agriculture and agri-food lies in replacing out-of-date and globally unaligned regulatory regimes with new enabling regulatory frameworks that leverage global best practices. These points are also being stressed by the Canadian Chamber of Commerce, the Canadian Federation of Independent Business and the Business Council of Canada.

For governments, regulatory modernization is relatively easy to implement in that it often doesn't require legislation or even regulatory change. Often, new policy is all that is needed. It also does not require new money—an important consideration in the years to come—and it delivers fast results. It should be a top priority for government across the economy, particularly in agriculture and agri-food. Regulators need to be given a growth mandate—as they are in the U.K.—with clear, measurable targets on regulatory modernization.

Specific to processing and value-added products, we have a number of examples of innovations in the form of new plant varieties that have either moved to the United States already or are in danger of doing so simply because Canada lacks a clear regulatory framework for plant-breeding innovations broadly. A key example of that is products of gene editing. These are value-added products that could be grown and processed in Canada, giving benefits to both Canadian consumers and our export markets. In short, processing plants will get built wherever the innovative technologies hit critical acreage first, which is where they get planted first, and unfortunately, right now that is not in Canada.

It's unfortunate that Canada is lagging behind many of its like-minded, science-based global competitors, including Australia, New Zealand, Japan, Brazil, Argentina and the United States, which have found a reasonable path forward for gene editing and are already reaping the benefits.

The Treasury Board Secretariat's regulatory road maps highlighted this as a priority two years ago. We would be pleased to talk about these examples in detail in the question and answer period, but we sincerely hope that, with the announced public consultations on the relevant policies slated to begin in January 2021, Canada can align with these countries quickly and put us back in the game.

This is why the government needs to act quickly on the concept articulated in budget 2019 of placing a competitive lens on regulatory agencies.

I want to confront one issue head-on. Whenever regulatory modernization comes up, there are instantly accusations that this involves industry's somehow skirting or attacking health and safety standards. That's not the case at all. Our members are deeply proud of the role that our technologies have played and will continue to play in making Canadian agriculture more sustainable than ever. This improved sustainability is not a slogan. It's a scientific fact.

Farmers also care strongly for the stewardship of their land, and they are determined to leave a better environmental future for the next generation. Sustainability has been, and remains, a cornerstone of what we do.

• (1540)

What that means in practice is that regulators acknowledge and embrace their role in helping to facilitate innovation and competitiveness for Canadian companies, all while maintaining their focus on science-based regulation and the health and safety of Canadians. This is about allowing regulators to focus on their core mandates by being more efficient and focusing on actual risks.

Securing market access and growing trade markets will also be a vital part of our recovery. Canada consumes only 30% of what it produces, and agriculture and agri-food create a net \$10-billion surplus in our trade balance. Protectionist forces, however, will be strong around the world in the coming months and years. Canada needs to work with like-minded nations to fight for science-based regulation, and against non-tariff trade barriers wherever and whenever they pop up.

Despite our current challenges, we believe the future is bright. We have tremendous natural advantages and a smart, strong workforce. Give Canadian farmers and agri-food producers a competitive regulatory environment and access to global markets and we can help lead the post-COVID-19 recovery. Making this happen, though, requires bold, decisive action by government. There is nothing preventing expediting implementation of the road map that has already been broadly consulted on, and nothing preventing starting today.

Thank you. We'd welcome any questions the committee might have.

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

Now we'll hear from Mr. Jamie Curran, assistant deputy minister, from the Government of Alberta.

Go ahead, Mr. Curran. You have seven and a half minutes.

Mr. Jamie Curran (Assistant Deputy Minister, Processing, Trade and Intergovernmental Relations, Alberta Agriculture and Forestry, Government of Alberta): Thank you, Mr. Chair.

I appreciate the opportunity to speak to the Standing Committee on Agriculture and Agri-Food and to be part of the committee's study of processing capacity.

I'm happy to provide some input on how the Alberta government is working to expand value-added agriculture and agri-food processing capacity in the province, and identify some opportunities and challenges for this important sector.

Alberta has also expressed support for the six agri-food sector recommendations of the Barton commission report of 2017, supporting the position that expanding world populations, a rising protein demand in Asia and a need for safe, reliable markets gives Canada and Alberta the opportunity to become trusted global leaders in safe, nutritious and sustainable food in the 21st century.

Alberta is well positioned to help feed the growing global demand for food. We are an export-driven province producing significantly more food than we consume. Agriculture and food processing directly employs more than 77,000 Albertans and creates thousands of indirect jobs. A robust, diverse and thriving agri-food processing industry is essential to our provincial and national economy.

Under Alberta's recovery plan, economic diversification is a key objective. The agriculture sector and agri-food processing in particular are expected to play a significant role in our province's post-pandemic economic recovery, and we're investing in agriculture as a key element of Alberta's recovery.

The COVID-19 pandemic has confirmed that the strength of the entire food supply chain is only as good as the strength of each segment of the chain. Early on in our pandemic response, we identified agriculture and food processing as an essential service to ensure continuous operation of Alberta's food supply chain. We partnered with the Canadian Food Inspection Agency to increase the food inspector capacity, ensuring that our provincial inspectors had the know-how to step in if additional federal inspectors were needed.

In April, through the Canadian agricultural partnership and Labour and Immigration's workforce development agreement with the Government of Canada, we developed a new agriculture training support program to help employers in the food supply chain provide training. This helps ensure the security and sustainability of our food system and is helping to chip away at the increased unemployment that COVID-19 has caused in our province.

Access to capital is another important factor in enabling more food businesses to expand and diversify. Alberta supports Farm and Food Development Canada's capital lending increase by up to \$5 billion per year, and in Alberta, Agriculture Financial Services Corporation has also increased its lending portfolio and streamlined the process to get capital into the hands of agri-food businesses quickly and efficiently.

Building agri-food processing capacity is a major focus for Alberta. In about half our provinces, agri-food exports consist of primary agricultural products. The proportion of raw commodity exports is much higher for crops: 97% for wheat, more than 60% of canola, more than 50% of barley and almost all pulse exports.

Processing more of these commodities in Alberta to generate additional value and create jobs inside the province is incredibly important. Expanding value-added processing will help build a resilient primary agriculture as well, reducing our sector's reliance on global commodity markets that are prone to market instabilities. Processed products are subject to fewer trade barriers than primary agricultural commodities.

The Food Processing Development Centre and Agrivalue Processing Business Incubator in Leduc support value-added agri-food

business development and are an example of the Alberta government's long-term, continuing support for value-added agriculture in the province. Alberta Agriculture and Forestry also operates the Bio Processing Innovation Centre, which provides product development and scale-up supports for things like fibre decortication and grain fractionation. With a natural health product licence from Health Canada, the facility can also work with cosmetics, personal care products and natural health products.

Alberta Agriculture and Forestry has announced an aggressive investment and growth strategy to attract investment to our province to build and expand value-added processing capacity and create thousands of jobs over the next four years.

We set ambitious targets of attracting \$1.4 billion in investment over the next four years, growth of 7.5% per year for primary agriculture exports and growth of 8.5% per year for value-added agriculture exports. The increased investment will directly benefit producers and bolster Alberta's entire economy. To help us hit those targets, new agriculture-specific investment officers will join our international offices in Mexico City, Singapore, United States and the European Union, doubling our international presence.

• (1545)

Securing and improving market access is a critical element of expanding Alberta's value-added processing capacity. A favourable investment environment is key to this investment and export strategy, through low business taxes and red tape reduction, among other measures.

The regulatory environment has been a significant factor in limiting processing growth in Canada and Alberta. Modernizing, aligning and eliminating overlaps and gaps in Canada's regulatory framework is crucial to reducing barriers to interprovincial and international trade. As a co-champion and chair of the regulatory agility subcommittee, Alberta foresees continued collaboration on finalizing the regulatory excellence initiative. A clean, streamlined regulatory food safety framework would benefit both new and existing processors.

Over the past three year years, Alberta spent on average \$328 million on BRM programming each year and remains committed to finding more effective ways to support Alberta. At the last FPT conference, it was good to see that long-term options were explored as alternatives to AgriStability to drive predictable, timely and equitable support for the agricultural community.

Alberta continues to support funding to AgriInsurance and is opposed to any potential reduction in federal funding. Our province also acknowledges the importance of immediate, short-term agriculture support provided through AgriRecovery. A good example of AgriRecovery in action was the Alberta government's introduction of the fed cattle set-aside program in the spring to help the industry mitigate processing disruptions from COVID-19.

In Alberta, we look forward to reviewing the findings of the committee on food processing capacity in Canada in the near future. Alberta hopes the study will contain enough provincial content addressing unique challenges and potential solutions.

Thank you again for the opportunity.

The Chair: Thank you very much.

With that, we'll go directly to our question round.

We will start with Ms. Lianne Rood, for six minutes.

Ms. Lianne Rood (Lambton—Kent—Middlesex, CPC): Thank you very much, Mr. Chair, and thank you to all of the witnesses for appearing here today.

Mr. Prouse, I'm glad you decided to bring up regulatory approvals. I want to ask you about producers who supply processors and their ability to bring products to new markets. You did touch on that. It is my understanding that Canadian innovators of new crops and varieties find it really difficult to receive regulatory approvals in Canada.

Could you tell us about the innovators and the products they have recently attempted to bring to market in Canada?

• (1550)

Mr. Dennis Prouse: I'm actually going to punt this question over to my colleague, Ian Affleck. Ian is our vice-president of biotechnology, and he's had direct experience with a number of these products.

Mr. Ian Affleck (Vice-President, Biotechnology, CropLife Canada): Thank you, and thank you to the committee for having us here today.

Excuse me if I get a little impassioned with the answer. I grew up on a potato farm in P.E.I. and studied plant breeding at the Univer-

sity of Guelph, so new plant varieties are probably more exciting to me than many.

There are a lot of examples of where new varieties could have come to market in Canada and then didn't. Linking back to what Dennis said in his opening statement and how this relates to processing capacity, I'm sure you've heard from many folks about what it takes to get a processing plant built and how you create an environment that is ripe for investment in this space, but part of that is that you have the product to process in your country that is desired by the person investing in the plant.

I can give you a couple of examples of where opportunities have passed us by.

Recently, a company working out of Saskatchewan, Yield10, developed four canola varieties with a higher oil content. This is a great processing opportunity and it has benefits for more than just the processor. The farmers are getting more oil per acre, so their greenhouse and carbon footprint is going down. Their farm gate values are going up, and also, then, a processor is able to produce canola oil more efficiently because they're crushing less canola per minute to get the same amount of oil. What that comes back to is that it helps the processor decide that Canada is where they're going to put their capital investment.

Unfortunately, they've taken those varieties to the United States first. Those are new canola varieties developed in Canada and commercialized in the U.S. first. As that gets to critical mass acreage and you're a processing company trying to decide where you're going to build that plant, things are leaning in the direction of the other jurisdiction. We have other examples that follow along.

Coming to future examples, the protein industry supercluster has invested \$30 million in some high-protein varieties that are really exciting and have a lot of opportunity for Canada, but if we don't have a clear pathway to commercialization in Canada, you could also see those be commercialized elsewhere. There's a high-oil soybean in the United States developed by Calyxt, and we still don't have approvals for that in Canada.

More so than just getting the approvals, it's the idea that they're needed at all for certain products in Canada. In many countries, the standard food safety requirements are all that is needed and no special reviews of these new products. While at times we talk about gene editing, which is the interesting and exciting new kid on the block for technology, this is really about plant breeding at large, and the plant breeding industry in Canada has seen the impact of our regulatory system over the years. We're falling behind the rest of the world.

If we can catch up, if we can make Canada competitive for new varieties that are either specialty for processing or provide the farmer the ability to produce that variety more efficiently per acre, more sustainably per acre and with higher value per acre, it just continues to create the environment where building processing capacity continues to make more and more sense.

I hope that responds to your question.

Ms. Lianne Rood: Sure.

You touched on this already and you named a couple of different companies looking for regulatory approvals. What is the experience of getting those regulatory approvals in Canada, and do you have a suggestion on how the Government of Canada should be facilitating regulatory approvals for companies such as this?

Could you maybe touch on what the future is of product research in Canada without the reform of those regulatory processes?

Mr. Ian Affleck: Thank you for that. You're hitting on the key point there. What do we do moving forward?

Plant breeding is at a crossroads. We've demonstrated through surveys of plant breeders that have been published through the University of Saskatchewan the impact this has had on our ability to bring new varieties to market and how we move forward in a way that makes Canada both interesting for R and D investment and then commercialization. As Dennis mentioned, we're seeing global regulatory trends in Argentina, Australia and Japan that have detailed regulatory approaches and that are very amenable to innovation. We need to catch up with those science-based, risk-based regulatory trends.

As Dennis said, we hope there's an opportunity here for Canada. CFIA and Health Canada have both announced public consultations on revised models, starting in January. Here's a real opportunity for us to prepare our regulatory system, our programs, for the next 20 years of plant breeding innovation so that we can continue to see the great successes we've seen in canola and soybean over the last 20 years.

The answers are there. They've been followed by other countries in the last five years, and looking at those models and integrating them into Canada is how we'll be able to maintain safety and risk base but also be competitive with other jurisdictions.

● (1555)

The Chair: Thank you, Mr. Affleck, and thank you, Ms. Rood.

Ms. Lianne Rood: Thank you very much.

The Chair: Now we go to Mr. Blois for six minutes.

Go ahead, Mr. Blois.

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

I'd like to thank our witnesses for their testimony today.

I'll start with Mr. Prouse, or perhaps Mr. Affleck, in relation to regulatory reform. I think this will be important writ large, beyond agriculture, in the days ahead. We'll probably have challenges on the fiscal framework on the other side of the pandemic, and we will have to look at creative ways to help drive economic activity.

You mentioned, of course, trying to clarify or create a regulatory pathway. What does that look like right now? I understand that other countries look at processing, at the actual tools you are using, the gene editing tools, and Canada looks at the end product and whether or not it's safe. Can you quickly explain a bit about that?

Mr. Ian Affleck: "Quickly" is the tough part. This is getting into the science, which I'm far too excited by.

You're right. Canada set the right process at the beginning, 25 years ago. It's the product that matters and not the process, but it's the implementation of that regulatory theory that is so important in the policy interpretation of our regulations. As Dennis mentioned, we don't need to throw out regulations and change them to new ones. We just need to look at the risk and the science supplied by other countries and integrate it into our already robust regulatory framework.

It's a departure from some of the ways we've looked at things in the past, but it does fit. We can move there. We've seen, even in the last year, that the number of countries taking these new models, and I would say actually starting to do the product-based approach better than us, is increasing. This is our chance to show the world that we know how to do it.

Mr. Kody Blois: Just quickly, which act and regulations? Perhaps you can table that, if you don't know offhand.

Mr. Ian Affleck: At Health Canada it's the novel foods regulations. At CFIA it's the seeds regulations and the feeds regulations. Those are the three that are key. It's policy interpretation that is really needed.

Mr. Kody Blois: Thank you.

I'd like to go to Mr. Curran with the department of agriculture in Alberta.

I really appreciated your testimony in terms of the work your province is doing to attract and to cultivate that culture of bringing innovation and some of the value added to the province. Can you talk about the incubator? Is that something that's driven by government? Is it a partnership not unlike the protein cluster we saw in western Canada? Can you quickly elaborate on what that looks like?

Mr. Jamie Curran: It's a government asset located in Leduc, Alberta. It is certainly a partnership with industry and our food processing community, where we help develop products and help scale and commercialize products in both bioindustrials and food. It's been around in Alberta for many years, over 20 or 30 years. Certainly, many successes have come out of it, but it's a long-term application of trying to commercialize processing in the province.

Mr. Kody Blois: Is some of the success that Alberta has had that, when you speak with industry stakeholders, they point to this particular investment as being key to bringing some of their focus to your jurisdiction?

Mr. Jamie Curran: For sure. We have specific examples of where industry has grown and created several jobs in testimonials for this specific tool.

Mr. Kody Blois: You mentioned some of the individuals who will be working in your international offices with the Alberta government. Beyond the incubator in Leduc, what are the selling points or what are these individuals doing to try to attract in Alberta? Beyond that, what are some other policy initiatives you've done to try to meet that goal of \$1.4 billion that you mentioned in your testimony?

Mr. Jamie Curran: With respect to the international offices, they're going to be in-market professionals. They have an understanding of the market conditions and have relationships in the business community. They will be able to foster and sell the attributes of the province to the world. With this addition, we'll have a presence of up to eight international offices. They will be located with the new investment agency in Alberta. There will be a strong interplay between the investment agency and ourselves.

In terms of policy applications, in addition to our macroeconomic policies around red tape reduction and a low-tax environment, we have made significant investment into our irrigation infrastructure. There was a recent announcement to enable high-quality supplies for grower irrigated acres. We then have, through the Canadian agriculture partnership, programming for value-added that will help work for the expansion and growth of those 600 companies that exist in Alberta and support our overall growth objectives for the province.

• (1600)

Mr. Kody Blois: Okay. I think it's important to note the partnership that exists between the federal and provincial governments. You mentioned it. Of course, this is more downstream, but it has knock-on effects to the processing capability, which is BRM. We just got a study on that. You brought it up, so I'll quickly mention it. Minister Bibeau has put on record her willingness to improve certain aspects, particularly around the reference margin limits and the compensation amount.

Is that something the Alberta government is looking at?

[*Translation*]

Mr. Yves Perron (Berthier—Maskinongé, BQ): I apologize for interrupting you, Mr. Blois.

Mr. Chair, the interpretation is no longer working.

The Chair: Could we check the interpretation service, please?

[*English*]

Mr. Kody Blois: Do you want me to keep talking, Pat, so that we can see if they can do the translation?

[*Translation*]

The Chair: Is it working, Mr. Perron?

Mr. Yves Perron: Could you repeat your last question, Mr. Blois?

Mr. Chair, could you roll back the time on the clock?

[*English*]

The Chair: Okay. Try it again, Kody.

Mr. Kody Blois: I'm happy to ask it. I have about 45 seconds on my clock. I just want to make sure that's about what you have.

The Chair: Yes, that's about it. We stopped the clock.

Mr. Kody Blois: Okay. I'll quickly ask my question.

We talked about business risk management programs. Minister Bibeau, after the conference between her ministers, had talked about making improvements around reference margin limits and the compensation amount. You just talked about the importance. Is that something the government is looking at, at the provincial level, to be able to improve these programs?

Mr. Jamie Curran: The province has committed to looking at long-term reform, not short-term reform.

Mr. Kody Blois: Okay. I appreciate that.

The last thing I'll mention—and I might not be able to get it out in my 20 seconds left—will be to the gentleman with CropLife. You talked about the different plant breeding aspects and how some of the canola crops went to the United States. Obviously, yes, there's probably room on regulatory reform. Is that also just due to the bigger consumer market? How much has that been happening in the past just because of the size and scale of the consumer market?

I'll stop, Pat. Thanks.

The Chair: Thank you. I'll have to stop you there, but hold that question. Perhaps you'll have a chance, Mr. Affleck, to answer it with another member.

[*Translation*]

We'll continue with Mr. Perron for six minutes.

You have the floor.

Mr. Yves Perron: I will allow Mr. Curran to respond quickly to Mr. Blois' question, because I'm interested in what he has to say.

The Chair: Was that question for Mr. Curran or Mr. Affleck?

Mr. Yves Perron: I don't know.

The Chair: I believe the question was for Mr. Affleck.

[*English*]

Mr. Affleck, go ahead.

Mr. Ian Affleck: Thank you. I would say that the opposite applies, where it would make more sense to commercialize in Canada because there's more acreage for canola here. That's where you would want to commercialize. For small and medium-sized enterprises, they need to get that commodity into a marketplace and start returning investment. It's what pushes it into the U.S. first, and then Canada will get it once we figure out how to get it through. It might not even need any approvals in Canada. It's too opaque.

You have your product. You have to get it in the field somewhere and you get it in the field where you can. The North American consumer market is basically one market. Canada has the advantage in canola, when it comes to acreage, to get it into the field.

Mr. Dennis Prouse: Yes, I would say, Mr. Blois, really quickly, that's why we're so passionate about this subject. Canola is ours. That is a triumph of Canadian agriculture and Canadian biotech. The regulations that were first in place in the mid-nineties allowed that industry to flourish. Now they need a reset, which is to Ian's point.

[Translation]

Mr. Yves Perron: I had not thanked the witnesses for being here, because I wanted to hear the answer to Mr. Blois' question. I would therefore now like to thank all the witnesses for their time and for making themselves available.

You spoke about regulations to be amended. If you had one specific aspect in mind that needed changing, what would it be?

You're giving evidence before a committee that can have an influence on the government. What would your recommendations be?

[English]

Mr. Ian Affleck: What we're seeing globally as a regulatory trend is that, instead of saying if things are inside and outside of ranges, which is very vague.... That's the problem. People aren't sure what they have to do in Canada so they go to places where they are sure. The global regulatory trend is this: Are you working inside of the genome of a plant, or are you bringing things in that are outside of the genome? Are you working with the DNA that's already in the plant or are you bringing in some new DNA?

If you're bringing in new DNA, there's more oversight. If you're not, if you're just doing conventional breeding, onwards you go. That's the competitive space we're in. On that specific canola example, they look like conventional breeding. They were not regulated anywhere else in the world, so they moved to those jurisdictions.

● (1605)

[Translation]

Mr. Yves Perron: I understand from your response that the regulations are not precise enough. We might do well to more clearly identify which constituents have been genetically modified.

Should these be more highly regulated?

I'd like to have some details about this.

[English]

Mr. Ian Affleck: Yes, it's understanding what a plant is capable of and using that as a barometer of when you need to look and when you don't. Other countries are lining up behind that. Europe

published their food safety report two weeks ago that said gene editing provides no additional risk above conventional breeding.

We need not only to be clear and more precise, but we need to update ourselves, as Dennis said, to the modern state of the science that the rest of the world is kind of beating us to. This is the opportunity we see in front of us with the consultations coming in January.

[Translation]

Mr. Yves Perron: Okay.

What would you say to the movements demanding clearer identification of GMOs? I assume this would not be a problem for you.

[English]

Mr. Ian Affleck: I think, if you're speaking of labelling specifically, of how we label products, it's important to preserve the Canadian approach that we mandatorily label for food and safety issues: food, nutrition and safety. Once you move to consumer preference issues, then you're no longer preserving that integrity of health and safety as your mandatory labelling requirement.

Following what is safe is first key and then consumer preference. We should facilitate that through private industry approaches to marketing.

Mr. Dennis Prouse: I was going to say that there is a private labelling system that's available now for consumers. In our view, that works well. We think we'd be heading down the wrong road and contrary to what Health Canada's policy has been by moving to a mandatory system.

[Translation]

Mr. Yves Perron: Okay.

Don't you think that the people who want this are entitled to know, particularly if the research proves that there are no impacts? In any event, we're getting into matters of opinion.

I'd also like to hear what you have to say about consumers who want more organic crops.

Is this kind of farming in conflict with yours or do you see it as another form of production that might be complementary?

[English]

Mr. Ian Affleck: Absolutely. I think almost all the innovations to plant breeding, whether they're conventional breeding, gene editing or genetic modification, provide environmental benefits and sustainability benefits, even something that doesn't sound like it, like a high-oil canola. You need less canola to get the same oil, so your carbon intensity per acre is going down when you have those new products. If it's 5% higher yielding, once again, you need less land and fewer inputs to get the same amount of food. That's where innovation will help to continue to lead us to a more sustainable agricultural system. The GM canola varieties we've had over the years have allowed us to really invest in no-till agriculture so you're not turning over the soil and you're sequestering carbon into that soil.

These innovations will help agriculture sequester more carbon moving forward, so innovation will lead us forward.

The Chair: Thank you, Mr. Affleck.

[Translation]

Thank you, Mr. Perron.

[English]

Now we have Mr. MacGregor for six and a half minutes—no, for six minutes.

Mr. Alistair MacGregor (Cowichan—Malahat—Langford, NDP): Thanks for the extra time, Chair. No, I'm just kidding.

Mr. Prouse, it's good to see you again. You and I have talked many times over the last two and a half years since I became an agriculture critic.

Certainly the topic of regulatory reform has always been a hot one. I'm glad to see that there's going to be that round table and consultations in January. I'm curious as to what some of the responses are that you are getting from the executive branch of government on why we're still sort of having these conversations even though you and I started talking about them way back in 2018.

Mr. Dennis Prouse: I was going to say this conversation with government actually dates back to late 2014, I believe.

Mr. Alistair MacGregor: Sure, but from my timeline, it's been less.

Mr. Dennis Prouse: Yes. Ian is very fresh off some thoughts and some discussions.

Ian, I'll let you take it from there.

• (1610)

Mr. Ian Affleck: From a government standpoint, this has been demonstrated as a priority. It's in the road maps, it's in the strategy tables and we have the protein industries supercluster all there. We have working groups, etc.

The challenge is being as innovative with our regulatory policy as we are with our innovations. Instead of being bound to old interpretations of regulation, it's looking at the new science and where the globe is going and then integrating that into our policy interpretations. There are ways to do that, but we have to be bold and we have to want this to be successful. I think that's a threshold we have

to cross, and we're continuing to have this discussion in an effort to do that, but we've seen in the last five years countries pass us. The Argentinian regulators have published a peer-reviewed paper on the innovation and economic advantages they've already seen from their changes. We're not just behind. We're behind enough that others are publishing on it.

Mr. Alistair MacGregor: Mr. Affleck, when we had the Canola Council appear before the committee, they were talking about the great promise that exists in our biofuels sector and how they really want to be a part of it.

I know canola is a desirable source, especially for biodiesel because it has that low saturated fat content, which allows it to be processed into biodiesel. Are there varieties of canola developed that would be specifically used as a possible biofuel source, versus traditional canola that might be going towards making cooking oil and so on?

Mr. Ian Affleck: I'm not aware of a specific one. If you have the right innovation environment, people will definitely pick that ball up and run with it.

I think we see those examples. Right now I can list 15 new varieties that are under development in the United States and almost none in Canada. They have a clearer pathway and they're more in line with global trends. We're trying to get there and there's an opportunity to do that.

Mr. Alistair MacGregor: Okay.

Mr. Dennis Prouse: I would just expand on that, Mr. MacGregor. I think it's about creating a regulatory environment that's able to respond quickly. These technologies now allow for new traits to be developed in much shorter times than before. That's why we risk falling behind unless we make those changes.

Mr. Alistair MacGregor: Thank you.

I'd like to turn to Mr. Curran and the Government of Alberta.

Mr. Curran, we're talking about processing capacity. Of course, Alberta, has the High River Cargill plant. On Cargill's website it says that between Guelph and High River, that's basically 55% of Canada's beef processing capacity right there.

High River, of course, was hit quit hard with COVID-19, and it's an integral part of our processing capacity in Canada. Could you maybe talk about a few of the hard lessons that the Government of Alberta has learned from that experience? What steps are you taking into the future to help protect that? What kind of assistance do you want to see from the federal government?

Are you looking at diversifying operations, or is it maybe putting in more safety protocols to prevent anything like that from happening in the future?

Mr. Jamie Curran: That's a great question.

In terms of lessons learned, I would say the ongoing relationship and preparation with their processing sector as a whole is important because we monitor supply chain. The preparation is a key part of it.

As we adapted to the changing conditions of COVID-19, we learned a lot in terms of how we can work together in a collective manner and work very closely with processing sectors. Now we have regular touch points with our federal counterparts and our processing sector. We have biweekly calls to just touch base in terms of how we continue to maintain continuity to support the needs of the processing sector and to keep the industry whole.

The ongoing work in responsiveness with the fed cattle set-aside program was a critical success as part of this, leveraging AgriRecovery and responding quickly and nimbly to meet the oversupply needs of the cattle industry as we adapted to new processing capacity. The critical learnings for me were that preparation, the partnership and our ability to leverage the current programming, such as AgriRecovery, to respond to the pandemic.

In terms of ongoing support from the federal government, we continue to focus on labour and our challenges with labour as a whole. The labour programming continues to be a priority. It was discussed recently at the FPT table of ministers. We continue to advance and evolve the work around labour.

• (1615)

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

Mr. Alistair MacGregor: Thank you.

The Chair: We'll go to our five-minute round with Mr. Warren Steinley and Mr. Epp.

For the members' information, it's fine if you want to split your time, but I won't intervene so you have to keep tabs on how much time you have.

Mr. Warren Steinley (Regina—Lewvan, CPC): I'm starting right now, Mr. Chair. Thank you very much.

My first question would be for Mr. Curran. It's along the same lines as my colleague, Mr. MacGregor, on the processing capacity of livestock in Alberta. With just two major plants and the safety concerns around what happened during COVID-19.... These plants shut down, which backlogged a lot of livestock producers and made everything take longer, from feed livestock to basically having to wait a little bit for a fall calf run.

Is there a look, in Alberta and across western Canada, towards bringing in medium-sized processing facilities and trying to encourage some diversification? In your opinion, what would be some of the impediments—which this study is supposed to undertake—to encouraging some of the medium-sized processing facilities to be set up?

Mr. Jamie Curran: I'll talk about opportunities. We think there are both livestock and crop opportunities. The market conditions will drive that. We work with all the stakeholders that are prepared to invest.

At the end of the day, the policy environment needs to be competitive, and that's a critical piece. As a province we've created that macroeconomic environment to be a competitive jurisdiction by reducing red tape and, of course, advancing a very low tax environment to incent overall processing as a whole. We also have the programs to help enable that from a value-added perspective. We know there are great growth opportunities for things like hemp. There are impediments, such as varietal development. We know that's an impediment to deriving some varieties for hemp in other sectors.

Specifically, with respect to cattle processing, it comes down to market demand, logistics, cost of capital and infrastructure. All of those things will help create a competitive environment for cattle processing.

Mr. Warren Steinley: Both witnesses talked about the regulatory competition and that we need to ensure our agriculture producers stay competitive.

What would be the two biggest issues facing agriculture producers now in Alberta and western Canada, Mr. Curran? Why are we not as competitive as producers in other countries around the world?

Mr. Jamie Curran: I don't know the two biggest issues. In my opening remarks, I mentioned that access to capital is always a challenge for processing. The ongoing labour at some of our facilities for processing is always a challenge. Those are two things that come to mind.

With respect to how we address some of those challenges, we have the lending tools through the Alberta Agriculture Financial Services, our private institutions and our federal counterparts with the former FCC. We know those capital opportunities exist, so we have the environment now that will help overcome many of those impediments for investment, export and growth.

Investment and trade are interrelated, even on the export side. We need strong trade agreements, working through those areas and working with governments where there are non-tariff barriers. It's highly interrelated, and our goal is to drive exports and investment for the province of Alberta and to focus on those two areas to support growth.

• (1620)

Mr. Warren Steinley: Are there some non-tariff internal trade barriers that you see as impediments where we could help to make sure there is easier cross-provincial ability to access markets? Are there some non-tariff internal trade barriers we could tear down?

Mr. Jamie Curran: I want to be careful around how specific I am here. There are certain countries that have specific provisions in place with respect to COVID that sometimes impact on trade.

The Chair: Thank you. I'm sorry; we are out of time.

[*Translation*]

You have five minutes, Mr. Drouin.

[*English*]

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

I'd like to thank Mr. Affleck, Mr. Prouse and Mr. Curran, who took the time out of their busy schedules to spend some time with us today.

Mr. Affleck, on the regulatory framework you guys are working on with gene editing—and Mr. Blois touched on that—the international partners are used to another regulatory framework, and in Canada, we're essentially based on outcome: whether or not it's safe.

With your dealings with U.S. companies and others, is that, within itself, creating a barrier, or is that helping?

Mr. Ian Affleck: It's about to create a bigger barrier. I would say that the product-based approach is right. We've preached it for 25 years. We've convinced a large proportion of the world that we're right, and they're moving to product-based approaches that are better than ours.

Now, if that's what sets in, we are also importers of food ingredients for processing. If we have created a more opaque system that applies more rules than the rest of our trading partners, this is going to make it harder to import those food ingredients as well because if we're overlaying rules that others don't have, now every time you're importing something, you have to sift through to see if there's something unique in Canada that no one else has to worry about.

We're running into those now, and if we don't align, that's going to get worse. It's not just not growing it here. We're going to start having trouble figuring out...or it will be discouraging to try to import things to Canada because it will be more complex to bring things into this country.

Mr. Dennis Prouse: I was going to say that this product-based system served us well for an awfully long time. There have been 125 novel traits approved in Canada since about the mid-1990s. We're 125 for 125 on safety on that. We haven't had one turned back yet, so it works well. It just simply needs a mandate.

Mr. Francis Drouin: It just needs an upgrade.

Mr. Dennis Prouse: That's correct.

Mr. Francis Drouin: Thank you.

Mr. Curran, you have touched base on the incubator in Leduc. I am curious to find out—and if you've been following that particular story for the last, I think you said, 20 or 30 years since it's been invented—how that incubator has evolved from when it started to now.

How do you measure success? Do you look only at the successful stories that move on to scaling up after the fact or...? Obviously, there have probably been some failures at some point.

Mr. Jamie Curran: For sure. Not every company is successful. It has evolved from food product development to more commer-

cialization and trying to scale companies. We've grown and expanded that facility over the years.

In terms of measuring success, our hope is that we create a product, test the product.... Well, we don't create it. The business creates it, and we help it facilitate the creation. Not only are Alberta-grown products used, but we also use Alberta labour. We've come to a point where we're actually not only serving the domestic market but also an international market. We're continuing to grow and commercialize.

That's how we see success. Of course, not everyone is successful for whatever reason—the market isn't there—but, certainly, we have many successes.

● (1625)

Mr. Francis Drouin: Thank you.

In your opening remarks, you mentioned that access to capital is an issue, as is labour. Is the Alberta government looking to automation to solve part of the labour issue? That's something about which we've often had discussions with companies like Cargill, for instance, that access TFWs.

What about the automation that can replace some of those jobs to create new ones, essentially?

Mr. Jamie Curran: For sure, automation and technology definitely need to be considered as conditions change. At the end of the day, it just depends on how much capital industry is willing to put forward and how government can help support and incent that to support the overall automation of the industry.

It's coming. It's a trend, and we're very in tune with it.

The Chair: Thank you, Mr. Curran.

Thank you, Mr. Drouin.

[*Translation*]

Over now to Mr. Perron for two and a half minutes.

Go ahead, Mr. Perron.

Mr. Yves Perron: Good afternoon once again.

Mr. Curran, when you were asked some questions about abat-toirs, you said earlier that everything should be market driven. Over the past few months of the pandemic, people were nevertheless worried when processing capacity became compromised. Without casting doubt on any of the major processors, a number of witnesses spoke about the importance of diversification in order to allow medium-sized players to enter the market.

According to you, what are the ideal conditions, or what is still missing, in Canada to allow the smaller players to operate in the market?

[English]

Mr. Jamie Curran: I don't know specifically, but I certainly know that we have not only two large players in Alberta but also several meat facilities throughout the province in every major community. We have meat inspection throughout the province. Do we want it to grow? Of course.

We have not only JBS and Cargill but also Harmony Beef, which has been open for, I think, five or six years now. Certainly, the conditions are—

[Translation]

Mr. Yves Perron: Do you think that interprovincial trade rules could be made more flexible?

Some witnesses spoke about that.

If so, what would have to be changed?

[English]

Mr. Jamie Curran: Yes, for sure. At an interprovincial level, our goal is to continue to create opportunities there. There is domestic equivalency work we're working through under the Safe Food for Canadians Act. Alberta is trying to advance this to demonstrate our domestic equivalency so that we can trade. As long as we have the standards and meet the food safety provisions, I think this creates an opportunity for strong interprovincial trade.

[Translation]

Mr. Yves Perron: As for standards, do you believe that federal-provincial cooperation is adequate? Is it working well?

Do you have any comments about possible improvements to the risk management programs that were mentioned earlier?

The Chair: I too would like to hear the answer to that, but unfortunately we need to move on to the next speaker.

[English]

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

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

Mr. Curran, in the motion that's guiding the study we're embarked upon, one of the items in the motion reads as follows: "while also supporting the goal of increasing local capacity to protect food security while providing safe food for all Canadians".

Are there any thoughts you can offer to the committee in relation to food security and how processing fits in with that?

Mr. Jamie Curran: That's a very good question.

I guess I would say that we monitor the supply chain very closely around ensuring we have strong food security. There is certainly a trend toward local products. There's a trend in which retailers and others are using locally grown products in the retail community to support those food security needs, whether it's greenhouses, the vertical type of greenhouses, or....

I guess I would go back to our opening comments in terms of our strong belief that if you have a strong primary sector, it helps support a processing sector. We're making very strategic investments in irrigation infrastructure to grow up to 200,000 irrigated acres, and

to leverage the current infrastructure using the same water allocation to add 200,000 acres and provide that consistent quality supply of food for the processors, for them to be able to grow and expand. We think it's interrelated, and we think there's an opportunity there with those strategic investments.

• (1630)

Mr. Alistair MacGregor: Thank you.

Mr. Affleck or Mr. Prouse, if you wanted to add anything, I have about 40 seconds.

Mr. Dennis Prouse: I was just going to say, Mr. MacGregor, that on the things we're talking about, there are a lot of very small companies. I don't want anybody here to have the impression that we're just talking about large multinationals. A lot of the examples Mr. Affleck gave are very small start-up companies. That's the exciting part about this technology and about gene editing, but it's why we need that regulatory capacity to change so that we can have home-grown crops, we can have local processing and we can enhance that food security.

Mr. Alistair MacGregor: Thank you.

The Chair: Thank you.

This is unfortunately all the time we have for this round, but I would certainly like to thank, from CropLife Canada, Mr. Ian Affleck and Mr. Dennis Prouse, and from the Government of Alberta, the assistant deputy minister, Mr. Jamie Curran. Thank you so much.

With that, we will pause to bring in our next panel. We'll be back shortly, so don't go too far. We'll be suspending.

[Translation]

Mr. Yves Perron: I'd like to congratulate Mr. Prouse on the magnificent tie he is wearing.

[English]

The Chair: So noted, Mr. Prouse.

[Translation]

Mr. Dennis Prouse: Thank you very much, sir.

Mr. Yves Perron: I love Snoopy.

[English]

The Chair: We'll suspend to change the panel.

Thank you.

• (1630)

(Pause)

• (1635)

The Chair: Welcome back. I'll call the meeting back to order for our second panel.

We have with us today, from Bonduelle Americas, Daniel Vielfaure, chief executive officer.

[Translation]

Welcome Mr. Vielfaure.

[English]

We also have, from Food Secure Canada, Gisèle Yasmeen, executive director.

Welcome, Ms. Yasmeen.

You will each have seven and a half minutes for your opening statements. We'll start with Bonduelle Americas.

Go ahead for up to seven and a half minutes, please.

Mr. Daniel Vielfaure (Chief Executive Officer, Bonduelle Americas): Thank you, Mr. Chair.

Good afternoon, everyone.

I am Daniel Vielfaure, deputy CEO of the Bonduelle Group and CEO of Bonduelle Americas. I am also co-chair of Agriculture and Agri-Food Canada's food processing round table and co-chair of Food and Beverage Canada.

Food and beverage is the largest manufacturing sector in this country. It includes 7,000 companies, employing 290,000 Canadians and generating close to \$120 billion in annual revenue. Unfortunately, it is also a sector that is often overlooked. That vast majority of food does not go straight from the farm to the grocery store. Our agriculture products are shipped to Canadian food plants, plants that turn wheat into bread, cow's milk into yogourt and cheese, and hogs into bacon, and plants that can our tomatoes and other vegetables.

Food manufacturing is a critical component of Canada's domestic food supply. Our 7,000 companies buy over half of Canada's agriculture output. We add value to crops and livestock production, and we ensure Canada maintains its food sovereignty.

We should all be concerned that, with COVID, Canada's food system has experienced a series of shocks: the collapse of food service, the disruption of supply chains, the impact of border closures, the costs to protect our workers and most recently, the fees imposed by some of Canada's grocery retailers. These shocks have destabilized Canada's food processing sector.

In 2018 Dominic Barton and the agri-food economic strategy table tapped agri-food to drive economic growth. To achieve this, we need to address some fundamental issues: resolving the processing sector's labour problems, rebalancing relationships across the supply chain, and ensuring our front-line food workers are recognized as a priority.

First, I would like to talk about labour.

Even before COVID-19, labour was the biggest and most limiting issue facing our sector. We simply do not have enough people, and we do not have enough people with the right skills. On any given day, Canada's food manufacturing is short 10% of its workforce. By 2025 we expect to be short 65,000 workers.

This is a missed opportunity. There is demand for Canadian products here at home and abroad, but until we address industry labour issues, our ability to invest and grow will remain con-

strained. We are, therefore, encouraging the federal government to act on an urgent basis and work with industry to develop a labour action plan for Canada's food and beverage manufacturing sector.

Second is rebalancing the supply chain.

Canada's grocery sector is over-concentrated, with five large retail companies controlling 80% of the grocery market. This has allowed retailers to regularly impose arbitrary transaction costs, fees and penalties on their suppliers. Most recently, in the past few months, and despite the pandemic, major retailers have announced even more new fees.

This cannot continue. Other countries have faced this challenge and have addressed it by implementing a code of conduct. We are encouraging Canada to do the same. We were pleased that, at their meeting last week, the federal, provincial and territorial agriculture ministers committed to strike a working group to look at this issue. We encourage the federal government to continue to prioritize this and to commit to having a code in place by the end of 2021.

Finally, I want to talk about our front-line workers.

Even in a pandemic, Canadians need to eat. It is thanks to the efforts of our front-line workers that Canada's food plants continued to operate throughout COVID-19. As companies, we have invested an estimated \$800 million to keep our workers safe. We have also spent countless hours reinforcing with our front-line workers the importance of their continuing to come to work so that Canadians can eat. It is critical that governments also reinforce for our front-line food workers the critical nature of their work and the importance of their contributions.

As we move forward, in particular, we ask that the federal government consider the importance of front-line food workers in any rapid testing and vaccination programs. Despite the measures we have put in place to mitigate risk, food plants remain congregate settings, and it is on all of us to do what we can to ensure our front-line workers remain healthy and know we value their efforts.

● (1640)

Mr. Chair, these hearings have been organized to look at processing capacity in Canada. Let me be clear. There will always be food, but if we do not address the issues I have outlined, we will be importing more of our food from other countries and manufacturing less of it here.

I thank you for the opportunity to present to you today and look forward to your questions.

The Chair: Thank you, Mr. Vielfaure.

Now, from Food Secure Canada, we have Ms. Gisèle Yasmeen.

Go ahead for seven and a half minutes. Thank you.

Ms. Gisèle Yasmeen (Executive Director, Food Secure Canada): Thank you very much, Mr. Chairman and the members of the committee, for the invitation to appear today.

I'm coming to you from Musqueam territory, also known as Richmond, B.C., in greater Vancouver.

I'm representing Food Secure Canada, a national alliance of organizations and individuals committed to achieving zero hunger, healthy and safe food and a sustainable food system for all. We're happy to provide you with evidence to support your study to identify policies and measures that the Government of Canada can take to ensure stability and renewal of the value chain in the agri-food sector.

This presentation is further to the brief we submitted to you in July, based on our study published in May, entitled "Growing resilience and equity: A food policy action plan in the context of Covid-19".

• (1645)

The Chair: I'm sorry to interrupt, but there's an echo and there's a bit of background noise.

Can you unplug your headset and plug it back in?

Ms. Gisèle Yasmeen: I've been having some problems with this one.

Is that better?

The Chair: No, sorry, Ms. Yasmeen, it still has a kind of an echo and a scratchy noise in the background.

I think they're trying to figure it out here. We'll just give it a minute or two.

Okay. Let's give it a try.

Ms. Gisèle Yasmeen: I would like to situate my remarks in the context of the food movement, which is a social movement that has been active on the ground in this country for decades and has had an impact on the supply chain, as well as positive impacts on human and animal health and the environment, particularly soil and waterways.

Given the commitments of the Government of Canada to the UN sustainable development goals, aligned with the food policy for Canada announced by Minister Bibeau in June 2019, as well as the commitments in the recent throne speech, it is imperative to include citizen perspectives such as ours in your work.

[*Translation*]

The activities of Canada's local food movement represent some of the most heartening developments for the country in decades. They include horticultural production, food processing and distribu-

tion activities, and innovative practices in retail sales, restaurants and waste management, from one end of the country to the other.

Food Secure Canada is proud to support this social movement, which includes the Coalition for Healthy School Food, whose work deserves consideration as part of this committee's work, as I will explain in a few minutes.

[*English*]

This committee has been tasked to look at opportunities and solutions to increasing processing capacity and competitiveness in regions across the country to meet the export objectives and also to support the goal of increasing local capacity to protect food security while providing safe food for all Canadians. The purpose of the study also includes identifying barriers to increased processing capacity in Canada, such as grocery concentration in the marketplace. Let me speak to these issues one by one.

Increasing processing capacity at local and regional levels is urgently and desperately needed as evidenced by COVID-19, and can build on what's already happening on the ground. Besides the explosion in demand for local food, we witnessed bottlenecks in the supply chain and unprecedented food loss and waste as a result. This was partly due to the lack of smaller-scale infrastructure and related diseconomies of scale due to the concentration of facilities controlled by a handful of transnational corporations. Canada needs infrastructure to serve small and medium-sized enterprises such as a cold chain, small local abattoirs, food hubs and processing and storage facilities.

The policy priority should be to buttress the development of healthy, just and sustainable food systems in Canada with a full cost accounting of the health, environmental and broader economic impacts in supporting decent and sustainable livelihoods and community-based and -controlled development. The goal ought to be to prioritize lightly processed foods, given that excessive consumption of highly and ultra highly processed foods poses a serious health problem. Diet-related disease is costing this country \$26 billion per year, according to a study by Heart and Stroke. Diverse stakeholders such as McKinsey agree that the externalities of the current global food system in health and environmental costs are greater than the value of agri-food itself.

In terms of the link between local capacity and food security, food insecurity is primarily about income inequality rather than a lack of food. Charity models won't get to the root of the problem. Unequal access to land and capital is also an issue for small-scale food producers and processors around the world, including Canada, where farmer debt is a serious concern. Workers' rights also need to be respected up and down the food chain with the goal of creating decent work regardless of immigration status and meeting the demands of temporary foreign workers for permanent status. Having said all that, logistics and supply chains are a distinct but very important issue. Our food system is so highly skewed towards the export of commodities that it hampers the development of opportunities here and poses risks when borders thicken or in emergencies.

The COVID crisis has exposed the interconnected fragility and concentration of power within Canada's dominant long-distance, globalized food supply chain. This isn't just in grocery retailing, but affects all facets of production, processing and distribution. Weaknesses include an over-reliance on import and export systems, especially for fruits and vegetables; the concentration of ownership by a handful of transnational corporations in the food sector; and the need for greater investment in local food infrastructure overall. COVID-19 recovery is an opportunity to build back better in the interests of greater resilience and equity as well as environmental sustainability.

I would like to provide an example of public sector procurement on how well-designed programs can help kick-start the transition we need. Canada is the only G7 country without a national school food program and in budget 2019 the Government of Canada committed to consult with the provinces, territories and other stakeholders that already invest, to develop such a program.

• (1650)

There are also compelling examples from indigenous communities, such as self-governing Yukon first nations. If well conceived, such a program could not only positively affect child nutrition, for which UNICEF has pointed out that Canada is grossly underperforming, and reduce hunger where, again, a wealthy country such as ours bears the shame of having one in six children living in food insecurity, but a national school food program could also have positive economic and environmental impacts if procurement prioritizes local small and medium-sized enterprises that produce and process healthy, sustainably produced food, as well as interest youth in related occupations.

Therefore, we should emphasize social as well as technological innovation, support small-scale processing by SMEs and support local food economies. There are opportunities for women, who have particularly been hard-hit by the pandemic, as well as economic potential in solidarity with communities that have been traditionally marginalized by the food system, including indigenous peoples and people of colour, especially Black communities. This is already happening on the ground and can be accelerated and deepened with the right supports.

[Translation]

To conclude, I would like to say a word about the economic aspects of local food. A 2015 study published by the McConnell Foundation showed that if only 10% of the 10 main fruits and veg-

etables imported into Ontario were replaced by local products, it would lead to a \$250 million rise in provincial gross domestic product and the creation...

The Chair: Excuse me, Ms. Yasmeen. As you are using a different headset, you need to change the language at the bottom of your screen for your comments to be interpreted into English.

Ms. Gisèle Yasmeen: All right. I'm almost done.

The Chair: If you could finish in English...

• (1655)

Ms. Gisèle Yasmeen: I'll finish in French. Is that okay?

The Chair: Unless you change the language at the bottom of your screen, if you finish in French there will be no interpretation into English.

[English]

Ms. Gisèle Yasmeen: Okay. I'll change to English for the end. Also, the interpreters have my notes, which you're welcome to have as well.

To sum up, a study by the McConnell Foundation showed that just increasing local production of fruits and vegetables by 10% would have very positive economic impacts on jobs, on gross product in Ontario and so on, so there's a real opportunity to invest.

I'll leave it at that. Thank you very much.

The Chair: Thank you, Ms. Yasmeen.

[Translation]

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

The Chair: Yes, Mr. Perron.

Mr. Yves Perron: I just want to make sure that Ms. Yasmeen has understood properly.

Feel free to continue to speak French if you want. If you're speaking French, select "French" as the interpretation language and if you're speaking English, select "English". Otherwise the interpreters won't be able to hear you very well. It's just a technical matter. Please speak in your own language.

Ms. Gisèle Yasmeen: All right.

Thank you, Mr. Perron.

The Chair: Thank you, Mr. Perron.

Just let us know if there's a problem, Ms. Yasmeen.

[English]

Now we'll go to our rounds.

Mr. Epp, you have six minutes. Go ahead.

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

To both of you, thank you for your testimony.

I'd like to direct some initial questions to Mr. Vielfaure. It's good to see you again, sir. I did appreciate your reference to tomatoes in your opening comment.

We've certainly heard many witnesses provide testimony documenting the practices that retailers have imposed upon their suppliers such as Bonduelle, with fines, fees and other unscrupulous practices. Can you comment on how, when you have that impacting your relationship with your customers, that impacts your suppliers, the farmers and the vendors who have you as customers?

Mr. Daniel Vielfaure: It obviously complicates the negotiation with the unions of growers that we have to negotiate with, whether it's in Quebec, Ontario or Alberta, because every cost increase that we have, that we're experiencing, is pushed back. On top of that, incremental fees are brought into our balance sheet. Clearly, it makes it more difficult to value the whole chain and pay the growers what they're entitled to have.

It's a battle we have, because we're in the middle of it. Clearly, some of the opportunities that growers have are to grow something other than the crops that we need to manufacture, and they can sell those to different markets. We have to be competitive and pay them something that will allow them to grow our vegetables versus other crops and other things.

It just makes life impossible and we're stuck. There is a limit to where we can reduce our operational margins.

Mr. Dave Epp: Thank you.

One of the goals of this study is for us to examine how we can attract additional foreign direct investment. Bonduelle is a bit of an anomaly, a private French company that's actually come into Canada and into the U.S. and bought companies. You have companies in Quebec, Ontario and Alberta, in Wisconsin and New York in the U.S., and in the Americas.

Can you comment, because you're operating in these different jurisdictions, as far as where you're finding favourable policies that encourage you to further invest? What kinds of incentives towards processing capacity are you seeing, and what advice would you have for our government?

Mr. Daniel Vielfaure: Right now one of the burdens that we're facing is labour, and I've mentioned it. To bring in capital expenditure, to even increase our production and capacity in Canada.... I'll use Bonduelle as an example because we do export about half of what we produce in frozen vegetables to the U.S., even if we have plants in the U.S. One problem we have right now is that when we do present very good projects in Canada that will need to have more workers, we cannot guarantee we'll have the workforce to work these projects. It's a limitation where the group now is challenging us because we are experiencing problems.

Just this summer, 105 of our Canadian office workers had to go and work in the plants to subsidize the workforce we were short of. It's a first in the history of a 167-year-old company, so it's just not sustainable. We need to solve this issue.

I'd say, on the other hand, though, Canada is a well-regulated country with a lot of good agricultural land and everything, so that's what attracted Bonduelle to come to this place.

● (1700)

Mr. Dave Epp: Thank you.

Perhaps you could thank some of those office workers. I think they processed some of the green beans we delivered to you.

Could we go now to two questions around the regulatory environment? In November 2017, the Competition Bureau ceased an inquiry into some of the practices, saying there wasn't enough evidence.

With what you're seeing this year coming from the retailers, is this something that should be reviewed again by the Competition Bureau? Is it warranting further inquiry? You've mentioned the code of conduct. Do you feel that would be enough?

Mr. Daniel Vielfaure: I don't know that they go with illegal practices, so I don't know if the Competition Bureau would find anything. Anyway, they had this first inquiry and they did not find anything. I think it's just the concentration that is too much.

These companies announce publicly what they do so the other guys know it. These letters are public. It's not against any laws to do this, and they're doing it. The concentration that they have allows them to do this. You even have American companies that are in Canada that do it in Canada and do not do it in the U.S., because in the U.S. they don't have that concentration. The same density from the manufacturers to the different distributors is not the same in the U.S. as in Canada.

In Canada, first of all—

Mr. Dave Epp: Thank you.

My time is limited and I want to get one more question in here if I can.

Canada's regulatory environment is a bit of a two-edged sword. We're known for our food safety, our regulatory framework holds that up, but that also imposes costs on compliance on both your suppliers and you, and onto the retailers. Can you make a comment on what your assessment of today's balance is?

Mr. Daniel Vielfaure: I think it's a strength that we have these Canadian regulations as long as they're well applied and they protect the safe food we have. I think it helps us internationally.

The Chair: Thank you, Mr. Vielfaure. Unfortunately we're out of time.

Thank you, Mr. Epp.

Now we have Mr. Tim Louis for six minutes. Go ahead, Mr. Louis.

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

Thank you to our panellists for being here today.

I want to focus on how processing fits into food security in our supply chain, especially with the issues in the north dealing with Inuit, first nations and Métis.

Since we're testifying and appearing from all over the country, it's only fitting that I say that I am appearing on the traditional land of the Anishinabe, Haudenosaunee and the Neutral peoples.

I will focus my questions, then, on Ms. Yasmeen.

I read your report and it's very well done. I appreciate your testimony today. You talked about food insecurity and supply chains and how we can support indigenous food sovereignty. You have, hopefully, some ideas on how we can help, especially up north where they can have their own food systems and advance policies building that local food system there. You mentioned how important local is for environmental reasons, for health reasons, for a number of reasons.

What kinds of strategic investments can we make to ensure that we have co-operation from all levels of government—provincial, territorial and federal organizations—to help ensure food security for indigenous people, especially in remote and rural areas?

Ms. Gisèle Yasmeen: Thank you very much, Mr. Louis. That's a great question. Thank you for your interest also in indigenous food sovereignty.

I think the primary point is that it's about people defining their own food systems. Indigenous peoples, no matter where they were in the Americas, traditionally had control over their food systems. The indigenous food sovereignty movement is about reclaiming that control over traditional foods and country foods and being able to distribute, grow and harvest traditional foods within their own indigenous food lands as some call this.

As a result, we've seen lower costs, because.... Of course, imposing a southern diet particularly in remote and rural regions in northern environments is unwise, and the health consequences are often not very good and are, in fact, terrible.

The indigenous food sovereignty movement, whether it's up north or whether it's in southern latitudes.... Most first nations and Métis people are in southern latitudes actually, not in northern latitudes, and many of them are close to big urban areas.

My answer to your question would be that it is the approach. We have been critical of nutrition north as a program. I know the intentions are good, but nutrition north has sometimes reinforced these more colonial approaches. Really, it's about first nations, Métis and Inuit communities reclaiming and having control over their own distance. There are also innovations happening. There are low-input greenhouses being developed all over northern remote regions, etc.

• (1705)

Mr. Tim Louis: You've practically answered my next two questions, but I'd love to hear you expand on them. One, are there any ways of using technology to improve things, and two, what programs exist now and, because we're looking to improve things, how can we improve something like, let's say, a nutrition north system?

You've already answered but if you can expand on those things, that would help.

Ms. Gisèle Yasmeen: I think nutrition north does need to be looked at one more time in terms of meeting outcomes, as I mentioned in my remarks, broadly defined.

We can't think about food as just filling bellies and eating whatever. We have to think about nutrition. We have to think about chronic health conditions. We have to think about cultural survival and biodiversity and those questions, all of which are very important overall and are particularly important to first nations, Métis and Inuit communities.

I would encourage you to look at that program or to work with your colleagues to look at that program, but most importantly, to have first nations, Métis and Inuit peoples at the table for these discussions, because there's nothing worse than having policy made for you by people who don't actually understand your situation and who are not members of those communities. What I would like to encourage you to do...and we would certainly be interested in co-operating. We have many in our network who might be interested in appearing before your committees. I am not first nations, Métis or Inuit. We all want to be allies, but at the end of the day, those communities have to have control and speak for themselves.

Furthermore, with COVID-19, they've been under lockdown in many cases, so things have been very challenging particularly in the isolated communities. With technology, again, it's the same thing. What is appropriate technology? Who controls it? What is the full cost-benefit analysis?

There are some interesting things that are happening. We published recently on our website some reports of activities that are happening in communities all over the country. As well, there's a new report on Inuit food sovereignty, which we had not been aware of before. There's a growing sovereignty movement.

Mr. Tim Louis: Okay. I appreciate that.

I would like to concede the rest of my time, but this is fascinating. Thank you for your hard work.

Thank you.

The Chair: Thank you, Mr. Louis.

Thank you, Ms. Yasmeen.

[Translation]

Mr. Perron, you have the floor for six minutes

Mr. Yves Perron: I'd like to thank the witnesses for being here with us today.

Ms. Yasmeen, one of the major objectives of the study we are currently conducting is to analyze the local processing capacity. In your presentation, you emphasized barriers that had an impact on local processing capacity.

If you were asked to identify barriers that should be eliminated and come up with a specific recommendation for the committee, what would you suggest?

Ms. Gisèle Yasmeen: Thank you for your question, Mr. Perron.

As I mentioned, there are infrastructure issues. There's a lack of infrastructure at the small- and medium-sized levels, which causes many food processing problems. We had them before, but there has been a high level of concentration. I am thinking in particular of abattoirs. I'm aware of the fact that you heard a witness speak about this last week. I think that all facets of the infrastructure are relevant. For example, there's the cold chain.

Linda Best, of FarmWorks in Nova Scotia, told me that 30% of SMEs did not have adequate access to the cold chain in Canada. There are therefore infrastructure problems of that kind on a very small scale, but also on the medium-sized scale. Access to capital might also be considered.

• (1710)

Mr. Yves Perron: Concretely, what can the federal government do?

Would it be to launch investment programs or to provide financial support to small processors to diversify the chain?

Ms. Gisèle Yasmeen: Yes. It should also work with the provinces.

In addition, as I said earlier, public-sector supply needs to be considered. Even Agriculture and Agri-Food Canada had the idea of supplying its own cafeterias. And the public sector has hospitals and schools. I mentioned healthy school food, but there should also be cooperation with the provinces to provide a solid base for all efforts to support our own industry and our health system, which would also help the environment.

We often think of hospitals and schools, where all food services are provided by big multinationals. Quebec is currently doing some interesting things on the food front.

Mr. Yves Perron: An increase in federal health transfers would also be useful, but I digress.

Ms. Gisèle Yasmeen: Yes, but in health it's a matter of prevention, and nutrition is a major factor.

Mr. Yves Perron: Let's talk about prevention and nutrition.

You emphasized lightly processed foods earlier. We spoke with earlier speakers about the development of new genetically modified crops, among other things.

Where do you stand on this? Do you think products derived from genetically modified organisms should be labelled?

When you say "lightly processed", can you explain what you mean by that?

Ms. Gisèle Yasmeen: Yes, of course.

Our position on GMOs is that it's important to do all the required tests before new products that contain them can be marketed. Furthermore, labelling should list everything for consumers. Consumers are entitled to know what they're buying.

As for lightly processed and ultra highly processed food, we advocate the minimum required for consumption of various foods. What we find on the shelves often no longer resembles the original food. These products have been so highly processed and filled with all kinds of things that they are no longer really edible, by which I mean that they are harmful to health if eaten in large quantities. They contain sugar, salt and certain types of fat that are harmful to health.

The ideal would be to process food as little as possible, particularly fruits and vegetables. Half of every plate should be filled with fruits and vegetables. It even says so in Canada's food guide.

Mr. Yves Perron: So you're in favour of the idea of developing regional processing operations because the additives in overprocessed food often extend shelf life. With fewer additives, products would have to be processed closer to home, by smaller processors, but of course the major processors would remain.

Ms. Gisèle Yasmeen: Yes. It depends on what we're talking about.

What has always intrigued me is the fact that we produce an enormous amount of lentils and legumes, which we export abroad, for bagging, and then we import them back again. These legumes and lentils are certainly healthy. But we could develop our own industry. We have a supercluster in this area.

Mr. Yves Perron: So processing food locally would be a source of economic wealth. We certainly agree on that.

You mentioned foreign workers, which we have already discussed at length, farmers' debts and the fact that we tended to export our products. And at the same time, we're in a market that would like to increase its exports.

How can we reconcile these two visions?

Ms. Gisèle Yasmeen: Canada will definitely continue with imports and exports. That's only normal, but...

The Chair: Thank you, Ms. Yasmeen. Unfortunately, that's all the time we have for this round of questions.

[English]

Now we'll move to Mr. MacGregor for six minutes.

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

Ms. Yasmeen, I appreciate your bringing the theme of food security into our conversation on food processing, especially your comments about a national food nutrition program. My colleague Don Davies has sponsored Bill C-201 in the House of Commons, which aims to do just that. I was looking at a provincial example. Here in British Columbia we have the feed B.C. program, which links many of our farms and food processing centres with health care operations and with post-secondary operations.

Of course in every small community you have elementary schools and middle schools, so that infrastructure already exists. The demand is potentially there, and of course, many of our food processing facilities are located in small towns. They are smaller operations. I'd like you to expand a little more about what a food program for schoolchildren could do for the food processing industry.

• (1715)

Ms. Gisèle Yasmeen: Thank you.

I'm also calling in from British Columbia and hugely exciting things are happening here, but also in Quebec and other provinces, even P.E.I. There's already a lot of work under way provincially and also at municipal levels, school boards, to start connecting these dots. What we need is a standard. We need some principles around how to roll this out. The Coalition for Healthy School Food has a brief that we co-submitted with them to Parliament for a cost-shared approach. Since investments are already being made, it's not necessary for the federal government to pay the whole bill. There are opportunities there.

There are, again, infrastructure issues around connecting schools with producers and processors, and this is already happening on the ground. There's no need to invent the wheel. It's really about gap filling and making sure that all our children have access to a healthy snack or meal at some point within the school system. The same could be said for hospitals. McConnell has a whole program called Nourish around hospital food. Hospital food is notorious, isn't it? We know about hospital food. The one place where we should be eating healthy food—

Mr. Alistair MacGregor: We've all had that experience, yes.

Ms. Gisèle Yasmeen: There is a movement to bring that healthy eating strategy into the hospitals and also build up our local economies and the producers and processors, supporting technically small-scale producers and processors as a result.

Mr. Alistair MacGregor: I also want to cross over into the food policy for Canada. We've had a few witnesses on our study so far talk about federal programs like the local food infrastructure fund and the money it produces to help smaller-scale processors to maybe upgrade their facilities and so on. From our position as a committee, we ultimately want to deliver a report in the House of Commons with some clear recommendations.

When you're looking at the federal landscape as it exists under the food policy for Canada, are there any further recommendations you think we could make? Do programs like the local food infrastructure fund need to be expanded? Can you add anything to that?

Ms. Gisèle Yasmeen: I think the pending nominations, hopefully soon, of the Canadian food policy advisory council will help con-

nect the dots federally. There's a silo approach not just within Agriculture and Agri-Food Canada, which is one department where the food policy is small potatoes. The programming money is small potatoes, if you'll pardon the analogy, compared to the CAP, the Canadian agricultural partnership.

The whole food system needs to be viewed horizontally, as I said. It can't just be seen as agriculture and agri-food. You have to look at the health dimension, you have to look at the economic and social development, and you have to look at the environment.

I know it's hard to do. I used to work in government, too. It's hard to work horizontally. The structures are so vertical, but that is absolutely what's needed. If we're going to meet our climate change targets, if we want a healthy population, if we want economic resilience and true economic development that doesn't just benefit a few, if we want real cross-cutting opportunities across the board for women, minorities and indigenous peoples, then we're going to have to operate systemically.

I think the program envelopes are going to have to adapt. Other countries have tried this. France has its new EGAlim law, although things can flop at the programming level. We have to integrate the policies and the program objectives.

I do have some criticism of the local food infrastructure fund. I thought the first round of those grants was too.... Why is the federal government making \$25,000 awards? The cost of administration is higher than the actual award.

We have to look at transformational change in our system. That's where the federal government, with the provinces, the territories, indigenous leaders and others, have to have a role.

It's about everybody working together. It's hard to do, but we have no choice. All of these international reports have said the same thing: The time is now. We are not going to make it as a planet or a species if we don't redo the way we think about food and food systems.

• (1720)

Mr. Alistair MacGregor: Yes, I think our experiences over the last number of months really underline the need for that particular word, "resiliency", and how we build it into our food systems.

That wraps up my time. I really appreciate your contributing to our report.

Thank you.

The Chair: Thank you, Mr. MacGregor.

You're always on time. Thanks for doing that.

We'll now move to the second round.

[*Translation*]

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

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

I'd like to thank the witnesses for being here with us this afternoon.

My first question is for Mr. Vielfaure.

Mr. Vielfaure, you spoke at length about problems related to the shortage of food processing workers. You even mentioned a rate of 10%. I imagine that some of these workers would have to be more skilled.

How are you planning to solve the problem? What role might the federal government play?

Mr. Daniel Vielfaure: We need to offer business training programs and encourage companies to improve the expertise and skills of their workers. It will require programs that are much better aligned with the sector.

We have foreign workers at the moment, but they tend to do the work that Canadians no longer want to do. Let's be honest about it.

We need programs to develop our expertise.

Mr. Richard Lehoux: That being the case, do we also need to encourage a major shift by the companies towards enhanced robotization?

I suspect that you're going to tell me that that would require financing.

Mr. Daniel Vielfaure: No, I would say that the food sector does not have many huge companies. I heard Ms. Yasmeen speak about it. There are in fact already lots of small businesses in the regions. For them, automation would be very difficult because of their size.

There are government programs for automation and Bonduelle Americas would like to take advantage of these. On the other hand, they are conditional upon creating jobs, which is completely ridiculous. We're told that they're going to provide funding for an automation program if we create jobs, just as we are in a program to reduce our workforce requirements. It's crazy. It means that we can't take advantage of these programs.

Mr. Richard Lehoux: Ultimately, there are inconsistencies in the approach to labour shortages.

Mr. Daniel Vielfaure: Absolutely.

Mr. Richard Lehoux: What's the answer then, Mr. Vielfaure?

Mr. Daniel Vielfaure: There is a solution.

As I said at the beginning, I'm the co-chair of the food processing industry roundtable. We want to establish a workforce committee, which would study all aspects of the question, including education

and attracting young people to work in the food sector. It's important to look at the big picture.

Mr. Richard Lehoux: Before the pandemic, there was already a labour problem. How can it be dealt with?

Even in Canada, we'll have to turn towards foreign labour. How can we go about it?

Mr. Daniel Vielfaure: We have no choice. We're going to have to continue to use foreign workers. The 10% limit will have to be removed, as has already happened in certain sectors.

Mr. Richard Lehoux: Is this something you're raising on behalf of your food processing companies?

Mr. Daniel Vielfaure: Yes. The problem was exacerbated this year by COVID-19, but it was there already. It needs to end and we need to toss out the myth that Canadian businesses hire foreign workers to save money. It's not true. A foreign worker cost us a lot more than a local worker when you take all the expenses into account.

Mr. Richard Lehoux: Okay.

Thank you very much, Mr. Vielfaure.

I would now like to ask you a question, Ms. Yasmeen.

You spoke about smaller scale food processing, in our smaller communities, which raises the question of regulation and its application.

Does the Canadian Food Inspection Agency have enough resources at the moment? What's preventing smaller processing companies from starting up?

● (1725)

Ms. Gisèle Yasmeen: I've often heard it said that the regulatory aspects can be time-consuming and expensive for small players. I'm no expert on this matter, which goes somewhat beyond my organization's mandate, but I would encourage you to explore it thoroughly...

Mr. Richard Lehoux: If processing capacity is to be increased on the smallest of scales, then the problem needs to be clearly analyzed so that action can be taken in the right places. That was what I meant by my question.

Ms. Gisèle Yasmeen: You're right. Rules are made to apply generally to everyone, except the smallest players. These rules, policies and programs were often introduced because certain interests prevailed...

Mr. Richard Lehoux: A problem mentioned by small local abattoirs—because there are some even though few remain—is the problem they have getting in touch with agency inspectors. It might be necessary to operate on both levels at the same time.

Ms. Gisèle Yasmeen: That's right. I know that would be a huge change, but I'm aware of other witnesses who spoke about it. For example, there was the National Farmers Union, which mainly represents small farmers...

The Chair: Ms. Yasmeen and Mr. Lehoux, your time is up. Thanks to both of you.

Mr. Richard Lehoux: Thanks to the witnesses.

The Chair: Ms. Bessette, you now have the floor for five minutes.

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

I would like to begin by thanking the witnesses here today for their testimony.

I'm going to ask a few questions in the same vein as Mr. Lehoux', beginning with you Mr. Vielfaure. Your company, Bonduelle Americas, has a new processing plant in Bedford, in my riding of Brome—Missisquoi.

This year, the federal government established the Agri-Food Pilot project to facilitate the retention of workers by offering foreign or semi-skilled workers permanent residence. Can you tell me how the pilot program could benefit companies like yours?

Mr. Daniel Vielfaure: The program is extremely beneficial to companies like ours and we take advantage of it. Foreign workers come every year for four, five or six months. Some now come for a year. If we succeed in having these workers immigrate and come to work for us, so much the better. They would be filling jobs for which we are experiencing a shortage of workers.

If the program were made even more accessible and flexible, it would be extremely useful for companies like ours and for meat and other processing companies.

Mrs. Lyne Bessette: Thank you.

Can you tell us about your company? What are the challenges in regional processing, particularly in terms of capacity?

Mr. Daniel Vielfaure: I'll come back again to workers. It's truly an enormous problem, particularly because we're regional. The food processing industry is often regionally based because the products come from the regions. However, fewer and fewer young people are staying. We're having trouble keeping them there so that they can work for us.

There is also the challenge of environmental infrastructures and other similar factors with respect to slightly larger plants. Sometimes, when a plant is a large one, it consumes as much water as the municipality. Our Bedford plant is a good example of this and we've established a partnership with the municipality for water treatment.

These are the kinds of challenges the regions are facing. The size of the businesses, and their labour and support requirements, can sometimes cause problems for the municipalities.

Mrs. Lyne Bessette: Thank you very much.

How can the government facilitate large-scale processors like your company and, more generally, promote growth in the sector?

Mr. Daniel Vielfaure: In our case, and also for smaller processors across Canada, a code of conduct is required. I spoke about this earlier in connection with distribution. You need to understand that Canada is a small and highly concentrated market. There are therefore not all that many options for Canadian processors if they were to go into close negotiations with one of the major distributors. Being healthy here would help us export much more. It's clear

to me that the code of conduct is very important. We're talking today about promoting small processors. But honestly, we have to recognize that they are the ones that have the most trouble negotiating with the major distributors. It's very complex.

● (1730)

Mrs. Lyne Bessette: Thank you very much.

That's all for me, but if one of my colleagues wants to ask a question, there are a few minutes left.

The Chair: There is one minute remaining.

Does anyone want to ask a question?

[*English*]

Mr. Kody Blois: Mr. Chair, you say we have about a minute. I will quickly ask my question.

Ms. Yasmeen, you mentioned Linda Best here in Nova Scotia. She's a constituent of mine. She does tremendous work through FarmWorks.

In your work with your organization, can you speak to the importance of venture capital and some of the challenges the smaller producers have in being able to access loans from banks to be able to make some of this happen.

Ms. Gisèle Yasmeen: Again, my understanding is that this is definitely a barrier. It's outside the scope of our mandate as a more civil society oriented organization, but from our networks we have learned that access to land and capital is a big barrier for small producers and processors.

In terms of addressing the details of how that works exactly, I think it would be better to have someone from those small business communities answer the details of those questions, but it's definitely a barrier.

The Chair: Thank you, Ms. Yasmeen. Thank you, Mr. Blois.

[*Translation*]

Over now to Mr. Perron for two and a half minutes.

Mr. Perron.

Mr. Yves Perron: Thank you very much.

Mr. Vielfaure, you emphasized the importance of introducing a code of conduct, which seems to be in the works. You also gave a good description of the labour problem. I would like to ask you about regulation. People who have appeared before this committee have told us that deregulation was required, or at least changes to Canada's regulations to harmonize our practices with others elsewhere.

Given that your company, Bonduelle Americas, has a presence in many countries, your expertise could be invaluable to us.

What ought to be changed in the regulations? You said earlier that strict food safety regulations could be an advantage. Could you give us more details about that?

Mr. Daniel Vielfaure: I don't think that we should reduce our efforts in terms of food security and safety. Canada has done very well in this regard. Furthermore, when processing is done in Canada, it adds value to the Canadian brands being exported.

As for products that may be consumed, including “phyto” or plant-based products, we would do well to align our regulations with others, particularly in view of the fact that we have a major competitor in the United States. Bonduelle Americas is a good example. We are sometimes required to take products that are authorized in the United States but not in Canada. Inventory management becomes complicated. In situations like these, it would definitely be desirable to harmonize our regulations.

Mr. Yves Perron: Don't you think that this might make the situation less advantageous for Canada? You spoke about this at the beginning of your statement.

Mr. Daniel Vielfaure: Not at all. In this instance, we're not talking about food safety or security, but rather about plant-based products that companies don't even bother to have approved in Canada because the market is too small. Financially speaking, it's not worth it. On the other hand, Canada could base its regulations on research carried out elsewhere for approval purposes. It's not even because we would turn the product down. What's involved are often products that are healthier, but that companies don't bother to have approved in Canada.

Mr. Yves Perron: What can we do about this? Do you have something you can suggest to us?

Mr. Daniel Vielfaure: I believe that there could be cooperation. The U.S. Food and Drug Administration, or the FDA, and the Canadian Food Inspection Agency, are perfectly capable of working together. They're doing so already. It would mean that the studies would not need to be done over again. There is no reason why we can't trust studies that were done properly elsewhere.

The Chair: Thank you, Messrs. Vielfaure and Perron.

Mr. Yves Perron: Thank you very much.

[*English*]

The Chair: Now we'll go to Mr. MacGregor for two and a half minutes.

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

Ms. Yasmeeen, when you are reading through Food Secure Canada's report about how we build those resilient food webs in local and smaller communities.... When Food Secure Canada is inter-

acting with the many organizations involved in food security and small farmers, what kind of feedback are they needing? You already talked a little bit about the access to capital, but what about some other models like the co-operative model? Are they just looking for the capital funds to get a facility built that will then allow them to take their business to new heights?

I'm just wondering if you can expand a little more on that for the committee's look at this issue.

• (1735)

Ms. Gisèle Yasmeeen: There are lots of different models out there. There are some co-operatives and social enterprises. There are just regular micro, small and medium-sized enterprises that are a part of their local communities.

Some of the challenges I've been hearing about recently are in distribution and who controls the distribution. Sysco and GFS are really big players. There are now some alternatives to those distributors, which are now servicing smaller producers and processors because of, again, sometimes the logistics, the last-mile logistics, the last-kilometre logistics and everything.

I know there are some challenges there in terms of being able to access distribution networks. We talked about retailing as well.

Again, this is a bit outside of the scope of the mandate of my organization, but there are all sorts of challenges in terms of getting your products into retail because of maybe some kind of regulation of the CFIA and whatnot. Those are also issues.

There is a host of issues. Again, it's how the system is designed, what its objectives are and who is at the table when policies and programs are developed. That is the key message. I am not necessarily the best spokesperson for the business side of things. That's the best I can do within my mandate, but I would encourage you to hear directly from the very small-scale producers and processors.

Mr. Alistair MacGregor: Okay, I appreciate it. Thanks so much.

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

This is, unfortunately, all the time we have but I certainly want to thank, from Bonduelle Americas, Daniel Vielfaure, and from Food Secure Canada, Gisèle Yasmeeen, for your perspectives on how we can improve our processing capacity in Canada.

With that we shall say goodbye to our committee until Thursday. Everybody, have a nice end of the day and we shall see you the next time. Thank you.

The committee is adjourned.

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