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Chair

Mr. Bev Shipley

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• (1530)

[English]

The Chair (Mr. Bev Shipley (Lambton—Kent—Middlesex, CPC)): Welcome, ladies and gentlemen.

We're still working on agrifood products and reducing inter-provincial barriers.

In our first hour today, ladies and gentlemen, we have the Canadian Horticultural Council and the Canadian Meat Council joining us.

With that, I'd like to welcome Anne Fowlie, executive vice-president of the Canadian Horticultural Council.

Anne, please start off. You have 10 minutes. Thank you very much.

Ms. Anne Fowlie (Executive Vice-President, Canadian Horticultural Council): Thank you.

[Translation]

Thank you very much, Mr. Chair.

It's always a pleasure to appear before the committee.

[English]

We're certainly no stranger to committee. We're certainly getting to become quite well acquainted, and we thank you for that.

It's also an opportunity to come and say thanks, because that's equally important. I think it's something that perhaps we don't have the opportunity to do often enough. It's very important to offer thanks where thanks are due.

For example, we have our agri-science cluster, that Minister Ritz announced in 2013, which was an allocation of \$7 million. Industry is contributing \$2.4 million in matching funds for the five-year project. Bill C-18 is, of course, something you're quite familiar with. The provisions respecting plant breeders' rights will improve access to technology, plant material, and have demonstrated that Canada is open for business.

Regarding the proposed repeal of standard containers, while we recognize that there will be changes in due course, we do appreciate that time has been allocated to a considered review of the situation and extensive dialogue with stakeholders across the country. While a compromise of sorts is likely, for us this is clearly preferable to the initial intention for a wholesale elimination, so I do thank you.

While interprovincial trade is important to our sector, our ability to export is even more important. Significant percentages of many of our crops such as potatoes, blueberries, and cherries, to name a few, are exported. Production efficiencies and production management advances are resulting in acreage and yield increases and making a valuable contribution to Canada's export profile.

We are fortunate to have the recognition and demand for our high-quality and valued Canadian products. However, our regulatory environment, which is conducive to trade abroad, will underpin and enhance trade and prosperity at home.

We represent producers, packers, and shippers of over 100 fruit and vegetable crops from across Canada, and our members include those provincial producers, packers, and shippers, as well as allied service organizations. We work on a number of key issues such as crop protection, access to a consistent supply of farm labour, fair access to markets, a favourable regulatory environment, research and innovation, and food safety and traceability.

Our active mission statement focuses on five key words as we work to ensure a more innovative, profitable, and sustainable horticultural industry for future generations. We're committed to ensuring that strong Canadian farms will be around to provide safe and secure food in Canada and abroad.

We've had a number of successes, including the CanadaGAP on-farm food safety program. We've led a collaborative initiative that included the World Wildlife Fund in the development of an integrated fruit production program. We're a founding member of GrowCanada. We're an active participant in many of the value chain round tables: horticulture, bee health, and seed.

A few weeks ago our colleagues from the Canadian Produce Marketing Association were here and spoke about the significant contribution of the fresh fruit and vegetable industry as a supply chain, field to fork. For the field part, with primary production over \$5 billion, and after packing or processing of \$10 billion, we're certainly a large and, I believe, the most diverse sector of agriculture.

When it comes to improving food diversity and security in a “by Canadians for Canadians” manner, it’s a priority that can only be achieved through dialogue, understanding, and strategic collaboration. Again, that includes the regulatory environment that will serve us well at home and abroad; adequate funding for research and innovation; appropriate actions to develop and implement policies and programs that will foster producer profitability, which includes traditional and non-traditional risk management and other types of programs; supporting food safety and traceability initiatives; and ensuring that imports meet Canadian standards. Research and innovation are critically important to maintaining Canada’s horticultural sector and its competitiveness position.

Enabling market access is key. The market access secretariat coordinates government initiatives with industry and provides provinces and territories with the ability to aggressively and strategically pursue new and existing markets and keep pace with international competitors. We’ve had some successes there, certainly most recently with the access of cherries to China.

● (1535)

Crop protection has been the subject of many previous studies. Investment in establishing ongoing activities with Agriculture and Agri-Food Canada’s Pest Management Centre is a credit to those involved.

The productivity and international competitiveness of the multi-billion dollar horticulture sector is highly dependent upon timely and uninterrupted access to agriculture and food inputs and technologies that have received regulatory approval and are commercially available to, not only our competitors in other jurisdictions, but to us. At the same time, one of the foundations of Canadian agriculture is a key competitive advantage for Canadian farmers, and part of that is our world-renowned, science-based technology regulatory system. Many countries are envious of that system, which provides rigorous science to protect the health of Canadians and the environment, and a predictable, timely system that gives farmers and industry the tools they need.

I want to talk a little about pollinators. Agriculture relies heavily on crop protection products and pollinators, such as bees. The horticulture sector is an exemplary model of successful coexistence between farmers, producers, and a robust pollinator population. Coexistence is a must: no bees, no food; and conversely, no crop protection products, no food either. Pollinators play an important part in the agricultural success of Canada, and concerns have been raised both in Canada and around the world regarding long-term pollinator health. Canadian horticultural producers know there is a need for both the products and pollinators, and the loss of either could have devastating consequences. Some of our members are the biggest clients of commercial beekeepers in the country. In fact, one of our biggest issues is the future increased demand for pollinators. We all overwhelmingly agree that the main stressors to bees are pests and parasites, inadequate diet, and weather conditions. We’re supportive of the bee health round table that brings together stakeholders to collaborate in finding solutions.

I raise this today in the context of the foundation of our regulatory system, which breaks down when provincial governments, who do not have perhaps the research capacity of the federal agencies, such

as the PMRA, start imposing regulations that contradict or override federal regulatory decisions. I refer specifically in this case to the proposed regulatory amendments to Ontario Regulation 63/09 under the Pesticides Act to reduce the use of neonicotinoid insecticides.

What does this result in? It creates unpredictability in Canada in what other jurisdictions should regulate or how and when they may do so, leading potentially to a patchwork of regulatory approaches across provinces, unnecessary and costly duplication between federal and provincial governments, and regulatory approaches by some provinces that appear to be grounded in perception rather than science. Growers do not know which way to turn or how they will compete with their colleagues and peers in other areas of the country. They don’t know how to go about planning or managing. No one benefits when there are mixed messages under mis-consideration by the public, either.

What’s going on the particular province that I mentioned will have far-reaching and very negative effects for farmers, forcing them to either go back to using older, outdated pesticides, or source their other inputs, such as seeds, from outside Canada. Notwithstanding the science-based regulatory system we have, I wonder if it sends a poor signal to international investors that significant risks are involved when investing in Canada due to provincial intrusion into federal regulatory jurisdiction. It’s complicated, but something that a lot of caution and care needs to go into. We’ve seen this as well with bans on urban pesticides. Such actions do raise concerns and have the potential to hurt investment or distort trade, and again I would mention the mixed signals that are sent.

The federal government has a leadership role to play in removing this and other potentials that could have trade-distorting and duplicative regulation implemented at the provincial level. Federal regulatory agencies have the obligation to regulate and enforce Canada’s national food, feed, and environmental safety measures. We believe this should include ensuring that provincial governments take great caution in doing otherwise.

● (1540)

If I look ahead, what are some of the things that are on our immediate radar screen? We just completed our annual meeting a few weeks ago, our 93rd actually, and one of the key topics of discussion was sustainability. It means many things to many people, and there are many words to describe that. We refer to it as people, planet, and profit.

We recently agreed to establish a sustainability working group. We very much believe that we are at a similar crossroad today as we were in 1999 when the decision was made to develop the CanadaGAP on-farm food safety program. We believe this will become a market access or condition-of-sale criteria. We need to have a leadership role in how that is developed and a say at the table.

There are some challenges to perhaps turn into opportunities, including the capacity to issue electronic inspection and phytosanitary certificates. In this case I refer to the Canadian Food Inspection Agency. Over the last couple of years in the busy shipping season in the south shore of Montreal, where we have the fresh fruits and vegetables that are highly perishable, CFIA reductions in staff have caused great concern for shippers in being able to access phytosanitary certificates for their shipments to the U.S. In fact, there was no more service directly made available on the south shore, so what shippers had to do was come together and find a way to arrange to have, every day, a courier pick up in Montreal all the phytosanitary certificates that were needed in that south shore area and have them delivered. There were many complications with that—missed opportunities for sales, and mixed market signals. We have highly perishable crops, and orders can change from 8 o'clock in the morning until 4 o'clock in the afternoon when the truck leaves. We rely on those certificates and the service to get them in order to be able to engage in commerce. We have to move quickly to move with technology.

With regard to organic standards, there are differences between the Canadian and U.S. standards that are posing challenges, particularly for the greenhouse production sector.

With regard to the CFIA inspection services in the western provinces compared to the eastern provinces for potatoes, again, there are significant differences there.

Unintended consequences often happen. While we support flexibility with federal-provincial-territorial negotiations and the ability to address regional needs, there are instances when such flexibility results in unintended consequences.

Opportunities surround us, and the challenge is for all of us to ensure that they are fully realized.

We appreciate the opportunity to be here.

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

We'll now go to Mr. James Laws, executive director of the Canadian Meat Council.

We also have Mr. Joe Reda, chief executive officer, from the Canadian Meat Council.

Welcome to both of you.

You have 10 minutes, please.

Mr. James Laws (Executive Director, Canadian Meat Council): Thank you very much.

Good afternoon. My name is Jim Laws. I'm the executive director of the Canadian Meat Council. Joining me today is Mr. Joe Reda, first vice-president and treasurer of the Canadian Meat Council and

chief executive officer of Les produits alimentaires Viau Inc., who will be making some comments after mine.

The Canadian Meat Council has been representing Canada's federally inspected meat packing and processing industry since 1919. Today the council comprises 52 regular members who process meat, 90 associate members who supply goods and services to the industry, and three retail and food service members.

The meat industry is by far the largest component of Canada's food processing sector, accounting for some \$23.6 billion in sales and \$5.5 billion in exports, providing some 65,000 jobs and economic development in urban and rural communities across Canada. In the case of labour, the meat industry alone accounts for 26% of the jobs in Canada's food processing sector. This number would be even greater if the industry were able to find workers to fill the many hundreds of vacancies that currently are jeopardizing the future sustainability of the livestock and meat sector.

On behalf of the member companies, I wish to thank you for the opportunity to present our perspective on your study on promoting the domestic trade of agricultural and agrifood products by reducing interprovincial barriers to trade.

The first and most critical point I wish to emphasize today is that food safety and quality should not be compromised by commercial considerations. Quite to the contrary: commercial considerations should be harnessed to increase the pursuit of enhanced food safety and quality. This perspective should be the pre-eminent consideration underlying the promotion of domestic trade of agricultural and agrifood products.

The second fact I wish to highlight is that the domestic and the international markets for meat are not distinct. To the contrary: there is a very direct and crucial linkage between domestic policies and regulations and the ability of the livestock and meat sector to access international markets.

The third element to underline is that the most effective manner by far to reduce barriers to trade, regardless whether it be in an interprovincial or an international context, is to harmonize requirements at a high level. The harmonization of requirements at a high level not only facilitates interprovincial and international trade but reduces concerns about lower standards that may result from unfair competition between parties.

It is absolutely essential that the Canadian livestock and meat sector be present in international markets. The stark reality for livestock producers, as well as for meat packers and processors, is that Canadian beef and pork industries would be decimated in the absence of access to export markets. Those export sales account for more than 50% of the Canadian beef production and more than 60% of the Canadian pork production. In addition, the livestock and meat sector constitutes a vital market for Canadian grain farmers.

Undeniably, the single most important factor in securing and maintaining access to those export markets is the creation and constant reassurance of foreign customers' confidence in Canada's food safety system. At present, all Canadians gain from the existence in this country of one of the best-performing food safety systems in the world. Nevertheless, even with the benefit of a globally recognized food safety system, Canadian regulatory officials and industry representatives must engage in constant and unwavering effort to sustain the country's hard-earned access to currently more than 120 countries to which Canada exports meat. Without the invaluable advantages associated with foreign confidence, access to critical export markets would be placed in jeopardy very quickly.

Given this reality, it is not surprising that food safety is priority number one for Canada's federally inspected meat packers and processors. We work in collaboration with Health Canada and the Canadian Food Inspection Agency to ensure a scientifically robust, innovative, and globally recognized food safety system.

The pursuit of food safety necessitates strict and verifiable adherence to a multitude of government regulations and industry standard operating procedures that extend from the health of animals that arrive at abattoirs to the physical characteristics of establishments, the equipment used, the health of the workers, the processes that follow, and the samples of the products that are analyzed.

● (1545)

Not only must federally inspected establishments ensure adherence to a high-level hazard analysis and critical control points program, or HACCP, but abattoirs are permitted to function only when Canadian Food Inspection Agency veterinarians are present. Moreover, not only must adherence to all requirements be satisfactory to the Canadian regulatory authorities; the level of adherence must be acceptable to foreign bodies.

It is for this reason that the country's federally inspected meat packers and processors believe Canada should phase out the current two-tiered level of food safety that presently exists in this country. The two-tiered level of food safety is characterized first by a system of federal regulation and inspection that meets the significantly more stringent requirements of export markets, and secondly by a variety of provincial systems that exist for historic reasons and because of added investment and costs that are necessary to satisfy the more stringent federal requirements.

Not only does the current system provide a two-tiered level of food safety for Canadians; it reduces the level of confidence that critical export markets have in Canada's food safety system. The concern that the federally registered meat packing and processing establishments and cold storages have about the two-tiered system was evident last summer when the industry was questioned by counterparts in other countries about the characteristics and still-undefined origin of a major E. coli 0157 outbreak in Alberta that resulted in 119 confirmed cases of illness.

On July 29, 2014, Alberta Health Services opened an E. coli 0157:H7 outbreak investigation in Alberta. When we first saw the recall notice—"Food Recall Warning—Raw pork products sold by V&T Meat and Food, Calgary, Alberta and Hiep Thanh Trading, Edmonton, Alberta recalled due to E. coli O157:H7"—our hearts almost stopped. E. coli in pork was unheard of. The Alberta outbreak

investigation team reviewed the investigation findings and concluded that the cause of this outbreak was exposure to contaminated pork products that were produced and distributed in Alberta in a provincially inspected meat plant.

Unfortunately, unlike what is typically done at the Canadian Food Inspection Agency and the Canadian Public Health Agency, there still is no lessons learned document published by Alberta Health Services for this outbreak. Nor do we know the root cause of this significant outbreak last summer in Alberta, which sickened seven times as many people as the E. coli outbreak from XL Foods of 2012, in which 18 people were sick. We have all heard of that one. This outbreak last summer caused 119 people to become sick and many to be hospitalized.

We don't know for certain where the problem started. Allegedly it was from a small Alberta-inspected meat slaughter facility that processed both hogs and cattle, which then resulted in contaminated pork. We do know that none of the meat came from a federally inspected facility.

We need to know exactly what happened there. A problem in one facility is a problem for everyone, and we don't want that event to be repeated. While the objective of more interprovincial trade of meat is understandable, the main objective must be to reduce the presence of pathogens to the lowest possible level and to harmonize all the rules.

We get it: it does sound illogical that a meat product produced at a provincially inspected plant in, let's say, Kenora, Ontario, can be sold almost 2,000 kilometres away here in Ottawa but cannot travel across into Manitoba and be sold at nearby Winnipeg, Manitoba. But from our standpoint, it is equally illogical for our federally inspected meat establishments that we must operate and compete in a domestic market in which there is such a variety of rules. Every province has different meat inspection rules, and some have very infrequent inspection.

In conclusion, the best option for reducing interprovincial barriers and promoting trade of meat products in both the Canadian and export markets would be to terminate the existence of a two-tiered system of food safety regulation and inspection in this country. It is the year 2015. We really should expect no less.

● (1550)

The Chair: We are out of time. Maybe you can put some of the comments in that presentation into responses to the questions that come forward.

Now I'll move over to questions.

I'll go to Mr. Allen, please, for five minutes.

Mr. Malcolm Allen (Welland, NDP): Thank you very much, Mr. Chair.

Thank you, folks, for being here.

Mr. Laws, those were interesting comments about a two-tiered inspection system. I don't think I've actually seen it described that way before, but I don't necessarily disagree. I guess the obvious question is whether harmonizing into one means harmonizing into a federally regulated standard. Is that basically what I'm hearing?

Mr. James Laws: Absolutely, yes.

• (1555)

Mr. Malcolm Allen: We'd federally inspect whatever is left, of the ones that make...because some may close, as we already know has happened with many of them before, at the provincial level. There would have to be, then, a federal inspection of all facilities across the country. Is that where the end game would be?

Mr. James Laws: Well, that would be the end game. Currently, in those places, there is a variety of different levels of inspection, depending on the province.

Why is it that meat is inspected at different levels, with different testing requirements? It is historically understandable, given the history of Canada, but in this day and age, and with the concerns that we have, it wouldn't be unreasonable to have one set of rules. We're pushing for one set of international rules for meat inspection. That's what we need to move to. Certainly, as evidenced by the 120 countries that accept Canadian meat, we are one of the countries in the world that are most highly regarded, and that is why we have so many other markets.

But indeed the answer is, yes, that would be ideal. I mean, you wouldn't look at hospitals and ask whether you should have different sets of rules at large hospitals and small hospitals. No: you would expect the same level of sanitation, procedures, etc., in any establishment, regardless of size.

Mr. Malcolm Allen: I don't know whether you have given this thought or would have suggestions, or whether you want to leave it to others to figure out, but one of the issues we hear from small provincially run abattoirs is the whole issue of cost.

If we indeed move to your industry's suggestion, a single system, how do we keep some of these facilities in existence? Is there a granting program? How do we manage to get there? Do we simply let the market do what it needs to do, and those who aren't successful and can't afford it move out, and we end up with whatever folks can survive in the marketplace? Do you have any sense of what the thinking is around that, or is it just that we need to get to a system...?

I mean, we are the policy-makers. I wouldn't be surprised if you said, well, you guys do this. But I don't know whether you have any suggestions or not.

Mr. James Laws: I can tell you that if you were to invite Agriculture Canada or CFIA employees here to appear before you, they could attest to the fact that they have been working with the provinces for probably almost two decades on a single meat inspection system for Canada, a national meat code of some kind. They haven't been able to succeed in that regard.

But look, it is 2015. We want to know what happened in Alberta, for instance. We had some serious questions from international markets, and we want to know what happened. We hear rumours of what happened, but we don't know what happened. We can't afford to have 119 people sick from an event. People's safety and the safety of food have to be paramount, of more concern than what the cost will be.

Mr. Malcolm Allen: I agree about the information sharing. It should be a given between health authorities and with the industry to share what happened, so that we know what happened in these occurrences. That obviously is a piece that in the interim, on your way to one system, if indeed that's where we head, the information sharing has to be a given. One needs to know where these incidents came from.

Public health authorities across the country, as we learned from the listeriosis outbreak many years ago, are supposed to share when these things happen. The dilemma, as I found out when I sat on that subcommittee, is that they don't often do that and it takes a large piece to do it.

Would it be your suggestion that the information should be deposited with CFIA, say, so that they can actually disseminate it?

Mr. James Laws: Well, certainly we were expecting that by now, which is almost April—this thing happened last summer—they would have told us what happened there. They must have found out something and they should be very much more forthcoming. The Canadian Food Inspection Agency and the Public Health Agency of Canada are very much more forthcoming about what happens during a certain investigation, and that has not happened yet with this particular one.

Joe would be very good to comment on what it takes, how much investment he has made in his facility.

The Chair: Thank you, Mr. Allen.

We'll go to Mr. Dreeshen for five minutes, please.

Sorry, Mr. Reda; maybe we'll catch that in the next round.

Mr. Earl Dreeshen (Red Deer, CPC): I may give you an opportunity to talk.

Thank you, Mr. Chair.

Actually, I want to start with you, Ms. Fowlie, and speak to some of the things your organization has. We have this "Fresh Thinking" booklet that you've provided. In it, you speak about bee health and neonicotinoid pesticides, the update, and so on.

You talked about the issue of having a province deciding that they have a certain solution that perhaps is not based on the reality of the business. Of course, with that, you talked about the document they were looking at being somewhat one-sided. You also have the facts about bee deaths, but you talk about the increase: New Brunswick went from 2,700 to roughly 4,300 colonies in the province, Quebec from about 36,000 to 50,000—this is over four years—and Alberta from 251,000 to 280,000. This is important for people to recognize, so that when you start hearing about bee deaths and so on, you realize what is actually happening throughout the country. All of these are going up, and of course everyone is doing the utmost they can.

I think it's important because, such as we are studying here, that is the issue we have for interprovincial trade. Once you stop that, or you start people thinking that those who perhaps don't quite understand what is happening on the farm are making decisions, it's going to have an affect from province to province. Then of course, as you had indicated, you have discrepancies with how you are going to manage your farm if that is the case.

That's really the one point I wanted to make. I would like to have you comment on it, but I do have to speak to the comments that I've heard from the Meat Council.

Certainly I do understand the significance.... Again, international trade is so important as far as our meat industry is concerned. But I have spent a lot of time...and I realize that there are a lot of fantastic provincial abattoirs and meat plants that are there, that do the work they need for what they wish to do, which is to sell within their provinces.

I'm sure you're looking at one issue that was a concern, and you were quite emphatic about it, but I don't want people to think that we don't have some amazing provincial standards as well. Some of the differences are simply someone saying, "Am I going to have a footbath when I go from here to there?", and to keep those types of things different. There are a lot of different aspects associated with it.

Perhaps, Mr. Reda, I'll give you a chance to speak to some of that, and then, Ms. Fowlie, if we do have some time, you could react to the other.

• (1600)

Mr. Joe Reda (Chief Executive Officer, Les produits alimentaires Viau Inc., Canadian Meat Council): In my experience, you're right, there are some good plants there, and abattoirs. We talk about abattoirs and processors. I'm a further processor, which is a little bit different—I cook, I ferment—and there's a lot of regulation on that part. In Quebec we have small businesses where they sell locally dried products. They don't have the same rules as federal plants, I can guarantee you that. I bought a provincial plant and shifted all my production to my federal plants. It was a lot less costly to do that than make up the buildings that the business was in.

Simply, yes, with the abattoirs, it's slaughter. I've seen some good plants that are provincially run, but when we get into the further processing, for example, for E. coli, in federal regulations we have to have traceability programs; we need to provide, in my case, for some of my customers, in 48 hours. For example, with a batch of salt, if the salt company calls us and says there might be glass in the salt, I

need to be able to trace that salt all the way to the end user. We trace boxes. That is in the federal system.

We're not against interprovincial, but for food safety reasons there has to be one regulatory body. Now you're talking about 10 regulatory bodies that are all different. Even in the federal system, when I travelled the country I saw irregularities from one side of the country to the other side of the country, and that's with one regulatory regime. This is because rules are interpreted. This is my fear. I ship 20% of a pre-cooked product, beef, into the United States. Take the mad cow incident we had recently: that's one. We have a few more, and I stop shipping to the United States.

One of the things we've been very proud of is that we traditionally make products that are usually sold to us from Americans. We've been able to develop our business so that we supply the Canadian market to a lot of the American chains. Food safety is essential. I've been on the Meat Council for three or four years now.

In terms of our partners and how they perceive our system, it doesn't take much—

• (1605)

The Chair: We're going to have to go on, Mr. Dreeshen. Thank you.

I'll now go to Mr. Eyking, for five minutes, please.

Hon. Mark Eyking (Sydney—Victoria, Lib.): Thank you, Chair.

Thanks, folks, for coming. You represent a lot of farmers and a lot of processors who have put a lot of food on our plates, and it's good to see you here.

My first question is for you, Anne. It deals with PACA and the repercussions of PACA, the Perishable Agricultural Commodities Act, and how it's going to translate.

I have a couple of questions for you. My understanding, and you can correct me, is that you need a \$50,000 security deposit now to do a \$25,000 complaint. That's what I hear, so I have a couple of questions.

What percentage of our horticulture products do we sell to the United States? What are the repercussions back here on the Canadian market of exporters going down there? Is there also concern that maybe Canadians are not going to be able to get as much readily available fresh produce from the United States? As a former strawberry grower, I found it always important that people ate strawberries year round so they would continue to eat them when we got to market.

Those are my first questions for you.

Ms. Anne Fowlie: Thank you very much.

We have some very huge exports. Some of our commodities to the U.S. in some years go as high as 90%. So we're very dependent on that market and we enjoy the relationship we have. We have a lot of small to medium-sized business operators in horticulture. Yes, there are some very large farms, but for the most part they're small to medium-sized business enterprises and entrepreneurs. So selling in the U.S. with the privileges that we have with the U.S. Perishable Agricultural Commodities Act, when I refer to non-traditional risk management, that's very much a non-traditional type of safety net or business risk management program.

In my previous life, I was on a sales desk in Atlantic Canada selling potatoes back in the era of Steinberg's and so forth. I stopped selling in Canada. I couldn't afford to. I had an added security net, if you will, if there were problems in the U.S.; I had recourse. I had none in Canada. So there's definitely an impact. We do still have access to the PACA. However, as you correctly stated, now if you want to file a formal complaint, you have to post a bond in twice the value of your complaint.

So if you're a small carrot producer from wherever or a blueberry producer, whatever the situation is, that's a lot of money out of your cashflow, because it is in fact cash. If you happen to be out or chasing \$25,000 and you have to go to your banker and ask for \$50,000 out of your cashflow to chase the \$25,000, I think we all know what the banker is going to say. It is a hardship for a small to medium enterprise. And we know through the dispute resolution corporation there are people who are walking away from those opportunities to file claims.

So there's an impact. There are repercussions. I really encourage an in-depth look at the facts and situations around this. I know there's talk around insurance as being a solution. The only persons who are going to make any money on insurance are going to be the insurance brokers and the purveyors who look to set up those programs. There are no margins to pay for insurance-type programs. It is not acceptable to the U.S. as being comparable either. It's not. That's the only way we're going to get back the privilege of not having to post a bond in twice the value of the claim. It's to have something that our competitor in the U.S. will deem as being comparable, and it will not be insurance.

Hon. Mark Eyking: My question to the meat packers or meat producers goes back to these small plants we have across the country. We need some of those small plants. In certain pockets of the country you're not going to have big plants. People want to process their turkeys. You have small farmers. That's the way it is.

So if, for instance, I don't know who would sit around the table, if the Prime Minister and the premiers had this agreement or the agriculture minister, how much resources...? You'd want CFIA people in those plants. You wouldn't want to just close those plants down. You would need quite an additional amount of funding to have more CFIA and you'd have to have more inspectors in order for us to have a Canadian-broad uniform inspection system.

Do you have any sense on what would it take to do that, how much it would cost, and how many more people we would have on the ground? Considering you would be replacing some of the provincial inspectors—

• (1610)

Mr. Joe Reda: Or train them to be a CFIA. You know, I'm a businessman. When you have a food safety issue, let's say the Maple Leaf listeria problem, my business dropped to 10%. In Ontario it was even more. You've got to spend it at one end or the other. If we do have safety issues in this country, how much is it worth for the country when other countries stop trade? On the mad cow, when they stopped beef going across the border, it was \$4 billion. I'm sure we can train inspectors and get them on board. I have no problem with interprovincial trade. I think that's a good thing. For a small business today, an entry level in the federal system is very, very costly. I know; I've experienced it. But the regulatory has to be from one body, and then with further training the provincial inspectors can be brought up to speed, to that level. It has to be regulated by Health Canada.

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

We'll now go to Mr. Zimmer for five minutes, please.

Mr. Bob Zimmer (Prince George—Peace River, CPC): Thank you, all, for coming to committee today.

I'm from northeastern B.C. We had a little community called McBride—we still have it—and there was an abattoir there. They had issues with inspection and trying to sell to Alberta. You would think it would go the other way around, but it's not always the case. They had markets on the other side but were hamstrung by this kind of regulatory problem that we have. We have two separate systems that pretty much do the same thing.

You're even saying the Canadian model is even stronger than the provincial model, and I appreciate that. We've heard different examples from other presenters that often the inspectors are doing almost the exact same thing. To us that's redundancy. We work really hard at getting rid of some of these redundancies and trade issues with other countries, and yet we still see these within our own country. That's why we're here doing this study.

Joe, I will come back to you, but James, you mentioned some examples of the impact of the inconsistent provincial regulations or inspections. How has that affected the industry in Canada? You've used a few little examples. Can you just give us a good example on that?

Mr. James Laws: Yes. The challenge is that I often get members, including people from Joe's company, who say they sell their product at a store in Montreal and they have to go through these very stringent requirements, such as testing requirements. For instance, they produce dry-cured meat. At the same time, he's competing against other provincial products that don't have those same costs of production as his. Of course, companies do sample each other's products, because they want to know what the competition is doing, and they know their product is better than the competition's.

I, personally, have visited many of the plants that are on this pilot project. There were several plants across the country that were to become federally inspected, and several of them were very close to having gotten over to federal inspection. One of the things they tell me is that they currently don't pay anything, that they get their provincial inspection for free, and that maybe they will reconsider whether they will join, because our members do pay a fee to the Canadian Food Inspection Agency and that's the way it is. So it's unfair, as well, to our members, that they're competing in their own province against that.

In other provinces—I have a whole deck on it—the inspection is done at some places twice a year. We have inspectors in our facilities all the time. We cannot operate or slaughter at all without a veterinarian there. With other facilities, albeit they're much smaller, but still, if they're not inspected more than twice per year, that doesn't give me.... It's not the same. It's not the same costs, and it's a competitive disadvantage. It's not just the cost that's mentioned of what it will cost the small guys to become federally inspected. What about all the money the federal companies have invested in their facilities to meet those requirements? They would expect anybody else coming into the market to have to meet those requirements, as well.

• (1615)

Mr. Bob Zimmer: Joe, to follow up, I think you ran out of time with the last statement. As a businessman, too, I think you've already made the case, but perhaps you want to say something more to this.

To me, there's redundancy there that's somewhat needless. Plus, there's inconsistency. Foreign markets are looking at the Canadian market and looking at what are some little inconsistencies within the country and how best to iron those inconsistencies out.

Just finish up with what you were saying, I guess, in terms of one inspection model for the entire country.

Mr. Joe Reda: For me not only is it important on a competitive basis, but it's important that we secure our food safety. In this country we've experienced it. We've experienced it with human lives and monetarily. It's a question of having one regulatory body.

On your point, I'm all for smaller plants and setting the criteria where the Canadian government might give a smaller plant a pass on having CFIA fees. They have to meet certain criteria. I think the council wouldn't object to that, to giving these companies a break to get there. But we're playing with fire, I think, especially in terms of our trading partners. It's a very competitive market out there. Some of our trading partners are still bringing up mad cow from five or six years ago. They're still bringing it up that we're not classified as "free".

We need to protect "made in Canada" and "product of Canada". That's our obligation, as is the safety of Canadians.

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

I'll go to Madam Brosseau, please, for five minutes.

Ms. Ruth Ellen Brosseau (Berthier—Maskinongé, NDP): Thank you, Chair.

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

Mr. Reda, how many employees do you have in Laval?

Mr. Joe Reda: In Laval I have 250.

Ms. Ruth Ellen Brosseau: You have 400 all together?

Mr. Joe Reda: Yes.

Ms. Ruth Ellen Brosseau: Is all the meat used in your products from Quebec, or is it from...?

Mr. Joe Reda: Well, we buy from Canada.

Ms. Ruth Ellen Brosseau: So it is Canadian.

Mr. Joe Reda: I have to use all federally inspected meat. My beef comes from the U.S., Canada, Australia, and New Zealand.

Ms. Ruth Ellen Brosseau: Okay.

I represent the riding of Berthier—Maskinongé.

[*Translation*]

There are two abattoirs there, ATRAHAN Transformation Inc. and Lucyporc, which are represented by the Canadian Pork Council.

Mr. Joe Reda: I have bought from those two abattoirs.

Ms. Ruth Ellen Brosseau: That's great.

Mr. Joe Reda: Their products are very good.

Ms. Ruth Ellen Brosseau: We are proud of them.

Mr. Joe Reda: I think that Canadian pork is the best in the world.

Ms. Ruth Ellen Brosseau: I think everyone agrees with that.

I would like to talk about a problem stakeholders in the industry often share with us, which is labour in Canada. Perhaps you don't currently face this problem in Laval and Montreal, but it's a problem at certain abattoirs and processing plants. There is a real crisis here in Canada. In addition, there's the April 1st deadline.

Could you talk about this problem in Canada and elaborate on that?

Mr. Joe Reda: I don't use temporary foreign workers because I am in an urban area. The reality is that Canadians don't want to do this work. We have only immigrants in my plant. It is very rare to see a second-generation Canadian doing that kind of work. So I never have enough staff.

A shortage of labour in abattoirs will harm our industry significantly over time because we are really opening the way for...

• (1620)

[English]

trade. We opened these lines of trade, but we can't take the opportunity to put the meat into boxes and to ship.

Ms. Ruth Ellen Brosseau: Absolutely.

A document that I found on the website of the Canadian Meat Council says that in the first 11 months of 2011, some 1.1 million livestock and cattle and 4.4 million live pigs were shipped out of the country to the United States to be slaughtered, and then we bring it back. So those are losses for Canada.

Mr. Joe Reda: Well, I prefer Canadian pork, but if I can't get Canadian pork I'll buy American pork. My first choice is Canadian pork, but if the abattoirs can't supply it....

Some of the abattoirs, because of their mix of foreign trade to Canadian—we can't eat all the meat that we produce here—will choose to keep those foreign avenues open, and the result is less meat in the domestic market. What does that do? I go to buy a shoulder from the United States, where it takes one person to cut off a shoulder. When I process the shoulder, it takes three to four people. So the trickle effect on jobs is also a big thing.

Ms. Ruth Ellen Brosseau: Thank you, Mr. Reda.

Mr. Laws, can you comment a little bit on what is going on with worker shortages, and on which provinces are having more difficulties?

Mr. James Laws: Yes, I can. Currently you can see on Canada's Job Bank website that we have about 750 empty full-time positions in meat factories across Canada, largely in Alberta and Manitoba, but that's not to say there isn't a need for them as well in Ontario.

The challenge is that we have an endless search for labourers. We are always looking for Canadians. We've looked for unemployed youth, for aboriginals, for immigrants, for refugees. It's tough work, it's cold work. Unfortunately, we've had to rely on the temporary foreign worker program over the last few years, and that's a challenge for us. We'd much rather have immigrants, full-time workers; staying in Canada working in those jobs is very important.

Ms. Ruth Ellen Brosseau: What are you asking the federal government to do with the April 1 deadline coming up? Are you asking for an extension?

Mr. James Laws: We would like to have the opportunity for industrial butchers to be eligible to use the express entry program. We want to be able to offer jobs to people around the world who have butcher skills to come to Canada and work in our facilities. We want full-time workers; that's pretty important to us.

We of course also want to have as much flexibility as possible for those who are here currently under the temporary foreign worker program to be eligible to stay and apply for Canadian citizenship. They're here, they're working, and we know they're working well. They want to work in these meat factories. We want Canadians to work there; we can't get them. So we need to keep them.

Otherwise, as was mentioned, animals will simply go to the United States and the processing jobs will be lost to the United States.

The Chair: Thank you very much, Madam Brosseau.

Now we'll go to Mr. Keddy for five minutes, please.

Mr. Gerald Keddy (South Shore—St. Margaret's, CPC): Thank you, Mr. Chairman.

Welcome to our witnesses.

Just before I go into my five minutes of questions, I'll remind Madam Brosseau and Mr. Eyking that this is about interprovincial trade, not international trade or temporary foreign workers. We've been extremely polite and have allowed the questions to stand, because it is an issue important to our witnesses, but we do need to stick to the subject at hand.

Hon. Mark Eyking: I have a point of order, Chair.

Mr. Gerald Keddy: You see, I didn't call a point of order.

The Chair: Mr. Eyking.

Hon. Mark Eyking: If the government side continues to bring up neonics for some reason, which I don't see as the big issue when you're trading from border to border—

The Chair: I don't think that's a point of order, and actually, we haven't brought up the neonics—

Hon. Mark Eyking: No, but my question, Mr. Chair—

The Chair: I'll now go to Mr. Keddy.

Thank you. It's not a point of order.

Mr. Gerald Keddy: Actually, on interprovincial trade, if one province has an advantage over another, it becomes a real problem.

Welcome again to our witnesses. There are a couple of issues that I have questions on. The first one is on the red meat sector.

I listened very carefully to what you had to say about the challenges you face. I don't think I ever really thought about eliminating the provincial inspection system and allowing the federal inspection system to simply be the primary system for the entire country—and, obviously, upgrading the skills, if need be, of the provincial inspectors and putting them in. There is also the fact that provincial inspection has been free, so you can understand why a number of processors are clinging to it. Quite frankly, at least in my opinion, it's a reasonable process, although if we ever get there it would be challenging. But it's probably the direction we need to go in.

My question is what about personal use? I assume we would still need to allow that. And what about farm gate sales? Right now there are always some farm gate sales, whether of beef, pork, or lamb. I assume there would still be room to allow that.

● (1625)

Mr. Joe Reda: Do you mean in the provinces?

Mr. Gerald Keddy: No. You would have federal inspection of the plants, but if a farmer wanted to butcher a hog or butcher a lamb and sell it farm gate, as they do today—they have the right to do that provincially—they would still be able to do it. It would never enter federal inspection and it would never enter the food chain of a grocery store. It's sold farm gate.

Mr. Joe Reda: Farming is one of the essentials for this country, so on a personal use, I don't see any...because it's limited: you're talking about one animal or two animals.

Mr. Gerald Keddy: Yes, exactly. But if the dual system weren't there, then absolutely there'd be no barrier between trade in red meat in the entire country: solved overnight.

The Chair: Did you want an answer, or is that a comment?

Mr. Gerald Keddy: Well, no, I think I'm agreeing with the witness.

Voices: Oh, oh!

Mr. Gerald Keddy: I know; it doesn't happen often, right?

Madam Fowlie, you talked a little bit, when you started in on your discussion, about some of the good things that have happened that allow your industry to work better, frankly, with plant breeders' rights, standardization of containers. I know that issue was resisted for a long time, but it had to happen eventually. It still may not all be phased in, but it's coming.

The issue that I look at in your business on interprovincial trade—we had the head of the Ontario horticultural sector here last Tuesday and he talked about it—is really what we would call in international trade “anti-dumping”, whereby, if another province has a surplus, that surplus suddenly gets sold in the food exchange in Montreal or Toronto or Calgary or wherever and causes that market to be flooded and depresses the prices that the growers are able to get, because there's no network to handle all of it.

Would it be a matter in which we could treat provincial regulations the same way we treat international regulations, such that you would have an anti-dumping clause with some teeth behind it and, quite frankly, countervailing tariff clauses, if one province were found to be subsidizing a product and shipping it to another province? Has your industry looked at that?

Ms. Anne Fowlie: I can't say that we have, or have done so in depth. Certainly it's an interesting question. I'm very familiar with the dynamics of countervail and anti-dump with other countries, for sure.

Mr. Gerald Keddy: You would be internationally, yes.

Ms. Anne Fowlie: I really don't know; of course, one of the unique features we face with our crop is that there are no serial numbers for some of it, no shelf life, so what do you do? It's an interesting question, but conversely a very difficult situation, if you have field lettuce that is going to melt in the field if you don't sell it.

● (1630)

Mr. Gerald Keddy: It would need to be a national agreement between the horticultural industry that would deal then with some of the disruptions in trade that occur based on surpluses in one area and maybe a shortage or not in another.

Ms. Anne Fowlie: I think one thing we would find is that, while there could likely be lots of debate around it, I think everyone would respect that on any given day, “There but for the grace....” It could be someone on the south shore of Montreal, it could be someone in the Holland Marsh, it could be someone in the Annapolis Valley. It's very difficult.

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

I want to thank the witnesses for coming out this afternoon. That was well done.

We'll break for a couple of minutes while we bring in our next one-hour witness.

● (1630)

(Pause)

● (1630)

The Chair: I'll call the committee back to order, if you wouldn't mind, please.

Members, via video conference from Guelph, I want to welcome Cory Van Groningen, president of the Ontario Independent Meat Processors, and also Laurie Nicol, executive director.

Laurie, I'll ask you to open, please, with your presentation, for ten minutes.

Ms. Laurie Nicol (Executive Director, Ontario Independent Meat Processors): Thank you.

Thank you for this opportunity. Interprovincial trade is something we've been very interested in for some time.

To give a little background, I am, as you mentioned in your introduction, the executive director. We are a provincial organization. We are the representative voice of the independent meat and poultry processor in Ontario. We work closely with the agricultural commodity organizations and the various levels of government. We have been around for 35 years. I've been with them for 30, so I have a bit of historical knowledge. We provide leadership by fostering innovation, promoting food safety and integrity, and recognizing excellence.

One thing concerning this issue, the reduction of interprovincial barriers, is that we see it as a perfect opportunity for growth. We add the caveat to that, “but not with lower food safety standards”.

Our organization has been supporting strengthening Ontario's meat inspection program back to 1991, when Ontario passed legislation that required all animals that were offered for sale to be slaughtered under inspection.

In 2005, the Ontario Meat Regulation 31/05 was introduced; it formed the basis for a solid prerequisite program, laying the groundwork for the development of enhanced food safety programs. It also enabled jurisdiction over the meat processing activities in what we call free-standing meat plants.

Ontario is one of the largest provinces in terms of the population of provincially licensed plants. There are currently 500 spread across the province, and we have a number that border on other provinces. We also have a number of provincially inspected processors and abattoirs that are supplying the national retail chains, so this subject is of interest to us, as the likes of a company such as Sobeys that is crossing borders has provided a challenge for us in terms of cross-docking and the concern about moving across borders.

Since 2000, OIMP has been involved in the issue of inter-provincial trade. This issue has been around for a very long time, and I guess I'm wondering what is different now.

In 2000, there was an attempt to establish a national standard for the meat industry. Both the Ontario government and our organization were involved in the working group to develop the code.

In 2002, the Canadian Food Inspection Agency and Health Canada conducted a parallel review of that code and the federal Meat Inspection Act, and the code was evaluated and was deemed to be equivalent to the federal standard for food safety.

Then in 2005, CFIA initiated a meat inspection review, a second attempt to integrate a national standard, in which our provincial government was involved. It led to the draft Canadian meat hygiene standard, a document that our organization was involved in and was invited to review. Also, we were anticipating stakeholder consultations to take place in the summer or fall of 2007; these came to a halt in 2008.

In 2011, three of our member plants, including Cory's plant—VG Meats, located in Simcoe—participated in the federal-provincial-territorial interprovincial meat trade pilot project, which was a project to look at what it would take to bring a provincial plant up to a standard to facilitate interprovincial trade.

We were hopeful that the introduction of the Safe Food for Canadians Act in 2012 would provide the flexibility to facilitate interprovincial trade, again without the requirement of seeking federal registration. We have always known that in order to trade internationally a federal registration requirement would be required, and many of the requirements are trade requirements.

We're not convinced that this piece of legislation will be able to do that.

• (1635)

While we're supportive of this movement to look at interprovincial trade again, we certainly would want to make sure that the non-federally registered meat plants in Canada that are interested in participating in this trade should be meeting a common standard. As

you know, there are still provinces that don't have a mandatory meat inspection program.

That's all I really had to say on the issue. I think it's more about what questions may follow.

The Chair: Thank you very much, Laurie.

Now we'll move to the rounds of questioning for five minutes.

We'll go to Madame Raynault, please.

[*Translation*]

Ms. Francine Raynault (Joliette, NDP): Thank you, Mr. Chair.

My question is for either witness. Both can answer if they wish to provide different information.

You have spoken at length about interprovincial barriers. Have you already determined the economic impact of these barriers on your industry?

• (1640)

[*English*]

Mr. Cory Van Groningen (President, Ontario Independent Meat Processors): With regard to the interprovincial pilot project, which our family business participated in, we had looked at originally being part of that project as provincially inspected plants that would trade interprovincially. That was the original intent of the project. The project intent changed to evaluating what limits there were on provincial plants from registering federally afterwards. So the result wasn't exactly the same. The economic impact that we have evaluated and your government has evaluated would be the impact of provincial plants throughout Canada registering federally.

We found that there was still a culture, it seemed, with the CFIA inspectors who were providing input into the changes that would be required in our plant. That culture was very much still focused on the federal traditional, prescriptive nature of policy and regulation. We felt that we were still getting the baggage associated with that.

We did some preliminary investigations. At the end we found that to register our plant federally would probably take at least another half a million dollars and only allow us to do the exact work we are currently doing.

[*Translation*]

Ms. Francine Raynault: Do you think the federal government could help you overcome this obstacle?

[English]

Mr. Cory Van Groningen: The Ontario Ministry of Agriculture's Meat Regulation 31/05 is an outcomes-based meat regulation, as I understand the federal regulation strives to be. I think we need to be serious about understanding the outcomes that are required to meet those regulations.

I think that's how CFIA could help us—for instance, help us understand why we need to spend...to essentially double our kill floor to slaughter both hogs and beef when we're doing it perfectly safely within an outcomes-based regulation in Ontario. Why would we change that to be federally registered if it's only to satisfy the tradition of the federal meat inspection standard?

[Translation]

Ms. Francine Raynault: Do I have any time left, Mr. Chair?

[English]

The Chair: You have another minute.

[Translation]

Ms. Francine Raynault: Thank you.

Mr. Van Groningen, does international trade have an impact on domestic trade, in other words, on the business you do with the other provinces?

[English]

Mr. Cory Van Groningen: I'm not sure I understand. In my case, we're provincially inspected. Currently we don't do any trade interprovincially.

Could you clarify your question for me?

[Translation]

Ms. Francine Raynault: I wanted to know whether interprovincial trade had a negative impact on your business and if international trade might as well.

Does international trade have a negative impact on your business?

[English]

Mr. Cory Van Groningen: We certainly deal in a marketplace where we trade and compete against international imports into our business. Our family is involved in both the agriculture and meat processing business, so we're competing with meat products that are raised and processed to a much different standard from our own. We feel that we're negatively affected.

We also are located in a certain marketplace. Here in southern Ontario, we have a very attractive market for importers from south of the border to export product to, because there are reasons that would make them want to bring product here at a price lower than they would sell it at within their own country. It is a competitive market for us. We feel that we have very high standards, and we want to maintain those standards. At the same time, we're very challenged in competing with product raised to lower standards.

• (1645)

The Chair: Thank you very much.

Now I'll go to Mr. Payne for five minutes, please.

Mr. LaVar Payne (Medicine Hat, CPC): Thank you, Chair.

Thank you for attending via video conference.

Earlier this afternoon we were talking with James Law of the Canadian Meat Council, and Joe Reda, and they talked about provincial standards versus federal standards. One thing they talked about was what I think you mentioned: that you thought you had met some federal standards.

Could you just review that for me again?

Ms. Laurie Nicol: One of the challenges is that the federal meat inspection program has been changing over the years. When the first national meat code or the meat hygiene standard was being developed, we were as a province developing a meat regulation to parallel it. Obviously there were some other trade requirements that were beyond that, but from a food safety perspective we felt, and back in 2002 it was deemed to be, equivalent. So Ontario's meat inspection program was looking for that recognition. But now, with the movement towards the Safe Food for Canadians Act, it is moving once again.

With the federal system there was also the requirement for FSEP, which is the federal HACCP program. Ontario built HACCP principles into its regulation, so while we always tried to show equivalency, it was a moving target for us.

Mr. LaVar Payne: Okay. Well, with changes in technology and everything else, I see this as an ongoing process. In terms of being a moving target, I think regulations will continue to change as we ensure that the Canadian public, and of course our international markets, meet basic scientific evaluations.

One thing I want to find out is this. You talked about provincial inspections. Is that a daily inspection process? Do you have an inspector or veterinarian on site all the time?

Mr. Cory Van Groningen: In our plant, we slaughter as well as process meat. An inspector is available for every single day that we slaughter animals, that we harvest animals. They view the animals in an ante-mortem state, so they look at them before we slaughter them, and then they evaluate every carcass during the slaughter process. We can't start the slaughter without the say-so of a provincial inspector, and he looks at the organs of every single animal. So we have a very good slaughter inspection.

When we're processing meat, we're also subject to inspection—not every day, every hour, but we are subject to it. It's based on risk. Certain plants throughout the province.... Our family makes some ready-to-eat products. That is a risky product, so the inspection interval is reflective of the risk of the product we produce.

Mr. LaVar Payne: You also said there are some 500 abattoirs, but how many organizations belong to the Ontario Independent Meat Processors, and are they all meeting the same provincial standards that you just talked about?

Ms. Laurie Nicol: There are 500 provincially licensed plants. Of those, only 132 are abattoirs. Ontario is unique in that it's the first province to actually require licensing of those who are further processing. In what Ontario calls an FSMP there is no slaughter component. Cory mentioned that he does both, but he's in the count of the 132 abattoirs.

For those 500 licensed plants, there is no requirement for mandatory membership within our organization, but we currently represent, I believe, about 235. As I said, it's voluntary in nature, but all of the 500 provincially licensed meat plants are subjected to the same audit program, and that is on an annual basis, as is licensing review.

The audit has moved away.... It mirrored the federal system for many years, when there was a letter grade. Now it is to see that you are actually in compliance with the regulations. There is a "conditional" or a "fail" result, and they have all the tools in place, as does the CFIA, to suspend operations if they see a food safety hazard during regular operations.

• (1650)

Mr. LaVar Payne: Here is one more quick question.

You talked about the investment required; I think you said half a million dollars. I'm just wondering whether, if you spent that, it would open up some more interprovincial trade opportunities for your organization as well as potential international sales.

Mr. Cory Van Groningen: At this point, yes, if we moved forward with federal registration we would have access to more markets. We would be allowed to try to sell to interprovincial markets.

Where we are in Ontario, we found that the investment we looked at making would decrease our competitiveness, because we would have more capital invested to do the exact same work. So we couldn't justify it as a business case, at that point, without having sure markets in place. At this point, labour is an issue for us, as it is for many of our colleagues, so we had planned to spend some time to try to do some training and find a solution locally to our labour issue first.

The Chair: Thank you.

Thank you very much, Mr. Payne.

Now I'll go to Mr. Eyking for five minutes, please.

Hon. Mark Eyking: Thank you, Mr. Chair, and I thank these folks for coming today to talk to us about their interprovincial challenges.

Going back to what you were previously talking back—that the Canadian Meat Council would love to see a uniform inspection system right across the country—you said that you had 500 members and 132 abattoirs. Now, on the outside it sounds pretty simple: you would train more provincial inspectors to be federal inspectors, I guess.

But the devil is always in the details, and even if there were a big initiative across the country to make this happen, who would end up paying for it? You alluded to some numbers already. Who would end up paying for it, and how much of an advantage would you really

have? Can the taxpayer or a small abattoir afford to have a federal inspector there at all times?

If this happened—and you talked about the numbers it would cost—you would almost need a federal program like a Growing Forward program, or something to help offset these costs, or you would be losing many of your 500 members, wouldn't you?

Mr. Cory Van Groningen: Well, I think the point I'd make is that the provincial meat inspection standard is an outcome-based system already. When I say that, what I mean is that the outcome of food safety is achieved in our system as well as in the federal system. So I'm not sure I agree with the comment that we'd have to train them all to be federal inspectors. They're already trained provincial meat inspectors, and I think we are producing safe food for Ontarians, just as we could produce safe food for Quebecers or Manitobans.

Hon. Mark Eyking: Looking back to your 500 producers, how much of that product would be going to retail, restaurants, food service, farm markets, etc.? Am I right in saying that most of the big players—I'm talking about the big players—do most of the retailers, and that the people you represent do mostly farm markets and restaurants? Is that the way it's divvied up?

• (1655)

Mr. Cory Van Groningen: Our business has certainly changed over the past number of years. There was an event in Ontario that painted the provincial industry with sort of a negative tint. There were federal charges on a provincial plant for what they were doing in their plant. That painted our entire industry with a pretty negative stigma.

We lost a lot of business at that point. My father was doing business with provincially owned government institutions as well as food retail chains. After that, we lost a lot of that. In Ontario we went to a procurement system that didn't help a provincially inspected plant compete very well, which was a very large.... You know, you had to supply every government institution building rather than the... [*Technical difficulty—Editor*]...that you could locally.

I think certain events have changed our business. What we're seeing is a pendulum swing back now at this point, where provincially inspected plants are actually gaining a foothold in national chain retail stores as well as larger independent retailers, and the government institutions are interested in buying provincially inspected product.

The way we've made inroads in that sector is that we have actually given the purchasing agents for those institutions tours of our facility. We've explained to them that we do have an inspector on site during every animal harvest. We do testing and swabbing in our plants for microbial loads and so on, and for sanitation effectiveness.

So I think we used to do a lot more independent retail and farmer market stuff, but that was because of an event that challenged our entire industry.

Ms. Laurie Nicol: We have provincially licensed plants that are shipping directly into Sobey's Ontario warehouse with distribution across Ontario, and they are back into the Loblaws chain where historically they had a procurement policy that they would not buy—

Hon. Mark Eyking: Can your product go through Ontario and go to Manitoba? It has to stay in Ontario, does it?

Ms. Laurie Nicol: Yes.

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

We'll now go to Mr. Maguire, please, for five minutes.

Mr. Larry Maguire (Brandon—Souris, CPC): Thank you, Mr. Chairman.

Thanks to our guests for being here today via teleconference, as well.

The rules must be acceptable: that is something we heard from the Canadian meat industry, which was just here as well, and you're saying that certainly you want to keep safety in the forefront of all the operations, and I certainly believe that myself.

Cory, in regard to the \$500,000 you indicated it might take to move from provincial inspection to federal inspection, what's that based on? How much of that would end up going to equipment to make upgrades in equipment, if any, and labour, or is it mostly just for inspection?

Mr. Cory Van Groningen: No, that would be changes to structure and equipment.

Mr. Larry Maguire: Thanks. You certainly have to have a lot more floor space, I understand. What other criteria would be involved?

Mr. Cory Van Groningen: There are things like rail height. The rail we land the animal on would have to be six inches higher than we currently have it. That's a prescriptive example. It was built some years ago, and it's a mild steel rail, so that would have to be changed to stainless steel.

We don't slaughter two species at the same time. We slaughter on different days because of the nature of it. Essentially we would have to double our floor space to meet federal requirements, so we would have to have two kill floors. That's very difficult because we're only using them for one or two days, and so it doesn't really make sense that way.

Mr. Larry Maguire: I was talking to my colleague Mr. Payne here, and Mr. Eyking just raised this situation as well. I come from western Manitoba, and he's indicated it's the same thing on the eastern side of Alberta where he is. We have small abattoirs there as well, very successful operations. But we have cattle coming off a farm in Saskatchewan into Manitoba to be slaughtered, and they can't even take them back home again, back into Saskatchewan, for their own cattle.

Can you indicate to me if that's still the case? It certainly was not that long ago in Manitoba. I believe it's still the case, but do you have a similar situation here in Ontario as well?

● (1700)

Mr. Cory Van Groningen: I'm not sure, but if it were for personal consumption, I'm assuming they could take it home, because we can buy meat from across borders. We don't have that level of inspection.

If it was for commerce, for a farmer's market or something like that, I think that would be a problem. They wouldn't be able to do that, because it would be for sale in a different province.

Mr. Larry Maguire: Yes, I believe it was; I think they could use it for their own use. The fact is that if the small abattoir had been on their doorstep, or five miles closer to them, as an example, across the border, they would have been able to...have sold it in Saskatchewan. I guess that's something to look at in regard to the condition, because the standards in those two abattoirs, if there was one nearby in Saskatchewan—there wasn't, that's why they used this, as a matter of distance—it would have been beneficial for them to do so.

You were talking about your farm-direct members as well. Can you give us an idea of how many of your abattoirs would be looking at farm-direct marketing as well?

You may not do it yourself as the owner of the plant, but the cattle that come into them don't all go to Sobey's or the other markets you've pointed out, so can you give me a breakdown of what the percentage might be?

Mr. Cory Van Groningen: Are you talking about our own retail business, direct-to-consumer sales?

Mr. Larry Maguire: I don't mean your own plant particularly, but across the province of Ontario in this case.

Mr. Cory Van Groningen: Do you mean for retail sales?

Mr. Larry Maguire: Yes. I mean the amount that goes into those plants, which you just said stays in Ontario and gets sold through retail stores, versus the amount that would go back and be sold farm-direct or by another means.

Ms. Laurie Nicol: The Ontario industry is a bit unique in that, because we have these other, as I refer to them, free-standing meat plants, it's quite integrated. So Cory's operation as an abattoir can sell his fresh beef and fresh pork to this further processor, which turns it into hams or bacons or whatever, and then it is sold either at a store on site or by other retail stores.

Out of the 132 abattoirs in Ontario, I believe all but seven are involved in some value-added processes.

There are fewer and fewer abattoirs just doing a custom-kill operation, because the cost has become so high with the SRM requirements, the labour costs, the electricity, and everything else within Ontario that they have really had to diversify their operation to include value-added processing.

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

Go ahead, Cory.

Mr. Cory Van Groningen: Custom slaughter has been huge and has built a lot of plants. When my grandfather bought our current plant, all it did was custom slaughter.

Things like livestock prices certainly have an impact. Now when we have very high livestock prices, especially for beef, custom slaughter isn't something that's in very high demand, because they get a very good dollar selling at auction, for instance.

Abattoirs have to have a diversified income stream. Otherwise they can't really survive the market price changes.

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

Ms. Brosseau, go ahead, please, for five minutes.

Ms. Ruth Ellen Brosseau: I'd like to thank the witnesses for their participation in this very important study.

If these are provincially inspected, what happens when there is a recall? How does that work? Does CFIA kind of take the lead on the notification? Is there a process these abattoirs have to follow? Does that happen all across the province of Ontario if they see an issue?

I'm just wondering how that works. Is it the same across the province? How do other provinces deal with provincially inspected abattoirs? And then when it comes to a recall, when they have an issue, it's the CFIA?

• (1705)

Ms. Laurie Nicol: That's some of the challenge. The answer is, yes, CFIA is the organization that is responsible for recall, but in Ontario, as part of our Ontario Meat Regulation 31/05, there is a mandatory requirement for all of those 500 licenced abattoirs and free-standing meat plants to have a recall program in place. They actually test the...and are required to do mock recalls on an annual basis.

When something, whether it be through a CFIA investigation or through the province's microbial sampling program, has been identified, most of the companies would hold the product that is being tested so it doesn't enter the marketplace. But should that product enter the marketplace and is found to be at risk to the consumer, the province...and CFIA takes control, but it's certainly a partnership between the two, and in some cases our local public health as well, depending on where the distribution was.

Ms. Ruth Ellen Brosseau: Thank you.

Before being elected I worked in the restaurant industry. I was responsible for training staff and food safety. Every once in a while we would have inspectors who would come in and test everything, test temperatures, and make sure the freezers were stocked right. Of course you're hopeful that everything turns out right and that you did adequate training.

I was going through your website and I noticed that you do some training too. I was wondering if you could talk to us about some of the training that you do in food handling.

Ms. Laurie Nicol: In Ontario Regulation 31/05, and I can't speak to the other provinces, there is a mandatory requirement that in every business there be a supervisor on site who has taken food handler training. Our organization has invested in further education and promoting the highest level of food safety, understanding, in that

whole food safety culture, that it's not when an inspector comes in that you start adopting those principles. You build that into your staff so that you're audit-ready all the time.

I guess that's the other part where a smaller operation would say there is onerous paperwork, but that paper burden is your burden of proof to show that you have monitored the temperatures and you knew where that product went to simplify recall should it happen.

We, as an organization, when that new regulation came in place, invested a lot of resources in developing a standard operating procedure manual that provided templates for record-keeping and assistance in writing their programs. Then it becomes the requirement of the plant to do it on an ongoing basis and the requirement of the inspector in the plant to ensure that they are up to date, not done pre-audit but on an ongoing basis. We do have the annual audit program as well to confirm that it has been done.

Ms. Ruth Ellen Brosseau: Thank you.

My next question is about buy local, buy Canadian, or in your case buy Ontario. Could you speak to certain programs that maybe you are using, or on what is working in Ontario to help you and your producers bring to market and sell their wonderful meats?

Ms. Laurie Nicol: There are a number of programs. Our province holds the Foodland Ontario program that has been around forever and primarily started in the fruit and vegetable marketplace and still has the highest recognition for that. Processors who meet the definition for Ontario made are entitled to do that.

As an organization we also have the Homegrown Ontario program, which was started back in early 2004, I believe, with funding from the federal government. In terms of commodity, Ontario has Ontario lamb. Ontario pork has their own branding program. As a company and as a retailer in Ontario, you end up with a case that is all stickered, whereas the Homegrown Ontario branding program was a red barn that indicated it had the Ontario definition for beef, pork, and lamb; they would be different, but that could identify that was Ontario.

There are also a number of branding programs regionally. If you're familiar with Ontario, Prince Edward County is very good for that "Savour Muskoka". There are a lot of different programs.

Also it leads to, what is the definition of Ontario? There are companies that would prefer to use a Canada brand depending on the markets they're serving. We have federal pork producers that would want to use the Canada pork logo instead of Ontario, again for the markets they're serving.

• (1710)

The Chair: Thank you, Ms. Brosseau.

I'll go to Mr. Keddy for five minutes.

Mr. Gerald Keddy: Thank you, Mr. Chairman. You caught me out of my chair.

Welcome to our witnesses.

I want to revisit for a moment the whole issue on recall that Ms. Brosseau brought up. What we're struggling with here is the fact that we have two different levels of inspection. You have a level of inspection that's great for Ontario, but if you have an abattoir on the border of Manitoba or on the border of Quebec they can't cross the border with that product. We're looking at the big scheme of things and interprovincial trade barriers. Hopefully we'll be able to make some suggestions to the government on how to break some of these down.

The Canadian Meat Council was here, and as we mentioned earlier they were talking about having one inspection system. The difference between your system...and I'm very familiar with abattoirs, fish plants, and CFIA. It would seem to me that you should be able to upgrade your plant, because from what I'm hearing, it sounds like you're running a very professional business. You're probably in the top level of inspection among the plants in the province. It would seem to me that a half a million dollars is quite a bit of money to upgrade a plant if you're simply looking at putting one extra line in and changing some of the items like your meat rail from bringing an animal in on soft steel versus stainless.

Can you break that down? Do you think half a million is a high number, or is it a low number?

Mr. Cory Van Groningen: I think it would be a low number. We have challenges with contractors who can build to a food standard. We're in rural Ontario. We're not in the downtown GTA. That creates challenges. There are always overages and there are always delays in finding people who could develop these rails in rural Ontario. And we're not that far from the Toronto area. There are some plants in Ontario—I was at one earlier this week—that would be 18 hours from us and at least four hours from any large centre.

Ms. Laurie Nicol: If I could comment on the call for the one inspection system—I think that's where our challenge is—and all the work that has been done since 2000, there are a number of standards being thrown out there. There was the meat hygiene standard, which we said we could meet. Then there's always going to be a requirement for trade, which is above and beyond.

So if the federal plants want that one standard, that's not going to be obtainable for any of the provinces, but does it need to be the international standard when we already have a food safety outcome-based program that is protecting Ontarians?

Mr. Gerald Keddy: Yes, and I don't think any of us are arguing that the provincial system is putting fresh food and safe food on people's tables across the country, whatever province you live in. Our difficulty is that it is not accepted by any other single province in the country. The provinces themselves have been, quite frankly, I think remiss in not trying to settle this and accept one another's standards. We don't even have that level. Whereas at the federal inspection level, at least that allows you to not just sell to the big box stores, and not just sell internationally, but to sell across the border. There are a number of plants where you have a large community just across the border. They can't access that community, and that's a marketplace for them.

You know, I don't think we have the answer. We're just struggling to try to find it.

Maybe you could explain a little better what work your industry has done through the provincial system to try to at least have the provinces recognize each other's standards.

• (1715)

Ms. Laurie Nicol: As I said, I have been with the organization for 30 years. We couldn't wait for all the other provinces. We have tried to work....

As an example, the province worked with the Alberta government when Ontario developed a HACCP program. Because we were provincially registered, the federal government could not recognize a HACCP system in a provincial plant. The Province of Ontario developed a HACCP advantage program, which Alberta took and modified for their own program. Manitoba implemented it in its entirety. But again, Ontario was always ahead of the game because of the sheer numbers we had. We couldn't rest on not improving and strengthening. As Cory mentioned, we had issues in the provincial system. We also had issues when a large federal plant had....

It's one industry, so we're affected negatively whether it happens in a provincial or a federal facility.

Mr. Gerald Keddy: I have one final question, very quickly, on specified risk material. You separate that out in your plants, do you?

Ms. Laurie Nicol: Yes.

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

I'm going to take a bit of a chair privilege just to wrap up on a couple of things, if I could, before we break.

Cory, how long have you been in business?

Mr. Cory Van Groningen: My grandfather bought our current business in 1970.

The Chair: Have you ever had a recall?

Mr. Cory Van Groningen: No.

An hon. member: Good for you.

The Chair: [*Inaudible—Editor*]...very well, and I think that's a bit of the point.

So you are HACCP registered.

Am I hearing, Laurie, that there are different HACCP levels from one province to another? You talked about Ontario developing it. Are they all the same?

Ms. Laurie Nicol: No. HACCP is beyond the regulations.

The Chair: Right.

Ms. Laurie Nicol: Ontario meat regulation built the HACCP principles into it. For the other provinces, until they've updated their meat inspection act and their regulations to put those principles in, there isn't a program out there. Certain third party companies can come in and put a HACCP system in place for you and monitor it, but the recognition is missing. Ontario's program was recognized by the Canadian General Standards Board.

The Chair: I think it boggles most of our minds here, quite honestly, the difference in regulatory standards from province to province. The unfortunate part—and this is just an opinion—is that when you don't have the provinces able to come to a provincial standard, it tends to feed into and encourage the argument to just have it all federal. That becomes, I think, a big issue for you. Would that be a concern?

Ms. Laurie Nicol: It's absolutely a concern, because it does hold back any type of moving forward. We recognize that for a national meat program you would have to have the provinces all updating their regulations.

One of the questions earlier was who would do the inspection, but I don't think that's the question. Ontario obviously has a force of 128 provincial meat inspectors, and there's also the federal force. It's not who does it. It does come down to who pays for it, but you have the program to base that inspection on.

The Chair: Yes. Okay.

I want to thank the witnesses for coming in, both of you. You've been very up front and very frank.

I think it lays out, quite honestly, as we listen to all of our witnesses who come in, the extent—likely a little more than many of us recognized when we started this study—of the interprovincial barriers that are in place across a broad spectrum of products and commodities. We thank you very much for taking the time today to be a part of our witnesses.

With that, colleagues, we'll adjourn.

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