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Chair: Mr. Kody Blois

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• (1100)

[Translation]

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

Welcome to meeting number 93 of the House of Commons Standing Committee on Agriculture and Agri-food.

I will start with a few reminders: Today's meeting is taking place in a hybrid format. The proceedings will be made available via the House of Commons website. Just so you are aware, the webcast will always show the person speaking, rather than the entirety of the committee.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on Thursday November 2, 2023, the committee resumes its study of Issues Relating to the Horticultural Sector.

I would now like to welcome the witnesses who will be here with us for the first hour. With us today is the Association des producteurs de fraises et de framboises du Québec, Ms. Stéphanie Forcier, acting executive director, who is joining us by videoconference.

Welcome, Ms. Forcier.

[English]

We also have, from the Ontario Greenhouse Vegetable Growers, George Gilvesy, president, and Mr. Richard Lee, executive director. From Rollo Bay Holdings Limited, joining us by video conference is Alvin Keenan, owner-manager, from beautiful Prince Edward Island.

Thanks for joining in as part of the committee proceedings here today.

We're going to allow five minutes for opening remarks from each witness and each organization, and then we'll turn it over to questions.

Before I go too much further, I was reminded that February 27 is a big day for this committee, not just because we're studying horticulture, which is important, but also because Ms. Rood and Mr. Steinley have birthdays on the 27th.

We won't sing happy birthday because we don't want to proceed with that, and I didn't get you a cake, Lianne, but I'll distribute these cookies around the table. We'll do it that way.

Happy birthday, Lianne. Happy birthday to Warren when he gets here.

Without further delaying proceedings, let me turn it over to our witnesses.

[Translation]

Ms. Forcier, you have five minutes.

Ms. Stéphanie Forcier (Acting Executive Director, Association des producteurs de fraises et de framboises du Québec): Judging by what I am seeing, I should have gone to Ottawa in person to enjoy some cookies. Happy birthday.

Mr. Chair, members of the Standing Committee on Agriculture and Agri-Food, thank you for the opportunity to speak to you today as the acting executive director of the Association des producteurs de fraises et de framboises du Québec.

The Association represents close to 350 businesses of all sizes in every region of the province. In 2021, the value of the sector was estimated at more than \$85 million.

Quebec is the leading producer of strawberries in the country and the third-largest producer of raspberries. Horticulture, and more specifically the strawberry and raspberry industry in Quebec, is a key component of our farming economy and our cultural heritage, even our identity. Strawberries are visceral in Quebec. Our farmers are passionate about and dedicated to providing exceptional quality fruit to our citizens and even beyond our borders, with some now exporting to the United States.

However, despite efforts, passion and innovation, our industry is facing many challenges that are threatening its long-term sustainability. Relying on the resilience of the farmers has gone on long enough.

First, I would like to note the importance of supporting our businesses in the face of increasing climate challenges. Extreme weather variations, sudden temperature changes and unpredictable weather phenomena have had a major impact on our crops. The 2023 season is going to leave a scar: frost, drought and excessive rain, all that in one year. Last season has been described as a disaster many times, and it was. We are therefore calling for meaningful measures to help farmers adapt to these changing conditions by improving risk management programs.

Crop insurance is a perfect example. In 2023, two out of three farmers did not sign up for crop insurance. In July, we applied for the AgriRecovery process. Here we are on February 27, and, unfortunately, I have yet to see the result of any analysis of our file. Exceptional situations call for exceptional means, but it is clear that there is no safety net.

My colleagues from the Quebec Produce Growers Association, whom you received on February 15, spoke to you about the need for an "agri-disaster" program. Allow me to reiterate the need for such a program, whatever it may be called. Allow me also to propose adding "agri-complicated", as we call it in the business, "agri-adaptability" and "agri-fast". Two years to process an AgriStability file is too long, especially when there is a note at the bottom of the bill that says "payable within 30 days".

There is talk about climate change adaptation and that adaptation will be done on several fronts, including through financial support for adopting technologies or new growing methods. Take soilless crops, for example, which have become standard for our European counterparts. Investments in our farming infrastructure are needed to secure our food supply. Research development into varieties that are resistant to extreme climate conditions is another component of this adaptation.

Second, I want to address the critical issue of farm labour. Our industry relies heavily on seasonal work, and the recruitment of skilled, reliable labour is a constant struggle. Labour accounts for 52% of our production costs and 80% of labourers are foreign workers. Unfortunately, automation is still progressing too slowly to make up for the labour shortage, hence the need to modernize programs and recognize the value associated with the support and mentoring services offered by our farmers.

I also want to shed light on the importance of promoting environmental sustainability in our industry. Consumers are becoming increasingly aware of environmental issues and farmers are meeting their expectations by adopting sustainable farming practices. However, we need to be consistent with our societal choices, by having the power and will to apply the principle of reciprocity with respect to standards. By standards I also mean social standards.

This brings me to the biggest challenge we are facing right now: the business environment. Recrimination in the old country against farmers is being echoed here since the situation is the same, unfortunately. Before legislating more on the environment, let's make sure that our businesses can evolve in a business environment that is suitable and sustainable.

Reconciling the grocery prices that consumers want to pay with the standards being imposed on our farmers is becoming harder to do and will soon bring our industry to a breaking point. There is tremendous pressure on farmers, who also have to deal with rising input costs and rising interest rates. Profit margins have dropped considerably for farmers as everything goes up. This breaking point will obviously have an adverse effect on our hopes for food security.

• (1105)

In closing, to ensure the future prosperity of the horticulture sector, we must meet today's challenges with determination and a vision. I urge you, as members of the committee, to support our efforts to strengthen our horticulture industry and secure a prosperous future for our strawberry and raspberry farmers in Quebec. In fact, let's change our vocabulary and replace the word "support" with the word "investment". This is not just about supporting our industry, but also about investing in something fundamental, in other words, feeding ourselves.

Thank you for your attention.

The Chair: Thank you very much, Ms. Forcier.

We will now move on to Mr. Gilvesy from Ontario Greenhouse Vegetable Growers.

[English]

Mr. George Gilvesy (Chair, Ontario Greenhouse Vegetable Growers): Mr. Chair and members of the committee, thank you for the invitation to present to you today on behalf of the Ontario Greenhouse Vegetable Growers. I am here today with Mr. Richard Lee, our executive director.

OGVG represents over 170 greenhouse vegetable growers across the province, producing over 3,900 acres of tomatoes, peppers and cucumbers. The greenhouse vegetable sector is one of the fastest-growing segments of Canadian agriculture. Our members generate \$1.4 billion in farm gate sales as of 2022, a contribution of over 14,000 jobs to the workforce and a consistent track record of growth. The sector is a valuable contributor to the Ontario and Canadian economy, and it is the future of farming in Canada that is capable of yielding over 20 times more than conventional field farming as we manage the evolution of climate change.

With over 81% of our product exported to the United States, we are an export-dependent sector providing fresh, nutritious produce to consumers across North America. Our dependency on export and trade was confirmed during the pandemic that defined the integration of the food system across North America. This dependency correlates to the need for alignment on policies that impact our ability to compete sustainably in the global marketplace while managing the crisis on food costs to the consumer.

Canada's approach to climate change presents a major challenge to our growers. The escalating price on carbon only works where users can feasibly transition to alternative energy sources. These transitions and timelines face significant barriers with the lack of available technology and the limitations of public infrastructure, primarily in the electrical grid. Canada continues to penalize food producers, while the United States adopts incentivization to achieve its climate change goals through the Inflation Reduction Act and its various programs.

In 2024 our members will pay over \$18 million in carbon tax, net of the 80% relief we currently receive. This is scheduled to be over \$40 million by 2030 based on current production if the 80% relief is maintained. In summary, over a 10-year period, our members will have paid over \$242 million in carbon tax.

Canada is not an island, and we have great concern that policies around carbon and plastics will influence the continued growth and investment in greenhouse production throughout Canada. Greenhouses will continue to be built to satisfy consumers' increasing needs for food security and fresh produce, but the question will be whether that investment takes place in a jurisdiction that penalizes food production or in one that provides incentives. In the interim, however, we would encourage the swift passage by the House of Commons of Bill C-234 in its original state.

For years, our members have been consciously looking at improving the packaging options for our products. We have embraced the use of packaging that is recyclable to protect the integrity of our produce, providing food safety and traceability while offering consumers new options on ready-to-eat healthy snack-size produce products.

We have serious concerns, again, about the imposition of plastics rules that ignore many of these positive attributes while also increasing food waste and the potential costs of produce by an estimated 34%—according to Deloitte—and while negatively impacting healthy eating habits. This plastics policy will create two different market requirements for the U.S. and for Canada, which may lead to products being unavailable to Canadian consumers if shippers no longer consider Canada to be a viable market for their products.

In the context of producing food, we would offer this: Does it make sense to institute policies and direct taxes that have the impact of increasing food costs? Everyone needs food, and we again would suggest that incentivizing change may provide a better approach and outcome.

We also have comments on a few other points.

OGVG strongly encourages the swift passage of Bill C-280, which is currently in front of the Senate. Financial security is a critical aspect to supporting farmers, and this bill supports a long-standing gap in the produce sector. In addition, it will provide a corrective action on a long-standing trade irritant with the United States.

OGVG advises that in the context of climate change, Canada should consider a North American perimeter strategy on pests and diseases.

● (1110)

Based on previous outdated pest assessments, the CFIA believes these organisms will not survive our cold winters, but the weather is changing, and so is the availability of hosts in the expansion of greenhouses and indoor agriculture. Our pest risk assessments should be re-evaluated.

As a final comment, Mr. Chair, greenhouse producers do not have access to production insurance, and our current safety nets are not representative of controlled environment agriculture. In addition, our experience with AgriRecovery has been dismal, in spite of multi-million-dollar losses and a great impact on our membership.

Thank you for the opportunity to present today.

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

We'll now turn to Prince Edward Island and Mr. Keenan. It's over to you for up to five minutes.

Mr. Alvin Keenan (Owner-Manager, Rollo Bay Holdings Limited): Thank you for welcoming me to this committee. When I got the first phone call, it was to appear virtually, so here I am today. I'm not prepared in the way that George Gilvesy from the greenhouse committee is, but here in agriculture in Prince Edward Island, I've been involved in the potato industry for my entire life.

Some of the changes from climate change are coming so fast, so offensively and in so many different ways, with pests attacking our crops and weather conditions like warmer falls and tropical storms bringing heavy amounts of rain.

Our crop insurance programs need to be updated so that we can use the technology that we have today. The labour force isn't available to walk the fields and monitor how much we leave. The reason we leave some of these spots in the field is that the crops will not store in storage. We have to opt them out, but unless the measurement is over two acres, those things are a bit harder for us to monitor.

The technology today for drones to measure the fields is available. This tool would work better in precision farming in documenting our inputs, and now we can do this electronically with the GPS on our tractors, but now this technology is overloading the cell towers, so the communication can't go from the tractor to the cell tower to the satellite, and therefore the machines sit in the field. As we have more people with cellphones, all of this technology is almost inadequate and makes it so it is not dependable.

It sounds like I'm giving you a list of things that are wrong and complaining about our industry, but my purpose here today is to help you be aware of how we need to make this technology dependable.

I guess I'll leave it at that. Thank you.

• (1115)

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

We'll now turn to questions. We're going to turn to the Conservatives.

It's Ms. Rood, on her birthday. You have six minutes.

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

Thank you, witnesses, for being here today.

Mr. Gilvesy, you touched on this a bit in your opening statement. In general terms, how would removing primary plastic packaging affect the hygiene and the efficiency and the cost of moving perishables from production to processing to market? Especially in the greenhouse industry, we see a lot of the tomatoes and peppers—especially tomatoes—in plastic packaging because it helps protect them from bruising during transportation and it extends their shelf life. It's the same with cucumbers.

Could you comment on what that's going to do to the cost of food coming from the greenhouses?

Mr. George Gilvesy: Thank you for the question.

We've been working with the CPMA on this matter. It had a study done by Deloitte, which estimates that the cost of the goods will increase by roughly 34%. The availability of fresh produce will decrease. It will be cut by 50%. Food waste will also increase, by over 50%. It will have significant impacts.

The strange thing is that the plastics we're using in the sector are recyclable. Is the problem that they're not already in a sustainable position, or is it that the recycling regimes just aren't taking up the product?

There are major problems with this policy. I thought what we learned during the pandemic was that most people wanted their products protected for the purposes of food safety and for the traceability aspect. It seems that we've quickly forgotten that aspect.

Ms. Lianne Rood: Have you been able to find any alternatives on a commercially viable scale right now that compare to plastic? Are they as effective, and what is the cost comparison for those alternatives?

Mr. Richard Lee (Executive Director, Ontario Greenhouse Vegetable Growers): I like to think that our farmers are leaders and adapters of new technology, and the research and development into alternative packaging has been an ongoing effort.

As you can appreciate, a lot of the greenhouse vegetables contain a significant amount of water, so fibre products are just not an alternative that can provide packaging that protects the produce.

We talk about food waste and we talk about food security and and we talk about food traceability, but it doesn't really matter if the product doesn't last on the shelf or make it to the shelf. That shipment and that packaging appear to absorb that moisture, and the shelf life on that product deteriorates significantly.

That is not to say that alternative packaging isn't on the forefront. I would suggest that the amount of plastic elimination our sector has engaged in thus far is significant. I believe that it's less than 3% that produce packaging contributes to plastic waste across Canada. What is left is truly to protect the produce to ensure that it has a shelf life and that food safety and traceability are covered. It also eliminates unnecessary food waste.

• (1120)

Ms. Lianne Rood: That's a good point that you touch on there.

I've recently been up in the north and learned that groceries travel on transport trucks from Alberta for about 24 hours to get up to Whitehorse, for instance. A lot of times they're seeing spoilage of

the produce and perishables before they even get up there. That's before we have a change in the regulations here, with the Liberal-NDP government trying to ban plastics, so food waste is a concern. It's also a cost to those grocers and to any of the independent grocers who are trying to sell the food to the folks who live up there.

Has there been any study done, Mr. Lee or Mr. Gilvesy, on what this might do to your insurance premiums? I know that growers carry insurance and that the trucking industry has insurance so that if food spoils en route, there is coverage. Has there been any talk about how that will increase insurance premiums?

Mr. George Gilvesy: I don't know the answer to the part about the transportation piece, but on the production side, in my testimony I offered up that on the production base, we don't have any insurance scheme for greenhouse vegetables, so that is a gap.

As far as the costs are concerned on what you're suggesting on transport, it would only suggest that it would have to increase. I would go back to the essence of that policy in the part II Canada Gazette consultation, which is that the cost of fresh produce is going to increase by 34%. That can't be a good thing in the light of what's happening with food inflation and skyrocketing food costs across the country.

That's fundamentally not a good place to start. Then, if you pile on possible increases in transportation, insurance, etc., I would suggest that the fundamentals of it should be looked at in the light of trying to keep the prices down.

Mr. Richard Lee: May I add to that?

I think you're referring to transports taking ownership of the product from the grower to the marketer. If it's a situation that's under the control of the transporter, then it would probably be covered under insurance.

If it's a situation based on a policy that they're unable to ship in a protective coating, which may work in the EU because the shipping times are a lot shorter and the distances are a lot shorter, it would fall back on that farmer, and that increased cost is 34% to 40%.

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

We're at time. I am going to try to keep us on track here.

Mr. MacDonald, you have up to six minutes.

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

Welcome to all our guests.

I want to go to Mr. Keenan in Prince Edward Island, obviously.

Mr. Keenan, in your preamble, you touched on some of the challenges that farmers are facing with climate change.

I want to talk a little bit about the East Prince Agri-Environment Association, which you're aware of, and the work they're doing with living labs across the country and, in particular, in your province of P.E.I.

Can you speak to the importance of these local partnerships and some of the innovations that have occurred locally with living labs and on-farm research that you're aware of?

Mr. Alvin Keenan: Thank you, Heath.

The work that living labs is doing all comes from input from the producers themselves, as we work with different cover crops to help prevent wind erosion in the wintertime and also controlling our fertilizer inputs to have them be more accurate. There are all kinds of little jingles here, but it's the right product at the right place at the right the time and at the proper amount. They've talked about that with the four Rs. It goes from there on through to different trials on different varieties of our crops.

Mostly I'm talking about the main cash crop here, which is potatoes. Prince Edward Island doesn't grow all the potatoes in the world, but we think we grow some of the best. In doing that, to control the nitrate levels, we use fertilizers with a coating on them. It makes the nitrogen release slower, and then the plants are able to take up more of it and less fertilizer is left to seep into the groundwater and what have you. That's a major issue.

Also, there's the rotation of different varieties. As we do this, we're doing it with tight calculations for precision.

I want to elaborate a little bit on this. We're able to do this now with satellites on our tractors. It's important for us that this technology be dependable, because if they lose their contact in the fields, the machines sit still sometimes for 20 minutes, half an hour or even sometimes for half a day before the signals come back. You can see that this type of thing really affects the gathering of all this information.

• (1125)

Mr. Heath MacDonald: Thank you.

Last week, there was the International Potato Technology Expo in PEI, which I attended. I was really impressed with the innovative technologies that are available for farmers today.

You touched a little bit on the impediments sometimes for the technology to be able to be consistent. Is there anything else out there today that governments should be supporting that would help farmers into the future on the technology side?

Mr. Alvin Keenan: As we watch the world news today, there are some very horrific events going on. They can use drones for defence, but also in measurement with the technology here.

We're fortunate to have the Climate Lab on Prince Edward Island. They have shown us where they've flown a drone over some of the fields after the crop insurance.... Crop insurance is provincial. It's a program that's shared between the feds, the farmers and the province, but it is administered by the province.

Anyway, they've flown the drones over the field and found great differences between what they're able to measure versus people walking the fields. When people walk the fields, they have a minimum of a two-acre size that they can measure, if you're leaving some for wet spots or heavy rain. When we measured with a drone, we found—we can verify the numbers—a massive difference of what crop is left.

Once you have these things that are not calculated properly, the yields and measurements of different varieties get skewed. Therefore, the yield didn't come in the storage or in the bin, where the exact amount, right to the pound, can be packaged and measured at the end. If it's left in the field, you don't know whether it's 2%, 5% or 14%. Those things are devastating. Plus, the producers themselves can't take advantage of the program that's available.

Those are some of the reasons that the uptake on crop insurance is not what it needs to be to help give stability to agriculture.

Mr. Heath MacDonald: I have one quick question, Mr. Keenan.

What's the biggest obstacle facing the horticulture industry today?

The Chair: Answer in 20 seconds, please.

Mr. Alvin Keenan: Very quickly, there's no question that we're trying to deal with rapid climate change, but there's also the labour force. Canada has been developed with immigration. That's how we're all here, from our ancestors. Somebody can give you a two-week notice, and then it takes you two years to replace them. If you know, you can write the number down. I just wrote down that the odds are two to 104.

There are so many things that our policy-makers and our legislators need to help us with to be more proactive instead of reactive to our situations.

(1130)

The Chair: We'll keep it right at that, Mr. Keenan.

That's exactly why we're studying this. It's so that we can be more proactive to help you.

Thank you, Mr. MacDonald.

[Translation]

Mr. Perron, you have six minutes.

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

I thank the witnesses for being here with us today. We are grateful that they have made themselves available to us.

Ms. Forcier, you were very eloquent in your opening speech. You evoked Patrice Léger Bourgoin, from the Quebec Produce Growers Association, who talked about AgriRecovery, a disaster relief framework.

You talk about "agri-adaptability" and "agri-speed", noting that bills are payable within 30 days, not a year and a half or two years later. What formula are you considering? Do you have a specific recommendation? Could we bring in an emergency compensation fund in the event of unforeseen climate events?

Ms. Stéphanie Forcier: An emergency fund is a good solution. In Quebec, we have the Green Fund and now the Blue Fund, which farmers take part in.

Flexibility is a word that has been used many times. Since the pandemic, we have been asked to be flexible. An emergency disaster fund would be useful and 2023 was a disaster for farmers.

The process for the other assistance programs requiring files analysis needs to be set in motion sooner. Take AgriStability: farmers applying for AgriStability assistance can obtain an interim payment, but for that the accountant has to prepare financial statements and send them to Farm Credit Canada. That takes time and provides access to only 75% of the payment. It is not fast enough. Let's not forget that for farmers, everything is payable within 30 days.

In short: yes, an emergency fund would be a solution.

Mr. Yves Perron: If you have tangible proposals for improving existing programs, including AgriStability, we want to know. As far as interim payments and bureaucracy are concerned, there is likely a way to make improvements. I understand wanting to control spending and give money to someone who truly needs it, but there is certainly a way to conduct a review after the fact. If you have any good ideas to share with us in writing, we are always open to that. In fact, if you want to elaborate on the topic, I am all ears.

Do you believe that we should immediately come up with a way to review the Sustainable Canadian Agricultural Partnership, which, unfortunately, does not come into effect until 2028? I think the Minister of Agriculture and Agri-Food could call an emergency meeting.

Could we not be flexible and quickly create a temporary pilot project, a climate change "agri-adaptability" program that would allow society to share some of the risk?

Ms. Stéphanie Forcier: Exactly, 2028 is a long way off if AgriRecovery is the only initiative being used in exceptional circumstances. AgriRecovery is like a joker: we can only use it once, even if we need it more than once. We hope 2024 will not be like 2023, but weather events are gaining speed.

If there are more crises by 2028 — I say "if", but unfortunately it is a matter of when — farmers will have nothing. We have to come back to risk sharing. As you know, business risk management programs are shared 40-60 between both levels of government. However, there needs to be better mutualisation of risk between the farmers and the government. It is the question of the chicken and the egg. As I said, in the strawberry and raspberry industry, two out of three farmers are not signed up for crop insurance. Those who are protected by this insurance are protected against hail, it is not comprehensive insurance. I am thinking of a farmer who was insured against hail, but had to spend and extra \$120,000 for a multirisk insurance. That is a lot of money, especially since we are not talking about a multi-million dollar business.

As you know, the province has set up an emergency fund. There is \$50,000 in working capital, but the farmer is asked to sign up for crop insurance. He is going to get \$50,000 only to turn around and buy crop insurance, which means he is no further ahead. That is why there needs to be a pilot project to create an "agri-adaptability" initiative or "agri-disaster". At the very least there needs to something more than the AgriRecovery initiative.

• (1135)

Mr. Yves Perron: Okay.

What will the consequences be next summer? Compared to the 2023 season, there has already been a lot of water. Can we expect mould on the plants or the soil? Should a fungicide be used?

Ms. Stéphanie Forcier: In our sector, we talk a lot about perennials, the strawberries and raspberries. There are also day neutral plants that are planted every year. Our fear is that the raspberry plants will be mouldy and rotting again in 2024, 2025 and 2026. For these producers there will be yield loss this summer.

Mr. Yves Perron: Okay, thank you very much.

That means we need more than just the AgriRecovery initiative since it can be used only once. I hear you.

I would now like to talk about foreign workers, but you will have to answer my question in 10 seconds. As we know, 80% of the labourers are temporary foreign workers. Do you have any specific recommendations on that? You can send them to the committee in writing since we will be talking about that again in an upcoming meeting.

Ms. Stéphanie Forcier: The Seasonal Agricultural Worker Program is a federal program. Producers are entitled to \$600 to cover the cost of the flight, but that amount has not been updated and it is no longer possible to get flights for \$600. At the very least that amount needs to be updated to help the producers.

The Chair: Thank you very much, Ms. Forcier and Mr. Perron.

Mr. MacGregor, you have six minutes.

[English]

Mr. Alistair MacGregor (Cowichan—Malahat—Langford, NDP): Thank you very much, Mr. Chair, and thanks to all of our witnesses.

Mr. Lee and Mr. Gilvesy, I'll start with you.

On the plastics issue, I am very sympathetic to what your industry is going through, but I want to offer a bit of a counterpoint to Ms. Rood's intervention.

Number one, we have seen in news reports recently that the plastics industry has blatantly lied about the economic viability of recycling their products. That comes from the fact that plastics are found in thousands of different forms, with different chemical compositions. They can't be mixed together, which adds to the struggle of recycling.

I also need to bring the perspective of a coastal community. We get a lot of our food from the ocean. In the ocean, of course, we have a problem with microplastics and bioaccumulation in the fish we eat. This will, of course, make its way into humans.

This is the conundrum we find ourselves in as policy-makers. We obviously want to recognize the struggles of your industry, but we also want to confront the fact that the plastics industry has lied to policy-makers. There's the problem of bioaccumulation in our oceans.

In terms of recommendations, do you have any ideas on how the federal government could tackle the plastics industry to make it easier for that recycling to happen, so your industry and consumers are not confronting this problem and we put ownership back where it should belong? Do you have any suggestions in that regard?

Mr. Richard Lee: Yes. Thank you.

With plastics, there are sustainable recycling programs across the country. The lack of investment going into those recycling programs is, I think, one of the root issues. There's already a mechanism to collect and sort these plastics. If you were to adapt the technology, utilizing cameras to separate them based on the types of polymers, all these plastics are recyclable.

The problem is that we've lost a lot of offshore accounts that were willing to take these plastics. However, you have existing programs that could address microplastics, along the coastal regions as well, if you have a suitable collection program. The investment needs to go back into those programs so they can sort, sustain and recycle all the plastics.

The plastics we use are all recyclable, as our chair already indicated.

• (1140)

Mr. Alistair MacGregor: From your perspective, for the horticulture industry, you'd be satisfied with seeing such a recommendation on this particular issue in our report.

Mr. Richard Lee: On investment into recycling, absolutely: the ability to sort based on densities and different polymer types. You're able to sort them even through a regrind process, which separates them based on different burn rates. When they're extruded out of an extrusion machine, you're able to burn off some of the contaminants or labels.

There are options out there, but we've gone to using virgin plastic all the time, as opposed to recycling and using the regrind mixes.

Mr. Alistair MacGregor: I want to get to another question. I heard your opening comments about Bill C-234, and speaking for the NDP, I'll say we're supportive of the bill that was passed at third reading in the House of Commons.

I understand the costs that you associated with that, but we also had witnesses who explained that over the same time, they saw diesel costs go up 110% and that it's a time when we have seen record corporate profits in the oil and gas sector. We've seen record profits in the fertilizer sector as well. I feel that both primary producers and consumers were being hurt during a time when there was a lot of instability, but I also think that there were a lot of companies operating in the middle that took advantage of that instability.

I heard an interesting remark from Keith Currie, the president of the CFA. He made mention of the need for a critical input strategy. I know that this might be the first time you're encountering that term, but if as a committee we were to develop some kind of a recommendation for a critical input strategy, do you have any opening thoughts on some of the key things we could be focusing on with respect to that?

Mr. George Gilvesy: I might react to that. Thanks for the question.

I'm not sure exactly what that would mean, but I would suggest that whatever it would mean, we should have some level of alignment between ourselves and the United States. We should not be dealing with this as Canada alone. We saw through the pandemic this whole thing about reshoring back to having a North American context and strengthening what we already have there with the CUSMA agreement.

The bones are there to be able to develop approaches on policy and on taxation, for that matter, and how we approach climate change so that we're at least unified and we're not disrupting the marketplace as far as the supply goes. That would go to the "in" part of input, and we'd also be harmonized or at least aligned on the investment side.

Mr. Alistair MacGregor: Thank you.

Mr. Chair, maybe I'll grab the other 30 seconds and hand it back to you.

The Chair: Okay. That's great. We can do that. We have that flexibility.

We'll go to Mr. Epp, I believe, for five minutes.

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

Thank you to the witnesses for all their testimony.

I'm going to start with the folks from my backyard: the green-house industry.

I'm going to start with a thank you. With the food price inflation we've experienced, your industry and members of your industry have been very generous in donating to local food banks with fresh produce, as well as donating to local food networks, so I'll start with a thank you. I hope that policies as we go forward don't increase the amount that's available to the food banks and that more can go into the stream.

I again want to begin with the carbon tax and with Bill C-234. In 2016, the greenhouse industry secured an 80% exemption from the carbon pricing. What was the logic behind that? Why did the government grant that exemption to the greenhouse industry?

Mr. George Gilvesy: I would suggest that it probably went along the lines of the fact that we're producing food.

Mr. Dave Epp: I think you're exactly right.

Now, in your testimony, you outlined the costs and the risks of Bill C-234 if it does not pass. Those costs can go one of two ways: They can impact the bottom line of the producers or they can get passed along to the consumer, or it can be a combination thereof. Can you talk about the effects of both?

Mr. George Gilvesy: Can I respond by saying that there's a third?

Mr. Dave Epp: By all means.

Mr. George Gilvesy: That's where that investment will move to a jurisdiction that will not have those policies.

In this case, the greenhouse sector, as you probably heard in my testimony, has exhibited a great deal of growth in the last 20 years. I can say that the United States of America is actively trying to secure continued greenhouse investment in their jurisdiction, and much of that investment in North America is controlled by Canadian interests.

The infancy of the sector and the strength come out of Canada, but as we've seen, there's been a great deal of expansion in the United States. There were a great number of attractive deals being offered to greenhouse investment to go south of the border. Policies like the carbon tax and the plastics regime can create disruption in where that investment flow will be.

To go to your first two options, if there are cost increases for our members, the markets remain somewhat stable and you don't have the transition of production capacity. Then, over time, those costs have to be absorbed, either by the consumer or by the producer.

(1145)

Mr. Dave Epp: Would it be fair to say that the difficulty in passing those costs along to the retailers here in Canada would also impact the potential of some of the industry moving south? I know that many of our local producers have production facilities in the U.S. and further south.

Would that also be a complicating factor, given the structure of our retail grocery industry?

Mr. George Gilvesy: Absolutely, yes.

Mr. Dave Epp: In your opening comments, you also talked about going to a North American or perimeter strategy, regarding our crop technology products and re-evaluation. What's the status of the kinds of investments into that re-evaluation process?

My understanding of the minor use program is that many sectors that are considered minor use in our broad-acre crops are not securing investments in research or getting those products quickly through the regulatory process to address both the changing circumstances and the modern advancements in environmental technology.

Mr. George Gilvesy: While I'm not an expert in that area, I can make some cursory comments.

I do hear from our crop protection folks at the Ontario Fruit & Vegetable Growers' Association and the Fruit and Vegetable Growers of Canada that investment in the PMRA and PMC to deal with the upcoming pile of re-evaluations is just becoming overwhelming. We're falling behind on those investments.

Mr. Dave Epp: Thank you.

I will turn my remaining time over to Monsieur Lehoux.

[Translation]

The Chair: Mr. Lehoux, you have one minute.

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

Thank you, Mr. Epp.

Ms. Forcier, I would like you to provide us with supplementary answers and suggestions in writing if you do not have enough time to answer my questions.

In speaking about the "agri-disaster" initiative, my colleague Mr. Perron mentioned that it was truly important to bring in this new way of working. I would like you to indicate in writing what your association thinks of this.

My second question has to do with labour, which represents 52% of production costs. Do you think that automation can play a role? Could an investment tax credit be an important factor?

The Chair: Mr. Lehoux, the time is for questions and answers. We have time, but the answer needs to be brief.

Mr. Richard Lehoux: That is why I asked for an answer in writing, if necessary.

The Chair: Very good, okay.

Ms. Forcier, you have 30 seconds.

Ms. Stéphanie Forcier: I will talk about automation. By all accounts, producers want to automate. However, a robotic strawberry picker does not exist in the world right now. This is a medium to long-term solution. In the short term, a tax credit for research and development will not help the sector. What is more, labour, especially foreign labour, truly represents a major component. Producers want automation, but that is not happening any time soon.

The Chair: Okay.

Thank you very much, Mr. Lehoux.

I will now give the floor to Mr. Drouin for five minutes.

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

Ms. Forcier, several colleagues have asked questions about an "agri-disaster" initiative. This topic was also addressed with the produce sector in a previous meeting. We can always change the brand of a new program, but the fact remains that in the private sector, even when I deal with insurers, the process can take up to a year and a half.

I wonder whether this is the right solution. I also wonder how our government can ensure that there is a good analysis of needs on the ground before even creating a new program. Nevertheless, whether we are talking about "agri-disaster" or "agri-anythingelse", the goal is for the money to be available as soon as possible.

Ms. Stéphanie Forcier: Two out of three producers are not insured. That is not normal. Soilless raspberry production, which is the way of the future, is not even insurable. The government needs to ensure that producers are insured and that new production methods are, at the very least, covered by the crop insurance program.

(1150)

Mr. Francis Drouin: You said that two-thirds of people are not insured. When you discuss the issue with your members, do you think that they believe it is not worth it because the premiums are too high?

Ms. Stéphanie Forcier: It is the chicken and the egg. Again in the raspberry sector, there are so few producers who are insured, I think there are only five. Premiums are far too high. What can we do to mutualize the risk and create a ripple effect, hoping that producers will join in?

Again, if producers are in the soilless raspberry sector, which is not insurable, then what? Do you see the dilemma? We need to modify the programs. That is where things stand with the industry. Does the coverage reflect the state of the industry? That is the first question that needs to be answered.

Mr. Francis Drouin: Do you have any solutions to offer that would be respected by all your members? Essentially, you summed up the situation using the chicken and egg analogy. What happens if the solution you want is not received unanimously by the sector?

Ms. Stéphanie Forcier: If producers have adequate coverage, they are eligible for it and the premium is reasonable, then of course they will get insurance. The Quebec Produce Growers Association received money to conduct a study on why members were not getting such insurance. In my humble opinion, however, it is not up to the industry or the associations to do this work, even though this work needs to be done.

I will come back to the comments made by your colleague, who said that the Sustainable Canadian Agricultural Partnership is ending in 2028. Let's not wait until 2028 to modernize these programs. Whether the program is called "agri-disaster" or any other program, we need to make sure that there is a strong enough safety net for all producers.

Indeed, in the insurance sector I hear that it takes too long. However, if I come back to the AgriStability example, I wonder why an interim payment needs to go through a chartered accountant? The producer could send the figures directly, indicating his estimated income loss without having to pay \$1,000 or \$1,300 to send those figures to another intermediary, who then sends that information to

Farm Credit Canada. Do you see? I will skip the details. I want to make these recommendations in writing. I think these are minor solutions that could get rid of some irritants.

Mr. Francis Drouin: I imagine you don't have the numbers, but do you think that the majority of your members do their own accounting, through the AgriStability program for example?

Ms. Stéphanie Forcier: No.

Mr. Francis Drouin: In fact, they have to submit their documents to an accountant, but they do have to have some rather advanced knowledge in accounting.

Ms. Stéphanie Forcier: Yes, they do.

Mr. Francis Drouin: Okay.

Thank you very much, Ms. Forcier.

[English]

Mr. Gilvesy, it's nice to see you and Mr. Lee at the committee.

Going off some of the questions that have been asked previously by other members, you're aware that other countries are currently discussing carbon levies or import tariffs. Whether it's a price on carbon in Canada or another mechanism, we know that in the future, it affects anything we export. The United States is having this conversation as well. If countries don't have some sort of price on carbon, they will be dinged with an import tax, essentially, which would make our communities and businesses less competitive worldwide.

I'm wondering whether there's a preferred method you're asking for. I know Ontario had a system before 2018. Whether you liked it or not is another question. Would you prefer a cap and trade system or another price on pollution mechanism that's not the one we're currently under right now, which is federal jurisdiction?

Mr. George Gilvesy: Thank you for that question.

We are not climate deniers. We recognize that we need to address this.

However, what we're suggesting is that whatever is done be aligned with our biggest trading partner. If the United States and Canada can agree on the approach, we're not disrupting the markets or the competitive advantage or disadvantage on either side of the border and we're not going to put a sector out of business in Canada.

Whatever we do, we think it should have alignment with the United States.

Mr. Francis Drouin: I'm probably out of time.

The Chair: You have just a few seconds. Thank you.

[Translation]

Mr. Perron, you have two and a half minutes.

Mr. Yves Perron: That's perfect, Mr. Chair.

Ms. Forcier, two and a half minutes is not a long time. I will try to be quick.

I want to start by focusing on something you said in your opening remarks, that we need to stop talking about support and start talking about an investment when it comes to our food security and resilience. I think that is a very positive idea and we will keep in mind.

You also talked about reciprocity in standards, including social standards. Could provide some details on that? Do you have any recommendations?

• (1155)

Ms. Stéphanie Forcier: We talk a lot about reciprocity with respect to environmental standards using the example of pesticides that are no longer permitted in Canada, but are permitted in other countries from which we import the same products.

When I talk about reciprocity in standards, I mean environmental standards as much as social standards. Let me come back to labour here. Keep this in mind as well: how can we compete with a country whose hourly wage is six times lower than in Canada? That is what I mean by social standards. The United States is our main competitor. However, we see that production is increasingly heading to Mexico, including with Driscoll's. There is a reason for that: the labour cost in Mexico is far less than here.

In my opening remarks, I also mentioned the importance of recognizing the producers' support and monitoring services. There is a cost to providing housing or transportation and so on. We calculated those costs at the Association: In 2023, those costs represented roughly \$3.50 an hour. We indexed that amount by 4% using the consumer price index and came up with \$3.62 an hour. Minimum wage plus the hourly rate of \$3.62 represents, in our opinion, the cost to ensure the support and monitoring service. That is part of what we mean by reciprocity of standards.

Mr. Yves Perron: The government will have to take that into consideration and recognize the work that you're doing in that regard. I understand that. I want to reiterate that, if you do have any specific solutions, please send them to us. We would be happy to take a look at them.

I have very little time left. You quickly addressed the registration process. Should it be harmonized with that of our neighbours? How should that be set up?

Ms. Stéphanie Forcier: With regard to registration, there was another scenario that occurred this summer when we had a shortage of fungicides because of all the rain. When it rains a lot, more fungicides are needed. These products became harder and harder to get. Unfortunately, we are unable to access these products in Canada.

We have great standards and farmers deliver quality products, but more and more things are being imposed on them. As legislators, you should keep in mind that, when a crisis occurs, we would like to have access to products to save what is left of the crop, but we cannot get access to them because the registration process is really complicated.

The Chair: Thank you very much, Ms. Forcier and Mr. Perron.

[English]

Finally, we have Mr. MacGregor.

You have three minutes, because I gave you 30 seconds back there, or you gave that to yourself.

Go ahead, please.

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

I would like to turn my questions to Mr. Keenan.

Mr. Keenan, I represent a riding on the other coast, the Pacific side, and certainly my province is no stranger to extreme weather events that have been fuelled by climate change.

We had the atmospheric river in British Columbia, which absolutely devastated our breadbasket, which is the Fraser Valley, and many farms experienced massive losses from that. I think the total amount of damage to our province from that one weather event exceeded \$9 billion.

I know that on the east coast you've had your experiences on P.E.I. We had testimony from Nova Scotia farmers during our last committee meeting on this subject.

I would like to pose the same question to you—namely, what hard lessons have farmers on P.E.I. learned from those extreme weather events? In the spirit of your remarks on being proactive—and you can expand on other remarks you've already given—where would you like to see the federal government step in to help farmers achieve resilience and adaptability to what are sure to be increasingly frequent and unsettling extreme weather events?

Mr. Alvin Keenan: Thank you for your question.

There are a lot of different variables we deal with in extreme weather. In the event of the hurricanes that flattened all the woodland and that type of thing, it makes me wonder where the next growth is going to be and whether there will be any kind of a wood industry left in a number of years.

Going back in history in other provinces, in the 1800s the Miramachi in New Brunswick had a great fire. Since that time it's grown up again, and they have a lumber industry.

What we require is the availability of people and youth. We have trade barriers between our provinces in all respects, including for something as simple as not being able to bring beer from one province to another. Red Seal mechanics, nurses and members of all professions cannot go from one province to another to supply the same service without going through a tremendous amount of retraining. It makes me wonder what we've done. I think we've done things to protect ourselves, and now it's time to take a look at how to keep ourselves from—and I don't want to say this—starving to death. That sounds pretty cruel, but everything to do with protectionism needs to be looked at.

Really, it goes back to cleaning up this land that's been devastated. First of all, we were very fortunate last summer that we had all the rain we did, because with all those trees lying down, we didn't have massive forest fires. If that continues, in another year or so it won't be nearly as dangerous for fire because the wood will start to decay. It will be wet and damp and not support flame as well.

Going back, we need to take a look at all policies so that our industries can grow, whether looking at issues of health care and the shortage of nurses or technicians, engineers, and all types of people.

(1200)

The Chair: I'm going to have to stop you there, Mr. Keenan. We have a lot to work on, but thank you for your testimony.

Thank you, Mr. MacGregor.

On behalf of the committee, I want to thank Mr. Keenan from Rollo Bay Holdings Ltd., Mr. Gilvesy and Mr. Lee from the Ontario Greenhouse Vegetable Growers.

[Translation]

I would also like to thank Stéphanie Forcier from the Association des producteurs de fraises et de framboises du Québec.

[English]

Colleagues, we are going to suspend for two minutes, and then Minister Champagne is up.

• (1200)	(Pause)	

• (1205)

The Chair: Colleagues, welcome back.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on Thursday, October 19, 2023, the committee is resuming its study on efforts to stabilize food prices.

[Translation]

I would now like to welcome the hon. François-Philippe Champagne, Minister of Innovation, Science and Industry.

Welcome, my friend.

He has brought with him two senior departmental officials.

[English]

Mark Schaan, senior assistant deputy minister, strategy and innovation policy sector, and Étienne-René Massie, assistant deputy minister, small business, tourism and marketplace services.

Colleagues, we'll thank the minister for being able to make some time to come in. This will be the last hour of the study, and then we'll be turning to studying the recommendations that will follow.

Minister, it's great to have you here. You draw a crowd, as you can see. The benches are packed.

Let me recognize some of the folks who are here.

From my province, we have Mr. Perkins. Mr. Williams is from the Belleville area, I believe. From the NDP, we Ms. Idlout from Nunavut. I know, Ms. Idlout, that you'll be sharing your time with Mr. MacGregor in the second or third round.

It's good to see you all here.

Before I go to the minister, I will say that this committee has a great reputation. I'll make sure that we keep that reputation here to-day because I know he'll want to be able to respond. You guys are going to want to ask really tough questions, but let's keep it inside the bounds of how we play ball at this committee. I know you guys will do me proud on that one.

Minister, I'll pass the floor over to you for five minutes. I'll give you a little bit of freedom.

Hon. François-Philippe Champagne (Minister of Innovation, Science and Industry): Mr. Chair, on that note, you know, we're all going to be..., but I want to thank colleagues who are here.

[Translation]

Colleagues from both sides of the House, thank you for being here. I think that this is a committee where we can have one of the most important discussions. We know that grocery prices and the cost of living are a day-to-day concern for Canadians.

[English]

I'm really very pleased to be here with colleagues whom I interact with on a daily basis.

Food affordability is a critical issue. It's facing all Canadians. That's why this committee is probably one of the most important in the work because of the work it's doing. Our government, as you've seen, is really committed to stabilizing food prices in Canada. You've seen over the last month and, I would say, the last year that we've been taking decisive action to do so, and we're starting to see results from that.

[Translation]

Last summer our government launched the grocery rebate, which delivered a payment to eligible Canadians, alongside the quarterly GST/HST credit payment. Then, last fall, our government held a series of meetings with the major players in the food supply chain, both grocers and suppliers, to encourage them to take appropriate measures to stabilize grocery prices in Canada. I was told that this was one of the first times that the CEOs of the five major grocery store chains met in Ottawa. On behalf of 40 million Canadians, I expressed our frustration and asked that they take meaningful action to stabilize grocery prices in Canada.

• (1210)

[English]

Indeed, in September of last year, I met with the leaders of Canada's five largest grocery chains to stress the government's expectation that they take action to stabilize food prices in Canada.

Then, in October, you will recall that I announced the tripling of our investment to support consumer advocacy organizations, from \$1.6 million to \$5 million for the next five years. That was really to create a consumer advocacy culture, I would say. You find it in some parts of the country but not everywhere. I would say that in Quebec that culture is very well ingrained. Monsieur Perron, I'm sure, will be able to talk about that. We need to do that nationally far more to make sure that consumers' interests are well represented

By providing this additional funding, we are ensuring that consumer interest organizations have the support they need to advocate for consumers and address pressing issues like shrinkflation, which, as you know, Professor Charlebois addressed in this committee. Shrinkflation and dequaliflation are big issues facing consumers.

A few weeks later, in November of last year, we launched the food price data hub to improve the availability and accessibility of data on food prices. That's something we've heard from a number of constituents in the supply chain. You want to establish better leverage between different market participants, and access to information is key to that. The food price data hub provides Canadians with more detailed information on food prices and helps consumers make informed decisions about their food purchases.

[Translation]

As part of our efforts to stabilize grocery prices, we are taking into account the pivotal role that the provinces and territories play, and we understand the need for greater co-operation between Ottawa and our provincial and territorial counterparts. I know that you've had the opportunity to hear from many stakeholders in this sector.

That's why, in December 2023, my colleague, Minister MacAulay, and I met with our provincial and territorial counterparts to discuss the next steps in stabilizing food prices across the country. I want to recognize the work of those counterparts. There is a lot to do. For example, unit price is a measure that exists only in Quebec. What can we do to make that a national thing?

We spoke about several large initiatives during that important meeting. I was told that the last meeting took place around 2017. You see how important it is to hold these kinds of meetings. It is not very often that we have big meetings like this that bring together our provincial and territorial partners. I think that this is the right thing to do to work together.

[English]

As you're well aware, federal, provincial and territorial governments have been hard at work with industry partners on the grocery code of conduct. This is a substantial measure that will bring fairness, transparency and stability to our grocery sector and supply chain.

[Translation]

That being said, following three years of negotiations and missed deadlines, we are extremely disappointed that some supply chain partners, including two of the five major retailers, have still not signed on to the grocery code of conduct. That is why the government is currently having a hard look at all the options, including legislative options, to ensure fair and transparent practices in the grocery industry.

[English]

Let me be clear. There will be a grocery code of conduct in Canada, one way or the other. I think those who are listening—I'm sure that there are a few folks listening today—should take these words very seriously. We demand action. We judge the action taken, and then there are consequences.

You saw that when we amended the Competition Act. We are looking at all of the tools in the tool box to make sure that we have a code of conduct.

[Translation]

We also recognize that maintaining and enhancing healthy competition in the grocery sector is paramount to stabilizing food prices.

[English]

This is why our government introduced and passed Bill C-56, the Affordable Housing and Groceries Act. Among other things, this new law provides the Competition Bureau with subpoena powers to conduct effective and complete market studies. I would say, Mr. Chair, that this was demanded by most market actors. It was unthinkable that in 2024 our main enforcement agency would not have subpoena power, so we fixed that.

We also removed the so-called efficiencies defence to ensure that anti-competitive mergers can now be challenged. It gives the bureau more powers to challenge business practices by large, dominant companies that harm competition and drive up prices.

Mr. Chair, these new powers will not lie dormant. Just last month, I think it was in front of this committee that a representative of the Competition Bureau testified. I also sent a letter to the competition commissioner commending the work done by the bureau in its 2023 retail grocery study report. That report clearly identified important barriers to competition and made helpful recommendations to address this issue.

• (1215)

[Translation]

In that letter, I took the opportunity to express how disappointed I was to learn that the Competition Bureau's study did not benefit from the full co-operation of large grocers. I am hopeful that the new powers provided by Bill C-56 will be a useful tool for the Competition Bureau in countering potential abuses in the market-place.

[English]

Additionally, we are committed to further enhancing competition in Canada through targeted reforms in Bill C-59, the fall economic statement implementation act of 2023. This comprehensive proposal is designed to encourage more competition in all markets, including in Canada's grocery sector.

I want to take this opportunity in front of colleagues in this committee to once again call on all parliamentarians to support this much-needed reform to support Canadian consumers. One concrete action that every member can take is to vote to make sure that we continue our reform of the Competition Act.

Among other things, the proposed measure will modernize the merger review regime. I would think that all colleagues would agree to that. It would strengthen the enforcement framework with respect to collaborations that harm competition. I could not imagine any member being against that. Also, it would broaden recourse to the Competition Tribunal by private parties, which we have heard about from witnesses.

Mr. Chair, beyond modernizing Canada's competition regime, we of course continue to encourage more choice for Canadian consumers. That's why we are engaging with international grocers that have played a key role in improving affordability in markets around the world. If you have questions, I'll be happy to report on that.

Mr. Chair, in conclusion, let me say this. When it comes to grocery prices in Canada, our government is taking decisive action. We are committed to stabilizing food prices across the country and we will continue to work with all levels of government to make sure Canadian consumers get the much-needed relief they deserve at the checkout counter.

I want to thank all the members of this committee. I know, Mr. Chair, that you sent a letter recently to ask for action. I think everyone on this committee has a role to play to make sure we work for Canadians.

The Chair: Thank you very much, Minister Champagne.

As you made your remarks saying one way or another there would be a grocery code of conduct, I would submit that this committee would agree with that approach. That's exactly why we wrote that letter asking for a couple of the supermarkets in particular to get involved or we would suggest a recommendation for government to actually legislate the code. It was good to hear that today in front of committee.

I'm going to go to Mr. Barlow.

I know there will be a vivid back-and-forth. The minister is a passionate guy. You guys have passionate questions. Let's be fair to the translators, and I'll play referee.

It's over to you, Mr. Barlow, for up to six minutes.

Mr. John Barlow (Foothills, CPC): Game on, I guess. Thanks, Mr. Chair.

Minister, you had promised Canadians last fall, as the Prime Minister did before, that by Thanksgiving there would be fundamental stability or lowering of grocery prices. That clearly hasn't happened. When your government failed to do that, you asked this committee to basically do this study again. We had done this last spring.

In knowing that those promises did not come to fruition to stabilize grocery prices, as food inflation is still well ahead of regular inflation, would you not agree, Minister, that any policy brought forward by your government should have the lens of lowering grocery prices and that this should be a key part of those policies brought forward by your government?

Would you agree with that?

Hon. François-Philippe Champagne: Mr. Chair, I would disagree with the premise. If you look at the food inflation rate in Canada, the Statistics Canada data shows that the trend is in the right direction. I would say the premise of your question....

What we asked for and what I demanded in front of the five grocers when they were there.... I was speaking on your behalf as well. I was speaking on behalf of 40 million Canadians. I expressed the frustration of all of us, saying that they need to take action.

They did submit a plan. I was not satisfied and I made that very public. I said there would be consequences. The consequence is that we changed the law. With the new power now, the competition commissioner will be able to go further.

I always hear from them that it's a very complex and very sophisticated supply chain and I say, "Put your cards on the table." If it's that complex and there are a lot of issues, put them on the table so that we and members of this committee can put light on that and take action with you.

Mr. John Barlow: Thanks, Minister.

I want to go through some of the other policies that your government has brought forward. You can answer whether these are going to lower grocery prices.

Does increasing the carbon tax on April 1 by 23% lower grocery prices, yes or no?

• (1220)

Hon. François-Philippe Champagne: I would say when you look at the Bank of Canada.... You don't have to take it from me, Mr. Barlow, because I know you trust me a lot. I see you every day in the House of Commons—

Mr. John Barlow: Does it lower grocery prices?

Hon. François-Philippe Champagne: You should take it from the Bank of Canada. You don't need to take it from me. The Bank of Canada—and let me quote—I think said that the carbon pricing has minimal effect on grocery prices in Canada. I think they referred to about 0.2% as the number for the effect it has. I think that's the evidence that this committee should be working on.

Mr. John Barlow: You mentioned Dr. Charlebois earlier.

According to Dr. Charlebois, increasing the carbon tax and keeping it in place will increase wholesale food prices by 34% and Canadians, by the Canadian food price index, will be seeing grocery prices go up \$700 this year, so I would ask you to readjust.

Does amending Bill C-234 lower grocery prices?

Hon. François-Philippe Champagne: What will lower grocery prices in this country, Mr. Barlow, as I'm taking from experts, is looking towards competition. What we need is more competition in this country. What you're facing in this country is that you have basically.... That's why I'm here today.

Just look at that for a second, Mr. Barlow. That's the reason we need more competition in this country. You have basically three large grocers that control 50% of the market.

Canadians watching at home will see that. That's what we're fighting, because you and I are on the same side on this. You're fighting to make sure that we have more competition in this country—

Mr. John Barlow: Minister, Canadians watching at home are also saying Liberal government policy is actually having the reverse effect on grocery prices.

Does implementing front-of-pack labelling lower grocery prices, yes or no?

Hon. François-Philippe Champagne: I would say you have to look at the different measures that we've been taking, but the measures that will have the most impact, I would say, on food prices in Canada are around competition.

I would say the grocery code of conduct is certainly going to help restore a bit more fairness in the system. That's something I've heard not only from ordinary Canadians; we met, for example, with the Canadian Federation of Independent Grocers, and they said that the two things we've done that are the most fundamental for our small stores and our region—and I come, like you, from rural Canada—were the competition aspect and making sure we have the grocery code of conduct.

Mr. John Barlow: Minister, you're talking about competition, but implementing the front-of-pack labelling increases costs on manufacturers by \$8 billion. Those costs will be passed on to consumers.

Does banning P2 plastics in the fruit and vegetable industry lower grocery prices, yes or no?

Hon. François-Philippe Champagne: I would say, Mr. Barlow, that there are a number of things that are bringing food prices up in this country. You've seen issues around labour shortages, supply chain issues, profit margins, the war in Ukraine. There are a number of factors, and that's why we've been suggesting—and I think the committee would be with me on this—the new power that the Competition Bureau has today, and having a thorough market study on grocery I think would help.

We've implemented a lot of the things that have been talked about. I think reform of competition is probably the gift that you and I are giving to Canadians, to the extent that you're willing to support that, because honestly, that's what's going to make a difference—

Mr. John Barlow: Minister, the gift you're giving to Canadians is much higher taxes and much higher costs that are impacting their grocery prices, and it's incredible that you refuse to answer the questions on the policies that your government has put forward.

The ban on the P2 plastics will increase food costs. This is by Deloitte. This isn't by us, as Conservatives, but by Deloitte. It will increase produce costs by 35%, reduce availability of some products by 50% and cost the industry \$5.6 billion. These costs will be passed directly on to consumers, increasing their grocery prices.

There are some things that you are responsible for as a government that are making these costs go up, and yet you are not taking responsibility for those decisions.

Hon. François-Philippe Champagne: Listen, sir, I take responsibility for my actions. Look at what we've done since I started in the last few months. Just look at my record. We met the CEOs, we—

Mr. John Barlow: You refused to answer any question I gave you—

Hon. François-Philippe Champagne: Hold on.

We met with the grocery CEOs, we made the most comprehensive reform on competition, we increased the consumer—

Mr. John Barlow: Yet prices continue to go up.

Hon. François-Philippe Champagne: —and we met with the FPT, and the last time it happened was in 2013.

If you look at my record and the record of the Conservative government, I think Canadians at home will see who has been fighting for them.

The Chair: Thank you, Mr. Barlow.

Thank you, Minister Champagne.

We'll now turn to Ms. Taylor Roy for up to six minutes.

[Translation]

Ms. Leah Taylor Roy (Aurora—Oak Ridges—Richmond Hill, Lib.): Thank you, Mr. Chair.

Minister, thank you for being here today to discuss our progress in the fight against food inflation. I also want to thank you for everything you have done to date to stabilize grocery prices. We know that food inflation has dropped since you met with Canada's major grocery chains.

What do you think that grocers still need to do to maintain the confidence of Canadian consumers who are still concerned about their grocery bills?

• (1225)

Hon. François-Philippe Champagne: Ms. Taylor-Roy, I am very pleased to hear you ask a question in French and to answer in that language.

You're right. The curve shows that inflation is slowing down in the grocery sector. That is a fact and the data comes from Statistics Canada. The measures that we have taken are currently affecting the market, but we need to do more. That is why, when I met with grocers for the first time in September 2023, I asked them to work with us to implement measures. We were guided by what is being done in Canada and abroad. We looked at what is being done in France, England and other countries. We told Canadian grocers that we need them to work with the Government of Canada to help us stabilize food prices in the country.

The major grocery chains that appeared before the committee came back with some ideas. However, I did not think that they were enough and I was not satisfied, so I told them that we were going to change the law to give the Competition Bureau more power so that it could get to the bottom of this issue. That is what we did.

When we meet with Canada's major grocery chains, they tell us that the supply chain is complicated and that there are many factors that affect grocery prices. I told them to put their cards on the table and to tell Canadians if it is complicated and then we can decide what to do about it.

We launched the biggest reform of the Competition Act in the past 40 years. What is more, we made record investments in the Office of Consumer Affairs, which is part of my department. We also held a federal-provincial meeting on consumer challenges. Some people told me that this was the first such meeting since Confederation. I would like to believe them, but there have definitely been other meetings since then. I was told that the last such meeting supposedly took place around 2000, and we are in the process of verifying that.

We put pressure on the industry because we think that everyone has a role to play in this. In light of that, we did not just meet with the major grocery chains. We also met with industry representatives, those who have a role to play, including major domestic and foreign stakeholders in Canada's processing industry. We met with them in Ottawa and asked them to be part of the solution.

More recently, I was in discussions with major grocery chains in the United States to see how their market dynamics work. I learned something that this committee should know. A representative from a large American grocery chain that generates about \$100 billion in revenue told me that it tried to enter the Canadian market a few years ago, but that it was unable to find any rental space. The chain was looking for 150 rental spaces in Canada, but it was unable to find them. I answered that we had just changed the law to prohibit the use of restrictive clauses in leases between lessors and lessees that prevent competitors from setting up shop near a large grocery chain. The representative confirmed that that was the reason why the chain was unable to enter the Canadian market. We are talking about a company that generates \$100 billion in revenue. The representative said that, now that we had changed the law, the chain would again think about coming to Canada because it thinks that Canada is a lucrative market.

Ms. Leah Taylor Roy: Thank you very much.

I will now switch to English.

[English]

We hear a lot about some of the programs we have in place to combat climate change. The articles I've read and the people I've spoken to have said that climate change is actually a major factor in food price inflation. I'm wondering if you've heard the same.

This is one of the big challenges we are facing, and we are doing the responsible things by taking care of Canadians who need help the most with grocery prices through grocery rebates, through the Canada workers benefits, and through other programs that are trying to make sure that people can afford groceries, but at the same time we're protecting the future of our country, our workers, our children and our farmers. Quite frankly, it's to ensure we fight climate change.

Hon. François-Philippe Champagne: You put it in the best possible way. Obviously, Canadians want us to fight climate change. They realize this is an existential issue for them and for their children and grandchildren, and there's no doubt about that.

At the same time, Canadians understand it's a very complex supply chain. What is driving prices up? You have animal disease. You have droughts in certain growing regions. You have higher input costs. There's the war in Ukraine. We've seen labour shortages. As for profit margins over the last five years, just look at the profit margins of some of the largest grocers in the country. There are a number of factors.

The reason I think the role of the committee and the grocery market study was so important was to put light on that. I keep saying that if it's complex and complicated, just tell Canadians. I trust Canadians. They will understand that. As government and Parliament, we will take action to make sure we do everything we can to help stabilize prices in Canada. We're talking with our international partners.

Just look at what the United States did yesterday. The Americans are also fighting for consumers. They're looking at competition. The biggest gift we can give the market will be around competition and the code of conduct. This is what we heard loud and clear from market participants, especially the independent grocers, who said, "We need to reform competition. We need a grocery code of conduct. Let us compete, and then we'll be able to better serve." Competition means more choice and more innovation, and that translates to better prices.

It's true in Australia and New Zealand. It's true in markets around the world. That's what we're looking at.

(1230)

The Chair: Thank you, Minister. Thank you, Ms. Taylor Roy. [*Translation*]

Mr. Perron, you have six minutes.

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

Minister, thank you for being here and thank you to those who accompanied you. We appreciate you taking the time.

I was pleasantly surprised to hear you say that you were not satisfied with the meeting that you had with the five CEOs. As you said, since nothing came out of that meeting, something else needs to be done. Did I understand correctly that not much came out of that meeting?

Hon. François-Philippe Champagne: I don't think I would say that.

That meeting was a wake-up call for grocers. It was the first time that Canada's five major grocery chains had to answer for their actions before a minister in Ottawa. The meeting lasted two hours. You can ask Mr. Charlebois, who was with me at the meeting, but the tone changed. I told the grocers that I was not speaking on behalf of the Prime Minister but on behalf of all 40 million Canadians. Canadians are the ones asking them to take action. Some grocers did so, but, personally, I am not satisfied with what has been done. That is why I told them that the government was going to take other measures that would impact them. They have seen the consequences of the amendments to the law. Grocers know that we are willing to do more.

Mr. Yves Perron: Minister, they appeared before the committee last spring, before you asked them to meet in Ottawa, so they had been to the Hill before.

Hon. François-Philippe Champagne: That's true, but they had never met with an industry minister before.

Mr. Yves Perron: I agree.

I am pleased to see that we agree on the fact that the results were insufficient. We had access to documents that we, unfortunately, cannot discuss, but we agree on one thing: There was not much in there. I am glad that you recognized that.

You said that the meeting was a wake-up call for these grocers. Don't you want to meet with Walmart and Loblaws again to find out why they don't want to sign on to the grocery code of conduct? We wrote a letter. The committee did its part. Perhaps it would be

more effective if the request came from you. I think that's a good idea. What do you think?

Hon. François-Philippe Champagne: I'm glad you're here, Mr. Perron. You represent one of the ridings next to mine. I'm pleased to talk to a colleague and a friend. Agriculture is especially important to our two ridings.

I've spoken to the grocers since the meeting. You know me. I'm not one to let things go. Many initiatives have been taken. In fact, I would like to acknowledge the Quebec minister, Mr. Lamontagne, who did a lot of the work. Minister Bibeau, who served before Minister MacAulay, worked on it too. This work was done over two years, which shows how important the grocery code of conduct is. I assure you that we will continue to exert pressure on Loblaws and Walmart. Personally, I think that this code is vital for Canada.

One way or another, there will be a code of conduct. If grocers sign on to it voluntarily, then that would be a good thing and that is what we would like to see. If some decide not to, then we will be obligated to take action to ensure—

Mr. Yves Perron: Sorry to cut you off, but I don't have much time. Yes, we know each other, but not very well. My job is to ask you questions. That is what we are here for.

We are talking about competition. I listened carefully to the answers that you gave to questions from previous speakers. You said that this doesn't make any sense and that more competition is needed. We agree on that, and the Bloc Québécois supported Bill C-56. However, representatives from the Competition Bureau recently appeared before the committee and they told us that Bill C-56 is not enough. They explained that the bill is missing certain measures when it comes to proving that a merger will not harm competition, implementing better standards of repair and so on. Do we agree that more work needs to be done and that we need to avoid being negligent?

I really liked your document with the list of grocery store mergers and acquisitions. I don't want to be impolite, but this shows me that we have been negligent in this sector. How did all of these mergers and acquisitions get approved? When I spoke to the people from the Competition Bureau, they told me that the government should have stopped more of these from happening.

When it comes to another sector that falls under your department, the Competition Bureau representatives told me that the bureau advised against the Shaw-Rogers merger but that the Competition Tribunal went ahead and approved it anyway. The government is putting on a good show with the grocery sector by saying that it wants to take grocers to task and help people, but why then it is allowing similar negligence to happen in another sector at the same time? What is happening? Do changes need to be made to the Competition Tribunal?

• (1235)

Hon. François-Philippe Champagne: Thank you for your very relevant question.

The reform of the Competition Act is a three-pronged process, which began with the 2022 budget. Second, there was an update in Bill C-56 and, third, other measures are set out in Bill C-59. It has been said that this is the biggest reform in the past 40 years, since the Competition Act was passed. This law needed to be modernized. For example, under the old version of the act, witnesses could not be subpoenaed. When the committee and people saw that there was a study without—

Mr. Yves Perron: Minister, I would like to you to tell me about the tribunal because my time is almost up.

Hon. François-Philippe Champagne: The tribunal depends on the legislative powers given to the Competition Bureau.

Mr. Yves Perron: That is what we do.

Hon. François-Philippe Champagne: That is its role. By looking at all of you, I know that, when it comes to competition, the legacy that we are going to leave to future generations will be to give teeth to the Competition Bureau. When we invested \$90 million to—

Mr. Yves Perron: Give us some proposals, Minister, and we will be there to work with you.

Hon. François-Philippe Champagne: We have made a proposal: Bill C-59. I see your colleagues smiling, and I will take that as a sign that they will support this bill.

Mr. Yves Perron: I have about 40 seconds left. We will have to come back to this later.

We all agree that the grocery code of conduct is necessary. You saw the letter from the committee in that regard. In your introduction, you mentioned my name and spoke about jurisdictions. What steps are you taking? Will you commit before the committee to do this the right way? Obviously, we want everyone's jurisdictions to be respected in this. You understand our role.

What commitment can you make to us today in that regard?

Hon. François-Philippe Champagne: We want a grocery code of conduct. We commit to continue to move in that direction. Of course, we want to do things right. We are in contact with our colleagues in Quebec. That is why the federal-provincial-territorial meeting was so important. The last time such a meeting was held was somewhere around 2010 or 2015. It had been a long time since there was one. We relaunched this process.

We have a lot to learn from Quebec. I'm sorry for taking a bit more time, but I know that what I have to say will interest you. Did you know that only in Quebec does the law require a price per unit? That is not the case across the country. I learned that as a consumer, and I was very surprised. Quebec is therefore a leader, just as it is with its Consumer Protection Act. With our partners, we want to transmit that culture to different jurisdictions in the country.

The Chair: Thank you very much, Minister.

Thank you, Mr. Perron.

I will now turn the time over to Mr. MacGregor for six minutes, please.

[English]

Mr. Alistair MacGregor: Thank you, Chair.

Welcome to the committee, Minister.

If you look back over the last number of years, especially since the pandemic in 2020 and over this period of instability, you see that many corporate sectors involved in the food supply chain, whether it's oil and gas or fertilizer or the grocery companies, have seen record profits. Many of the high prices that Canadians are paying for food these days have gone a long way to padding corporate bank accounts.

Canadians would look at the graph you just held up, Minister, and I think they would still see a failure. You may show a trend line in decreasing inflation, but the fact is that Canadians are still paying higher prices for food, and many families are at a breaking point. I guess the question many have in their mind is this: With all of the powers that you command as a minister, why is your plan still failing after all this time?

Hon. François-Philippe Champagne: Well, I would not say it's failing. Is it a tough fight? Yes. Is it worth the fight? Totally. Canadians depend on that. When I see Canadians across the country, they tap me on the back: Keep up the fight, sir, because you're fighting on behalf of 40 million of us.

Most Canadians don't have access to the CEO of Loblaws or Sobeys or Metro, but I demanded their presence in Ottawa and said that they needed to act and that what they did was not sufficient, so we amended the law. I think they get the point now that we're really serious about that. We're talking to our partners internationally. We're talking to international grocers, or what they call deep discounters. At the end of the day, the best way to offer more choice is to have more competition.

You don't need to take it from me. Just look at the chart. Canadians watching at home will say that this is the reality. Fifty per cent of the market is controlled by three companies. That's the reality. If you add Walmart and Costco, it's 80%. What we need is more competition.

If you're looking at me today, in five months I've taken probably more actions than any government in history, I would say—reforming competition, calling the CEOs, making sure we boost the consumer affairs bureau and putting \$5 million toward consumer advocacy groups around the country.

In terms of the wherewithal of consumers, the biggest power, as you know, Mr. MacGregor, is consumers and where we spend our money—

Mr. Alistair MacGregor: Understood. I'm sorry, but my time is short.

With respect to the meeting with the CEOs, Metro CEO Eric La Flèche is on record as saying that the meeting did not actually result in much.

Now, we have seen through successive Liberal and Conservative governments that both of your parties have shown an incredible amount of corporate deference. You can see that deference over the last 40 years in the economic policies that you have both pursued. I think what Canadians really want to see is the pendulum start to swing back onto the side of consumers, back onto the side of farmers. I think what they want to know is this: Why should they rely on the goodwill of CEOs to lower food prices when we have a major CEO saying that your meeting did not result in anything?

(1240)

Hon. François-Philippe Champagne: He's an outlier. I made sure they would understand. I made sure they would get the message. I said, "You can smile at me, and that's okay, but 40 million Canadians have more power than any corporate CEO can believe. We can move our purchasing power. Maybe you're smiling today, but we changed the law, and now the enforcement action has been taken. You don't need to take it from me. You've seen it."

The Competition Bureau has taken action now. I think they hear now that we're really serious about that. I would say that Canadians understand. Is it an easy fight? No, but it's a fight worth having. I think the reform of competition will have the most long-lasting effect. You know, you're asking me, but we've been advocating; it's not only in the grocery sector, as you know, when you reform competition. This is the biggest reform in 40 years.

Therefore, I would just question the premise. Am I going hard? Pretty hard. Yes, you may have a comment like that, but do you know what? I said that they could smile at me, but they could not smile at millions of Canadians. At the end of the day, they're the ones making the final decisions.

Mr. Alistair MacGregor: Well, Minister, I think there is also room for improvement.

Let's take the Competition Bureau, the Competition Act and indeed the Competition Tribunal. A couple of weeks ago, there was an important vote in the House of Commons on NDP leader Jagmeet Singh's bill, Bill C-352, bolstering increased legislative muscle for both those bodies.

The only party that voted against that bill was the Liberal Party, including you. Thankfully, that bill has now gone to committee, but I guess that when Canadians are looking for increased legislative action to fully equip our agencies for looking after these issues on behalf of Canadians, they want to know why you're voting against increasing powers for the Competition Bureau and the Competition Tribunal. Why are you against those legislative measures?

Hon. François-Philippe Champagne: Well, I'm very happy for Canadians watching, because we've already done it. It's in Bill C-59. We took the good ideas that were put forward and we added to that. The reason we say that we don't need a private member's bill is that we have a government bill that goes further. Canadians want to make sure we go further. That's the reason.

For folks at home, it's very simple: It's because the bill we had as a government was going further, incorporating a lot of the things that you were mentioning, but going even further. I mean, experts would say that it's the largest reform on competition that you've ever seen. We're going to lengthen the limitation period for non-noti-

fied mergers, we're going to have more private enforcement and we're going to make sure that the competition commissioner will not face cost awards like we've seen last time, in the Shaw-Rogers transaction. I would say that we're going full out to make sure that we'll have more competition in this country, and I appreciate the help and the support of the NDP in that.

The Chair: Thank you, Mr. MacGregor.

We'll now turn back to the Conservatives.

Colleagues, if we do exactly two rounds, it will be one o'clock.

Minister, I know you have a busy schedule, but I might try to get in a third round from the Conservatives and Liberals just because there was an anticipation of three rounds, even if it is shortened. We'll make sure that we try to move on that basis.

Go ahead, Mr. Perkins, for up to five minutes.

Mr. Rick Perkins (South Shore—St. Margarets, CPC): Thank you, Mr. Chair.

Thank you, Minister.

Minister, as you know, because we've had lots of conversations since I became your critic, I spent more than 20 years of my career in retail, in both the C-suite and the executive and on boards.

I'm going to ask you this: What is the gross profit margin of the major grocery players, the gross profit margin on grocery?

Hon. François-Philippe Champagne: I would say that what we've seen....

By the way, I'm happy that you're following me in every committee. It's great to have the opportunity. I see you in the House and I see you at every committee. It's always great.

Mr. Rick Perkins: I think you're following me.

Voices: Oh, oh!

Hon. François-Philippe Champagne: No, no. I'm saying that you should be happy because you have a minister who says it's great to see you.

What I'm saying is that what you've seen in the last five years is that profit margins of the large grocers have primarily doubled in this country, and that is of concern—

Mr. Rick Perkins: I'm sorry, Mr. Minister. That's incorrect. They've been flat. They're about 3.7% to 4%, and they pretty much average around there. When you were meeting with the grocery retailers, did you have a meeting—

• (1245)

Hon. François-Philippe Champagne: Just look at Stats Canada, sir. I know you don't have your glasses—

Mr. Rick Perkins: I just.... I'm sorry—

Voices: Oh, oh!

The Chair: Hold on. Hold on here. Order.

No, no. I've stopped the clock, Mr. Perkins.

Look, your time is yours, and I have to balance that, but if you ask a question, you may not like what the minister has to say. Then, when he responds, if you want to counter what he has responded with another piece, we'll go back, but out of respect of the translators, we will balance this.

You have three minutes and 55 seconds left. It's over to you.

Mr. Rick Perkins: Thank you.

I'm sorry. I just read the annual reports. Maybe you don't read them.

Did you meet with any of the manufacturers of the products that the grocers buy?

Hon. François-Philippe Champagne: I met with a number of them, and the list is even public—

Mr. Rick Perkins: Okay. I don't need you to read the list.

Because you met with them, you must know what the gross profit margin of Procter & Gamble is.

Hon. François-Philippe Champagne: Listen, I certainly would want to put pressure on them, but I don't know where you're going with that—

Mr. Rick Perkins: It's 53%.

Hon. François-Philippe Champagne: Are you trying to defend the profits of the large grocers in Canada so Canadians can watch that?

Mr. Rick Perkins: No. I'm just trying to explain—

Hon. François-Philippe Champagne: No, no. I just want to understand where you're going with that—

Mr. Rick Perkins: I'm just trying to explain to you—

The Chair: Mr. Perkins, I'm going to stop this.

Mr. Perkins, I have the floor as the chair. You will stop talking, because I'm the chair of this committee. I appreciate that you are having a back-and-forth, but we have translators that we want to be respectful to.

Again, ask the question. If the minister takes too long or meanders, I will cut him off and go back to you, but I do not need three people or two people talking at the same time.

You have three minutes and 25 seconds. Go ahead.

Mr. Rick Perkins: I'm sorry, Mr. Chair. I was just trying to answer the minister's question that he posed to me, and that is 53%.

Do you know what the gross profit margins of Kraft or PepsiCo are? I believe you're not putting the emphasis on where the price is going up. As a person who has worked in retail, I have to deal with

the price of the product that's sold to me, that's manufactured, because I don't make them.

Have you met with those groups, and what pressure are you putting on them to reduce their monopolistic gross profit margins of more than 50%?

Hon. François-Philippe Champagne: I'm very happy to answer that.

By the way, I have met with representatives from Unilever, Lassonde, Nestlé, Lactalis, Smucker's, Kraft...and the list goes on. Definitely, I have met with them. I told them one thing: that we expect them to play a role in stabilizing prices.

I even talked to international colleagues, Mr. Perkins, not just those in Canada. I'm talking to our G7 partners to ask what can we do together to make sure that we have more stability in the prices.

I'm not just looking at the grocers. I understand that. I have spent my life in business, just as you have, sir. I understand that everyone has a role to play. One thing that we have to be clear about is that the grocery retail profit margins have nearly doubled in the last five years.

Mr. Rick Perkins: Well-

Hon. François-Philippe Champagne: If you don't believe the Competition Bureau or Statistics Canada, sir, we have a fundamental problem. It's not me saying that. Look at the chart.

Mr. Rick Perkins: I believe their disclosed, publicly available information in their annual report—

Hon. François-Philippe Champagne: As you know—

Mr. Rick Perkins: Please don't interrupt me.

Hon. François-Philippe Champagne: —there's grocery, and there's pharmacy—

The Chair: Minister Champagne, no. I have to be fair now. Let him speak.

Thank you.

Mr. Rick Perkins: You've had zero impact on that part of the business. You've had zero impact on the retail side of the business. For retailers, transportation is one of the biggest costs—transportation and energy in the stores.

Can you tell me how putting two carbon taxes on the fuel—which causes the transport costs to go up, which I, as a retailer, have to to pass on to consumers—actually lowers grocery prices?

Hon. François-Philippe Champagne: You know, Mr. Perkins, I like you very much, but look at this chart. I don't have to say much more. If you think that our actions have no impact, look at the numbers. Do you want me to quote them for you?

In August 2023—

Mr. Rick Perkins: No, I would like you to answer the question.

Hon. François-Philippe Champagne: —it was 6.9%. In September, it was 5.8%. In October 2023, it was 5.4%. In November 2023, it was 4.7%, and in January 2024, it was 3.4%. Those are the food inflation rates, sir.

Mr. Rick Perkins: Listen-

Hon. François-Philippe Champagne: If you're asking me if our actions are having an impact, look at the chart, sir. I'm happy to give you a copy. The trend is going in the right direction.

Mr. Rick Perkins: I asked you how increasing the carbon tax on one of the most expensive parts of retail—transport—lowers grocery prices. How does it do it?

Hon. François-Philippe Champagne: Sir, I would be happy to respond to you.

I would refer not just to me but to the Bank of Canada. The Bank of Canada said that carbon pricing might have a small impact on food-price inflation, less than 0.2%. That's not me, Mr. Perkins. You may not like my answers, but you at least have to like the answers sometimes provided by the Bank of Canada, Statistics Canada or the Competition Bureau. Those are facts, sir. I'm just referring to established facts that have been done by other agencies.

Mr. Rick Perkins: It will come as a shock to Canadians, who see grocery inflation up every month, up higher than the inflation prices. Are you telling Canadians that grocery prices are going down?

Hon. François-Philippe Champagne: Sir, it's not me. It's Statistics Canada. Look at the chart, sir. If you don't believe Statistics Canada, then, sir, I guess you might be one of those in Canada.... However, I would say that most Canadians believe Statistics Canada.

• (1250)

Mr. Rick Perkins: Minister, do you understand how inflation works?

The Chair: Mr. Perkins, your time is up. I don't know how Mr. Lightbound runs his committee. It must be a little bit harder. However, in this committee, Mr. Perkins, we try to walk that balance.

We're at time, but thank you.

We'll now turn to Mr. Carr for five minutes.

Mr. Ben Carr (Winnipeg South Centre, Lib.): Thanks very

I'll try to invoke some of my friendly Manitoba disposition here, Mr. Chair.

Minister, thank you very much for being here.

I want to go back in my preamble—which may be a bit longer than that of some of my colleagues—to some statistics we have available to us. I've heard my Conservative colleagues from across the way in this committee and in the House talk a lot about food inflation. I want to draw the committee's attention, if I may, to a couple of statistics.

I know you talked about food prices beginning to stabilize around Thanksgiving. Now, I remember Thanksgiving well, because my birthday is in and around there. That would be October. Now, I'm looking at this graph, which is probably similar to the one you have. This is from Statistics Canada and was provided by the Library of Parliament, and then provided to us by the analysts of this committee. It tells us that in the month of October, grocery prices had stabilized substantially since March, May and July,

down to about 6%. Now they're down, from the most recent data we have—January 2024—to 4%, which is essentially on par with the consumer price index.

I also hear my colleagues talk a lot about the carbon price and the concern they have about its contributions to food inflation in Canada.

I think, as you mentioned before, Minister, that we have seen a variety of different factors contributing to the cost of living across the world, whether it was pandemic disruption, supply chain management issues or war between Russia and Ukraine, etc.

I'm going to refer back to a chart that I have referred to on a number of occasions in this committee and in the chamber during debate. This comes from 2023 OECD data showing that Canada is essentially on par with the United States in terms of where its position is in the G7, which is tied for second-lowest in the G7 for food price inflation. How is it, I ask, that in a jurisdiction where there is not a price on pollution, the price of food and the inflation related to the cost of food can be on par with those in a jurisdiction where there is one? I have yet to hear my colleagues answer that question adequately. Perhaps it's because they don't want to believe the data.

I'll turn to you, Minister, for comment on that. However, most importantly, I would hope that you comment on.... You'll probably reiterate things you've said before, but I'd love to hear them again. Why do you believe—and is it in relation to actions the Government of Canada has taken—that food prices are lower, that Canada is on par with the United States and that we are starting to see a turnaround and a higher rate of reduction in food prices than we're seeing among allies across the G7 and around the world?

Hon. François-Philippe Champagne: I very much like the question. I think you're right, and I'll also go back to the question before.

Yes, the trend is going in the right direction. Those are the data from Stats Canada. Do we need to do more? Definitely. Are we going to keep fighting? Definitely. Is it easy? No. Is it worth it? Definitely.

It's not only for the Minister of Industry; it's for this committee and all Canadians. Everyone is watching what we're doing.

When I hear the Conservatives criticizing, I almost have in mind, "What did you do during your time?" These are the actions that I have taken in five months: I called the grocery CEOs; I made the most comprehensive reform of competition in Canada's history; we made a record investment in the Office of Consumer Affairs; and we had probably one of the first FPT meetings on consumer affairs. That's why I am saying that when I look at our record, I feel pretty good. Do we need to continue the fight? Definitely.

Are there a number of macro things? I think Mr. Perkins was trying to allude.... I don't know if he was trying to defend some of the profit margins, which would be concerning to most Canadians, but what I am saying is that we understand that it's a complex supply chain. What I am saying is that there is also data that we've seen of a profit margin increase.

There are a lot of macro issues that are going on: the war in Ukraine, coming out of COVID, supply chain issues, droughts in some places where we're growing and animal diseases. We understand that, but my point is that when I talked to the CEOS of the groceries, they said that it's complex. I said, "Let's put the cards on the table."

To the question from before, are we putting pressure on international food processors? Definitely. Are we pushing them? Definitely. Are we talking to our allies to put the pressure on? Definitely. Is that easy? No. Are we going to continue the fight? Yes.

I think that's what Canadians expect, and they expect us to look at all the tools in the tool box, but I would say that the most important one is the reform of competition. If our Conservative colleagues want to help Canadians, they should vote for the bill that would implement the last fall economic statement, because you have additional measures to make sure that we give more power to the Competition Bureau to investigate the issues they see.

I don't think the best way is to defend the profit margin of large international grocers. I don't know where our Conservative colleague was going with that. I don't think he would find a lot of Canadians very sympathetic to that.

We're fighting for average Canadians who are finding that it's very tough every week when they have to go to the grocery store. They say, "Keep up the fight, sir. We're going to be with you." I think this is our duty as elected officials, not just as a minister. We know that when we talk to Canadians, it's about affordability, it's about groceries, it's about housing and it's about opportunities.

I wish that what could come out of this committee, Mr. Chair, is that Canadians watching at home—and I'm sure there are many watching—will say, "These people get it. They're working together"

My plea to colleagues on the Conservative side is to join the fight and be with us to fight for consumers. Don't start trying to defend the profit margin of large international processors. I'm not sure that's a winning argument.

• (1255)

The Chair: Thank you, Minister.

Thank you, Mr. Carr. That's our time.

We now have Monsieur Perron.

[Translation]

You have two and a half minutes.

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

Mr. Champagne, I have only two and a half minutes, so I would ask you to keep your answers short, if possible.

I want to come back to the Competition Tribunal. You once again referred to the Rogers-Shaw merger. Basically, you are saying that you agree that more work needs to be done, despite the passage of Bill C-56, and that you are going to work on it.

Hon. François-Philippe Champagne: That's right.

Mr. Yves Perron: Excellent.

When it comes to the grocery code of conduct, you are saying that you are going to do things right. You said before that you will commit to doing things properly with the provincial ministers so that the code of conduct is applied everywhere at the same time and so that it will work.

Hon. François-Philippe Champagne: We are already working with the provinces. I spoke to Minister Lamontagne from the Government of Quebec. My colleague, Minister MacAulay, is also in contact with his department and Mr. MacAulay's predecessor, Minister Bibeau, also worked with the Quebec minister. We are working hand in hand because we have the same interests.

Mr. Yves Perron: Today, during the discussions with the Conservatives, you said that you have met with a lot of major grocery suppliers. Did you also meet with the smaller ones like market garden farmers? What did they tell you?

Please answer in 30 seconds.

Hon. François-Philippe Champagne: I met with people from the Union des producteurs agricoles. I met with independent grocers, of which there are 4,900 in the country. That is why I am a bit surprised by the questions from our Conservative colleagues. I don't understand their line of questioning. People are unanimous. They are telling us to continue this fight, to amend the Competition Act and to continue to strengthen it. For example, we took measures to make the data on food input costs clearer. People are telling us to keep doing what we are doing with Option consommateurs in Quebec and with Équiterre. We need to have the same consumer advocacy culture that exists in Quebec across the country.

Mr. Yves Perron: Thank you, Minister.

You mentioned that you wanted to extend the unit price requirement to the rest of the country. That really needs to be clear on labels and it needs to be easy for people to read, a bit like what we saw with the recent labelling reforms. Perhaps we need to adopt something like Nutri-Score in France, which gives a letter that is easy to understand.

Don't you think that if you make a labelling change, then you need to take the time to do that right and make all the necessary changes? It is important to remember that something like this costs the industry a lot of money.

Hon. François-Philippe Champagne: In the end, what is important for consumers is to be informed. I looked at what is being done in France.

Often, the reason that people at home, and even I myself as the person in our house who does the grocery shopping, are frustrated is that they do not have any information about shrinkflation or skimpflation. For example, they may be wondering whether the box of pasta they are buying still contains the same number of grams that it did six months ago. That is a problem.

I trust people. Consumers are informed individuals, but we need to give them the information. I think that there is a shortage of information. Take, for example, shrinkflation. When people tell me that the information is there, then no one goes back home to look—

The Chair: Mr. Perron, unfortunately, your time is up.

[English]

Now we have Ms. Idlout for up to two and a half minutes, please.

Ms. Lori Idlout (Nunavut, NDP): Qujannamiik, Iksivautaq.

I'd very much appreciate if you could keep your responses brief, as I have quite a few questions that I would like to ask you.

I'll be asking questions mainly about the Nutrition North program.

Northerners have been ignored for years when they've complained that Nutrition North doesn't work. It has taken a university study to nationalize the issue. The report from the university has said that only 67¢ of a dollar of the subsidy goes towards consumers.

Is it your intent, as the minister, to keep subsidizing these greedy CEOs instead of northerners?

• (1300)

Hon. François-Philippe Champagne: First of all, I want to say thank you for the question.

I spoke to the independent grocers association and I also had a chance to speak to a number of grocers in northern and rural regions. I come from rural Canada, so I'm very familiar with it, though not exactly the north where Nutrition North applies.

There are a number of issues around Nutrition North and I know that my colleague, the Minister of Northern Affairs, is seized with that. I know he's looking at that, because the impact of food prices is not equal across Canada. Whether you're in a major urban centre where you have more competition or in rural—

Ms. Lori Idlout: I'm so sorry to interrupt you. I have more questions.

I was in one community where there's the Northern Store, which received a subsidy, as well as a local co-op, which also received a subsidy. The Northern Store sold a dozen eggs at \$6.49. On that same day in that same community, that local co-op sold a dozen eggs at \$3.99.

Having heard this, do you think that Nutrition North is working?

Hon. François-Philippe Champagne: You're highlighting an issue. That's why we need to look into that. I can tell you of another issue that I've heard that was very concerning to me.

During COVID-19, I heard that some suppliers would prioritize supplies to the large banner stores, as opposed to the independent

grocers. I've even heard stories that independent grocers in smaller communities could not get the same goods, but you could find them in one of the large stores, which is very concerning. That would mean that people have been prioritizing the relationship—

Ms. Lori Idlout: Just very quickly.... You're not answering my question.

I just want to ask one more quick question with a quick fact.

The Northern Store received \$67 million in subsidies to run the Nutrition North program. In that same year, they showed a profit of \$119 million. Do you think Nutrition North is working?

The Chair: We're at time, Minister. I know this doesn't fall directly under your portfolio, but give a quick response, and then we're going to move on.

Hon. François-Philippe Champagne: I think what you are highlighting is part of the issue the Minister of Northern Affairs is looking into.

I would say that it's a good suggestion for the committee to also look at this issue, because nutrition in the north should be a study by this committee. I think it is worthwhile. Like you, I've heard stories that concern me. It would be a wise use of time for this committee to look at the issue—the impact of nutrition in the north and supplies of goods in the north.

The Chair: Minister, unless you absolutely have to leave, we're going to hold you for five more minutes—two and a half from the Conservatives and two and a half from the Liberals—and then we'll go.

Hon. François-Philippe Champagne: How can I say no to Mr. Perkins?

The Chair: We're making you work overtime.

[Translation]

Mr. Lehoux, you have two and a half minutes.

Mr. Richard Lehoux: Thank you, Mr. Chair.

Hello, Minister.

On June 13, the committee tabled its report on grocery affordability in the House. We brought in the five biggest retailers, with whom you met later in the year. On October 5, the committee received a response from the department, which indicated that you had been consulted before the response was sent. The very next day, October 6, you sent us a letter asking us to redo the work here in committee. I would imagine that you had time to read the report and the 13 recommendations, some of which were quite relevant.

Hon. François-Philippe Champagne: That's good. That means, Mr. Lehoux, that we are all working toward the same objective. I think that the committee has a role to play. I saw the letter from the chair of the committee about the grocery code of conduct, for example. That is a good initiative. We all have the same interests. You and I are here to defend Canadian consumers, and the work of the committee complements what I am doing as industry minister.

Mr. Richard Lehoux: Thank you, Minister, but I just wanted to tell you that, sometimes, one must be a little circumspect. I've been sitting on this committee for four years, and many recommendations were made to tackle higher grocery prices, but real action is sometimes slow in coming. So, I hope we will be able to accelerate the process.

You said you were a little tired of waiting when it came to the code of conduct, while two major chains aren't currently participating in the process. So, when is the code of conduct coming? It has already been nearly a year since the first draft was presented at the end of April or the start of May. Are you ready to impose a mandatory code of conduct soon? The rest of the players are ready. Everyone is asking us for it, here.

Hon. François-Philippe Champagne: I agree with you, and I hope that your voice will carry as far as mine today. People listen to us and I was very clear. There will be a code of conduct, one way or another. So, it is in their interest to decide to sign it—

(1305)

Mr. Richard Lehoux: Minister, if they don't sign it, they will have to be compelled to do so. If two major grocers aren't complying with it, it's not going to lead to anything.

Hon. François-Philippe Champagne: All measures are on the table. People who usually follow the committee's proceedings understand that. If we don't see any progress, we will take the required measures to establish a code of conduct in Canada.

Mr. Richard Lehoux: Your proposed reforms to the Competition Bureau are interesting. However, its representatives appeared twice now before the committee to tell us that they lacked tools and statistics. They needed more data. What are you going to do about that? Will you insist that Statistics Canada collect the data and provide it to the Competition Bureau?

Hon. François-Philippe Champagne: That's a possibility, but we also gave the Competition Bureau new powers through Bill C-56. It now has the power to demand information. That's why the first study was incomplete. People could say "thanks, but no thanks" when they were asked for information. Today, the bureau is better equipped. Furthermore, we've invested \$90 million to make sure that the bureau has the means to uphold the Competition Act, which will change things.

The Chair: Thank you very much, Minister, and Mr. Lehoux.

Finally, I give the floor to Mr. Louis for two and a half minutes. [*English*]

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

Thank you, Minister, for being here for our study on stabilizing food prices.

In our work on this committee and in your work as minister, we're all looking out for families and the costs they face in putting food on their tables. We're also looking out for the farmers who are growing the food, because they can't set the prices they're selling at.

We've learned there's no one thing that's causing these grocery prices to be where they are, and there's no single solution to make this a better situation.

I appreciate the work you've been doing and the message you brought today. We talked about reforming competition, strengthening the Competition Act and summoning the grocery CEOs. We've had them here before our committee—you've sat down with them as well—when we were pushing for that grocery code of conduct.

I wanted to give you this final minute or so to speak directly to Canadians about the measures we're taking and how they're about fairness and addressing families' needs, looking out for those families and putting groceries on the table, as well as looking out for the farmers who are feeding us.

Hon. François-Philippe Champagne: I appreciate that.

The key message is that we have your back. Canadians have seen that during the pandemic. Is that easy? No. Are the questions that were asked complex? Yes. Is it worth the fight? Definitely.

We know that grocery prices are one of the main concerns for Canadians on a weekly basis. We have taken more action, I would say, in the last six months than any government has. Sometimes when I hear the opposition questioning what I've done in six months, it's probably more than what has been done in 10 or 20 years in terms of reforming competition, making sure that we have a strong consumer affairs office, strengthening the enforcement tools of the Competition Bureau, calling on the CEOs to take action, and making sure that we have federal, provincial, and territorial colleagues all working in the same direction. It's almost unprecedented in our nation's history to see so much being done to tackle one specific issue for Canadians.

I would also say to my colleagues in the opposition that we are all here to serve Canadians. This is not a partisan issue. Food pricing is not a partisan issue. Competition is not a partisan issue. Offering more tools to consumers is not a partisan issue. I would really hope that what Canadians take out of this meeting, Mr. Chair, is that everyone recommits to work for them.

Families are faced with high food prices across the country. There's no magic solution. It's not like I could flip a switch that would immediately provide relief; however, it's trending in the right direction

Do we need to do more? Definitely, and I appeal to the best judgment of all my colleagues in the House. to pass to Bill C-59, for example, and give more power to the Competition Bureau. I hope that Canadians will see that all of us who have been sent to Ottawa are fighting for them every single day. That's what they expect from us.

We want to be fair. We want to be constructive. We want more choice, more competition and better prices for Canadians. That's what I commit to do. That's what I will continue to do with your support, Mr. Chair.

The Chair: Thank you, Mr. Louis, and thank you, Minister Champagne.

Colleagues, on your behalf, I'll thank the minister for his appearance and for his work on behalf of all Canadians.

Minister, the one thing that I will say personally after your testimony is that I think it's extremely important that there be a grocery

code of conduct if the voluntary process can't work itself out. I can appreciate that you might not be in a position today to say when that would happen, but our committee would like to see that code of conduct as soon as possible. I know you'll take that under consideration, alongside your provincial and territorial colleagues, and we thank you for being here today.

Colleagues, in terms of some reminders, the recommendations on this study are due tomorrow. Minister Champagne was our last element of the study, so please submit your recommendations to the analysts by tomorrow.

On Thursday, we will be studying Bill C-355.

The meeting is adjourned.

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