



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

# **PROTECTING CANADA'S FOOD SYSTEM**

**Report of the Standing Committee on Public Accounts**

**John Williamson, Chair**

**MAY 2022  
44th PARLIAMENT, 1st SESSION**

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# **PROTECTING CANADA'S FOOD SYSTEM**

## **Report of the Standing Committee on Public Accounts**

**John Williamson  
Chair**

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## **NOTICE TO READER**

### **Reports from committees presented to the House of Commons**

Presenting a report to the House is the way a committee makes public its findings and recommendations on a particular topic. Substantive reports on a subject-matter study usually contain a synopsis of the testimony heard, the recommendations made by the committee, as well as the reasons for those recommendations.

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# **THE STANDING COMMITTEE ON PUBLIC ACCOUNTS**

has the honour to present its

## **FOURTEENTH REPORT**

Pursuant to its mandate under Standing Order 108(3)(g), the committee has studied Report 12, Protecting Canada's Food System, of the 2021 Reports of the Auditor General of Canada and has agreed to report the following:





# PROTECTING CANADA'S FOOD SYSTEM DURING THE COVID-19 PANDEMIC

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## INTRODUCTION

The coronavirus disease (COVID-19) pandemic not only threatened the health of Canadians directly through infection but also disrupted Canada's food system. Outbreaks in production and processing facilities reduced or stopped the supply of food. Furthermore, the "unemployment and loss of wages during the crisis also led to an increased risk of food insecurity, especially among vulnerable populations."<sup>1</sup>

Statistics Canada reported that in May 2020, "food insecurity among Canadians rose during the COVID-19 pandemic to 14.6% (almost 4.4 million people), up from 10.5% (almost 3.1 million people) according to a 2017–18 survey."<sup>2</sup> It also noted that "the level of food insecurity for households with children was even higher, at 19.2%, and reached 28.4% for those absent from work because of business closures, layoffs, or personal circumstances as a result of the pandemic."<sup>3</sup>

In response to these conditions, the Government of Canada announced several new food programs and additional funding to existing ones. Among these, the Office of the Auditor General of Canada (OAG) examined three "initiatives aimed at reducing food insecurity for Canadians, including in vulnerable and isolated communities, and [two] initiatives aimed at supporting the resilience of Canada's food-processing capacity. Together, these initiatives involved each element of the food system, except for production (i.e., primary agriculture, fisheries and aquaculture).<sup>4</sup> Table 1 explains the audited programs.

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1 Office of the Auditor General of Canada (OAG), [Protecting Canada's Food System](#), Report 12 of the 2021 Reports of the Auditor General of Canada, para. 12.1.

2 Ibid., para. 12.2.

3 Ibid.

4 Ibid., para. 12.3.



**Table 1—Audited Programs that Address Food Processing and Food Insecurity**

Program or initiative	COVID-19-related funding
<p>Canadian Seafood Stabilization Fund—New funding for the fish and seafood processing sector to help implement safety measures for workers and to adapt plant operations and storage capacity to respond to changing consumer demands due to the COVID-19 pandemic.</p> <p>Responsible department: Fisheries and Oceans Canada (DFO), supported by three regional development agencies:</p> <ul style="list-style-type: none"> <li>• Atlantic Canada Opportunities Agency (\$42.7 million)</li> <li>• Canada Economic Development for Quebec Regions (\$9.1 million)</li> <li>• formerly Western Economic Diversification Canada; now through Pacific Economic Development Canada (\$10.7 million)</li> </ul>	\$62.5 million (total)
<p>Emergency Processing Fund—New funding for food processors in the agriculture and agri-food sector to help them maintain and increase domestic food production and processing.</p> <p>Responsible department: Agriculture and Agri-Food Canada (AAFC)</p>	\$77.5 million
<p>Emergency Food Security Fund—New funding for Canadian food banks, food rescue organizations, and other assistance providers to improve access to food for people experiencing food insecurity.</p> <p>Responsible department: AAFC</p>	\$300 million
<p>Surplus Food Rescue Program—New funding for organizations addressing food insecurity to help them manage and redirect food surpluses and to avoid food waste.</p> <p>Responsible department: AAFC</p>	\$50 million
<p>Nutrition North Canada—Additional funding for an existing program to further subsidize food in remote and isolated northern communities.</p> <p>Responsible department: Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC)</p>	\$25 million (in addition to existing funding)

Source: Office of the Auditor General of Canada, [Protecting Canada’s Food System](#), Report 12 of the 2021 Reports of the Auditor General of Canada to the Parliament of Canada, Exhibit 12.2. Fisheries and Oceans Canada is better known by “DFO,” the initialization of its formal name, Department of Fisheries and Oceans.

In 2021 the OAG released a performance audit that focused on whether “selected federal departments and agencies protected Canada’s food system during the COVID-19 pandemic by effectively designing, delivering, and managing programming to:

- help reduce food insecurity in Canada through the Emergency Food Security Fund, the Surplus Food Rescue Program, and the Nutrition North Canada subsidy program; and
- support the resilience of food processors in the agriculture and agri-food and the fish and seafood sectors through the Emergency Processing Fund and the Canadian Seafood Stabilization Fund.”<sup>5</sup>

On 1 March 2022, the House of Commons Standing Committee on Public Accounts (the Committee) held a hearing on this audit with the following in attendance:

OAG – Andrew Hayes, Deputy Auditor General; Kimberley Leach, Principal; and James Reinhart, Director

Atlantic Canada Opportunities Agency – Francis P. McGuire, President

Canada Economic Development for Quebec Regions – Manon Brassard, Deputy Minister and President, and Marie-Claude Petit, Vice-President, Operations

AAFC – Chris Forbes, Deputy Minister

CIRNAC – Daniel Quan-Watson, Deputy Minister; Paula Isaak, Associate Deputy Minister; and Wayne Walsh, Director General, Northern Strategy Policy Branch

DFO – Timothy Sargent, Deputy Minister; Niall O’Dea, Senior Assistant Deputy Minister, Strategic Policy; and Hugo Pagé, Assistant Deputy Minister and Chief Financial Officer

Pacific Economic Development Agency of Canada – Dylan Jones, President, and Naina Sloan, Vice-President<sup>6</sup>

Table 2 provides a glossary of the key terms used in this report.

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5 Ibid., para. 12.12.

6 House of Commons Standing Committee on Public Accounts, *Evidence*, 1 March 2022, [Meeting No. 7](#).



**Table 2—Definitions**

<b>Coronavirus disease (COVID 19)</b>	The disease caused by severe acute respiratory syndrome coronavirus 2 (SARS CoV 2)
<b>Food insecurity</b>	The inability to financially or physically access a sufficient amount of safe, nutritious, and culturally diverse food.
<b>Gender-based analysis plus (GBA+)</b>	An analytical process that provides a rigorous method for the assessment of systemic inequalities, as well as a means to assess how diverse groups of women, men, and gender-diverse people may experience policies, programs, and initiatives. The “plus” acknowledges that gender-based analysis goes beyond biological (sex) and socio-cultural (gender) differences and considers many other identity factors, such as race, ethnicity, religion, age, and mental or physical ability.

Source: Office of the Auditor General of Canada, [Protecting Canada’s Food System](#), Report 12 of the 2021 Reports of the Auditor General of Canada, pp. 1, 12.

## FINDINGS AND RECOMMENDATIONS

### Emergency Preparedness and Response Plan for the Entire Food System

Prior to the COVID-19 pandemic the Government of Canada “had recognized the importance of the food system and identified food as a critical infrastructure sector;” however, its emergency preparedness and response planning did not consider a crisis affecting the entire food system and the food security of Canadians.<sup>7</sup> For example, AAFC’s 2016 [Emergency Management Framework for Agriculture in Canada](#) only focused on plant and animal health, and not on the food sector as a whole. (Department officials confirmed that this framework was not activated in response to the pandemic and did not constitute a response plan.)<sup>8</sup>

7 OAG, [Protecting Canada’s Food System](#), Report 12 of the 2021 Reports of the Auditor General of Canada, para. 12.25.

8 Ibid., paras. 12.26 and 12.27.

Consequently, the lack of comprehensive emergency preparedness and response plans had negative effects on AAFC's response to the crisis, especially in the early days of the pandemic.<sup>9</sup>

The department's 2020 internal lessons learned report stated that the nature of federal legislative authorities and the department's own authorities that might be needed in order to address sector effects and food security for Canadians had not been thought through before the pandemic; it also stated that reviewing legislation and considering new authorities during the height of the crisis were not effective or efficient actions.<sup>10</sup>

Consequently, the OAG recommended that AAFC "should work with its federal, provincial, and territorial partners, as well as its stakeholders, to complete a national emergency preparedness and response plan for a crisis affecting Canada's entire food system, taking into consideration the food security of Canadians."<sup>11</sup>

In its Management Response and Action Plan, the department stated its agreement with this recommendation and explained that as part of its engagement with Federal Provincial, Territorial and industry stakeholder networks, by September 2022, it would:

- invite networks to consider the effectiveness of current emergency management and response plans/tools/frameworks that are in place;
- elicit advice on approach to improving emergency response; and
- outline a path forward for federal, provincial, and territorial governments and stakeholders to identify options and agree on an implementation approach.<sup>12</sup>

Additionally, AAFC confirmed that it would:

- Conduct a thorough gap analysis that examines the response to the COVID-19 pandemic, as well as subsequent events that negatively affected Canada's food supply chain (estimated completion: October 2022);

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9      ibid., para. 12.28.

10     ibid.

11     ibid., para. 12.29.

12     Agriculture and Agri-food Canada, [Management Response and Action Plan](#), p. 1.



- Consider food security implications and options to support the effective functioning of the supply chain to provide healthy, safe, and culturally appropriate food for all Canadians (estimated completion: December 2022); and
- Complete a draft implementation plan for discussion with Federal, provincial and Territorial partners and stakeholders (February 2023).<sup>13</sup>

At the hearing, when asked against what metrics the OAG compared and assessed the department's existing national emergency preparedness and response management framework, Andrew Hayes, Deputy Auditor General, responded as follows:

We started off by looking at whether or not there was a plan in place. We found that they did have a framework focused only on plant and animal health, but not on the food sector as a whole. Our conclusion was that there was a need for a national emergency preparedness and response plan. We recognize, of course, in the recommendation that the government does have to work with provincial and territorial partners.<sup>14</sup>

Additionally, when AAFC was asked whether it was factoring in climate change to its plans for addressing the ongoing challenges of the COVID-19 pandemic crisis, and how climate change affects the Canadian food system, Chris Forbes, Deputy Minister, AAFC, provided the following:

The answer is yes. We do and will continue to think about how climate change will affect food production. Again, the recent floods in B.C. are an example of the kind of extreme events one expects to see more of. There is a very real effect on food production there in the Abbotsford region on the Sumas Prairie. I think this is the kind of event we do need to prepare for. Indeed, all the disruptions that occurred in B.C. in December were evidence of that.

We are looking at ways to improve the climate resilience of our food production system in a range of programming, both in terms of our emergency preparedness and more generally in our research agenda and in our work with provinces and territories on programming.<sup>15</sup>

When asked for specific tangible examples of these efforts, Mr. Forbes elaborated as follows:

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13 Ibid., pp-1.2.

14 House of Commons Standing Committee on Public Accounts, *Evidence*, 1 March 2022, [Meeting No. 7](#), 1140.

15 Ibid., 1235.

In terms of better emergency preparedness, I think it is clarity around, first of all, preparedness in advance. It's how the food system is set up. It can be everything from the crops we grow and where we grow them to being better prepared by ensuring that we're building in buffer strips and other practices near waterways. It can be in terms of the coordination and collaboration that is existing and ready with federal and provincial authorities.<sup>16</sup>

Therefore, the Committee recommends:

**Recommendation 1 – Developing a comprehensive plan**

**That, by 31 December 2022, Agriculture and Agri-Food Canada provide the House of Commons Standing Committee on Public Accounts with a progress report on working with its federal, provincial, and territorial partners and stakeholders, including First Nations, Inuit, and Metis groups, to complete a national emergency preparedness and response plan for a crisis affecting Canada's entire food system, taking into consideration the food security of Canadians. A final report should also be provided by 31 March 2023.**

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16      *ibid.*, 1240.



### ADDITIONAL FINDING

The Auditor General found that to accelerate the design, development, and approval of the emergency programming it examined, responsible departments and agencies drew on a mix of existing mechanisms, rather than having to design entirely new program elements. This was key to being able to quickly address food security issues brought on by the COVID-19 pandemic by implementing good practices from past successes of previously established programs, along with directing funding to proven third-party delivery organizations. This eliminated the need to build programs rapidly from scratch.

For example, the Nutrition North Canada subsidy program took advantage of the simplified processes for funding approval for the additional emergency funding it received. Also, the Emergency Processing Fund employed an external delivery organization that had previously established its capacity to administer a high volume of applicants, as did the Canadian Seafood Stabilization Fund in British Columbia.

Consequently, the Auditor General made no recommendations in this area.

*Source: Office of the Auditor General of Canada, [Protecting Canada's Food System](#), Report 12 of the 2021 Reports of the Auditor General of Canada, paras. 12.37, 12.39-12.40.*

## Sustainable Development and Gender and Diversity Outcomes Were Not Always Measured

When designing the emergency programming, the responsible departments and agencies the OAG examined gave some consideration to their alignment with Canada's sustainability and food related goals and commitments.

The [United Nations' 2030 Agenda for Sustainable Development](#) contains 17 aspirational goals for social, environmental, and economic sustainable development worldwide. These include Goal 2 (to end hunger, achieve food security and improved nutrition and promote sustainable agriculture) and Goal 5 (to achieve gender equality and empower all women and girls).<sup>17</sup>

The Government of Canada's 2019–2022 [Federal Sustainable Development Strategy](#) sets out its environmental sustainability priorities, establishes goals and targets, and identifies actions to achieve them. This led to the launch of the [Food Policy for Canada](#)

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17 OAG, [Protecting Canada's Food System](#), Report 12 of the 2021 Reports of the Auditor General of Canada, para. 12.44.

“to support the achievement of interdependent social, environmental, and economic outcomes, including improved access to safe and healthy food for all Canadians.”<sup>18</sup>

**ADDITIONAL FINDING**

Regarding the Emergency Food Security Fund, Agriculture and Agri-food Canada required external delivery organizations to target 25% their funding (of a \$25-million allotment) to Indigenous organizations or organizations serving Indigenous populations. The department’s Surplus Food Rescue Program targeted 10% of the food under the program to reach the most vulnerable and remote communities, especially northern communities, many of which have predominantly Indigenous populations.

The Auditor General found that the department had met both of these targets.

*Source: Office of the Auditor General of Canada, [Protecting Canada’s Food System](#), Report 12 of the 2021 Reports of the Auditor General of Canada, para. 12.50.*

Additionally, in 1995, the Government of Canada committed to using gender-based analysis (GBA) to advance gender equality in Canada; this has since expanded to go beyond to include numerous other identity factors (GBA+).<sup>19</sup>

The OAG found that for the programs examined in this audit, their contributions to these goals and commitments were not always clear.<sup>20</sup> Consider the following examples:

Canadian Seafood Stabilization Fund – in support of improving gender and diversity outcomes, the audited regional development agencies (RDAs) established non-repayable contributions for not-for-profit groups and for Indigenous-controlled businesses. The RDAs also compiled data on the number of projects and funding in support of these and other groups, such as women-owned businesses. However, DFO and the RDAs did not establish targets for the Fund in support of GBA+ outcomes.

Emergency Processing Fund – AAFC included Indigenous groups as eligible applicants but had established no target for this support.

For the Emergency Processing Fund, the Emergency Food Security Fund, and the Surplus Food Rescue Program, AAFC measured Indigenous

18 Ibid., para. 12.45.

19 Ibid., para. 12.46, Definitions.

20 Ibid., para. 12.48.



inclusion. However, the OAG found that the department did not request or gather any other data from recipients on progress toward gender and diversity outcomes.<sup>21</sup>

Additionally, although a GBA+ assessment was prepared for each initiative examined, only in some cases did the responsible departments and agencies measure how the initiatives improved gender and diversity outcomes.<sup>22</sup>

Consequently, the OAG recommended that DFO and AAFC “should ensure that their future food related initiatives measure and report on their contributions toward sustainable development commitments and to gender and diversity in order to improve assessment and outcomes.”<sup>23</sup>

In its Management Action Plan, DFO stated its agreement with the recommendation and that going forward, it will “ensure that where future food-related initiatives are developed under its purview, including any new food-related initiatives developed under the department’s [Blue Economy Strategy](#), relevant targets and indicators are developed to inform Canadians of the initiatives’ contributions to sustainability and [GBA+] outcomes, as required and on the basis of applicable reporting guidance.”<sup>24</sup>

Additionally, DFO committed to the following:

The Results Division (within the Chief Financial Officer Sector), with the support of the Strategic Policy Sector, will develop guidance to assist programs in the development of targets and indicators related to sustainability and GBA+ outcomes for relevant new initiatives, including those related to food.

This guidance will set out a process and supporting information to ensure, when relevant, that programs are demonstrating their results’ linkages to Canada’s sustainable development commitments, both in the Federal Sustainable Development Strategy and DFO’s Departmental Sustainable Development Strategy, as well as to GBA+.<sup>25</sup>

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21 Ibid., para. 12.50.

22 Ibid., paras. 12.49 and 12.50.

23 Ibid., para. 12.51.

24 Fisheries and Oceans Canada, [Management Action Plan](#), p. 1.

25 Ibid.

Similarly, AAFC stated in its Management Response and Action Plan that it agrees with this recommendation and explained that going forward, it will “ensure that future food-related initiatives include performance indicators, a GBA+ data collection plan, and reporting mechanisms to assess whether the initiatives contribute to sustainable development commitments, as well as to gender and diversity outcomes.”<sup>26</sup>

AAFC’s action plan also explained the following:

- As part of the Treasury Board of Canada Secretariat (TBS) submission process for all future food-related initiatives, AAFC’s Programs Branch will develop a GBA+ Data Collection and Reporting Plan in collaboration with the Strategic Policy Branch and Corporate Management Branch;
- To better integrate measurement and reporting, AAFC’s Programs Branch will include a column in the Performance Information Profiles of all future food-related initiatives to track which indicators include a GBA+ lens, and/or contribute to sustainable development commitments; and
- Mechanisms for AAFC to report on its contributions toward sustainable development commitments and to gender and diversity outcomes will be in place by March 2023.<sup>27</sup>

At the hearing, when asked about the Government of Canada’s progress in achieving its sustainable development goals, Andrew Hayes provided the following:

With respect to the sustainable development goals, we do a lot of work in this area. We have the commissioner of the environment and sustainable development within our office. We find that on a number of important crosscutting issues, whether they're across the federal government departments or across the federal, provincial and territorial lines, there's a need for enhanced collaboration, communication and cohesion. We find a lot of places where there is not the comprehensive planning and collaboration needed to achieve the sustainable development goals.<sup>28</sup>

Additionally, Timothy Sargent, Deputy Minister, explained DFO’s efforts in this area:

We addressed this recommendation by developing guidance material to support program managers or programs to better align program results with federal and departmental sustainability goals and GBA+. These guidance materials will be used by

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26 Agriculture and Agri-food Canada, [Management Response and Action Plan](#), p. 2.

27 Ibid.

28 House of Commons Standing Committee on Public Accounts, *Evidence*, 1 March 2022, [Meeting No. 7](#), 1140.



existing and future programs, including those supporting future food-related initiatives, thereby reinforcing the importance of considering both sustainable development and the needs of diverse groups across Canada in the planning and delivery of the programs as well as when measuring results.<sup>29</sup>

Lastly, Chris Forbes testified that AAFC will continue to improve how it measures and reports on contributions towards sustainable development commitments and gender and diversity outcomes in all its future initiatives around food.<sup>30</sup>

Therefore, the Committee recommends:

### **Recommendation 2 – Ensuring Programs are Equitable**

**That, by 31 December 2022, Fisheries and Oceans Canada and Agriculture and Agri-Food Canada provide the House of Commons Standing Committee on Public Accounts with reports outlining their progress on ensuring that their future food support programs measure and report on their contributions toward sustainable development commitments and to gender and diversity in order to improve program assessment and outcomes. Final reports should also be provided by 30 April 2023.**

### **Inconsistencies for Applicants and Recipients**

The TBS [directive](#) under the *Policy on Transfer Payments* requires federal departments and agencies to ensure that transfer payment programs are delivered fairly to all involved, including applicants and recipients; it also requires the design and management of transfer payment programs ensure they are accountable, transparent, and effective. Department managers are expected to assess several core design elements of a transfer payment program and document evidence of their consideration of the identification of eligible recipients; the identification of the types of eligible expenditures; and conditions that determine the amount and timing of repayment for contributions.<sup>31</sup>

However, according to the OAG, there were several inconsistencies in the design elements of the initiatives it examined for this audit. Although a national program can be administered differently in various parts of the country to meet local needs, there were inconsistencies that led to unfair treatment of applicants and recipients across regions.

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29 Ibid., 1125.

30 Ibid., 1120.

31 OAG, [Protecting Canada's Food System](#), Report 12 of the 2021 Reports of the Auditor General of Canada, para. 12.55.

For example, although the Canadian Seafood Stabilization Fund allowed disposable personal protective equipment as an eligible expense, the Emergency Processing Fund did not, despite concerns raised by the meat processing industry during the design phase of the programs.<sup>32</sup>

In the case of the Emergency Food Security Fund, AAFC did not have an open call for proposals; rather, it invited five organizations to apply for the available funding. Moreover, all five recipients participated in a task force that advised the department on the design of the program, including the eligibility criteria. (The task force was comprised of nearly 30 food charities, a few private sector organizations, and some federal departments.)<sup>33</sup>

The OAG also found “correspondence between department officials noting that there was a risk that other similar organizations would consider the process unfair because these organizations did not have an opportunity to participate in the program.”<sup>34</sup> It undertook a number of audit activities to further investigate if it could detect any indications of wrong-doing in the selection of the recipients but did not find any.<sup>35</sup>

Consequently, the OAG recommended that AAFC “should ensure that its future programs are delivered fairly and transparently to all involved, including applicants and recipients.”<sup>36</sup>

In its action plan, AAFC stated its agreement with the recommendation and that lessons learned “and areas for improvement for more consistent and transparent delivery of emergency programming will be clearly articulated and documented” (by September 2022).<sup>37</sup> Furthermore, in “anticipation of future emergency programming, the department will develop generic tools to promote consistent and transparent delivery by third parties with greater consistency, fairness and transparency to recipients” (by September 2022).<sup>38</sup>

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32 Ibid., paras. 12.57 and 12.58.

33 Ibid., para. 12.61.

34 Ibid., para. 12.63.

35 Ibid.

36 Ibid., para. 12.64.

37 Agriculture and Agri-food Canada, [Management Response and Action Plan](#), p. 2.

38 Ibid., p. 3.



At the hearing, in response to a question about the role that task force members might have played in the development of this program, Chris Forbes provided the following explanation:

The programs were developed by Agriculture and Agri-Food Canada. We would have consulted with stakeholders about potential mechanisms for delivery and issues we might need to address.

However, programs that we deliver or fund go through a regular process, which is cabinet approval, etc. Programs are not developed by stakeholder groups.

We would certainly consult throughout about needs, design issues, concerns, timing, etc., but in the end, we are the ones responsible for the design and the structure of our programs.<sup>39</sup>

Mr. Forbes also explained that the “six organizations that were chosen all had a network that covered the entire country. Therefore, the fact that they were well-established organizations with significant networks led to them being chosen. In fact, that allowed for funding or food to reach food banks all across the country.”<sup>40</sup>

Lastly, when questioned about how a specific organization that received funding under the Canada Emergency Business Account program could also be deemed financially suitable for selection to AAFC’s emergency food programs, Chris Forbes provided the following response:

If I recall correctly, the program, which offered a \$40,000 loan with \$10,000 available for loan forgiveness, targeted all small businesses across the country. I will go back and review the program's eligibility criteria, but nothing seems to indicate that the organization was ineligible for the first program.<sup>41</sup>

Therefore, the Committee recommends:

### **Recommendation 3 – Fair and Transparent Program Delivery**

**That, by 31 October 2022, Agriculture and Agri Food Canada provide the House of Commons Standing Committee on Public Accounts with a progress report regarding how its future food support programs will be delivered fairly and transparently to all involved, including applicants and recipients.**

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39 House of Commons Standing Committee on Public Accounts, *Evidence*, 1 March 2022, [Meeting No. 7](#), 1215.

40 *Ibid.*, 1300.

41 *Ibid.*

## Data and Performance Measurement Problems Prevented Reliable Reporting on Outcomes

### Fisheries and Oceans Canada and the Regional Development Agencies

The OAG concluded that the Canadian Seafood Stabilization Fund was able to demonstrate some progress toward its outcome on equipping sector businesses. However, it also found that the “regional development agencies used different methods for collecting data and calculating the number of jobs supported. There were also instances of double counting, which means that this overall estimate was overstated.”<sup>42</sup>

Consequently, the OAG concluded that it will be difficult for DFO and the RDAs to know the program’s effect on the second outcome, namely, the recovery of Canada’s seafood processing sector.<sup>43</sup>

Therefore, the Committee recommends:

#### **Recommendation 4 – Assessing Future Program Effectiveness**

**That, by 31 December 2022, Fisheries and Oceans Canada, the Atlantic Canada Opportunities Agency, Canada Economic Development for Quebec Regions, and Pacific Economic Development Canada provide the House of Commons Standing Committee on Public Accounts with a joint report showing what progress has been made to standardize data collection, analysis, and reporting for future programs that are administered by more than one of these organizations.**

### Agriculture and Agri-Food Canada

AAFC had weaknesses in how it measured results for all three of its emergency programs, including a reliance on self assessments by recipient organizations, unclear reporting requirements, and incomplete reporting by recipients.<sup>44</sup> Consequently, the OAG recommended that the department “should ensure that its future initiatives have

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42 OAG, [Protecting Canada’s Food System](#), Report 12 of the 2021 Reports of the Auditor General of Canada, Exhibit 12.6.

43 Ibid., para. 12.78.

44 Ibid., para. 12.79.



performance measurements that allow it to obtain sufficient, consistent, and relevant data to assess the achievement of outcomes.”<sup>45</sup>

In its action plan, AAFC stated its agreement with the recommendation and that in addition to incorporating lessons learned and identifying areas of improvement, it will “develop generic performance measurement tools that will be used to guide the development of Performance Information Profiles, with input from TBS to better enable effective measurement and reporting” (by September 2022).<sup>46</sup>

At the hearing, Chris Forbes stated that AAFC is committed to improving monitoring controls and developing performance measures.<sup>47</sup>

Additionally, when asked about possible ways in which the department can improve in this area, Andrew Hayes suggested the following:

The answer to that question is to seek supporting documentation and quantitative information that is disaggregated, where it can account for measures put in place to address, for example, gender-based analysis plus. It's actually having qualitative and quantitative information together, and not just qualitative information.<sup>48</sup>

Therefore, the Committee recommends

### **Recommendation 5 – Improved Performance Measurement**

**That, by 31 October 2022, Agriculture and Agri Food Canada provide the House of Commons Standing Committee on Public Accounts with a progress report on updated performance measurements that allow it to obtain sufficient, consistent, and relevant data to assess the achievement of outcomes for its food support programs.**

### **Crown-Indigenous Relations and Northern Affairs Canada**

The Nutrition North Canada subsidy program has the dual outcomes of making food more accessible and more affordable in remote and isolated communities, by applying subsidies to food items at low, medium, and high rates. The rates vary by eligible community. The additional \$25 million COVID-19 funding applied to items subsidized only at medium and high rates. However, although CIRNAC had sufficient data to

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45 Ibid., para. 12.80.

46 Agriculture and Agri-food Canada, [Management Response and Action Plan](#), p. 3.

47 House of Commons Standing Committee on Public Accounts, *Evidence*, 1 March 2022, [Meeting No. 7](#), 1120.

48 Ibid., 1250.

demonstrate progress on food accessibility, it did not have enough to assess progress on food affordability.<sup>49</sup> For example, although the program had shipping data to demonstrate progress on the outcome of making food more accessible in remote and isolated communities, including during the pandemic, it did not collect pre-subsidy pricing and, therefore, could not demonstrate the effect of the subsidy on food affordability.<sup>50</sup>

Consequently, the OAG recommended that CIRNAC “should systematically collect pre-subsidy prices for all eligible food items under the Nutrition North Canada subsidy program, to allow assessment of the extent to which the program is achieving its objective of making food more affordable in the eligible communities.”<sup>51</sup>

In its action plan, CIRNAC stated its agreement with this recommendation and that going forward, it will engage with retailers directly to obtain this new subset of data, working collaboratively on how best to make this transition. Moreover, it will “also review and amend the contribution agreements for retailers to include an additional clause that pre-subsidy prices are to be submitted to the program with their monthly subsidy claims,” by the end of fiscal year 2022–2023.<sup>52</sup>

Additionally, the department provided the following milestones:

- Engage with the registered retailers who currently submit pricing data to provide formal written notice of the new requirement to provide pre-subsidy pricing data to the program (Completion Date: April 1, 2022);
- Engage with registered retailers to understand the feasibility and possible challenges in providing additional data (Completion date: July 1, 2022);
- Review the contribution agreement template and amend it to include additional clause(s) that outline a recipient’s commitment to submitting monthly pre-subsidy pricing data. (Completion Date: April 2022);
- Amend all active contribution agreements to include additional clause(s) related to pre-subsidy data collection. This will apply to program

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49 OAG, [Protecting Canada’s Food System](#), Report 12 of the 2021 Reports of the Auditor General of Canada, para. 12.81.

50 Ibid., para. 12.83.

51 Ibid., para. 12.87.

52 Crown–Indigenous Relations and Northern Affairs Canada, [Detailed Action Plan](#), p. 1.



recipients who currently report on pricing. (Completion Date: October 1, 2022);

- Complete necessary changes to information management/information technology systems to allow for the import, storage and processing of additional data including the modification of the reporting system (Completion Date: December 1, 2022); and
- Pre-subsidy data from recipients begins to be reported to the program. (Completion Date: April 1, 2023).<sup>53</sup>

At the hearing, Daniel Quan-Watson, Deputy Minister, CIRNAC, reiterated the department's agreement with the recommendation and added the following:

We've committed to working with registered retailers to collect pre-subsidy prices for eligible items. The program will also review and amend agreements with all retailers to require that pre-subsidy prices be submitted with monthly subsidy claims. We will make the results public on the CIRNAC website.<sup>54</sup>

When asked whether it is feasible to get all the participants to agree to amend the contribution agreement to require improved reporting, Mr. Quan-Watson responded as follows:

Absolutely. When we added the money to this program, we were already in the process of making sure there were ways of reporting both the pre-subsidy and the post-subsidy prices. In fact, if you've been travelling in the north anytime in the last while, you'll actually be able to see the two prices on store shelves in many places in the north.

Yes, we think that we will be able to amend those contribution agreements, and in fact, we're working on that already.<sup>55</sup>

Therefore, the Committee recommends:

### **Recommendation 6 – Data Collection and Assessment**

**That, by 31 December 2022, Crown-Indigenous Relations and Northern Affairs Canada provide the House of Commons Standing Committee on Public Accounts with a progress report about how it is systematically collecting pre-subsidy prices for all eligible food items under the Nutrition North Canada subsidy program, to assess whether the**

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53 Ibid.

54 House of Commons Standing Committee on Public Accounts, *Evidence*, 1 March 2022, [Meeting No. 7](#), 1125.

55 Ibid., 1200.

**program is achieving its objective of making food more affordable in the eligible communities. A final report should also be provided by 31 May 2023.**

The audit also noted that CIRNAC “did not conduct consultations with stakeholders to identify specific needs and priorities of northern and remote communities in response to the pandemic, or on how best to use the [additional] \$25 million that the Nutrition North Canada subsidy program received.”<sup>56</sup> To address this issue, Daniel Quan-Watson provided the following explanation:

Part of that came out of extensive consultations with the people in the north. It is true that when we added the further money into the program, rather than leaving it capped where it was, we didn't do additional consultations, but that new money was going to the things that were already very heavily consulted on by two separate groups.<sup>57</sup>

Notwithstanding the above explanation, this issue remains an area of concern to many members of the Committee. As it has undertaken numerous studies – spanning the current and recent Parliaments – of OAG audits pertaining to federal programs and services for Canada’s Indigenous population, the Committee is aware of the many challenges this group faces and thus the importance of sound public administration of those programs. Therefore, the Committee recommends:

#### **Recommendation 7 – Indigenous consultation for the Nutrition North Subsidy**

**That Crown-Indigenous Relations and Northern Affairs Canada ensure any changes to the funding or administration of the Nutrition North Canada subsidy program include consultation with Indigenous groups.**

## **CONCLUSION**

The Committee concludes that the emergency initiatives audited by the Office of the Auditor General of Canada helped to address some effects of the COVID-19 pandemic on elements of Canada’s food system. However, deficiencies with data collection and performance measurement meant that the responsible departments and agencies did not know whether these initiatives had achieved all of their outcomes for reducing food insecurity or supporting the resilience of food processors in the agriculture and agri-food and the fish and seafood sectors.

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56 Ibid., para. 12.32

57 House of Commons Standing Committee on Public Accounts, *Evidence*, 1 March 2022, [Meeting No. 7](#), 1205.



Additionally, although the audited departments and agencies had many of the oversight controls in place for the delivery of the emergency food programs, Agriculture and Agri-Food Canada did not follow two key steps of the application assessment process for one of its programs. Also, there were inconsistencies in program design across three of the audited initiatives, which led to unfairness for applicants and recipients across regions.

Lastly, there was no national emergency preparedness and response plan for Canada's food system and food security, despite the government having identified food as a critical infrastructure sector long before the COVID-19 pandemic began. And although AAFC had two emergency plans in place, it acknowledged that they were insufficient to deal with a crisis of this magnitude.

To that end, the Committee has made seven recommendations in this report to help the Government of Canada improve in its role in safeguarding Canada's food system.

## Summary of recommendations and timelines

Recommendation	Recommended Measure	Timeline
Recommendation 1	Agriculture and Agri-Food Canada should provide the House of Commons Standing Committee on Public Accounts with a progress report on working with its federal, provincial, and territorial partners and stakeholders, including First Nations, Inuit, and Metis groups, to complete a national emergency preparedness and response plan for a crisis affecting Canada's entire food system, taking into consideration the food security of Canadians. A final report should also be provided.	31 December 2022 and 31 March 2023
Recommendation 2	DFO and AAFC should provide the Committee with reports outlining their progress on ensuring that their future food support programs measure and report on their contributions toward sustainable development commitments and to gender and diversity in order to improve program assessment and outcomes. Final reports should also be provided.	31 December 2022 and 30 April 2023
Recommendation 3	AAFC should provide the Committee with a progress report regarding how its future food support programs will be delivered fairly and transparently to all involved, including applicants and recipients.	31 October 2022



Recommendation	Recommended Measure	Timeline
Recommendation 4	DFO, ACOA, Canada Economic Development for Quebec Regions, and Pacific Economic Development Canada should provide the Committee with a joint report showing what progress has been made to standardize data collection, analysis, and reporting for future programs that are administered by more than one of these organizations.	31 December 2022
Recommendation 5	AAFC should provide the Committee with a progress report on updated performance measurements that allow it to obtain sufficient, consistent, and relevant data to assess the achievement of outcomes for its food support programs.	31 October 2022
Recommendation 6	Crown-Indigenous Relations and Northern Affairs Canada should provide the Committee with a progress report about how it is systematically collecting pre-subsidy prices for all eligible food items under the Nutrition North Canada subsidy program, to assess whether the program is achieving its objective of making food more affordable in the eligible communities. A final report should also be provided.	31 December 2022 and 31 May 2023
Recommendation 7	Crown-Indigenous Relations and Northern Affairs Canada should ensure any changes to the funding or administration of the Nutrition North Canada subsidy program include consultation with Indigenous groups.	N/A

## **APPENDIX A —**

# **SUPPLEMENTAL INFORMATION PROVIDED BY AGRICULTURE AND AGRI-FOOD CANADA**

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In response to a request for information at the hearing, the department provided the following information in a letter.

### **EMERGENCY PROCESSING FUND**

The Emergency Processing Fund (EPF) is a one-time, federal investment of up to \$77.5 million to help companies implement changes to safeguard the health and safety of workers and their families due to the impacts of the COVID-19 pandemic, with an additional priority consideration for meat processors (objective 1). The funding also aims to aid companies to improve, automate and modernize facilities to increase Canada's food supply during COVID-19 (objective 2). The fund is one part of the greater Government of Canada response to the COVID-19 pandemic. Nearly 75% of the funds were committed to the first objective which was to implement measures to safeguard the health and safety of workers due to the impacts of the COVID-19 pandemic.

\$20 million of the program's funds were delivered through a third party for projects seeking less than \$100,000. The remaining balance was delivered federally for projects seeking over \$100,000.

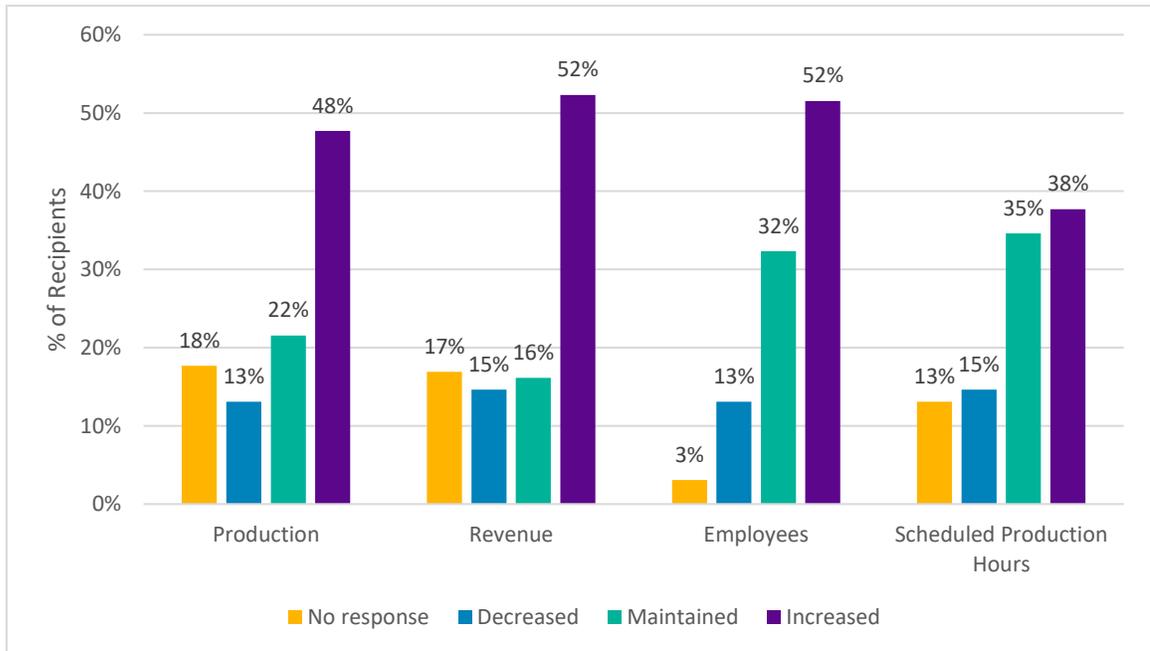
Of the federally delivered projects<sup>1</sup>, approximately 70% per cent of the respondents indicated that they maintained or increased their production level. See Figure 1.

Note: not all recipients reported on the increase in production and additional reports are expected following project completion, as per reporting requirements.

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1 Based on 130 of the 189 projects submitting their performance reports.

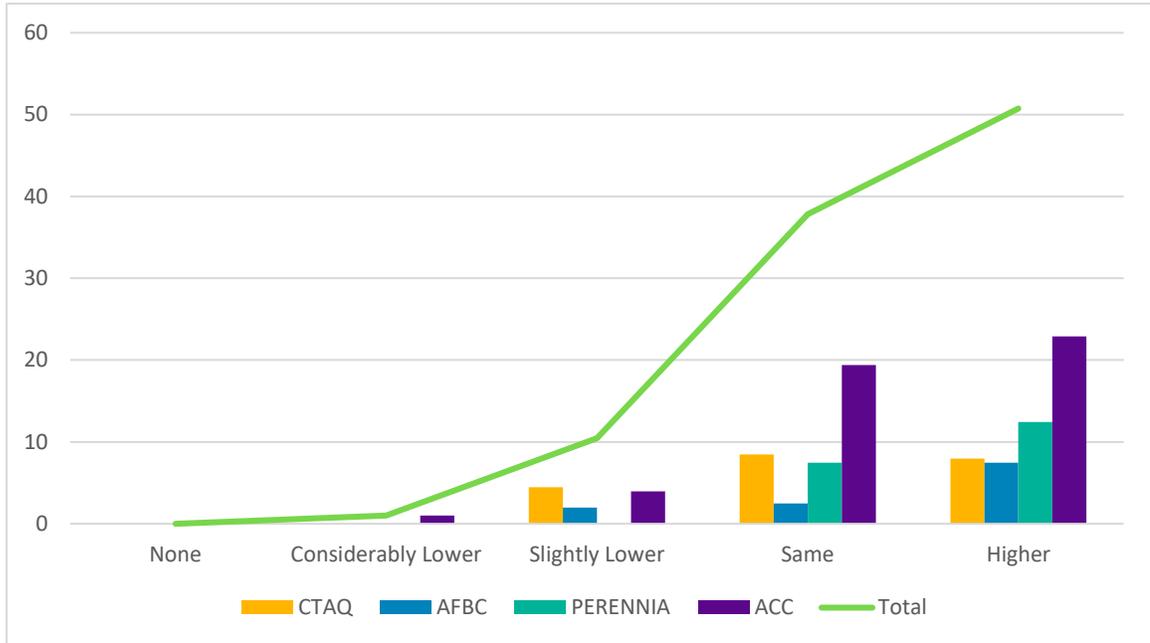
**Figure 1—Distribution of Responses (Normalized) to the Relative Change**



Of the projects that were delivered through a third party organization<sup>2</sup>, 88% of recipients responded their production since onset of the project was the same as pre-COVID-19 levels or higher (Figure 2).

<sup>2</sup> Based on 232 of the 372 projects submitting their performance reports.

**Figure 2—Level of Production Ultimate Recipient Organizations**





## APPENDIX B LIST OF WITNESSES

The following table lists the witnesses who appeared before the committee at its meetings related to this report. Transcripts of all public meetings related to this report are available on the committee's [webpage for this study](#).

Organizations and Individuals	Date	Meeting
<b>Atlantic Canada Opportunities Agency</b> Francis P. McGuire, President	2022/03/01	7
<b>Canada Economic development for Quebec Regions</b> Manon Brassard, Deputy Minister and President Marie-Claude Petit, Vice-President, Operations	2022/03/01	7
<b>Department of Agriculture and Agri-Food</b> Chris Forbes, Deputy Minister	2022/03/01	7
<b>Department of Crown-Indigenous Relations and Northern Affairs</b> Paula Isaak, Associate Deputy Minister Daniel Quan-Watson, Deputy Minister Wayne Walsh, Director General, Northern Strategic Policy Branch	2022/03/01	7
<b>Department of Fisheries and Oceans</b> Niall O'Dea, Senior Assistant Deputy Minister, Strategic Policy Hugo Pagé, Assistant Deputy Minister and Chief Financial Officer Timothy Sargent, Deputy Minister	2022/03/01	7
<b>Office of the Auditor General</b> Andrew Hayes, Deputy Auditor General Kimberley Leach, Principal James Reinhart, Director	2022/03/01	7
<b>Pacific Economic Development Agency of Canada</b> Dylan Jones, President Naina Sloan, Vice-President	2022/03/01	7



# REQUEST FOR GOVERNMENT RESPONSE

Pursuant to Standing Order 109, the committee requests that the government table a comprehensive response to this Report.

A copy of the relevant *Minutes of Proceedings* ([Meetings Nos. 7 and 20](#)) is tabled.

Respectfully submitted,

John Williamson, M.P.  
Chair

