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Chair: Mrs. Sherry Romanado



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• (1400)

[English]

The Chair (Mrs. Sherry Romanado (Longueuil—Charles-LeMoine, Lib.)): Good afternoon, everyone. I now call this meeting to order.

Welcome to meeting number 28 of the House of Commons Standing Committee on Industry, Science and Technology. Pursuant to Standing Order 108(2), and the motion adopted by the committee on Thursday, June 18, the committee is meeting to study the subject of front-line grocery store workers.

Today's meeting is taking place by video conference, and the proceedings will be made available via the House of Commons website.

As a reminder to members and witnesses, before speaking, please wait until I recognize you by name. When you are ready to speak, please unmute your microphone and then return to mute when you are finished speaking. When speaking, please speak slowly and clearly so the interpreters can do their work. As is my normal practice, I will hold up a yellow card when you have 30 seconds left in your intervention, and I will hold up a red card when your time for questions has expired.

I would like to now welcome our witnesses.

From Empire Company Limited, we have Michael Medline, president and CEO. From Loblaw Companies Limited, we have Sarah Davis, president. From Metro, we have Eric La Flèche, president and CEO.

Each witness will present for 10 minutes, followed by rounds of questions.

We'll start with Mr. Medline. You have the floor for 10 minutes.

Mr. Michael Medline (President and Chief Executive Officer, Empire Company Limited): Good afternoon, Madam Chair and honourable members of the committee.

There is nothing more important to me than discussions about our people, and I thank you for the invitation to speak to you today. I've never appeared before Parliament before, so please set me straight if I get any of the protocols wrong.

I know we all agree that the real heroes are the Canadians who stepped up during this crisis, as my teammates did. They did so in the Canadian way with grace, confidence and excellence. We are truly blessed to live in such a great country.

Our company began as a meat delivery business founded in 1907 in Stellarton, Nova Scotia, by J.W. Sobey. J.W.'s focus was on supporting Canadian families, and that has been our goal ever since.

When COVID-19 hit, we doubled down on our commitment to ensure that Canadian families could count on us. I have never been more proud of our 127,000 teammates, franchisees and their teams. We put every resource we had into safety, sourcing personal protective equipment on our own for our teammates with no help. We were the first in North America to install thousands of protective plexiglass screens inside our stores. We also compensated our teammates who weren't able to work because of their personal circumstances, and we did so before government support programs began. For example, we compensated our teammates who had to quarantine because of travel or stay home to care for sick family members or for their children. All in all, we have invested tens of millions of dollars to protect our teammates and our customers.

In addition to our existing philanthropy, we also launched our community action fund during the peak of the pandemic, distributing millions of dollars to support local initiatives in your ridings across the country. Food banks, women's shelters, meal programs, children's breakfast programs, all of these vital community resources were supported by, and continue to be supported by, our stores. We see this type of community outreach as integral to the way we operate. We're a family retailer that plays an essential role in every community where we operate. That's 900 communities across Canada. Our teammates are a vital part of these programs.

At our Sobeys Belmont store in Edmonton, we started a food drive, "Heroes Against Hunger", to help get food to school-aged children in need after the shutdown of their local breakfast and lunch programs. We started initiatives in Parry Sound and Moncton that donated thousands of dollars in gift cards to local food banks and supplies to help the Salvation Army in its time of need.

During the hardest months of the pandemic, we put in place a bonus program for our teammates. Our teammates were among a select group of Canadians going to work, because food is essential. Governments did so much for this country during this pandemic, but nothing for food workers. It was up to us to recognize these essential workers, these heroes, during the height of the pandemic. Through our hero pay bonus program, we distributed over \$105 million in bonuses to our front-line teammates. We did this not because we were legislated to do so, but because it was the right thing to do.

It was a temporary program during the heat of the pandemic and it was communicated that way. We extended the bonus program several times. Even as almost every other retailer discontinued their bonus programs, we kept ours going. At the end of May, we shared with our teammates that we were extending the program to June 13 and would reassess the program at that time. We delivered on that promise, and at the same time we announced that we would provide our front-line and distribution centre teammates with a one-time bonus equal to two weeks of hero pay. We also announced that we would be launching a meaningful employee discount program to our teammates.

It is interesting that food retailers that did not pay a hero pay bonus or those who discontinued their programs early are not being assailed by you. I'm disappointed that Loblaws, Metro and Empire, three Canadian companies that continued their bonus programs longer than almost any other in the industry, are the only companies being invited to speak with you on this issue. Let's remember that in Canada our three major grocers compete against two of the largest American corporations in the world, one online and one omnichannel. I'm interested that they are not being called to this committee, as their programs ended long before ours.

● (1405)

I want to make it perfectly clear that we do not believe this pandemic has gone away. It has not. We must remain vigilant.

Due in large part to excellent and responsible responses from our provincial governments and public health authorities and the actions of Canadians who genuinely care about each other, our country is now controlling the virus as best it can. This has led these trusted provincial governments to start lifting much of the lockdown in an effort to open up the economy and get Canadians back to work and enjoying life as much as possible in what is now unfortunately our new normal.

We instituted hero pay when the government wisely went into lockdown. We ended hero pay when the lockdowns were eased.

We observed the economy, customer patterns and, not surprisingly, the behaviour of others in our industry. Of course, we watched what other retailers were doing. Every good business does the same. We did not collaborate or coordinate with our competitors. We never discussed this with our competitors. We would never do that. Let me be absolutely clear: We did not coordinate our decisions with other retailers.

In late May, we shared with our teammates that we were extending the program to June 13, and we delivered on that promise. The decision was our own, but let me tell you something else: Should

this terrible virus rear its ugly head to the degree that provincial authorities in certain regions of a province go back to lockdown like we experienced in March and April, we will put hero pay back into our company stores in those regions or cities. That would be the right thing to do.

I'd also like to comment on the misconception that all grocery employees earn minimum wage. That's just not the case at Empire. All of our full-time, front-line teammates earn above the minimum wage requirements set by the provinces. I'm not saying that retail is the highest-paying industry, but many of our teammates earn significantly above provincial minimum wage, including all of our distribution centre teammates and more than 60% of our part-time front-line teammates. On average, national salary, including benefits, is approximately \$30 an hour for full-time teammates and \$18 an hour for part-time.

The retail sector plays an important role in Canada. Our sector is the biggest employer in the country after the government. Many Canadians choose retail as their career. I am proud of the accomplishments and incredible talent we have in Canada, talent that is often leading the global industry in terms of innovation and customer service. The sector also plays an important role in helping students and others to gain meaningful experience and support their needs while in school or during the summer.

Health, safety and the strength of our company are of vital importance to all of our stakeholders: employees, suppliers, communities and shareholders. By the way, shareholders include pension funds and mutual funds widely held by a large number of Canadians—teachers, firefighters and the older couple next door.

This crisis has affirmed the essential role of our food supply chain, and we are proud of our 113-year tradition of supporting Canadian families and the Canadian economy.

Thank you.

● (1410)

The Chair: Thank you very much.

We'll now move to Ms. Davis. You have the floor for 10 minutes.

Ms. Sarah Davis (President, Loblaw Companies Limited): Good afternoon, honourable members. I am Sarah Davis, the president of Loblaw Companies Limited. Thank you for the opportunity to share my opening remarks and to answer your questions.

I am here first and foremost to confirm that Loblaw made the decision to start and end our temporary pay premium independently and did not coordinate with any other company. I am also keen to address the inaccurate interpretations about the purpose of the Loblaw pay premium.

In March, as pandemic complications set in, we implemented our temporary two-dollars-per-hour increase for front-line colleagues for one simple purpose: We wanted to acknowledge the extraordinary volatility and uncertainty in our stores and supply chain, and the hard work they created. The premium pay was never about safety. If our stores were not safe, we would never ask our colleagues to come to work, period. We dramatically adjusted our operations to ensure that they remained safe. We closed departments such as seafood, deli, bakery and meat, and in some cases we closed stores.

As an essential service, our job was to make sure that we got food and drugs to Canadians. We could not do that without our colleagues. Our first priority was to keep them safe and in turn keep our customers safe. Paying our people two dollars more an hour did not make them safer. The tens of millions of dollars we have invested in protections and new protocols did. We made these investments voluntarily and proudly. They were the right thing to do and they worked. In fact, the infection rate in our colleague population is considerably lower than the rate in the general Canadian population. Our nearly 200,000 colleagues have families and concerns of their own, and I cannot emphasize enough how proud we are of their hard work in serving Canadians in difficult circumstances. That was the reason for the increase.

I believe it is worth spending a few minutes to talk about how COVID-19 impacted our business and how incredibly our team has responded.

It was five months ago that we first sat down to set up a pandemic business plan. We looked at global experiences and anticipated different scenarios should the coronavirus reach Canadian soil. Looking back, it's incredible how quickly we moved from business and scenario planning to reality. Our leadership met many times daily, communicated to customers and colleagues often, and executed swiftly—a large company demonstrating agility at its best. We not only communicated well but listened well. Many of our best ideas came from discussions with our people and feedback from stores and distribution centres nationwide.

Early on, we implemented safety measures to protect customers and colleagues, such as plexiglass shields for cashiers, new sanitization protocols, customer limits in stores, social distancing ambassadors, access to PPE and more. We were similarly quick to introduce dedicated seniors' hours, make online shopping free and rapidly ramp up staffing to meet new demands. I'm not sure whether people know this, but Loblaw hired more than 20,000 people to keep customers well served and safe during the early months of the pandemic.

It seems like old news now, but in March and early April unimaginable volumes of people passed through our stores. We moved from rushes on masks and hand sanitizer to panic buying of toilet paper and flour, all while introducing and tweaking operational changes based on feedback and ideas from the front line. Our store distribution centre teams worked long days to keep us in the

best shape possible, as worried Canadians prepared for the uncertainty and governments deemed us an essential service. Throughout, we have been energized by stories of strong leadership at every level: stores supporting neighbours, colleagues donating to seniors, pharmacists working tirelessly for patients, our technicians building digital retail services for vulnerable people and more.

I'm not sure I can express how proud I am to lead this incredible team of people in a business that I love. Over the past many months, our people on the front lines have reached out routinely to me to pass along their perspectives and their stories. I thought I'd share a couple.

In an open letter to colleagues, one talked about understanding the difference between hazard pay and a company, saying, "Thank You to the front line workers who got up each day and served the community during a crisis." She said, "Loblaw stood up to the plate to make sure not only the staff but also the customer was safe." Reading some negative comments about the removal of the premium, she said, "all I could do was shake my head". Another letter read, "The craziness started March 11. Absolute insanity on March 12. I have never seen anything like this in almost 30 years. It was tough and ever changing. But we had jobs and support. For that I'm more than thankful."

• (1415)

I am similarly proud of our industry, which has truly stepped up. I know Canadians have a new appreciation for the industry we work in, which brings us to recognition.

As I mentioned, on March 21 we introduced our temporary pay premium to recognize the extraordinary efforts of our people at the height of the pandemic. It was two dollars per hour, an average bump of 15%, retroactive to March 8, when panic shopping first began. After three extensions, we spoke to our largest union on June 8, and on June 11 announced internally and publicly that the premium wouldn't be extended beyond the final date of June 13 and would conclude with a thank-you bonus in July. These details, dates and decisions were ours alone.

After we made our decision and communicated it to our colleagues, I did send a courtesy email to Walmart, Save-On-Foods, Metro and Sobeys notifying them of our decision, recognizing that after telling 200,000 employees, the news would be public immediately.

We know the pandemic continues. We also know it's in a new phase, as determined by governments and public health experts. While our stores aren't operating in the way they did pre-COVID, they have stabilized into a new normal routine, very different from the levels of activity we saw in the early stages of the pandemic.

With the nation reopened, most other businesses are now open. Employees are back to work in shops, cafés, salons and other services, carefully and at their normal wages, so our approach is consistent with the rest of our industry and the rest of the country. Still, it's been suggested that our industry, perhaps our industry alone, should continue with premium pay. This is at least in part because people think we have outsized profits from COVID-19, and this is a false assumption. On our April's earnings call we announced higher profits from COVID following an unprecedented two-week customer buying binge, but we also said we would be investing \$90 million per month for incremental pandemic costs and that these costs would offset any benefits from higher sales and would last much longer. Quite simply, we have not been putting profit ahead of our people.

Finally, I want to wrap up by addressing some of the themes raised in Monday's committee session specific to retail work. Loblaw represents a network of stores, about 2,500 in total. Some are operated corporately, but most are independent, run by individual business owners. Combined, we are the largest private employer in Canada, with nearly 200,000 employees.

Since becoming president of Loblaw, my top priority has been making sure people love working in our business. Our team includes tens of thousands of Canadians in full-time roles supporting families and making retail their career. It also includes the tens of thousands of people in part-time roles, who value flexibility and work with us for supplementary income or while putting themselves through school. A big part of my job is to make sure we meet their expectations. That includes a great place to work and opportunities to grow, and yes, it includes fair compensation.

There have been attempts to connect the pandemic pay conversation to the larger conversation about retail wages. People have asked whether retail workers make enough. This is a fair question, but the answer does not lie with any one company or within any one sector. Minimum wage is a broader question.

Defining a living wage is a national issue with huge regional nuance and implications. Like you and the union representatives you heard from on Monday, we believe government should explore these topics. As the nation's largest employer, we want to be part of those conversations, but they can't be our conversations alone. We are part of a highly competitive industry that is increasingly global, including some of the world's biggest retailers and e-commerce giants. Any solution needs to take account of the impact on all stakeholders.

As I close, let me reiterate three points. First, I am extremely proud of the decisions and actions we have taken in this pandemic. We have made them independently and without coordination. Second, we are not profiting from COVID-19. Third, we will continue to support our colleagues with investments in safety measures and with our commitment to good jobs and progressive pay over the long term.

I look forward to your questions. Thank you for your time.

• (1420)

The Chair: Thank you very much.

We'll now turn to Monsieur La Flèche. You have the floor for 10 minutes.

[*Translation*]

Mr. Eric La Flèche (President and Chief Executive Officer, Metro inc.): Good afternoon, Madam Chair and committee members.

Today I'll be discussing the measures taken by Metro in the context of COVID-19. The main goal of these measures is to ensure the health and safety of our employees, to maintain the supply of food and medication for our customers, and to acknowledge the additional work done by our employees.

I also want to correct some of the statements made about us on Monday at the committee meeting.

I want to be very clear from the start. Throughout the pandemic, all of Metro's decisions have been made in the best interests of its employees—

[*English*]

Mr. Earl Dreeshen (Red Deer—Mountain View, CPC): I have a point of order, Madam Chair.

[*Translation*]

Mr. Eric La Flèche: —and its customers. Everything that we've done has been in compliance with the competition laws.

The Chair: Wait a minute, Mr. La Flèche.

[*English*]

We have a point of order.

Mr. Dreeshen.

Mr. Earl Dreeshen: We are getting the translation and the French address simultaneously.

The Chair: Monsieur La Flèche, is your interpretation on French?

Mr. Eric La Flèche: I'm not controlling the screen here. I'm switching to English right now anyway.

The Chair: Whatever language you are speaking, you have to make sure that your interpretation is on the corresponding language. If you're going to speak French, please make sure it's on French. If you'll be speaking English, please switch it to English.

Thank you.

Mr. Eric La Flèche: Okay.

COVID-19 created extreme challenges for our business from the outset, especially for the safety and needs of our employees and customers. It is our responsibility to help maintain the supply of food and medication to Canadians, one that we assumed as we kept stores and distribution centres open while ensuring employee and customer safety. We kept our people employed and even hired close to 1,200 additional staff from other non-essential organizations.

We quickly made personal protective equipment available and implemented health checks for our employees. In stores, we limited the number of customers, reduced third party supplier visits, added front entrance greeters to control traffic and provided hand sanitizers and clean shopping carts. We increased sanitization throughout. In only one week, we installed plexiglass shields at all checkouts in about 600 supermarkets throughout Quebec and Ontario. We facilitated social distancing, providing employees with “keep your distance” t-shirts, and much, more more. To address surging online demand for delivery, we added new delivery windows to increase our online grocery capacity and better serve the people in our communities who need it the most.

Whenever we encountered a suspected or confirmed case of COVID-19 in either our stores or distribution centres, we acted swiftly, according to a strict protocol endorsed by public health, to inform our employees, deep clean the facility and monitor the situation closely. As panic buying increased, our store and distribution centre employees worked extra hours, taking on new and unfamiliar tasks. I am extremely proud of their commitment and sense of duty in stepping up for customers at the peak of the pandemic. Together we made an immense undertaking, all within a few short days and weeks, and we did it without any financial assistance from the government. At all times, safety and speed—not potential cost—were our primary concern.

[Translation]

To acknowledge the additional work and new tasks performed by its teams at the height of the pandemic, Metro provided a temporary premium of \$2 an hour to 50,000 employees in its stores and distribution centres.

The truth is simple. We made an independent decision to implement safety measures and provide a temporary wage premium, in the same way that we make decisions in all circumstances. We take into account the information available in our environment.

In the case of the current crisis, our decisions took into account measures implemented by governments, public health and other major employers in Canada, the United States and elsewhere, including other grocery chains, the Retail Council of Canada and union partners.

On the basis of all the information available, on March 21, we announced the start of the temporary premium. We were careful to

specify that this measure would end on May 2. This temporary premium came on top of the wages established by collective agreements negotiated in good faith with our union partners over the past decades. The temporary premium was then extended twice, from April 18 to May 30, and from May 22 to June 13.

Here's the note that we sent to employees on May 22:

In this context of a gradual return to normal, we will continue to pay the temporary wage premium of \$2 an hour provided to employees in METRO's grocery stores and distribution centres until June 13, which is two weeks longer than planned.

As an additional form of acknowledgement, on June 12, we announced a \$200 premium for full-time employees and a \$100 premium for part-time employees, the equivalent of two weeks of additional premiums.

In full compliance with the Competition Act, I asked my counterparts whether they planned to maintain the temporary wage premium. They told me that they had not made a final decision. In any event, these calls were part of a much broader decision-making process and merely provided a rationale for our decisions on when or how to end our temporary premium.

We made all our decisions independently. There was never any agreement or collusion among competitors.

• (1425)

[English]

We made the decision to end the temporary wage premium independently and in response to the gradual return to normal customer shopping behaviour and business volumes, following the surge we experienced from March through May.

When the committee considers the decisions we have made about the wage premium, it must apply the same standards to Metro as it has to other retailers, many of whom have also discontinued wage premiums, some before us. Others have simply not offered a bonus.

I think Mr. Meinema from UFCW raised an interesting point on Monday, that it was odd that only Canadian grocers were invited to appear today, which does not take into account what happened in the industry as a whole during the pandemic, particularly with our non-unionized American competitors.

Our revenues have certainly increased but so have our expenses. We took them on because they were justified and necessary. As customer shopping habits and business volumes gradually return to normal, we will continue to pay for many of these new expenses, particularly those related to health and safety.

In conclusion, I would like to add that Metro is proud to have contributed to ensuring a safe supply of food and pharmaceutical products for its customers during the crisis.

I again thank all our employees for their professionalism and dedication throughout the pandemic. We truly have a great team.

[Translation]

In closing, I want to congratulate and thank all our employees, our affiliated stores and our pharmacist-owners. Throughout the pandemic, their outstanding professionalism and dedication have enabled us to meet the needs of the public. We have a truly extraordinary team.

Thank you.

[English]

The Chair: Thank you very much.

We will now start with our rounds of questions. Our first round of questions goes to MP Rempel Garner.

You have the floor for six minutes.

Hon. Michelle Rempel Garner (Calgary Nose Hill, CPC): Thank you, Madam Chair.

I'll pose my question to Ms. Davis to start. First of all, I'm going to ask this: Outside of the pandemic, have there been any material changes to your operations in Q1 2020 as compared to Q1 2019?

Ms. Sarah Davis: No. I would say there were no significant changes, other than the pandemic.

Hon. Michelle Rempel Garner: I only have six minutes so it will be quick and tight.

Would it also be fair to say that panic buying and lockdown, removing substitute goods such as restaurants for grocery stores, could have led to an increase in profits from Q1 2020 as compared to Q1 2019?

• (1430)

Ms. Sarah Davis: Yes. I would say that our increased profits, as I said, were related to panic buying.

Hon. Michelle Rempel Garner: Okay.

For the record, you had an increase of \$42 million in net earnings from Q1 2020 as compared to Q1 2019. Is that correct?

Ms. Sarah Davis: That sounds about right.

Hon. Michelle Rempel Garner: Great.

When you said that you did not profit from COVID-19, would you perhaps say this was an incorrect characterization in your testimony?

Ms. Sarah Davis: No, I wouldn't because what I said was that we did profit in Q1, and on our earnings call, we highlighted that in Q2 our costs were increasing. We'd be spending \$90 million per period, so in Q1 that's in our result and in Q2 [*Technical difficulty—Editor*].

Hon. Michelle Rempel Garner: Do you expect your executive bonus to decrease this year?

Ms. Sarah Davis: I don't know what my executive bonus will be this year.

Hon. Michelle Rempel Garner: Okay.

You also said that the reason for the increase in wages was that you were proud of your employees. Was that a correct characterization of your statement?

Ms. Sarah Davis: Yes, absolutely proud, and also for the extenuating situations they were working in....

Hon. Michelle Rempel Garner: Was the decrease in their wages because you are less proud of them now?

Ms. Sarah Davis: The wages were not decreased. We just went back to where they were before. As I've highlighted, it was a temporary premium and they understood that.

Hon. Michelle Rempel Garner: So...temporary pride, then, perhaps.

I'm just wondering. You also said in your testimony that you are not putting profit ahead of your employees. If that's the case, and you've seen net earnings increase in Q1, then why decrease the temporary wage increase while we're still in a pandemic?

Ms. Sarah Davis: As I highlighted, our Q2 earnings will not be positively impacted by COVID-19.

Hon. Michelle Rempel Garner: I'm just saying, if you're not putting profit... I mean, you did have a significant increase in Q1. I'm just trying to get a sense. We had the representatives from the employee unions here, and they suggested that we're still in a pandemic so there should be no reason the temporary bump would be decreased.

Maybe I'll ask it a different way. Do you feel that your employees are significantly safer in your stores? Do they have a much decreased risk of contracting COVID-19 now than they did earlier in the year?

Ms. Sarah Davis: I think what I said was that the two-dollar premium was never about safety. Paying people more money doesn't make them safer.

Hon. Michelle Rempel Garner: Then why decrease the wage?

Ms. Sarah Davis: It's the dollars that we spent on protocols, as I highlighted, on safety screens and on the social distancing in our stores that make our employees safer. That continues, and the cost associated with that continues as well.

Hon. Michelle Rempel Garner: I wish you guys would just say that this is about shareholder returns, because, clearly, that decrease is going to go somewhere. I kind of think we're beating around the bush here a little bit.

Would you say that it was perhaps fair to characterize the wage increase as being attributable to concerns around nutrition or people trying not to work as opposed to anything else?

Ms. Sarah Davis: As I explained, the two dollars, in my mind, was a thank you and an appreciation for those who did choose to come to work every day and, of course, there were people who had vulnerabilities who could not come to work during that time. Of course, the huge volumes meant that we had to hire a lot more. I think I highlighted that we hired 20,000 people during that period.

Hon. Michelle Rempel Garner: Would you have taken a shift on the floor of one of your stores in March at the current rate of compensation for a front-line grocery store worker?

Ms. Sarah Davis: I'm in a different place in my career. I certainly started as a minimum-wage employee. My daughters have all worked—

Hon. Michelle Rempel Garner: I mean from a safety perspective.

Ms. Sarah Davis: I would have. I think our stores were absolutely safe.

Hon. Michelle Rempel Garner: I'll just close with this, because I have to.

Did you guys really have to take \$12 million for freezers from the federal government?

Ms. Sarah Davis: If the question is about that, we were part of a process and we bid online just like everybody else. It was not for refrigerators. It was to exchange the gases used in the refrigerators, which has an impact on the economy, not on the business...not on the economy, on the environment, not on the business.

Hon. Michelle Rempel Garner: Thanks, Madam Chair.

• (1435)

The Chair: Thank you very much.

We'll now move to MP Erskine-Smith. You have the floor for six minutes.

Mr. Nathaniel Erskine-Smith (Beaches—East York, Lib.): Thanks very much.

While Mr. Weston couldn't be here today, unfortunately, I want to read some of his words to start:

I continue to be a strong believer in a progressive minimum wage and would support any government-led effort to establish a living wage.

I'll go around to the three of you. Yes or no, do you agree with that statement?

I'll start with Ms. Davis.

Ms. Sarah Davis: Absolutely.

Mr. Nathaniel Erskine-Smith: Mr. La Flèche.

Mr. Eric La Flèche: Yes, I do.

Mr. Nathaniel Erskine-Smith: Mr. Medline.

Mr. Michael Medline: Of course, I want fairness for our people, but I think it's disrespectful to ask me, on such a complex question, to answer in one second.

Mr. Nathaniel Erskine-Smith: No problem.

Mr. Michael Medline: I think, Honourable Erskine-Smith, that living wage, basic income and minimum wage is a great discussion to be having, but I'm not sure any of you or even your parties would agree on those terms or even define some of it the same way—

Mr. Nathaniel Erskine-Smith: Mr. Medline, we committed to a \$15-an-hour minimum wage in our platform, so I think you'll find that we do agree.

My second question is, on what day—

Mr. Michael Medline: Sorry, is the minimum of \$15 the living wage? I was looking for that in your platform. Is that a living wage everywhere in the country, \$15?

Mr. Nathaniel Erskine-Smith: We committed to a \$15-an-hour minimum wage, far above what you pay your employees, Mr. Medline, across the country.

On what day—

Mr. Michael Medline: I think you heard me earlier—

Mr. Nathaniel Erskine-Smith: Mr. Medline—

Mr. Michael Medline: I'm sorry, can I—

Hon. Michelle Rempel Garner: I have a point of order, Madam Chair.

The Chair: Hold on one moment, please. We have a point of order on the floor.

Hon. Michelle Rempel Garner: Thank you, Madam Chair.

I'd just like to point out to you, Madam Chair, and perhaps to our witnesses here, that when a member is questioning witnesses, it is their time. If one would like to argue with a member of Parliament, they should put their name on a ballot to join the committee.

Thank you.

The Chair: Thank you very much, Madam Rempel Garner.

We will backstop the clock for Mr. Erskine-Smith.

Go ahead.

Mr. Nathaniel Erskine-Smith: Thanks very much.

On what day was the board decision made to end this modest top-up for essential workers? I'll start with Ms. Davis.

Ms. Sarah Davis: It was never brought to our board, but as I mentioned, it was made June 8.

Mr. Nathaniel Erskine-Smith: Who made that decision?

Ms. Sarah Davis: I did with my management team.

Mr. Nathaniel Erskine-Smith: That's great.

Mr. La Flèche, on what day was the decision made and by whom?

Mr. Eric La Flèche: It was made by me and my management team on June 11.

Mr. Nathaniel Erskine-Smith: Mr. Medline.

Mr. Michael Medline: We had said in May that we were going to do that. We made the final determination somewhere—I don't have it at my fingertips—around June 11. It was made by the management team.

I keep the board of directors apprised of what we're going to do at all times.

Mr. Nathaniel Erskine-Smith: Mr. La Flèche, were you aware of the decision of Loblaw at the time you made your decision on June 11?

Mr. Eric La Flèche: As was just said, we announced to our employees that it would end on June 13 on May 22. We cannot—

Mr. Nathaniel Erskine-Smith: That's not the answer to my question, Mr. La Flèche. Were you aware on June 11 that Loblaws had made the decision on June 8?

Mr. Eric La Flèche: When we made our final decision on June 11, yes, we were aware that Loblaw had started to communicate that they were—

Mr. Nathaniel Erskine-Smith: Were you aware of that because Ms. Davis had sent you a courtesy email?

Mr. Eric La Flèche: I think she did, on June 11, send me a courtesy email sometime in the morning, but prior to that we had heard through union channels that Loblaw had made that decision.

Mr. Nathaniel Erskine-Smith: Mr. Medline, when you made your decision on June 11 with your management team, were you aware that Loblaw and Metro had made a similar decision?

Mr. Michael Medline: I had heard through the grapevine, through the unions and through the employees that they were thinking of making that decision. We didn't know for sure.

We made our decision prior to receiving an email from the president of Loblaw.

Mr. Nathaniel Erskine-Smith: When did you receive that email from the president of Loblaw?

Mr. Michael Medline: I don't know. I don't have it at my fingertips.

I also received an email from the president of Loblaw telling me that they were putting in hero pay at the beginning, as a courtesy.

Mr. Nathaniel Erskine-Smith: You'd be surprised to learn that wage fixing doesn't prevent employers from increasing wages, Mr. Medline. It works to ensure employers don't decrease wages.

Ms. Davis, was the courtesy email a courtesy to your employees or to your competitors?

Ms. Sarah Davis: The employees had already been notified.

Mr. Nathaniel Erskine-Smith: It was a courtesy to your competitors.

Ms. Sarah Davis: It was a courtesy to let them know we had made that decision.

You have to understand, we were working through a global pandemic. We had many conversations about the issues we were dealing with in our stores through the Retail Council of Canada, and I had made the decision independently of them. I let them know. Obviously, Save-On and Walmart had already made the decision to terminate their premiums. We made the decision independently. It was already public knowledge, so I sent it.

Mr. Nathaniel Erskine-Smith: Right.

Mr. La Flèche, you indicated there had been communication and you asked your competitors whether they would continue to pay the modest wage top-up for essential workers.

When did you ask and who did the asking?

• (1440)

Mr. Eric La Flèche: I did the asking. The week of May 20, I asked some of my colleagues their intentions regarding ending or maintaining the premium at the end of May. The answer I got was that they hadn't decided and that they would let me know if and when.

Mr. Nathaniel Erskine-Smith: When you say "competitors", does that include Mr. Medline?

Mr. Eric La Flèche: I spoke to Mr. Medline during that week in May. Yes, I did, and I got the same answer. They were thinking about it and hadn't made a decision.

Mr. Nathaniel Erskine-Smith: Did you revisit that conversation closer to the June 13 date?

Mr. Eric La Flèche: Not with Mr. Medline....

Closer to the June 11 decision, in her case, I did reach out to Ms. Davis to ask her if her intentions were still to end it on June 13, to which I got an answer again that they hadn't decided, they were still thinking and meeting about it, and they would let us know if and when they decided.

Mr. Nathaniel Erskine-Smith: How is it then, if you hadn't decided yet and you had communication but nothing was final, that you all landed on June 13?

Mr. Eric La Flèche: It was supposed to end at the end of May and, on May 22, we announced that we were extending for two weeks. We felt near the end of May that we were getting close to ending that premium. Conditions were starting to return to normal. We say *déconfinement* in Québec. Most stores were starting to re-open, so we were getting closer to that date.

We chose independently to extend it by two weeks, as opposed to one month as we did the previous month.

Mr. Nathaniel Erskine-Smith: I take it that when all of you use and emphasize the word "independently", you mean independently in regular communication with your competitors.

Mr. Eric La Flèche: We don't have regular communications with our competitors. You misunderstand.

We are very careful, and everything we do is within legal boundaries. I took care to ask our lawyers before making that call if I could ask about their intentions of ending the premium pay, and I was assured that it was all in conformity with competition laws.

Mr. Nathaniel Erskine-Smith: Ms. Davis, did you—

Mr. Eric La Flèche: We do not talk regularly, and when we talk, it's about matters that don't concern competition.

Mr. Nathaniel Erskine-Smith: I'm out of time.

Ms. Davis, I trust you also consulted lawyers before you sent that courtesy email.

Ms. Sarah Davis: Absolutely. They were copied on it.

The Chair: That's the end of your time, Mr. Erskine-Smith.

Before we move to the next round of questions, I want to remind members and witnesses that it's important we allow each other to finish so that the interpreters can actually do the interpretation that they need to do. If you're talking over each other, they can't do that.

We'll now turn to Monsieur Lemire.

[*Translation*]

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

Mr. Sébastien Lemire (Abitibi—Témiscamingue, BQ): Thank you, Madam Chair.

I want to thank the witnesses for joining us. I also want to thank them for emphasizing, in their presentations, the role of their employees.

Like you, I believe that it would have been worthwhile, given the current circumstances, to hear from representatives of Walmart or other major American chains. I want to highlight your transparency, your honesty and your way of presenting your perspective. Perhaps your discussions led to easier decisions. However, I can see that each of you has implemented a very independent decision-making process.

I now want to address the working conditions of employees, particularly the conditions identified on Monday. It was pointed out that, in the 1970s, a job in a grocery store constituted worthy work. A grocery store employee earned enough each year to be able to purchase a house. The Teamsters Canada representative said that 50% of employees represented by the union earn minimum wage. Many grocery store workers therefore have precarious jobs. They are mostly students and part-time workers who have limited or no group insurance and pension plans. In other words, these aren't middle-class jobs.

Many of these front-line workers are working women. In this context, we're not talking about pay equity, and we acknowledge that these jobs are precarious. The COVID-19 pandemic has shown us that these jobs are an essential service. In reference to what my colleague Mr. Erskine-Smith just said, I want to point out that the chief executive officer of Loblaw, Mr. Weston, stated the following:

I continue to be a strong believer in a progressive minimum wage and would support any government-led effort to establish a living wage.

We still need to know what constitutes a living wage. Should this living wage enable a worker to at least buy a home? According to "BILAN-FAIM Québec 2019," 13.5% of the public earns minimum wage, and people aged 18 to 64 use food banks.

Would you be comfortable knowing that some of your grocery store employees use a food bank in order to eat? I find the irony here a little shocking.

From a legislative standpoint, to provide a better framework for your measures and to ensure equal competitiveness—this expression was used on Monday—would the government need to issue an order in council—this wouldn't be an agreement between you, but a government obligation—to ensure that salaries are increased and that this step is taken?

I'll conclude by saying that Costco initially pays its employees \$15 an hour. However, after six years, it can pay them \$28 an hour. In the long run, there are benefits to providing a more worthy wage. The whole recruitment process must be very difficult because of the precarious nature of the jobs.

In short, would you be open to the idea of an order in council that would further require companies such as yours to increase the wages of their employees?

I want to hear from the Metro representative first.

• (1445)

Mr. Eric La Flèche: Thank you for your questions, Mr. Lemire.

With regard to the statements made last Monday by the Teamsters Canada representative, I don't know where he obtained this information. We aren't seeing this at all at Metro in terms of statistics. In Quebec, this certainly isn't the case. In our stores, 13% of employees earn minimum wage, not 50%. Obviously, the minimum wage is a subject that goes beyond the context of this discussion. It should be understood that a worthy career is possible in the food industry. First and foremost, at Metro, many of our management colleagues come from the stores. They stayed in the stores and built great careers.

There's a fundamental difference between full-time and part-time work. Full-time workers have pension and insurance plans. They make a good living. They can purchase a house and borrow money to buy a car. In short, they can lead a normal life. On the other hand, depending on the number of hours worked, obviously part-time employees may earn less. These jobs aren't precarious. Instead, they're student jobs, first jobs, transitional jobs and supplementary jobs. We must tell it like it is. Most part-time workers don't plan to pursue a career in the food industry. These jobs are transitional employment for them. Some of our employees have part-time jobs for longer periods, but these employees are far from the majority.

In terms of the order in council, the minimum wage falls under provincial jurisdiction. There are significant differences between the regions of Canada. I think that caution must be exercised in this area. We're in favour of a reasonable and predictable minimum wage and manageable increases that vary according to the cost of living. We've always said this. We're not in favour of sudden and large increases in the minimum wage. We've already seen this in one province. That said, in general, the minimum wage increases over the past few years have exceeded inflation, but they're manageable. We can absorb them without increasing prices for our customers. At the end of the day, we must remain competitive and offer our customers competitive prices.

Mr. Sébastien Lemire: Thank you, Mr. La Flèche.

The Chair: Thank you.

We'll now continue with Mr. Masse.

[English]

You have six minutes.

Mr. Brian Masse (Windsor West, NDP): Thank you, Madam Chair.

Thank you to the witnesses for being here today.

I'll start with you, Mr. La Flèche. Is it your normal practice to provide to your competitors "courtesy" emails for management and CEO changes in salaries?

Mr. Eric La Flèche: Absolutely not. We're talking about pandemic premium pay—

Mr. Brian Masse: Thank you. That's what I wanted to ask.

Mr. Medline, how about you? Do you trade courtesy emails for changes in salaries of management and CEO compensation?

Mr. Michael Medline: No. I don't want our competitors to know what we're doing.

Mr. Brian Masse: Ms. Davis.

Ms. Sarah Davis: No. We would not do that.

Mr. Brian Masse: What made sharing courtesy emails about this pay so important this time? It seems odd that you would have a courtesy email going around for the lowest of your earners, but you don't provide a courtesy email for those who are actually receiving the highest compensation in your corporate structures. What made this different?

Maybe Ms. Davis can answer first and we can work our way back.

• (1450)

Ms. Sarah Davis: For me, the decision had been made. We had been working through this huge pandemic. It was a very unprecedented time that we were working through. As I said, the decision had been made independently and it was—

Mr. Brian Masse: That wasn't my question. What was different about sharing that information of raising the salaries? Why did you need that? Why did you really care whether your competitors continued or did not continue with the pay? Why did you feel compelled to share that in any form or context?

Ms. Sarah Davis: It was public information.

Mr. Brian Masse: Okay. It was public information, but you still traded that.

Mr. Medline, why did you feel you had to share that information in a relatively close time frame with your competitors? Why does it matter whether your lowest workers got paid differently from those of your competitors?

Mr. Michael Medline: You'd have to ask someone else. I never share it verbally, in writing. I don't share those things. I didn't share the ending of it or the continuing of it—

Mr. Brian Masse: I think Mr. La Flèche mentioned that there were courtesy...exchanged. I thought he mentioned you.

Are you in disagreement, then, with Mr. La Flèche?

Mr. Michael Medline: Mr. La Flèche and I have a cordial relationship. I have a lot of respect for him as a leader. We talk about things that have nothing to do with the business a lot.

We also talk about "Hey, how are your people?"

Mr. Brian Masse: His testimony was not correct, then.

Mr. Michael Medline: He may have mentioned hero pay. We never discussed what we pay in hero pay together. We never discussed ending it. I would never indulge in that. By the way, just so you know—

Mr. Brian Masse: No. Thank you, Mr. Medline.

Mr. Michael Medline: —we were not alone in [Inaudible—Editor].

Thank you for the question.

Mr. Brian Masse: Mr. La Flèche, did I get that wrong? I thought you mentioned that you shared courtesy information about the pay with your other competitors. Is that not correct?

Mr. Eric La Flèche: No, I didn't share courtesy information. I was direct. I asked a question about what their intentions were regarding maintaining or ending it. The answer I got was, "The decision is not made yet. We'll let you know if and when we make a decision."

Mr. Brian Masse: Well, why would you even care?

Mr. Eric La Flèche: I care—

Mr. Brian Masse: You're asking, anyway. That's the same thing.

Mr. Eric La Flèche: Yes, I'm asking. As I said, we get information from all sorts of different sources. If I can get direct information from the direct source, that's helpful for me to make my own decisions. The more information I have, the better the decisions I make. That's all it is.

Mr. Brian Masse: Right. Did any people in corporate or management receive any extra pay during this time? Did you share that information?

Mr. Eric La Flèche: We did not receive any extra pay whatsoever. We did not share that information. It's a moot question.

Mr. Brian Masse: Mr. Medline, I just want to make sure that I have your testimony correct. You would pay workers differently depending on the area and stage they were in. Is that correct?

Mr. Michael Medline: I'm sorry, but I don't understand the question. The stage—

Mr. Brian Masse: With regard to COVID, you mentioned that you would—

Mr. Michael Medline: Yes, we would.

Mr. Brian Masse: Okay. Since Windsor was in a different stage for many more weeks, did you pay those in the Windsor area and Essex County area more during that time? Did you extend the pay because we stayed in that stage longer?

Mr. Michael Medline: Your questions are good ones. I'm serious about that. Thank you for asking that.

When we first went into the pandemic—

Mr. Brian Masse: It's a simple question.

Mr. Michael Medline: —we were making decisions. We made them for everyone around the country, whether they were impacted by COVID or not. Every teammate got the bonus, both in the distribution centres and the stores. We didn't do it regionally.

Mr. Brian Masse: You said earlier in testimony that you would pay differently depending upon the stage. Will you retroactively pay those workers if they stayed in different stages of risk?

Mr. Michael Medline: As I've said, going forward, if a region is in a lockdown.... Remember, we ended the pay on June 13 and gave two extra weeks. If a lockdown occurs in a region, we will pay hereo pay. I've said that and I would be happy to do that.

Mr. Brian Masse: That's going forward, but will you look into that for those who stayed at a heightened degree of risk and worked at your stores? Will you go back and compensate them for the higher risk they had?

Mr. Michael Medline: Let me take a look at the dates and regions you're talking about. I'll check in with you later and get some information. It's a great question you're asking. Thank you for asking it.

Mr. Brian Masse: That's fair enough. If you don't know, that's fine.

I'm going to move on to Ms. Davis. At any point in time, did you consult any public health officer with regard to a change in the degree of risk? You've declared that things appear different from before. Did you consult any public health officer or official at any point in time?

Ms. Sarah Davis: We would have been looking at all of the government information and the health information. As I said, for us the pay was not related to safety. Our stores were safe throughout the pandemic. It was related to the amount of work our colleagues were doing, and it had returned to a new normal.

• (1455)

Mr. Brian Masse: Okay, so you're suggesting that the workload is still normal, even though your competitors, which are restaurants

and other food service providers, do not have the same type of influence right now.

I'm out of time. Thank you to the witnesses.

The Chair: Thank you very much.

We will now move to our second round of questions, at five minutes each. The first round goes to MP Dreeshen.

Mr. Dreeshen, you have the floor.

Mr. Earl Dreeshen: Thank you very much, Madam Chair.

I would like to thank the witnesses for being here today.

We've heard a lot of testimony on the concept of the competition and the discussions that have taken place, but I'd like to direct my question to each of the witnesses in a little different fashion.

We heard testimony a few days ago concerning workers in the food retail sector and the great job they're doing to help ensure food remains available during these unprecedented times. I think each of us has seen in the grocery stores we've gone to just how much care and consideration the workers and the companies have taken to make sure things work properly and safely, but I'd like to talk about things from just a slightly different angle when we talk about getting our food to our tables.

Certainly food retail workers play an essential role in getting this food to Canadians, which is why they're designated as essential workers. The same is true for farmers, who have also been designated essential workers. When we talk about paying a decent wage or a decent price in this sector, I think we also have to look at what the farmers get paid for the products that end up on the grocery store shelves. We know the prices of most farm products have remained at a near-constant level for many years. Mr. Lemire mentioned the salaries back in the seventies. I remember when my brother was cutting meat in the grocery store. He was making more money than I was as an entry-level teacher. The salaries haven't necessarily maintained that same level throughout.

Recently there has been a lot of talk in the media about record-high food prices, but it's clear the farmer is not the beneficiary in this regard. The link between the farm gate prices and the retail checkout is broken. What the unions are saying, and what we heard on Monday, is that just a few extra pennies on a grocery item will be adequate to compensate the workers. Now whether this is to come out of the pockets of the consumers or the retailers' bottom line is a moot point to them. I suppose if the discussion ever gets to the stage where we're going to talk about how the money comes in for the products that you have, I think we want to make sure we recognize those who produce the food as well.

Since there is this great disconnect between the consumer and those who produce the food we eat, when the media talks about the rising food prices, the public assumption is that the farmers are the ones raking in the profits. This isn't so, as we know. We remember well when the wheat prices rose dramatically and the price of bread skyrocketed. It was impossible to explain how the value of the wheat in that loaf of bread had gone up only a few cents, yet the consumers were paying dearly. If, as the unions say, it's just a few extra cents per article, maybe we could be discussing, or it's a valid time to discuss, what the actual return is that farmers get on that produce, while we're addressing prices and wages.

I really have three points that I'd appreciate your commentary on. What can we do to address the price escalations in the processing and retail side of the equation, whether they be due to COVID or just the fact that COVID costs are more dear in processing and so on, or whether that's due to the escalation of shareholder returns, just to make sure the producer is not forgotten?

Again, we've heard many stories about how difficult it is to get shelf space for local producers in the major chains. These are the products that are produced by the same folks who shop in your stores. Since it's prudent to keep our local economies viable at this time of upheaval, will you also consider modifications to these practices?

First of all, could we start with Empire?

Mr. Michael Medline: Amen. Thank you for asking that. I couldn't agree with you more that we have to support Canadians, and we have to support local. The egg industry is a great example of where we're doing that right this second throughout the pandemic.

We're all partners—the supplier partners, the farmers—and I think we need government and industry to work together to make sure especially the farmers are being treated well and it's not coming out of their hides. Part of our job is to keep prices down for consumers, but that should not be at the expense of the farmers, who are our unsung heroes, or those other unsung heroes, the supplier partners, the companies that kept the food coming. This was an unbelievable job by the Canadian food supply chain.

Thank you so much for raising that. Any time I can pass on kudos...but we have to do something here. We want to keep prices down, but we have to protect the people who work so hard to put food on our tables. Give me a call, and I'll work with you on that.

• (1500)

The Chair: Unfortunately, that's all your time, Mr. Dreeschen.

Our next round of questions goes to MP Ehsassi.

You have the floor for five minutes.

Mr. Ali Ehsassi (Willowdale, Lib.): Thank you, Madam Chair.

I'll start my questioning with Ms. Davis.

Ms. Davis, I have to say that I'm very confused after having listened to your testimony. You said that the two-dollar bump in pay was just out of appreciation. Do you still maintain that?

Ms. Sarah Davis: Yes.

Mr. Ali Ehsassi: Why, in response to my colleague, did you say it was due to extenuating circumstances? What extenuating circumstances are you talking about?

Ms. Sarah Davis: I'm talking about the extenuating situation, the circumstances surrounding COVID-19 and the panic buying in our stores. It was for the appreciation for the hard work that the colleagues did.

Mr. Ali Ehsassi: Surely you agree with me that extenuating circumstances and appreciation are not the same thing.

Ms. Sarah Davis: It was appreciation for dealing with the extenuating situation.

Mr. Ali Ehsassi: Okay, so have you ever offered your employees appreciation pay before?

Ms. Sarah Davis: Not in that way. A two-dollar premium for a period of time, no, we have never done that.

Mr. Ali Ehsassi: Okay. You're suggesting that you had to hire new employees. Could that have had something to do with it as opposed to pretending that this is about appreciation?

Ms. Sarah Davis: We did it for both. We had people who we needed to hire—of course we had to hire—and we did it in appreciation of our colleagues.

Mr. Ali Ehsassi: As you know, in your opening remarks you said you're a company that communicates well and listens well. Now, I'm sure you've seen all the media accounts where everyone is quite surprised as to how all of a sudden this two-dollar bump in pay was taken away. Do you understand where the media's coming from? Do you understand why Canadians are somewhat shocked?

Ms. Sarah Davis: The media may be surprised. None of the colleagues in my business were surprised.

Mr. Ali Ehsassi: I'm not asking about your colleagues. I'm asking about Canadians in general. Do you understand why they're concerned?

Ms. Sarah Davis: We said that it was a temporary premium. Are you asking me should they be surprised?

Mr. Ali Ehsassi: No. Why is it that the media is all over this? You even went through the trouble of cherry-picking a few letters that had been sent in by employees thanking you, but you completely ignore all these media accounts where everyone's concerned. Your own employees have gone to the media and said that your stores weren't exactly doing their best to make sure that they were protected.

Ms. Sarah Davis: What was the question?

Mr. Ali Ehsassi: The question is this: Why would you cherry-pick a letter from one employee who had positive things to say about this and completely ignore the fact that numerous employees of Loblaw have gone to the media and said that they really were very much concerned about working at your grocery stores?

Ms. Sarah Davis: The information that I have from my colleagues does not suggest that. We do surveys all the time, and the information that I have is that they understood the ending of the—

Mr. Ali Ehsassi: Ms. Davis, a Toronto Life article just came out. An employee who was there working for three months during COVID-19 said that the soap dispenser in the men's employee washroom ran out the first month he was working there. Then he says, “and remained empty, despite requests to fill it, for all of May and the better part of June.”

How would you respond to that?

Ms. Sarah Davis: I don't know the specifics of that situation, but I know at the beginning we would have had issues with getting sanitizers into our stores. As far as I'm concerned, that's been corrected. I don't know the specifics of that.

Mr. Ali Ehsassi: You agree it happened, but you're just saying it was corrected. Is that correct?

Ms. Sarah Davis: Yes, it happened. There was a huge—

Mr. Ali Ehsassi: For two months there was no soap in your employees' washroom—

Ms. Sarah Davis: That's not what I—

Mr. Ali Ehsassi:—despite the fact that everyone was saying we have to wash our hands.

You also go on to say that your stores were “absolutely safe”. Were there no incidents in the various stores you have?

• (1505)

Ms. Sarah Davis: I said our stores were safe.

Mr. Ali Ehsassi: You said “absolutely safe”. Those were your words.

Did you have incidents at various locations?

Ms. Sarah Davis: We did have incidents. As I said, incidents did happen. They were lower than the Canadian population.

Mr. Ali Ehsassi: Would you agree with me that it's stressful for cashiers working at your stores these days?

Ms. Sarah Davis: Absolutely, I would.

Mr. Ali Ehsassi: Okay, so why would you take away the two-dollar bump when you know that they're stressed out and concerned? Some of them have cited shortcomings at the various locations. Even if those shortcomings weren't there, it's stressful. Isn't that correct?

Ms. Sarah Davis: It's stressful.

As I said already, the two-dollar premium was a temporary one. The economies are opening up, and other workers have gone back to work with regular pay. It's no different for our company and our industry to go back to the normal pay.

Mr. Ali Ehsassi: Thank you.

The Chair: Thank you very much.

Our next round of questions goes to MP Gray.

You have the floor for five minutes.

Mrs. Tracy Gray (Kelowna—Lake Country, CPC): Thank you, Madam Chair.

Thank you to all the witnesses for being here today.

My first questions are for Ms. Davis from Loblaw.

You had mentioned profitability during this time, so I wanted to ask you specifically about a category that you sell, which is wine and also beer. I know that in 2016 Loblaw Companies won bids through the B.C. government for online auctions to acquire B.C. wine licences. You obviously saw the economic viability of those licences. In other provinces, Loblaw also sells craft beer and wine.

We know that, during the time of the pandemic, restaurants and bars were all closed, and we've heard that in other areas liquor sales have been up dramatically. Do you have statistics on your beer and wine sales over the time of the pandemic compared with previous years?

Ms. Sarah Davis: I don't have the specifics on the wine and the beer sales, but I imagine they would have increased.

As we said, we have seen an increase in sales across many categories. What we've felt is a substantial increase in the costs to deal with the pandemic as well.

Mrs. Tracy Gray: What would be the increase in cost for having wine or beer on the shelf? They're not necessarily perishable items, so what would be the increase in cost to selling a lot more beer and wine during this time?

Ms. Sarah Davis: The incremental costs would be the social distancing in the store, the fewer people in the store, the plexiglass associated with the cashiers, the sanitization procedures and having somebody at the door to check the number of people going into the stores. All of these would be incremental costs.

Mrs. Tracy Gray: Do you have a sense of the categories where in you might have seen an increase in sales or in profitability during this time?

Ms. Sarah Davis: Yes. We would have seen an increase in the centre of the stores, so grocery, flour, those types of items. We would have seen an increase in some of those items. As people went back to baking, baking goods would have increased as well.

Mrs. Tracy Gray: Did you see a turnover in staff during this time? You mentioned you had hired approximately 20,000 more people. Was that due to staff turnover?

Ms. Sarah Davis: It would have been a combination of the people who chose to stay home, or we suggested they stay home if they were vulnerable—and we did offer them pay during that period—and the people who chose to because they were worried, and the huge demand to make sure that we kept things in stock and provided Canadians with the essential service that we needed to. It was a combination of those.

Mrs. Tracy Gray: Would it be a fair assessment that a new employee costs less than an employee who's been there for a while?

Ms. Sarah Davis: Not necessarily. For a part-time person starting, it would be the same, depending on the length of service. It could be the same. It could be different.

Mrs. Tracy Gray: Thank you.

I have a couple of questions for Mr. La Flèche.

In your testimony to Mr. Masse, you said you had reached out to some of your colleagues, asking what they were doing during this time. You had emailed and asked them so that you had a sense of what they were doing. Was this something you did on your own accord, or was there direction from your board to look for this information?

Mr. Eric La Flèche: It was absolutely my own decision, after checking with the lawyers that it was all within legal boundaries—and it was. I made a few calls to ask what their intentions were on maintaining or ending the premium that was already announced, and that's it. The response I had was, "We haven't made a decision yet."

• (1510)

Mrs. Tracy Gray: What was your purpose for doing that? What was your intention in asking those types of questions?

Mr. Eric La Flèche: I wanted as much information as I could in order to make the best decision for our company, our employees, at the right time. We had already announced that this was going to end on June 13. As we were getting closer to that day, it was still our plan to end on June 13. The more info I could get as to what was happening in the market, the better. Walmart had stopped two weeks prior to that. Others had reduced. We were getting close to that, so I wanted to get more info.

Mrs. Tracy Gray: Would you be willing to table these emails with this committee?

Mr. Eric La Flèche: It was a phone call, not an email.

Mrs. Tracy Gray: The content of the phone calls was basically asking what their timelines were, what they were doing. Can you give a little more information?

Mr. Eric La Flèche: It's just as I said. It was public information that their premium was ending on June 13, and the purpose of the call was strictly to ask if that was still their plan to end on June 13 or were they thinking of maintaining. The answer I got was that they hadn't made a decision yet.

Mrs. Tracy Gray: Do you have notes from that phone call?

The Chair: Unfortunately, MP Gray, you're a little over time.

We'll now go to MP Lambropoulos.

You have the floor for five minutes.

Ms. Emmanuella Lambropoulos (Saint-Laurent, Lib.): Thank you, Madam Chair.

Thank you to our witnesses for coming to answer our questions today. My first questions will go to Ms. Davis.

You claim your stores were completely safe, and you've repeated it time and time again throughout this conversation today. As an individual, you are allowed to feel that way even though you're not in the stores yourself, but everybody I know considered grocery shop-

ping to be the riskiest activity they engaged in throughout the pandemic. People were afraid of going. They were sanitizing their groceries the moment they got home so the virus didn't stay within their walls.

What makes you feel your stores were safe, considering that my colleague pointed out the fact that there was no soap in your washrooms? What do you feel made your stores safe?

Ms. Sarah Davis: I think we spent millions of dollars to put safety protocols into our stores. You have to understand that we were deemed to be an essential service. We didn't have the option to not operate, so we spent lots of money to make sure our stores were safe.

Ms. Emmanuella Lambropoulos: You also mentioned it was because of the extenuating circumstances that you wanted to give this premium to your employees to show appreciation.

Would you agree that the very necessity of these extraordinary measures, the millions of dollars you've put towards putting equipment into your stores, shows that your front-line workers are still facing these extraordinary working conditions?

Ms. Sarah Davis: Safety precautions have been put in place now and they are the new normal. What has changed is the volume going through our stores and the panic buying that was happening during that period of time.

The other thing that has changed is that the rest of the economy and businesses, as deemed by the government and by the health people, have now opened up as well, and businesses are all starting to open up again.

Ms. Emmanuella Lambropoulos: You also gave that as a reason for why the premium was cut, because other businesses opened up and were paying their employees the same salaries.

Meanwhile a lot of these guys have been closed for months and were on the brink of bankruptcy and, therefore, are trying to save themselves, while your store was seeing profits because your employees were heroically working to offer an essential service to Canadians.

Do you not see the difference there? Do you not see the fact that you didn't lose a significant amount of profit during this time puts you in a different category from the other businesses that have opened recently?

Ms. Sarah Davis: As I said, we did spend a lot of money on making sure that the safety precautions were in place, and we thought it was an appropriate time to remove the temporary premium, which was always explained to people to be temporary.

Ms. Emmanuella Lambropoulos: You're open to the public and while you have people wait two metres in line to get into the store and you have them wash their hands once they're there, people have emailed me telling me there is no virus. The general public is not necessarily on the same page about how dangerous this virus is. A lot of people are not wearing masks when they come into your stores.

How can you tell me that your employees are completely safe at the hands of the general public, especially the front-line workers who are there and who are, in many cases, receiving minimum wage? How are you protecting these people from people going up to them and asking them questions when they're not wearing a mask? If I were somebody who was asymptomatic, if I didn't believe in the virus and I was showing up at the store after having gone to a whole bunch of other places, how would you protect me in this case?

• (1515)

Ms. Sarah Davis: As I said, we did put many protections in place. We have encouraged our employees, colleagues as well as customers to wear masks in line with what the government has suggested. In those areas where it's been mandated, we have absolutely followed that, as well, for both colleagues and customers.

Ms. Emmanuella Lambropoulos: You think it was an ethical decision to remove the two-dollar premium you had given to your employees in appreciation of risking their lives every single day during this pandemic, while other people were sitting at home receiving \$2,000 every month?

Ms. Sarah Davis: As I mentioned, we were an essential service, so we did have to make sure that people did come to work every single day, and absolutely, the two dollars was in appreciation of that. I'm unbelievably proud of the team that did that.

Ms. Emmanuella Lambropoulos: You also mentioned earlier that, had your store not been completely safe—in your words, even though you've mentioned that there was a lack of soap and other things—you would have closed. Therefore, you would have received absolutely no profits and you would be in the same position as many of these other companies.

That's my time, though.

Thank you.

The Chair: Thank you very much, MP Lambropoulos.

Our next round of questions goes to Monsieur Lemire.

[Translation]

You have the floor for two and a half minutes.

Mr. Sébastien Lemire: Thank you, Madam Chair.

My question is for Ms. Davis.

On June 11, your chief executive officer, Mr. Weston, stated the following on behalf of your company:

I continue to be a strong believer in a progressive minimum wage and would support any government-led effort to establish a living wage.

What is a living wage?

[English]

Ms. Sarah Davis: What he was referring to is that we believe in a progressive minimum wage. What I said in my opening remarks, and what Mr. Weston was referring to, is that we would be very pleased to work with the government on determining what a living wage for the various areas of Canada would be. We would support that and we would work with the government on that.

Our comment would be that it can't be one company that determines a living wage. It can't be one industry. It has to be done in consultation between the government, the companies and of course the unions as well.

[Translation]

Mr. Sébastien Lemire: Why do you need the support of other companies to make your own choice?

[English]

Ms. Sarah Davis: Because we don't have all the information to be able to determine what a living wage in every part of Canada is, we would need to work with the information that the government has as well.

[Translation]

Mr. Sébastien Lemire: In concrete terms, what would prevent you from taking this step on your own?

[English]

Ms. Sarah Davis: To me, it is bigger than just one company. [Technical difficulty—Editor] industry decision [Technical difficulty—Editor] done in collaboration—

[Translation]

Mr. Sébastien Lemire: I'm sorry, Madam Chair, but I didn't hear the translation.

[English]

The Chair: Madam Davis, could you repeat your response please?

Ms. Sarah Davis: My response was that it can't be just one company making the decision. It really does need to be done in concert with the government and other parties. It's bigger than just one industry or one company. We're competing against multinationals. We're competing with e-commerce giants. It can't be up to just one company to make those decisions.

[Translation]

Mr. Sébastien Lemire: Nevertheless, I believe that the perception of the work done by your front-line workers has been positively affected.

If you could make working conditions better, would you do so by creating full-time positions, providing higher wages or benefits, or improving pay equity? We know that many of the employees are women.

What would you do first?

• (1520)

Mr. Eric La Flèche: Who is the question for?

Mr. Sébastien Lemire: I'm still speaking to Ms. Davis.

[English]

Ms. Sarah Davis: We would work with our union and employees to determine what is the best thing they would want in terms of their employment, and the majority of our employees are not women. The majority are women, but I wouldn't say it's predominantly women. That's all, just to that point.

The Chair: Thank you.

Our next round of questions goes to MP Masse.

You have the floor for two and a half minutes.

Mr. Brian Masse: Thank you, Madam Chair.

I just want to make sure I'm clear on this.

Ms. Davis, you're saying that you increased the bonus to your employees because of how much volume they had to put on the shelves versus because of their potentially getting sick from an illness that we didn't understand, and their having to remain open, when everybody else didn't, because they were essential.

Is that correct? It's just the volume of things they had to put on the shelves?

Ms. Sarah Davis: It was the unprecedented times that they had to deal with within the stores, absolutely.

Mr. Brian Masse: I don't know where you shop, but I shop at your stores and when I looked in the eyes of your employees, I could see how scared they were. Most of us went to the store by ourselves and not with our families, as we normally would, because we were encouraged not to do that. We went into the store when we were supposed to, with other people.

It wasn't a normal process or time. All you have to do is look in the eyes of your employees, whether they're wiping carts when you're walking in the parking lot or when you are going up and down the aisles. They have had to deal with volumes of people in all kinds of situations, and with people not even wearing masks.

What do you say to the families of two of your workers who tested positive just last week in Windsor? What do you say to them about the fact that they actually got their pay cut from what it was earlier in the pandemic? Wasn't it really about whether they were exposed more? Wasn't it that they had more challenges? Was it just about the pieces of product they had to put in an aisle? Was that all it was about?

Ms. Sarah Davis: The pay was about an appreciation for the additional work they were doing during their days.

Mr. Brian Masse: Given this area, where most of our cases have been from migrant workers, your store's one of the few places where it actually has cases where workers have tested positive. What do you think? Is that unique, or is it because the volume of people going into your store put your workers at risk even more because there's actually more volume for exposure? What do you think about that?

Ms. Sarah Davis: I'm sorry; what's your specific question?

Mr. Brian Masse: Quite frankly, if you're in an office by yourself, working by yourself, do you think your risk is the same as your workers who have to handle groceries and products with hundreds of people going by them every single day, a few feet away, and sometimes interacting with them on different things? Do you think those things are equal?

Ms. Sarah Davis: I don't think they're equal. That's why we spent tens of millions of dollars in order to make our stores safer, in order to provide an essential service to Canadians.

Mr. Brian Masse: Again, you didn't contact the health department specifically on that, did you?

Ms. Sarah Davis: It was as given by the governments and the health—

Mr. Brian Masse: So the answer to that is no.

Mr. Brian Masse: So the answer to that is no.

Ms. Sarah Davis: We would have used information from the health—

The Chair: Unfortunately, that's all your time, MP Masse.

The next round of questions goes to MP Patzer. You have the floor for five minutes.

Mr. Jeremy Patzer (Cypress Hills—Grasslands, CPC): Thank you very much, Madam Chair.

I'll start with Mr. Medline. I just have a simple question for you. The extra pay, how much per hour was it per employee?

Mr. Michael Medline: We had a bit of a different program from everyone else. I just want to clarify that. We didn't all do the same thing. We did pay two dollars an hour to everyone in our stores and in our distribution centres.

What we did a little differently, I think—and I'm not that clear on the others, so they might want to talk about their own programs—was that we knew that certain part-time workers might only come in for a few hours. We had to make good by them, so we guaranteed everyone \$50 a week, no matter how many hours they worked. That was something we thought about because our teammates have to travel to get to work.

Mr. Jeremy Patzer: Okay, thank you. I have limited time but I appreciate that.

Ms. Davis, for you guys, was it two dollars an hour as well?

Ms. Sarah Davis: Yes, ours was more straightforward in the sense that it was two dollars per hour for all store colleagues, all DC colleagues, all front-line workers in our stores and across—

Mr. Jeremy Patzer: Okay. Thank you.

Then Mr. La Flèche, for you guys, was it two dollars an hour as well?

Mr. Eric La Flèche: Yes, across the board, corporate stores, distribution centres, it was two dollars an hour, regardless of the wage.

Mr. Jeremy Patzer: Okay, so for any of you, prior to or after you made the decision to increase by two dollars an hour, was there an email or a phone call saying, “Hey, this is what we did. Are you doing the same thing?” Was there any of that kind of consultation amongst each other with the two-dollar increase, not just the decrease?

Mr. La Flèche, do you want to go first?

• (1525)

Mr. Eric La Flèche: Sure. When we announced the premium, when it was first announced on March 21, we had found out the night before that a retailer out west had introduced it, and a pharmacy chain in Ontario had introduced it. We had back-channel information from unions that Saturday morning some of our competitors were thinking of introducing it. Later that morning I got a courtesy email, which we talked about earlier, advising me and the other CEOs that Loblaw was introducing the two dollars per hour temporary premium. We were working on that. We accelerated that announcement to that Saturday afternoon.

Mr. Jeremy Patzer: To the best of your knowledge, did every competitor, even the ones outside of those here at this committee meeting, all use just two dollars as an arbitrary, random number?

Mr. Eric La Flèche: I can't speak for every other retailer and what they did. It resembled two dollars an hour in some form or fashion. I can't speak for the others.

Mr. Jeremy Patzer: Okay.

Mr. La Flèche, I'm just wondering if you could clarify a few things for me. Earlier you told Mr. Masse it was an email you had sent about what you guys were doing, as far as reducing the pay. Then you told Mrs. Gray that it was a phone call. I'm just going to give you another chance here. Which was it? Was it an email or was it a phone call?

Mr. Eric La Flèche: I did not send an email to any colleagues or competitors about our decision to end. I did get an email from the president of Loblaw, telling me that they were ending on the 13th. I called again to find out their intentions, and I didn't get any answer.

Mr. Jeremy Patzer: Whom exactly did you speak to, then?

Mr. Eric La Flèche: I spoke to Sarah Davis twice and I spoke to Michael Medline once.

Mr. Jeremy Patzer: What about others, such as, say, Walmart or any other multinational companies or other grocers? Did you call any of them and talk to any of them about it?

Mr. Eric La Flèche: I did not call Walmart. I did call another grocer elsewhere in Canada.

As I said, we looked at all sources of information: U.S. retailers, Canadian retailers, food retailers and non-food retailers. Some were paying a premium; some were not. We gathered as much information from as many sources as we could. One key resource was unions. They were really encouraging us to follow suit when someone increased pay. We got that information, and we acted on the information we had to the best of our ability.

Mr. Jeremy Patzer: Did you email or call your lawyer? What kind of communication was that?

Mr. Eric La Flèche: No. I called my colleague, the general counsel, asking for his advice on whether I could make a call, which I did. I was told it was perfectly fine according to competition laws. Making that call was not outside of legal boundaries.

Mr. Jeremy Patzer: Ms. Davis, when you referenced contacting your lawyer, I think you said that you copied your lawyer on the email that you sent to everybody else. Is that true or did you consult beforehand?

Ms. Sarah Davis: I had consulted with a lawyer and had the approval that it was fine. It was already public. It had already been announced, so I did copy him on the email as well.

Mr. Jeremy Patzer: Okay. Thank you.

The Chair: Thank you very much.

Our next round of questions goes to MP Erskine-Smith.

You have the floor for five minutes.

Mr. Nathaniel Erskine-Smith: Thanks very much.

I want to pick up where Mr. Patzer left off.

Mr. La Flèche, on what date did you first reach out to a competitor to ask if they were going to end the pandemic pay and when they were going to do so?

Mr. Eric La Flèche: The week of May 20 was the first contact.

Mr. Nathaniel Erskine-Smith: Who was that with?

Mr. Eric La Flèche: I called Sarah Davis, Michael Medline and one other CEO.

Mr. Nathaniel Erskine-Smith: Who was the other CEO?

Mr. Eric La Flèche: Darrell Jones at Save-On-Foods. He's out west, in a market where we don't compete, by the way.

Mr. Nathaniel Erskine-Smith: You said that you had a second conversation with Sarah Davis. What was the date that took place?

Mr. Eric La Flèche: It was June 9.

Mr. Nathaniel Erskine-Smith: June 8, to my understanding, is when Ms. Davis made the decision to end pandemic pay. Is that correct, Ms. Davis?

Ms. Sarah Davis: Yes, it is.

Mr. Nathaniel Erskine-Smith: On June 9, you speak to Mr. La Flèche. What's the nature of that conversation? He asks you if you have agreed to end pandemic pay. What do you say?

Ms. Sarah Davis: I said we hadn't decided what we were going to do.

Mr. Nathaniel Erskine-Smith: Okay, but this is despite the fact that you had, in fact, decided.

Ms. Sarah Davis: We were still in communications with our union at that time.

Mr. Nathaniel Erskine-Smith: Okay, and the decision is then made on June 11 and it's told to your employees.

Ms. Sarah Davis: That's right.

Mr. Nathaniel Erskine-Smith: Then immediately thereafter, you send an email.

By "public" you mean it was communicated to your employees. Is that right?

• (1530)

Ms. Sarah Davis: That's right. There are 200,000 of them.

Mr. Nathaniel Erskine-Smith: Mr. La Flèche, after repeatedly asking your competitors when they were going to end pandemic pay and upon learning that pandemic pay was going to be ended by Loblaw's on June 13, you quickly made a decision in complete agreement with the decision by Loblaw's. Is that right?

Mr. Eric La Flèche: We made our own decision based on the information we had, which included that last piece of information, yes.

Mr. Nathaniel Erskine-Smith: Mr. Medline, other than the conversation that you had with Mr. La Flèche the week of May 20, did you have any other conversations with competitors?

Mr. Michael Medline: No.

Mr. Nathaniel Erskine-Smith: Ms. Davis, you had two conversations with Mr. La Flèche in addition to the courtesy email. I appreciate your letting us know about the courtesy email in your opening remarks, although I'm curious that you didn't let us know about these other conversations.

Did you have any other conversations with competitors apart from those two with Mr. La Flèche?

Ms. Sarah Davis: No, I did not.

Mr. Nathaniel Erskine-Smith: Was Galen Weston aware that you were having these conversations with your competitors?

Ms. Sarah Davis: I think I told him that Eric had called me, yes.

Mr. Nathaniel Erskine-Smith: Did you inform him of the second call as well?

Ms. Sarah Davis: Yes, he knew about the second call.

Mr. Nathaniel Erskine-Smith: Did the board know that each of you were communicating at different points with your competitors?

Ms. Sarah Davis: I'm not sure if the board was aware or not. I think the board was aware.

Mr. Nathaniel Erskine-Smith: Mr. La Flèche.

Mr. Eric La Flèche: No, I don't think so. I may have mentioned it to the board, when we extended to June 13, that we had information that Loblaw was extending also, but again, it was a decision we made as an executive team. It wasn't a board decision.

Mr. Nathaniel Erskine-Smith: Were there any other conversations? We know the conversations between you. You obviously have employees in senior positions. Was there any communication between anyone else at your companies and your competitors?

I'll start with Mr. La Flèche.

Mr. Eric La Flèche: No, not to my knowledge.

Mr. Nathaniel Erskine-Smith: Ms. Davis.

Ms. Sarah Davis: No, not to my knowledge.

Mr. Nathaniel Erskine-Smith: Mr. Medline.

Mr. Michael Medline: Not to my knowledge, but there's an exception here. When Eric and I had the discussion on May 19, I made sure we had, and so did Eric, our general counsel, our lawyers, on that call. We were coming to a point where it looked like lockdowns would be over with, and I wanted to be very careful that we were not communicating anything on this and that we weren't doing anything wrong. We talked about safety. Then Eric asked me, you know, what's going on with hero pay, and we decided we would not talk about it.

Mr. Nathaniel Erskine-Smith: You decided with Mr. La Flèche that you wouldn't talk about something that Mr. La Flèche expressly asked you about.

Mr. Michael Medline: Correct. I said we wouldn't talk about it and we did not talk about it. We didn't—

Mr. Nathaniel Erskine-Smith: Mr. La Flèche, when Mr. Medline says that to you, that he's not comfortable speaking about this, do you think it's then acceptable to revisit the conversation with Ms. Davis? Were there any red flags for you out of Mr. Medline's conversation?

Mr. Eric La Flèche: No, there was no red flag. As Mr. Medline just said, he asked for their lawyers to be on the line. I said sure and we had the conversation. On the decision to end or not end pandemic pay, I got the answer that they hadn't made a decision and that they didn't want to talk about it further. They had not made the decision.

Mr. Nathaniel Erskine-Smith: Ms. Davis, did you receive a reply to your courtesy email?

Ms. Sarah Davis: Yes.

Mr. Nathaniel Erskine-Smith: I trust that you will provide this committee with your email and all correspondence related to it, including all replies. Will you do that for us?

Ms. Sarah Davis: Yes, I could do that.

Mr. Nathaniel Erskine-Smith: Thanks very much.

The Chair: Ms. Davis, with respect to that request for correspondence, please make sure to send that information to the clerk so that it can be forwarded to the members of the committee.

We'll now move to MP Rempel Garner.

You have the floor for five minutes.

Hon. Michelle Rempel Garner: I'm going to build on what Mr. Erskine-Smith just asked.

Mr. La Flèche, in your opening remarks, and I believe in everyone's opening remarks, the point was made over and over again that the decision to end the pandemic pay was made independently, yet you just said in your response to Mr. Erskine-Smith that the piece of information you received from your competitor helped your company make this decision. Did you want to clarify your opening statement?

Mr. Eric La Flèche: No. There is no contradiction at all in what I said. We make our own decisions based on the information we have. The more information we have, the more clarity in our decisions. When we made our decision, it was our own. We acted alone, based on the information we had, including that last email of confirmation that they were ending, as planned, on June 13.

Hon. Michelle Rempel Garner: The decision to end pandemic pay in your organization was based on the fact that your competitors were also ending pandemic pay. Is that correct?

• (1535)

Mr. Eric La Flèche: It was one factor among others contributing to our own decision.

Hon. Michelle Rempel Garner: What were the other factors?

Mr. Eric La Flèche: There was the workload, the economic reopening, the many other retailers being open. We were slowly returning to more normal conditions and lower business volumes. We thought it was the right time to end the temporary premium that was communicated as temporary from the beginning.

Hon. Michelle Rempel Garner: Mr. La Flèche, in your conversation with Mr. Medline of May 19, what other topics were discussed outside of the issue of "hero pay" being raised?

Mr. Eric La Flèche: We didn't discuss anything. I asked if they had made a decision on maintaining or not. There may have been "Isn't this incredible, the business and the volume, and our people are working hard", and some general opening comments like that, but there was no discussion. It was just what we were living through. It was an unprecedented crisis. Everybody was working really hard, including us and our people all over the company, so that may have been mentioned.

The purpose of the call that I initiated was to find out if they were maintaining or ending. The answer was that they hadn't made a decision yet and we weren't going to talk about that.

Hon. Michelle Rempel Garner: What was your purpose in asking that question to Mr. Medline?

Mr. Eric La Flèche: Getting information so that we could have more light on making our own decision.

Hon. Michelle Rempel Garner: For what purpose?

Mr. Eric La Flèche: We operate in a competitive environment. We want to treat our employees fairly and be seen to treat our employees fairly. We think we do. The more information I have on what others are doing, how they are treating their employees and how much they are paying and for how long, is valid information that I tried to get.

Hon. Michelle Rempel Garner: Would you characterize the conversation with Mr. Medline as trying to obtain a tacit agreement on wages?

Mr. Eric La Flèche: Absolutely not.

Hon. Michelle Rempel Garner: Why did you ask the question, then?

Mr. Eric La Flèche: It was to get information, to have more information to make my own decision.

Hon. Michelle Rempel Garner: I guess I will just go back to the opening statements made by everyone here, all of our witnesses. There were a lot of very verbose statements made about the pandemic pay being for pride in the workers, but then what we have is executives talking to each other and asking questions about wage, per your own admission, Mr. La Flèche, and others. This really was about trying to make, to use your own words, a decision that was in the best interests of the company.

How can you reconcile those conversations with your assertions that this decision was made in the best interests of workers?

Mr. Eric La Flèche: With all due respect, I don't accept your premise that this was coordination, collusion or anything untoward. Everything was above board and within legal boundaries. I can say that wholeheartedly. I have no issue with what we did, what information we got and how we got it. Everything is above board. We have nothing to hide. We gave a premium to—

Hon. Michelle Rempel Garner: If your assertion is that it was within legal boundaries—

Mr. Eric La Flèche: Absolutely.

Hon. Michelle Rempel Garner: —would you make the assertion that it was within ethical boundaries for your employees?

Mr. Eric La Flèche: Yes, absolutely.

Hon. Michelle Rempel Garner: I'm not sure what else more to ask, Madam Chair. I'll cede my time.

The Chair: Thank you very much.

Our next round of questions goes to MP Erskine-Smith.

You have the floor for five minutes.

Mr. Nathaniel Erskine-Smith: Thanks very much.

Business is booming, profits are coming in in record numbers and, Mr. La Flèche, you are proactively reaching out to your competitors to say, "When can we cut pandemic wages? Are you going to be cutting them? I'm really interested in knowing when you're going to cut them". Is that fair? Is that a fair characterization of—

Mr. Eric La Flèche: No, that's not the way I presented it. That's not the way I look at it. That's not the way I approach it, no. With all due respect, again I disagree with that.

Mr. Nathaniel Erskine-Smith: I'll leave the remainder of those kinds of questions to the Competition Bureau.

How much did each of you earn in total compensation in 2019?

Ms. Davis.

Ms. Sarah Davis: I think the information that's in our proxy circular is around \$6.8 million.

Mr. Nathaniel Erskine-Smith: Mr. La Flèche.

Mr. Eric La Flèche: Again, it's public information. You can look up the proxy. I don't think it's the subject of today's hearing and questioning.

Mr. Nathaniel Erskine-Smith: You know it, but you're just not answering my question?

Mr. Eric La Flèche: I earn a good living. I have nothing to hide and I'm proud of what I'm paid. I think I earned what I got.

Mr. Nathaniel Erskine-Smith: If you were proud of what you earned, you would say it.

Mr. Medline.

Mr. Michael Medline: It's not to the right number—you'll have to check the proxy—but it's around \$5 million, I think, including grants of long-term compensation.

Mr. Nathaniel Erskine-Smith: We can expect, Mr. La Flèche, that it's in the neighbourhood of your colleagues'. Is that fair?

Mr. Eric La Flèche: It is, yes. It's in that neighbourhood.

• (1540)

Mr. Nathaniel Erskine-Smith: Mr. Medline was less clear about his belief in a progressive living wage, but Ms. Davis and Mr. La Flèche, you've each said you believe in a progressive living wage. Now we've been told by union members that 90% of essential front-line workers are part time; they don't receive fixed schedules and they don't receive full benefits. They are critical to our national food security, but many face food insecurity themselves because of a lack of a living, meaningful and progressive minimum wage.

When a company earns record profits, when you are individually earning millions of dollars, when the risk and anxiety that persists among your essential workers has not gone away, how can you in good conscience put profits before people in a pandemic?

Ms. Davis.

Ms. Sarah Davis: As I highlighted a couple of times, we are not putting profits ahead of our people. We put in tens of millions of dollars for safety precautions in our stores. I think we publicly said in our Q1 call that we did see some buying up in Q1, but we would see large costs that would come into our Q2.

Mr. Nathaniel Erskine-Smith: Mr. Medline, you have indicated that all resources have been put into your teammates. Your company has described them as family members. Describe the recent increase to shareholder dividends and how that accords with what you described to this committee in relation to putting all of the resources into your teammates, family members and your essential workers.

Mr. Michael Medline: We have a lot of stakeholders. We have to do everything we can for our teammates. We put every penny we could and every effort we could into the safety and health of our teammates. In fact, I was on a call with Chinese and Italian grocers

early on in the pandemic, heard about plexiglass and put plexiglass in without knowing how much it was going to cost.

In terms of why we pay dividends, it's because ordinary Canadians count on those dividends to retire and to put their kids through school. There's a balance, but teammates, as you said—and you quoted me there—are so important.

Mr. Nathaniel Erskine-Smith: Correct me if I'm wrong, but you paid just over \$100 million in pandemic pay, additional pay. What's the number represented by the increase in shareholder payout?

Mr. Michael Medline: Are you talking about...?

Mr. Nathaniel Erskine-Smith: I mean the increase in dividends.

Mr. Michael Medline: The increase in dividends was four cents per quarter. I'd have to do the math. I'll send it to your office.

Mr. Nathaniel Erskine-Smith: When we talk about putting profits before people or putting people before profits, we've cut pandemic pay and we've paid out profits to shareholders. Do you still think you're putting people before profits?

Mr. Michael Medline: Yes, the increase in dividends was far below the pandemic hero pay. By the way, I don't think that was appreciation. It was scary for people to go to work. Whoever it was—one of the MPs—cited going into the store. I think it was Mr. Masse. We saw the people in the stores and we didn't know what was going to happen, so we did it for a number of reasons.

Mr. Nathaniel Erskine-Smith: Ms. Davis, Target recently announced a \$15 American per hour minimum wage for their employees. Dollarama here in Canada has extended its own pandemic pay until the end of August. Lowe's has extended pandemic pay.

Loblaws chairman, you, making millions of dollars, believe in a progressive living wage. How do you explain this? We heard about hypocrisy from Mr. Dias. How do you explain this personal belief of yours and Mr. Weston's, when other companies are able to do this and you've decided not to?

Ms. Sarah Davis: I think there are two questions here, and it does look as though we're out of time. I don't know if you want me to answer or not.

The Chair: We'll let you answer.

Ms. Sarah Davis: Okay, so there are two things we're talking about here. One is the pandemic pay premium, which was put in place on a temporary basis, and it was communicated that way to all of our colleagues. The second is about minimum wage and the living wage. As I highlighted in my opening remarks, I do believe that is a conversation that is for more than just one company or one industry to do on its own. I really think that is something we need to work on with the government. I think that is the decision I've mentioned and that we need to work on together.

Mr. Nathaniel Erskine-Smith: Thanks for your time. Force us to do what we already believe in. I appreciate it. Take care.

The Chair: Thank you very much.

Our next round of questions goes to MP Lemire.

[*Translation*]

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

Mr. Sébastien Lemire: Thank you, Madam Chair.

We've learned today—at least I have—that because of certain dependency issues, you rely on others when making difficult decisions. I want to highlight your honesty in bringing this up. I'm not saying that this constitutes collusion. However, it will be worthwhile to hear what the Competition Bureau has to say about this.

I want to understand what steps you took. Did you discuss this temporary positive benefit—and I think that the word “temporary” is significant for this premium—before you put it in place?

My question is for Mr. Medline.

• (1545)

[*English*]

Mr. Michael Medline: I'm sorry, but I just want to be very clear. What was the question?

[*Translation*]

Mr. Sébastien Lemire: Did you hold any discussions before implementing this premium, this \$2-an-hour raise?

[*English*]

Mr. Michael Medline: No. I said before I was on calls with Chinese grocers, Italian grocers and those in the U.S., Australia and other European countries. We found out about some good safety and health initiatives. We also heard about grocers around the world implementing what we now call hero pay, but they didn't call it hero pay in those days. No, I talked to grocers in other countries but no one in Canada, and we made our own decision. Thank you for asking.

[*Translation*]

Mr. Sébastien Lemire: As with your counterparts, would the involvement of a government or governments help you implement a permanent measure to improve the wages of your workers? Should this be done through an order in council or a government obligation to ensure that everyone makes the decision to increase the living wage of workers by \$2 an hour, for example, on a permanent basis?

[*English*]

Mr. Michael Medline: Thank you.

Look, I didn't get a chance when Mr. Erskine-Smith asked before. We need a better income support system in this country. I know it's difficult to do and it's difficult for the federal government, the provincial governments and industry to get together and work on this. If you want to work on it, we'll be at the table.

[*Translation*]

Mr. Sébastien Lemire: I have one last question for you, Mr. Medline. Do you consider that the CERB has been a barrier to hiring or a positive solution for workers?

[*English*]

Mr. Michael Medline: I think that all of us, governments and industry, are dealing in unprecedented territory. I think that putting in the CERB and protecting Canadians, especially the most vulnerable, was a wonderful thing to do. I think that people are going to find that, when they take out the CERB, they're going to face the same issues we did when we took out the hero pay. It's hard to take things away, even things that have been communicated as temporary. I think that made it a little more difficult. It's going to be hard.

It's important to put them in place to take care of people—

The Chair: Mr. Medline, unfortunately that's all the time for that round.

We'll now go to Mr. Masse. You have the floor.

Mr. Brian Masse: Thank you, Madam Chair.

Have any of your companies applied or expect to apply for or receive any financial aid from any of the COVID-19 federal government programs?

I'll start with you first, Mr. La Flèche.

Mr. Eric La Flèche: No, we did not apply and did not receive. Although some of our subsidiaries could have applied for them, we chose not to.

Mr. Brian Masse: Thank you.

Mr. Medline.

Mr. Michael Medline: I do not believe we did. I'd have to check if there's a franchisee somewhere who was impacted who did, because we have franchised stores, as well—they're not our employees—but I don't think so.

Mr. Brian Masse: Thank you.

Ms. Davis.

Ms. Sarah Davis: I have the same answer. As an enterprise, it's no. There might be some independent businesses that are affiliated with us that could have if they had the right circumstance.

Mr. Brian Masse: Thank you for that.

With regard to paying employees, do you pay your employees differently based on your brands, like your frills versus No Frills banners?

Maybe I'll go backwards from Ms. Davis.

Do you pay your employees differently in the stores they operate being your...?

Ms. Sarah Davis: We have multiple union agreements, so there are different pay scales between the different banners, yes.

• (1550)

Mr. Brian Masse: Thanks.

Mr. Medline.

Mr. Michael Medline: Everyone starts out at the same pay in our discount and our full-service banners. Our discount banner is younger so there are not as many long-term service teammates, so it might end up being a little lower, but it wouldn't be that far off.

Mr. Brian Masse: Thanks.

Mr. La Flèche.

Mr. Eric La Flèche: I have the same answer. Different collective bargaining agreements and different provinces have different rates. It's agreement by agreement.

Mr. Brian Masse: I represent an area that has some economic challenges and has some of the no-brand stores.

Does anyone have a comment about the fact that those workers are paid less, especially in geographic areas where there are economic challenges and diversity issues? How do you feel about that, being a CEO where you pay your workers differently based on where they are and the geography and their incomes coming in as a group?

Mr. Eric La Flèche: We don't pay them according to where they are. We pay them according to the banner and the collective agreement they work under.

We have discount stores all over the provinces of Quebec and Ontario, in some areas that are more challenged than others, and the pay is the same whether it's a nice area or a more challenged area. Geography is not the factor.

Mr. Brian Masse: Thank you.

I see my time is up, Madam Chair.

Apparently, it's different when you're stocking a bottle of ketchup somewhere in an area that has a different socio-economic background, racial background or ethnic background than other places. That's the reality.

The Chair: Thank you, MP Masse.

Because we have a few more minutes remaining, we'll start the fourth round.

Our first five-minute round goes to MP Patzer.

Mr. Jeremy Patzer: Thank you, Madam Chair.

I'll be splitting my time with Mrs. Gray.

Ms. Davis, I'm going to go back to you.

You said this was appreciation pay for your employees, so why not make your level of appreciation higher than that of your competitors?

Ms. Sarah Davis: We independently decided to up the two dollars per hour. It seemed like the appropriate amount. It's worth about 15%, so we thought that was an appropriate amount of premium pay for our colleagues.

Mr. Jeremy Patzer: Right, but then ultimately everybody has the same level of appreciation. If you really wanted to show your employees you value them, why not make it more than your competitors? Particularly if your company philosophically believes in a basic liveable income, why do you need to wait for the government to legislate around it?

Ms. Sarah Davis: As I said before, the reason I'm saying we would want to do it in concert with the government and with the unions is that it can't be done by just one company, by just one industry. We're competing against large multinationals, large e-commerce companies, so it's just not feasible for one company to do it on its own. We need to do it together, as a group, with the government.

Mr. Jeremy Patzer: I'm thinking that you could really just lead the charge, though, take the bull by the horns and be that trailblazer, and just say, "Hey, you know what? We value our employees more than everybody else."

On the two-dollar pay, or just the pay in general, why not be the trailblazer? Why not just be that one to be saying, "Yes, you know what? We are going to be the ones who set the bar higher than everybody else." Again, I don't think you need to wait for the government to be the one to take that initiative. I think you guys could do that. Could you not?

Ms. Sarah Davis: I think the key that we're talking about is that when you think about the grocery sector in general, we work and we exist on very, very low.... About 2% is the bottom line margin. When you think about a hundred dollars' worth of groceries, two cents falls to the bottom line, 98¢ goes to the cost of the product, to the running of the stores, to the colleagues' pay. It is within a very small margin. It would have an impact to be able to do that single-handedly without having the support of the government, and an impact on some of the U.S. competitors as well. It would be difficult to do.

Mr. Jeremy Patzer: Earlier this week, when Mr. Dias came on here, he said the big companies like yours, but also the small town grocers, like I have here in my riding—I have 120 small towns that all have their own stores—are all making money hand over fist. You're saying that's not the case.

Ms. Sarah Davis: I'm saying that's not the case.

Mr. Jeremy Patzer: Okay.

I'll split my time with Mrs. Gray.

Mrs. Tracy Gray: Great. Thank you very much.

I have a couple of questions for Ms. Davis.

On your website, it states that you sell quite a number of products that aren't necessarily essential services, like apparel, clothing, office supplies, toys, games, hobbies, lawn and patio accessories and furniture, and a whole number of other products. Did your company continue to sell all of these products during the pandemic?

Ms. Sarah Davis: In some cases, yes; in some cases, no. As I mentioned, we did shut down some departments in order to focus on the essentials like food. In the case of Shoppers Drug Mart, we wouldn't have sold beauty during that time. As I mentioned, we did shut down some of our service cases. It would have had a significant impact. We would have seen decreases in apparel. We didn't close off the store, but we did focus on the food. That was the essential service.

• (1555)

Mrs. Tracy Gray: Okay.

We do know small businesses across the entire country and in our communities were closed down because they weren't deemed essential services. Really, companies like yours would be the only place to get these types of products.

I have a question. When I look at your Q1 net earnings, they were \$240 million. Even though your Q2 earnings haven't been posted yet, you did say that your costs were up. Would you say your net earnings are going to be higher this year, in 2020, compared with 2019?

Ms. Sarah Davis: I can't provide that information as a public company. It would be giving guidance on the earnings for the year. We've actually removed our guidance for the year because we believe it's very difficult to predict. I can't say at this time what I think the results for the year will be.

Mrs. Tracy Gray: Okay. It will be interesting to look that up once they are made public.

What would your assessment be compared to Q1? In your earlier testimony you said your costs were up. Would that proportionately mean your net earnings are down for Q2?

Ms. Sarah Davis: I can only tell you what I've told the public, which is that in Q1 our profits were up as a result of the bulk in panic buying. In Q2, we have incremental costs that will be higher than the incremental revenue associated with the pandemic.

The Chair: Thank you very much.

Our last round of questions will go to MP Ehsassi.

You have the floor for five minutes.

Mr. Ali Ehsassi: Perhaps I could return to Ms. Davis. In anticipation of today's meeting, did you reach out to the management of the other two companies that are before us today to compare notes?

Ms. Sarah Davis: I did not. I did not speak to either Eric or Michael, or any member of their team.

Mr. Ali Ehsassi: Okay. No one in your management—

Ms. Sarah Davis: No one in my organization did, either.

Mr. Ali Ehsassi: You referenced the fact that there was a courtesy email on June 8, I believe.

Ms. Sarah Davis: No, it was on the 11th.

Mr. Ali Ehsassi: June 11...my apologies.

Prior to the one on June 11, can you think of any other courtesy emails you sent to other grocery stores this fiscal year?

Ms. Sarah Davis: I sent a courtesy email when we announced we were paying the two-dollar premium to the same grocers. That would be Walmart, Safeway, Sobeys and Metro.

Mr. Ali Ehsassi: The only time you'd sent courtesy emails, in recent memory, had to do with this pay premium. Is that correct?

Ms. Sarah Davis: That's correct.

Mr. Ali Ehsassi: Now, I suspect that before appearing today you had an opportunity to read Mr. Galen Weston's statement of June 11.

Ms. Sarah Davis: Which one would you be referring to?

Mr. Ali Ehsassi: June 11.

Ms. Sarah Davis: His note to the public...?

Mr. Ali Ehsassi: It was a released statement on June 11 by Mr. Galen Weston.

Ms. Sarah Davis: Yes, I generally read all of his statements. I don't know which specific one—

Mr. Ali Ehsassi: Well, you be the judge here. We have heard various explanations from you. The one you've been quite emphatic about is that the wage increase was a show of appreciation, but Mr. Weston has a very different explanation here. It says in his letter, released on June 11, "After extending the premium multiple times, we are confident our colleagues are operating safely and effectively in a new normal." That's the explanation he's providing.

Do you see the discrepancy between the justification that you provided and what Mr. Weston says here?

Ms. Sarah Davis: No, I don't think so. I think what I was saying is that we paid the two dollars during those crazy times at the beginning of the pandemic, and we're now through, back to a new normal, so it seemed like an appropriate time to end it.

Mr. Ali Ehsassi: Do you mean there was never any talk about safety? You said your stores were absolutely safe, whereas Mr. Weston is saying the reason they feel comfortable removing that premium is that now you're operating safely and effectively. That's very different from the explanation we heard from you, would you agree?

• (1600)

Ms. Sarah Davis: The safety protocols were put in very early in the pandemic, and it is the change in the volumes—

Mr. Ali Ehsassi: These are explanations that are at odds with each other, would you not agree?

Ms. Sarah Davis: No, I don't think so.

Mr. Ali Ehsassi: You think that it says here it was because of appreciation. Is that what you heard?

Ms. Sarah Davis: I think what I heard from that note is that it's a result of the fact that things were more back to normal, and we had done the thank-you bonus and the premium pay. Things were trending—

Mr. Ali Ehsassi: I can assure you that the people who are working as cashiers don't think this is normal. They're just as concerned going into work every single day. That, to me, would seem to be the reality we're faced with.

Now, in that statement by Mr. Weston, it says, "I continue to be a strong believer in a progressive minimum wage". That's something you've echoed as well. You keep telling us that, if the government provides some guidance and there's some co-operation that takes place and you're not the only company, you would agree to better wages.

However, if memory serves, in 2017, when the Province of Ontario was thinking of increasing the minimum wage, I understand that your company was very much against that. Is that not right?

Ms. Sarah Davis: No, that is not true. Our company was not against the minimum wage. Our company was against the speed at which it was being implemented.

Mr. Ali Ehsassi: I have numerous different articles that say Loblaw was against these wage increases.

Ms. Sarah Davis: Do you have the words that Mr. Weston said? That is not what he said.

Mr. Ali Ehsassi: Yes. In fact, this says, "Mr. Weston called the wage increases 'the most significant in recent memory' adding that the company is expediting measures to save money, such as...rolling out more self-checkouts at Shoppers Drug Mart. 'We have a lot of work ahead of us.'" That's one.

Ms. Sarah Davis: That doesn't say that he is against a minimum wage.

Mr. Ali Ehsassi: Another one here, from the Toronto Sun, reads, "Loblaws was the latest to get on the anti-minimum wage raise bandwagon".

Ms. Sarah Davis: Those are not Mr. Weston's words.

Mr. Ali Ehsassi: No. I'm just saying there are numerous.... Were you guys in favour of the raise in the minimum wage?

Ms. Sarah Davis: We found that the speed at which the minimum wage was being increased was difficult for a company like ours to deal with, but we are very much in favour of a progressive minimum wage.

Mr. Ali Ehsassi: Thank you.

The Chair: Thank you very much.

That is, unfortunately, all the time that we have today. I'd like to thank the witnesses for being with us today.

With that, we call this meeting adjourned.

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