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Chair

Mr. Dan Ruimy

Standing Committee on Industry, Science and Technology

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• (0850)

[English]

The Chair (Mr. Dan Ruimy (Pitt Meadows—Maple Ridge, Lib.)): Good morning, everybody.

It's a nice chilly morning out there—only -25°. It certainly felt like that walking from where I live.

Welcome to meeting 151 of the Standing Committee on Industry, Science, and Technology, as we continue our study on the impacts of Canada's regulatory structure on small business.

Today we have with us, from the Canadian Trucking Alliance, Stephen Laskowski, president. All the way from beautiful sunny Toronto, we have Kevin Freeborn, President, Food Safety Market. From La Cultura Salumi, we have Jane Abballe, Owner.

Welcome, everybody. You'll each have seven minutes to do your presentations, and then we'll go into our questioning for the balance of the time.

We're going to start with Mr. Laskowski from the Canadian Trucking Alliance. You have seven minutes, sir.

Mr. Stephen Laskowski (President, Canadian Trucking Alliance): Thank you very much, Mr. Chair and members of the committee, for having us here today.

I'll provide some brief background on what the Canadian Trucking Alliance is. We represent over 4,500 carrier companies from across Canada, both big and small. Our members serve all segments of the economy. With regard to our sector in particular, we have many large companies, but we are an industry dominated by small business. There are thousands of trucking companies with 10 trucks or fewer.

In terms of the topic today, we really appreciate the opportunity to discuss the impact on small business. I think it's important for everyone to understand—and I think you do have an understanding of it—that all laws and rules need to be complied with, but the adaptability of small businesses versus larger businesses can sometimes be a challenge.

With regard to our sector, I think it's also important to keep in mind that we are federally regulated for inter-provincial carriers with regard to trucking, but unlike telecommunications, banking, railways and the marine sector, which are basically dominated by large businesses, we are the exact opposite in terms of numbers. We have small businesses. I think that's something to keep in mind for federal officials and federal politicians.

There's something I just wanted to touch on quickly before I get into my piece. You always have people here testifying and telling you, "We have problems. We need you to fix them." I think it's also important to recognize when problems have been addressed. In the last year, I think there have been a number of announcements with regard to positive impacts in our sector, specifically in the fall economic statement with regard to the accelerated investment initiative, which is going to be very positive to our sector in terms of accelerated depreciation for equipment. It's a great initiative.

There were two very important infrastructure announcements. One is in Saskatchewan with regard to Highway 6 and Highway 39. The other is obviously the Gordie Howe International Bridge. They're going to bring efficiencies to the trucking industry.

Also, the Council of Ministers Responsible for Transportation and Highway Safety, led by Minister Marc Garneau, made some announcements about flexibility in regulations with regard to tires. I won't get into the details. It's early in the morning, and I don't want your eyes to glaze over, but they are important for all businesses, big and small, for flexibility of equipment usage. Obviously, there was also the recent announcement for mandatory entry-level training and minimum training standards across the country. These are all very positive announcements, especially for smaller businesses.

Now I'm going to get into some of the issues we've addressed and what we'd like to see. One of the questions posed to us was about areas for improved efficiency to reduce costs to regulated parties. What we would like to see is the introduction of electronic logging devices. That regulation is in place in the United States. We would like to be basically harmonized with them.

That rule came into place in December of 2017. We'd like to see it hit the road as fast as possible. Why? There are a whole bunch of safety reasons, but you asked us for efficiencies. That's about a \$2,000 revenue increase for truck drivers because you're eliminating paper logbooks that they would have to do, keeping up with those paper logbooks and the administrative labour. They can gain about \$2,000 a year in efficiency time to make extra revenue. It's a big thing for safety. It's also a big thing for small business.

With regard to infrastructure to reduce regulatory issues, if you were to twin Highway 185, between New Brunswick and Quebec, and invest in this area, trucking companies would be able to use more efficient trucking equipment between the Maritimes, Quebec and Ontario. It's a big thing for small business, whether you're using trucking companies or you are a trucking company.

With regard to the carbon tax and the monies gained after April 1 from the tax on diesel, we would like everyone to consider reinvesting those taxes into our industry through efficiency improvements, a green trucking program, so that small companies can add different types of fairings, aerodynamic devices, tire technology and engine technologies that will reduce carbon emissions. We're saying that if we're going to do something with regard to the carbon tax, let's reinvest in the small companies and create an incentive program based on the monies paid by these companies.

One last thing on the carbon tax is to make sure that the carbon registry doesn't become an administrative burden for small businesses. Let's make sure it's as efficient as possible.

• (0855)

With regard to areas for legislative and regulatory modernization, here is an issue for CRA. A number of companies and drivers are misclassifying themselves as a small business, which we refer to as "Driver Inc." The CRA has identified the issue as a personal services business. We believe there are billions of dollars in lost tax revenue for the federal government. We also see this as a very unlevel playing field for legitimate small businesses. Small businesses take risks. With risks come the benefit of the tax system, because you're absorbing that risk. If we have misclassification and individual companies and drivers misclassifying without taking that risk, we need to level the playing field and bring enforcement on this issue.

With regard to the truck driver shortage, we would like to see a trusted employer program. Right now in Canada, we have an acute driver shortage, where individuals—such as those from the companies here today—are having a hard time finding trucking companies to haul freight. Right now we cannot use the immigration system like other sectors can. Truck drivers do not qualify. We would like to see a pilot program that would allow us to bring over and use people from overseas, not on a temporary basis but on a permanent basis, where they become Canadians, work hard in our industry, and build families. We need the people. We want to work with you to make this change.

In essence, guys, this is what we believe needs to be done on the immigration file: a different lens. Times have changed; it's 2019, and we believe we are a profession. We believe we are a skilled trade. According to the historic definition, we're not, and this needs to be addressed.

With regard to the current programs out there, such as the temporary foreign worker program, there are some administrative pilots you could address in our sector that we'd like to see and that would be very good for small businesses. Right now the current system is administratively burdensome. We believe there are ways to address it.

I'll just complement that and add something I left out—the rural and northern immigration pilot for truck drivers; well, it's for everyone, but it includes truck drivers. That was a welcome announcement. We would like to see an evolution of that. We believe that pilot will be successful. If it is successful, we need to remove the word "pilot" and allow every municipality across Canada to participate in that sector so that, once again, we can have access to labour.

Thank you very much. I would welcome your questions.

The Chair: Thank you very much, sir.

We will move to Freeborn and Associates and Kevin Freeborn.

You have seven minutes, sir.

Mr. Kevin Freeborn (President, Food Safety Market, Freeborn and Associates Inc.): Thank you for inviting Freeborn & Associates Inc. to participate in the Standing Committee on Industry, Science and Technology's study regarding the impacts of Canada's regulatory structure on small business.

We have been in business since 1997. We're a team working in the high-tech environment, creating educational materials to train and certify food handlers. Our mission is to help food service operators serve safe food to their customers. Our vision is to create a culture of food safety wherever food is being prepared and consumed. With these goals in mind, we provide interactive educational tools to educate people at all levels of the organization, from those who manage food service operations to those who prepare and serve safe food.

By way of introduction, we'd like to say that we appreciate the opportunity to address the impact of regulations on small business. I will elaborate on our experience as it relates to the committee's mandate. I will briefly describe the current situation and requirements for recognition of food handler certification; look at opportunities to improve efficiencies and reduce costs; and the alignment of interprovincial, territorial and international standards. I will also suggest an improvement to the pathway to market.

Currently, in nearly all jurisdictions in Canada, food handler certification is regulated by provincial or territorial government legislation. For a business to develop a nationally recognized training and certification program, it must be presented to each jurisdiction for approval. While all the health authorities reviewing the applications follow a document called the “National Guidelines for Food Safety Training Programs in the Food Retail and Food Service Sector”, there are small variations between each jurisdiction.

These reviews are often carried out by health inspectors, also known as environmental health officers, who are tasked with many day-to-day responsibilities for the protection of public health. Once a program is approved, recognition is posted on each jurisdiction's website, so the business can verify the program's credibility to its clients. We would tell a client that our program has been approved by directing them to a listing on each jurisdiction's website. Recognition is posted there. It's also important to note that the people we work with throughout the approval process are great folks. They're thoughtful, caring individuals who are performing to the best of their ability within the paradigm they've been given.

Regarding some opportunities for improved efficiencies, having every jurisdiction review these programs is a lot of duplication of effort. There is an opportunity to significantly reduce the duplication by centralizing the review process. Currently, programs can take up to a year to be reviewed. Improving efficiency can reduce the approval process to weeks. If the approval process were streamlined, food service businesses would have faster access to state-of-the-art national food safety training and certification resources. They would also have access to more current resources; the more often we update these, the more current the resources available will be. Having better resources manages risk for business, and reduces the likelihood of food-borne illness for the public.

Concerning some opportunities to reduce costs, the costs to business would be reduced by requiring preparation of only one application for approval, instead of the current application for each jurisdiction. There is also the cost to taxpayers, which would be significantly reduced if the duplication of effort in each jurisdiction were eliminated, freeing up public health resources to attend to their core responsibilities. The cost to business, in terms of lost revenues while programs await approval, would be significantly reduced.

Relative to the alignment of interprovincial, territorial and international standards, there are criteria for practices required for food safety. These are all based on accepted science. It means that what is taught can be consistent between jurisdictions, because those jurisdictions rely on the accepted scientific evidence.

Since we already have national guidelines for food safety training programs, and these are generally acceptable to all jurisdictions, the variations in criteria between jurisdictions are nearly always very minor in nature. Having all jurisdictions agree to one set of criteria, without variation, would permit alignment nationally. It's would also be good to look at further alignment of our national standards with other countries, because that would open the doors to international export of training programs from Canada.

● (0900)

The food service and hospitality industry requires workers to move through various jurisdictions, and students of culinary

programs travel across the country to get work. Provinces and territories benefit from the alignment of standards, in order to attract these much needed human resources.

I have some suggested improvements to the pathway to market. We should harmonize requirements for food safety between provinces and territories to create one set of national criteria without interprovincial or territorial variations. We should review international standards to align Canada's criteria with them, since they're all based in science. We should create a national body that can independently review and accredit programs meeting those national standards. This body would not be in the business of delivering or promoting food safety training programs, so it would remain objective in its program review. Finally, we should establish a streamlined review process that reduces the time to market for programs that meet the required standards.

Thank you for listening to my comments.

● (0905)

The Chair: Thank you very much.

We're going to move to Jane Abballe.

Ms. Jane Abballe (Owner, La Cultura Salumi Inc.): Good morning, ladies and gentlemen.

Before I start, I would like to point out that English is my second language, and please bear with me for any mistakes I may make.

I'm from La Cultura Salumi Inc., a company in Belleville, Ontario. Salumi means “dry-aged meats” in Italian. La Cultura Salumi Inc. is a dry-aging meat plant where we use specialty systems imported from Italy to naturally dry-age the meat. We produce high-quality products with temperature and humidity controls only. We don't inject anything into the meat. We do not put meat in brine. We don't cook the meat or dry-cure it with high temperatures. We use an artisanal way to dry-age bresaola, prosciutto, salami, etc.

We started La Cultura Salumi in 2012, but prior to that my husband had 30 years of experience in the meat industry and had travelled all over Europe to research and understand how to produce high-quality charcuterie products.

Our main product is bresaola. We make beef bresaola, water buffalo bresaola and turkey bresaola. Bresaola is an air-dried salted piece of beef with a long aging procedure. It originated in the Valtellina area of northern Italy. The whole area is dedicated to making bresaola, the speciality product from beef.

There are over 30 major producers, and the biggest one is JBS, and one of the biggest meat processors in the world. They purchased a plant in Valtellina called Rigamonti. Rigamonti produces 125,000 kilos of beef bresaola weekly. But the issue is that over a hundred years ago when Italians started making bresaola, there was enough meat in Italy to supply this product. However, now over the last 40 years, the market in Europe has grown so much that Italy does not have enough beef for the demand for beef bresaola. Italy is now importing beef from South America and Africa to feed the demand.

We knew that Canada is a big resource for beef, providing a wide assortment of quality beef. That is why we decided to make this product in Canada with high-quality Canadian and U.S. beef only. The beef bresaola market is also getting bigger for religious and health reasons, for Muslim and Kosher markets, and also for people who do not eat pork.

Now I would like to say a few words about the challenges of pork we found in Canada. To produce a high-end quality pork salumis as they do in Italy and Spain, the pigs should be a minimum of 12 months old. When we started the dry-curing business, we worked closely with Conestoga Meats in Kitchener, Ontario. The company owners are a group of co-op farmers. Because my husband, Frank, used to deal with Conestoga in his previous business, they agreed and were happy to do a test run for us. They tried to raise the pigs to 12 months, but the animals started to die around nine months. This was due to the fact that the pigs in Canada are modified and the carcasses are not able to hold large weights. Another problem we found is that all slaughterhouses in North America have slaughter lines only for small pigs around six months old. Pork from a six-month-old animal is not the best quality to make high-end, dry-aged products as they do in Italy and Spain. We need 12 month-old animals to have firm meat and less moisture in the meat for dry aging.

After searching all over Canada and the U.S.A. for 12-month-old pigs, we could not find any anywhere. To stick to our passion to make only high-quality aged pork products, we started to import frozen pork from Austria and Spain, and they all are from a minimum of 12-month-old pigs.

Also, I would like to bring to your attention that with the high-end standard at our plant, we cannot ship and sell across Canada because we are a provincially inspected plant.

● (0910)

I am receiving a lot of phone calls and emails from people in businesses all over Canada asking if they can buy from us. Even one owner of five casinos and restaurants in the Calgary area asked me why people from Alberta cannot eat products made in Ontario. This question for us is very important. It does not make sense that Canada has two levels of inspection, provincial and federal. In the U.S.A., for example, for the U.S. market, there is only USDA inspection in all states.

Also, we would like to use the artisanal old Italian way to make bresaola. When we asked our meat inspectors about this, they told us to call Guelph and do a validation study, which will cost around \$30,000 or \$50,000 for validation, and there is no guarantee they will approve it. With the current regulations, we send samples of every batch we make to the lab in Toronto to check for salmonella,

E. coli and other bacteria. It's hard to understand why we cannot make small test batches with no preservatives, which are healthier, and check each test batch in the lab to prove whether it's safe or not. It would cost much less.

I appreciate the opportunity to speak in front of this committee. We hope we will see some positive changes in the near future.

The Chair: Diakuj.

We are going to move right into questions, starting with Mr. Baylis.

You have seven minutes, sir.

Mr. Frank Baylis (Pierrefonds—Dollard, Lib.): Thank you, Chair.

Thank you, everybody, for being here. I appreciate your time.

Mr. Laskowski, I'd like to start with you.

I found it interesting your mentioning that one of the areas for improved efficiencies is the use of technology, specifically electronic logging devices. I'd like you to elaborate a bit more about what you'd like to see there.

Mr. Stephen Laskowski: Since December of 2017, and coming into full effect at the end of this year, the U.S. has completely phased out the use of paper logbooks. Paper logbooks capture the hours-of-service rules of a driver and of the company. I think it's important to always recognize that a company has a responsibility; it's not just the driver.

From our point of view, having paper logbooks to govern a system that is so important because it manages the fatigue of drivers, and leaving that in the hands of paper, which is far more open to falsification.... It's time for a change.

What we are asking for—and Minister Garneau is leading this—is to see as soon as possible the final rule published in the Canada Gazette and to have a rule come into force as quickly as possible. That could be in as little as a year.

That is what we'd like to see. We think it has tremendous benefits for public safety. As I mentioned, because we are talking about efficiencies, there are significant efficiencies, in particular for small businesses.

Mr. Frank Baylis: So I could say this is like a regulation, a safety regulation. You like the regulation, but you're saying let's use new technology to make it both easier to use and safer at the same time?

Mr. Stephen Laskowski: That's correct.

This is about small businesses, but from a governmental perspective, and a provincial perspective, this will bring enforcement cost savings to the provinces. This rule has nothing but an upside, nothing.

Mr. Frank Baylis: So it's win-win both for safety and for the people wanting to adhere to the safety rules. In this case, through using technology, it can be win-win for everybody.

Mr. Stephen Laskowski: That's correct, and it would be win-win, and add one more win, for the governments, because it will bring efficiencies.

Mr. Frank Baylis: So who would win? Do you mean the three—

Mr. Stephen Laskowski: Provincial governments would. This is a federal regulation, but the provinces enforce this regulation. So as you drive down a highway, a 400-series highway, you'd see what we will call scales, enforcement facilities, down there, and those are housed by provincial officials. With paper logbooks, this is a difficult task at the side of the road. These officers are highly trained, but it's a difficult task. With electronic means, it's not. The only other difference we're talking about here, a little nuance, is that we are asking the federal government to break away from the U.S. rule a bit and to have third party certification. This would mean these devices would be tamper-proof. They would go over to a third party, which would make sure that these devices could not be tampered with, and we want that.

• (0915)

Mr. Frank Baylis: It's a very interesting topic. You've given us a great example for the trucking industry, but I'm wondering whether we should be looking at that for all kinds of industries, so we can keep the regulation but use technology to make it easier to adhere to the regulation and to make it safer and better. Is that what I'm understanding you're saying?

Mr. Stephen Laskowski: You know, that's exactly our philosophy. I think, when we look at regulatory introduction and regulations, period, the best regulations are those that are followed and enforced. The move to an electronic world allows a higher level of compliance and in this case also allows the enforcement community to be able to enforce the rules and ensure that public safety is at its highest point for all trucking companies and drivers.

Mr. Frank Baylis: That's a very good point. I'm sure our analysts will write it down.

The second thing I want to touch upon with you is the concept of a pilot program. You talked about this pilot program, I think, in the north. Where is it?

Mr. Stephen Laskowski: Yes, the northern project pilot program was announced, I believe, two or three weeks ago. It would allow, I guess, a certain number of municipalities to participate in it. That would, in essence, allow industries that currently don't have access to immigration the ability to participate on a local basis.

Mr. Frank Baylis: Pilot programming is another one of these areas we're looking at. They also call it sandboxing. It's when we have a regulation in place, but so much is new and changed, and people want to try something else, so they say, "Let's put in a sandbox", they call it, or they say, "Let's put in a pilot program, and let's test it out." Theoretically, if it works—and you mentioned this,

and I'd like your thoughts on it—you take away the word "pilot". Is that correct?

Mr. Stephen Laskowski: First of all, I'm going to steal the sandbox from you. I hadn't heard that one, so I'm going to use that.

Absolutely. From an industry perspective, the ideal situation is always, "Let's go from zero to.... Let's bypass the pilot." But understanding governments, we need to make sure there are no unintended consequences. I don't see any here, but we do appreciate the role of government and the need to perhaps sometimes walk before you run, but that is indeed the case. We have a severe driver shortage, and the current system....

I'll back up a little bit. You're always pressed to give everything in under six minutes.

Indeed, the Canadian Trucking Alliance and its membership are looking at current Canadians to find ways to attract young people and different people to our industry and to put those people to work. It is a challenge, especially for long-haul trucking operations. In terms of moving to the next step, indeed, we need to think a little bit out of the box, which think governments are doing, and we need to continue to evolve.

I saw an announcement on Sunday or Monday morning, I believe, with regard to another pilot for, I believe, child care workers coming over into a pilot in the same type of thing.

The trucking industry moves the Canadian economy. We have a severe driver shortage, and we need to address it quickly.

Mr. Frank Baylis: And that pilot....

Sorry, I'm over the time. Thank you, Chair.

The Chair: You're being very co-operative. Thank you.

We're going to move to Mr. Lloyd.

You have seven minutes.

Mr. Dane Lloyd (Sturgeon River—Parkland, CPC): Thank you to our witnesses who are here today. It's always a pleasure hearing from our small businesses and our associations about their challenges, but also some of the positive things they're doing in our area.

My first question is for Mr. Laskowski. My stepfather is a truck driver. I come from a trucking family. When I hear about electronic logging devices, I definitely think, especially in the wake of the Humboldt tragedy, that we see such a necessity for these things to prevent bad actors from causing terrible things to happen.

There have been some concerns raised about inflexibilities by truck drivers I know. In the consultations over implementing electronic logging devices, I am wondering if we are considering the safety of the truck drivers when, let's say, they're 15 minutes away from home and are coming up to the end of their allotted 13 hours of driving. Are we taking that into account?

• (0920)

Mr. Stephen Laskowski: The short answer is yes. My answer to everyone, including the drivers and the companies who ask questions—and they're legitimate questions—is that all electronic logbooks are doing is taking the law that we currently have and bringing it from paper to electronic form. There is always enforcement flexibility when they look at it.

I guess the short answer is also that if there is a pattern of what I'll call “I needed that extra hour that day”, but they always seem to need that extra hour every day, that's not flexibility, but non-compliance. If you're stuck in a snowstorm, that won't be an issue. The auditors note it. There's a system in place for that. If there was a bad accident on the 401, you note that in your logbooks. There are systems in place to deal with that, so we do not have what I'll call overly officious rules. There is a system in place to deal with that.

Mr. Dane Lloyd: Are you saying that we've taken into account all of the possible situations we can think of that could cause problems? And are you saying that in the consultations, the government has assured you that it is going to take all of these situations into account in implementing flexibility?

Mr. Stephen Laskowski: Absolutely. It does today, and it will in an electronic world.

Mr. Dane Lloyd: That's very positive to hear.

You didn't mention it, but you talked a bit about the carbon tax. I want to talk about another area. Coming from a trucking family, you know that a lot of times the small business truckers, especially the guys who are running their own rigs, can't really pass on all the costs to their customers. The carbon tax is one thing, but the government is also introducing a clean fuel standard. That's currently undergoing consultations, but the government is looking to possibly raise the price of fuel by 5% to 10%. If those costs can't be passed on to consumers, your stakeholders will be taking that hit.

What are your thoughts on the clean fuel standard.

Mr. Stephen Laskowski: Trucking is a hyper-competitive business, just so everyone understands.

A class 1 railway would typically have an operating ratio of about 0.70. That would be a bad day for the railway. They're typically under that. Historically, a good average in trucking is 0.95, to your point, so we compete on pennies. Having to stick within the Competition Act, it is a significant challenge between a small and large trucking company dealing with their customers.

Mr. Dane Lloyd: If the clean fuel standard is implemented, raising the cost by 5% to 10%, is that going to put a lot of small businesses out of business?

Mr. Stephen Laskowski: It will be a significant challenge in the supply chain. The issue of the clean fuel standard, specifically to your question...Currently, the trucking industry has no alternative to diesel fuel. We are not married to diesel fuel. It is a marriage of no

other choice. Right now there is no infrastructure capacity for another fuel that's North American-wide that would allow a long-haul trucker to operate.

Mr. Dane Lloyd: Even if we were to find a new fuel that could be cost-effective, it would take years for the industry to adapt.

Mr. Stephen Laskowski: Correct. Our challenges and concerns with regard to pricing diesel compared to something else are.... In such a public policy world, one would say, “I am going to price this higher to incent you to use this other fuel.”

Mr. Dane Lloyd: But there is nothing for you.

Mr. Stephen Laskowski: Correct.

Mr. Dane Lloyd: My next question is for Mrs. Abballe. I had the pleasure of touring your facilities. Your husband gave me a tour not too long ago. It's great to see a small to medium-sized enterprise. I think you have about six workers and a lot of automated processes. You're investing and it's great to see that.

However, your testimony raises a lot of questions about how Canada is really not competitive in many ways. Could you further expand about the new kinds of meats? I believe you mentioned bresaola. Is the government asking you to pay upwards of \$20,000 more to send it into the facility—

Ms. Jane Abballe: If we want to validate it, if we want to make it more healthy and not use preservatives.

Mr. Dane Lloyd: Do you use nitrates at your facility?

Ms. Jane Abballe: We do use them now. We must, by regulation.

• (0925)

Mr. Dane Lloyd: Sending it into this validation process, why is that required?

Ms. Jane Abballe: We know that in Italy, it has been made for more than 100 years. Italians used to make it. Now, they have to use nitrates. We know of a few companies in Italy that are not using preservatives in great products, so it's much healthier.

Mr. Dane Lloyd: Are you saying we can't get these great products in Canada because of the regulations?

Ms. Jane Abballe: Not yet, no.

Mr. Dane Lloyd: You said that pigs in Canada are generally slaughtered when they are six months old, and yet in Europe, pigs are grown to 12 months old, which make a far better, higher quality meat for the purposes you're using. What is the difference in Europe and why is it so different there compared to here? Could you elaborate further?

Ms. Jane Abballe: I am not sure why, but pigs are grown to 12 months in Italy, Spain and Austria. And they are big.

Mr. Dane Lloyd: Do you import a lot of your hogs from Europe?

Ms. Jane Abballe: Yes, we do, but not everything, because we use Canadian pork for cheaper stuff like salami, but we use ibérico pork, for example, from Spain for salami. It's a completely different pork to work with.

Mr. Dane Lloyd: Thank you so much.

The Chair: We're going to move to Mr. Masse.

Mr. Brian Masse (Windsor West, NDP): Thank you, Mr. Chair, and thanks to all of you for being here today.

Mr. Laskowski, you mentioned the Gordie Howe bridge. I had my first public meeting on that in 1997—

Voices: Oh, oh!

Mr. Brian Masse:—at Marlborough Public School. It's been coming a long time and it's coming a long ways.

One of the things I do want to touch on is that they will be working on some new procedural elements for the bridge. Can you distinguish between small and medium-sized trucking outfits and independent truckers and what they face at border crossings, versus some of the larger corporations like Chrysler, General Motors and Ford, which get exemplary service for just-in-time delivery? They get that because they have the staff and the procedural elements in place to do a lot of the pre-screening clearance and a series of things that are much more expensive for a small or medium-sized business to go through.

Can you distinguish between the two and perhaps what other border crossings might need to help facilitate small and medium-sized trucking outfits that don't have that same advantage?

Mr. Stephen Laskowski: How I would answer the question is to say that because of the nature of the border, the border definitely has changed the way you do business as a trucking company. With regard to security requirements and food inspections, it's becoming far more complicated. It has forced both big and small companies to adapt. The question, I would say, has become less about size and more about your choice of market space. Some companies have exited the cross-border business because of its complication and have returned to domestic only, so yes, it's a challenge.

With regard to the bridge structure itself, we are very excited. Both the staff at the Gordie Howe bridge and the government agencies—because it's multiple—have reached out to the trucking industry about how we can build, service and design plazas in the actual structure itself to best accommodate trucking and trade. We are very excited about that opportunity.

Mr. Brian Masse: Yes. There's a real movement for that. In fact, the Windsor and district Chamber of Commerce and the institute for trucking at the University of Windsor's logistics program are looking

at the potential for a hub and other services. They have recently deserved a lot of credit for getting people together, even just to try to see about some best practices.

I do want to shift gears a bit and stay with you, because it is very important. You mentioned staffing personnel for the trucking industry and immigration. I remember that back in 2002 when I was at the Canadian embassy, Raymond Chrétien was the ambassador when the first suggestion from the United States was to bring in the US-VISIT program. They identified that three sets of Canadians that happened to be born in different countries would be identified and screened differently.

I protested that immediately, because I come from a border community where lawyers and accountants cross into Detroit every single day. Doctors and nurses—up to 10,000 medical professionals a day—cross into Detroit to save American lives. That has now transgressed into a series of Canadians who happen to have been born even 30 or 40 years ago somewhere else and who are now being screened differently in the United States when going in there. We still have yet to have a prime minister object to that.

What I'm asking, though, is this. If we are going to have a newer force coming in, which I guess we do need to work with about cross-border screening, are you concerned? Again, this is a policy where I can tell you that they'll have all kinds of problems on the border at different times, just depending upon where a person came from originally, even if they're a Canadian citizen, let alone a landed immigrant.

• (0930)

Mr. Stephen Laskowski: I think the answer to the question is that at times it's a challenge and sometimes that challenge goes away. You're dealing with enforcement policies and people—and I emphasize people—and different people take different approaches.

I will compliment the federal governments on both sides of the border for working with the industry. I think there is a recognition that trade is important to both countries, despite what you see in the papers sometimes. I think you would know best that border communities understand the importance of what Canada means to the United States and vice versa.

We do monitor those situations and we do work with the local port officials, and sometimes with D.C. I believe there are always challenges, but we've found that there is an ability to work together.

Mr. Brian Masse: I did have one other question. With the introduction of recreational marijuana and that, have there been any disruptions in your industry? I know that a lot of education went into the process for people to cross over and back and forth, but has that become an issue in any other parts of the country? For example, I know that in Ontario we haven't seen that as much, but in any other parts of Canada between Canada and the United States at the border crossings, is any of your intel coming back and indicating that's a problem?

Mr. Stephen Laskowski: We are monitoring it. We have not heard anything as yet. We have concerns as an industry, and we will continue to monitor that situation. Our overall position is that we would like to see mandatory drug and alcohol testing for all commercial truck drivers in Canada.

Mr. Brian Masse: Lastly, I have another question on entering the market in terms of low-interest loans for truck drivers, especially independent truck drivers. Are there any programs or any comparables you have for that? Often what I hear about from a number of different independent trucking individuals is the cost of borrowing for their rig.

I know that the capital cost reduction allowance is something that Michael Chong, who is here on the committee, has fought for years for, and I think this committee produced our first report on that back in 2004. Also, low-interest loans could be a way of people getting into their own business, if they had that capability.

Mr. Stephen Laskowski: It's not something that the alliance has really looked into. We have our challenges right now attracting individuals. At times, carriers might work with smaller individuals to leverage the marketplace and work with them individually. The overall challenge right now isn't purchasing the trucks; it's finding professionals to actually operate the trucks.

Mr. Brian Masse: Yes.

Thank you.

The Chair: Now we'll move to Mr. Longfield.

It's your turn.

Mr. Lloyd Longfield (Guelph, Lib.): Thank you, Chair.

Thanks, everybody, for your testimony. We've heard some really good details coming forward.

I want to hear from Mr. Freeborn, a University of Guelph grad; I have to start there. We had testimony last meeting from NSF International. They were talking about the Safe Food for Canadians Act, and specifically about making people aware of the changes so that they're not caught when the rules change.

Do you have concerns around the communication and implementation of things like the Safe Food for Canadians Act? Is there something we can do better there?

Mr. Kevin Freeborn: I think the safe foods act is primarily focused on the processing and the manufacturing, where we focus more on the retail and the sales in restaurants. That said, that seems to be more of a national approach. The challenge we face is that regulations in different jurisdictions can change—at any time, really. It is difficult to determine when that happens or how that happens unless you happen to be in touch with someone who's in the know

with regard to that. Having a national body as one resource that we could go to in order to determine where we're at with the current situation, as well as with a proposed future situation, would be fantastic for people in our situation.

• (0935)

Mr. Lloyd Longfield: Thanks.

You were talking about the regulations we have in Canada for food service, preparation, handling and serving, and about the opportunity to export some of that training. The red maple leaf on anything to do with food is one of our strongest brands. It seems as though we have a big opportunity where we could be doing training and exporting training. Could you expand on that a little bit?

Mr. Kevin Freeborn: Sure. In fact, we've seen other programs from other countries get approved in Canada, but we don't really have many resources available in terms of exporting to other countries.

One thing that would really help in terms of streamlining costs and bureaucracy would be to have standards in Canada that mirror standards in other countries. We could have consistent harmonization of information across those borders. That would make it a lot easier to create programs that could be exported, as opposed to creating.... What we'd be looking at now would be creating a different program for each country. That would not be very cost-effective, and it would be difficult to do.

Mr. Lloyd Longfield: Right. Thanks.

When I spoke with one of the restaurants in Guelph a couple of weeks ago, they were bringing in chefs from Italy. Another one was having trouble finding chefs. It seems, when we're bringing people in, there would have to be some type of onboarding to get them into Canadian regulations. Is that also something through immigration that we need to be considering?

Mr. Kevin Freeborn: Yes. In fact, we work with a lot of employment agencies that bring in new Canadians or retrain existing Canadians. One thing they do is they use national food safety training programs. The ability to have a national food safety training program, as I mentioned, relies on your ability to go through that cumbersome process of submitting to every jurisdiction and getting agreement from those folks. It's a lot easier and it's a lot better for the workforce if we can move people around across our country with one national standard.

Mr. Lloyd Longfield: Right. Terrific. Thank you very much.

Speaking of Italy, Ms. Abballe, I was listening with interest to the testimony about our multi-level slaughterhouse approvals. Slaughterhouse approvals in Ontario are different from those in Saskatchewan and in Alberta. The USDA seems to have found a way of going through that. The cost on your business is something that you have to bear, where in other provinces the provincial government would cover that cost. Are you aware of any of that? Would you like to see a harmonized slaughterhouse inspection service that's federally regulated and controlled and eliminate the provincial inspections?

Ms. Jane Abballe: Yes, I think it would be much easier for everybody to eliminate one level of inspection and to allow everybody, like in the U.S., to set...to have one inspection in every province and sell all over Canada. It would be helpful for small businesses, for sure.

Mr. Lloyd Longfield: If this question is commercially something that you don't want to answer, that's fine. But do you have an idea of how much business you could do if that was changed? I'm thinking about one small business. What's the opportunity for you to sell more product that you can't have because of the cost to your business?

Ms. Jane Abballe: I think it will be a huge increase. Canada is—

Mr. Lloyd Longfield: Will it be many times of what you're doing?

Ms. Jane Abballe: It will be many times, for sure.

I have phone calls from Vancouver, Alberta and even from the U.S., from New York, but I'm not talking about the U.S. now. Even just from the Canadian market, from Montreal.... I just had mail last week from somebody who has a huge retail store in Montreal. He wants to buy my product. He said, "Can you ship it? Or, I will come and pick it up." I said, "You can pick it up; I can't ship to you."

Mr. Lloyd Longfield: Right. It's like our regulations haven't grown with Canadians' now wanting to transfer product across the country. Because of the way we've set ourselves up, we can't do it.

• (0940)

Ms. Jane Abballe: I can't. I can't even sell to individuals—I am a company—but a lot of people, not businesses, call me personally too. I can't sell to them.

I don't have, for now, Internet sales, but probably we would start right away to sell all over Canada.

Mr. Lloyd Longfield: Exactly.

It's similar to trucking regulations across the country. You have to lift your tires or your axles off the ground in some provinces, and in others.... We're not set up to ship across the country.

Mr. Stephen Laskowski: There are challenges. There definitely are.

Mr. Lloyd Longfield: So, harmonizing would benefit, then.

Thank you.

The Chair: Thank you.

Now we're going to go to Mr. Albas.

You have five minutes, sir.

Mr. Dan Albas (Central Okanagan—Similkameen—Nicola, CPC): Thank you, Mr. Chair.

Thank you to our witnesses for their expertise and for helping us in the study of this important area.

I'd like to start with the Canadian Trucking Alliance.

Sir, you mentioned, in your initial testimony, the discussion around the federal trucking registry for the carbon tax.

I'm very concerned because, obviously, your industry spans east-west, but in my area, if I'm speaking to local truckers, a lot of their business involves north-south trucking, so there are going to be a lot of concerns around competitiveness.

Can you please, maybe, just tell us a little bit more about the federal registry for the carbon tax and what some of the concerns are around double taxation and competitiveness?

Mr. Stephen Laskowski: The issue here is that we will now have a carbon tax in Canada for the trucking industry, starting April 1. It will vary, depending on whether a province has a carbon tax in place or not. It gets further complicated as the years go on because there is a set schedule over the next four years for the carbon tax to increase. If the provinces that have a carbon tax do not increase their tax to the federal level, they will become what's called a "backstop jurisdiction". Those that don't have a carbon tax will remain a backstop jurisdiction.

The registry is meant to.... It is less complicated starting out, and it becomes further complicated as the years go on and the tax rates vary. Currently, the trucking industry has a system in place that's referred to as IFTA, the International Fuel Tax Agreement. It is an agreement between provinces and states to collect tax, fuel tax. It's automated. You tell where you run, you have your mile numbers, and it's distributed. One check, and it's done. Nobody likes to pay taxes, but obviously, fuel tax is going to roads. Roads help the economy grow. It's a good thing.

Our concern with regard to the federal registry is that it's not as seamless as IFTA. We have concerns about the ability of carriers to track this. We also have concerns about—to my earlier point—a level playing field. The CRA has assured the CTA that it will enforce this and ensure that everyone pays it, including U.S. carriers. We will see what happens.

Mr. Dan Albas: Just on a separate note.... It must grind some of your members' gears that in backstop jurisdictions such as Ontario and Saskatchewan, come April 1, they're going to be among the most heavily carbon-emitting industries because of the use of diesel. They will be paying proportionally more than, let's say, some other industries, and 90% of that has already been buttonholed to go directly to consumers.

Is that an issue?

Mr. Stephen Laskowski: Overall, just so that everyone understands, we are the only freight industry, transportation-wise, that's regulated for carbon emissions, so all of our equipment is currently regulated for carbon emissions. We've had a first round; we have a second round coming. We've supported that issue.

Our concern with the carbon tax, to the point someone asked me earlier about local carbon fuels, is that if we price a commodity that we don't have an alternative to shift from, it goes to the point of what the purpose of the public policy is. In our case, one would say that we need to be more fuel-efficient. Fuel is either the first or the second leading cost for a trucking company, so fleets are vigilant about fuel consumption. With regard to carbon emissions from trucks, it's all related to fuel efficiency.

The one ask our industry does have is that if we are going to be taxed on the fuel and we don't have a policy alternative, and we already are paying higher prices for equipment based on carbon pricing, we'd like to see that money come back to us in terms of an incentive program to once again reinvest in our equipment to gain even more fuel efficiency.

• (0945)

Mr. Dan Albas: Again, if 90% is already slated to go to consumers in terms of rebates, that makes it very difficult for any industry to be able to collect theirs back.

Going back to the federal trucking registry for the carbon tax, it sounds to me that there's going to be significant overlap between the existing registry for the United States and Canada, which seems to work rather well. I guess we'll see if this new registry works well. We've had a bit of an issue in Canada about new registries and their initial costs.

What are some specific concerns about the implementation of that? Is it going to be electronic? Is it a single window? Is there paperwork associated with it? Is it integrated into the existing operations?

The Chair: Please be very brief.

Mr. Stephen Laskowski: The answer to that question is that I know some of those answers, but not all of them. There are some concerns about the registry from the carrier community in terms of how they interact with the CRA at this point. We have a month to launch, so we are hoping things will be dealt with.

Mr. Dan Albas: You still don't know a month out.

Mr. Stephen Laskowski: We know there are some concerns about the registry.

The Chair: Thank you.

We're going to move to Mr. Sheehan. You have five minutes.

Mr. Terry Sheehan (Sault Ste. Marie, Lib.): Thank you to the three of you for your testimony on this important matter.

I'll keep going with Stephen.

My family is in the trucking industry too. I have cousins up in northern Ontario and Elk Lake, the Fisets, who have been trucking for years. I used to work for them when I was younger. And my best friend in Sault Ste. Marie, where I'm from, owns the Steel City Truck Lines.

It's an important industry, and I really appreciated your observations, in particular about the fall economic statement and being able to accelerate and write off the depreciation of equipment. I really didn't think about that until you mentioned it. Even as just consumers of equipment ourselves, we know how much and how quickly it depreciates.

Do you have any stats or have you crunched the numbers on what the potential savings or investment would be to the trucking industry for that particular one?

Also, I was reading some other news about what some in the trucking industry were talking about in relation to the fall economic statement, including removing barriers to trade within Canada and moving goods to markets efficiently in Saskatchewan and British Columbia. Those were the two pieces of investment: \$160 million for ports and rail infrastructure in Vancouver to increase the efficiency and capacity for trade; and the \$53.3 million to upgrade Highways 6 and 39 between Regina and Estevan, near the United States border.

Do you have any further comments on that?

Mr. Stephen Laskowski: Sure. I have them all in my speech, and I had to look over them.

In terms of your first question, if the company bought five trucks at about \$1 million each.... I want to put a big asterisk here: this doesn't downplay it, but assumes that the company is profitable. That's always an important reminder, because my members would say, "Hey, well, we have to make money to get this."

At \$1 million for five trucks, which would be about right for the overturn of a smaller company, typically, right now, it would be \$200,000. Under the new system it's \$600,000, so that's significant. It's very significant. If you just scale that down to a one- or two-truck operator, it's very important, yes.

Obviously the railhead investment at the port of Vancouver is important to the members of the B.C. Trucking Association. A number of them use that port, with all the freight coming in. The Regina investment was also important, as is any investment. When Minister Garneau made an announcement a couple of years ago that a different lens would be brought to infrastructure investment with regard to return on investment and funds, that was a very positive change in direction.

Our members like to see announcements like this. We pay a lot in fuel tax and registration, and we have an expectation for investment back into the highway infrastructure. You can't fix everything, but it makes sense to identify the bottlenecks and the problem areas. There's a return on investment for the Canadian economy. If a truck moves more efficiently—whether it's into a port or across the border or across a bridge—and the prosciutto can get across the bridge, it's good for business all around.

● (0950)

Mr. Terry Sheehan: I agree with that.

In Sault Ste. Marie we just finished the construction of the new bridge plaza, a \$53-million project. We have a lot of traffic. You've got the I-75 and you have 17. We are one of the largest and most important ports of entry in Canada, because it takes a long time to go around.

On that same note, in our northern Ontario Liberal caucus, Marc Serré, the parliamentary secretary for rural development, is here today. We've been talking about the need to twin highway 17 between Manitoba and, of course, Québec. That's one of the longest stretches of road.

Do you have a comment?

Mr. Stephen Laskowski: It's an important project. You hit the nail on the head: It's a long stretch of road. I have not seen the latest estimates for that. It is an important stretch of road. From an economic standpoint beyond public safety, again, I opened up the presentation with highway 185 from Québec. It's that same trucking configuration between the Maritimes and Ontario, by twinning 185.

If you twin the northern highway, it would be a monumental economic boon. The trucks that are not allowed on single-lane highways and cannot come from western to eastern Canada would now be able to. Twinning it opens up a huge opportunity between west and east. Basically, you get two trucks for one; they're double-trailer combinations that are now allowed on those roads. Those double-trailer combinations dominate trade in western Canada, but they stop at the Manitoba border because of that issue. There's a huge safety benefit. The economic benefits are there for twinning it.

The Chair: Mr. Albas, we'll go back to you for five minutes.

Mr. Dan Albas: Going back to the Canadian Trucking Alliance, again, there's a lot of integration between Canada and the United States. There are a lot of trucking companies that operate in the United States; they come to Canada and vice versa.

What are some of the competitiveness differences when you have no carbon tax in the United States? Are we going to be seeing trucking companies just simply filling up right on the border and then coming into Canada, where maybe before they would fill up on

the Canadian side? What are the kinds of distortions that may happen there?

Mr. Stephen Laskowski: That could be a potential distortion, but the registry, if it is implemented and enforced—and the key is enforced—should capture that. The overall question is will we have an issue of competitiveness as the carbon tax becomes further implemented and phased in more and more? Ultimately, it gets to around 14¢ a litre. That's a challenge. That will be a challenge in the north-south corridors.

Mr. Dan Albas: Will the United States trucking firms be forced to use the federal trucking registry for the carbon tax?

Mr. Stephen Laskowski: We have been told they will be.

Mr. Dan Albas: That's interesting, okay.

What about Canadian companies that operate in the United States. Will they be filling up on the U.S. side? Will that exempt them from having to pay it, or is that somehow part of the federal trucking registry?

Mr. Stephen Laskowski: The tax is consumed not at point of purchase, but where you travel. The accuracy of the reporting needs to be in place.

It goes back to the general question when we opened our dialogue. I'm not trying to evade the question. If the law is applied to everyone, then the law is the law and the costs are the costs borne by us all. But if there is not level-playing-field enforcement and an assurance of level-playing-field enforcement, then we have a challenge.

Mr. Dan Albas: What is your equivalent U.S. organization saying to this?

Mr. Stephen Laskowski: With regards to the carbon tax registry?

Mr. Dan Albas: Yes.

Mr. Stephen Laskowski: They've inquired.

Mr. Dan Albas: We're a month away, and they've inquired about it? It doesn't sound as if this is ready to go.

Mr. Stephen Laskowski: No, they've inquired as to what they need to do, and have educated their membership on it.

Mr. Dan Albas: All right.

You also talked about the need for trained workers and perhaps to have some of the gaps made up through immigration. My understanding is that there are some changes to the residency requirements, so that when someone has put in their application they're required to be in Canada for a certain amount of time. Some truckers are choosing to no longer go north-south across the Canada-U.S. border, because now when people exit the country, it's recorded and can be used to say they weren't in the country long enough for residency.

What does that do to the industry and should that not be studied further? These people have already made a commitment to Canadian citizenship.

• (0955)

Mr. Stephen Laskowski: Yes.

We have inquired into that and how that is being enforced. As you pointed out, the rule is whether you're in the United States for 10 minutes, an hour or a full day—an hour is equal to a day. To be honest with you, I have not heard of any issues on that front. It does not mean that they can't come.

Mr. Dan Albas: I have trucking firms in the Okanagan that have specifically said that this has dissuaded some of them.... They are currently forced to work for other companies, because the orientation of their company is north-south. I think some of the smaller ones are there.

It does sound to me, sir, as if your organization should be called the “Canadian trucking inquiry alliance”, because you seem to be inquiring about a lot of information and the government isn't getting to you. Is that not creating uncertainty?

Mr. Stephen Laskowski: The issue here is more the American enforcement of this issue, and are they going to require taxes to be paid? Is the Canadian government going to enforce this requirement back home? We have asked the government for exemptions for truck drivers on this issue, because they are in the United States for so long. If you are a Toronto to L.A. truck driver, you are in the United States well over 100 days of the year.

Is this a challenge for our sector? Yes. Has it become a problem? No. Could it become a problem? Yes.

Mr. Dan Albas: Thank you.

The Chair: We're going to move to Mr. Jowhari. You have five minutes.

Mr. Majid Jowhari (Richmond Hill, Lib.): Mr. Laskowski, you seem to be bearing the brunt of all of the questions today. I'm going to use my five minutes to ask some specific questions—no disrespect to the other witnesses.

You talked about the price on pollution. It seems there's money to be gained on diesel as of April 1. You suggested it could be reinvested, either into new technology or some incentive programs. You also highlighted the fact that there is no alternative right now to diesel fuel for you to be able to make that transition.

What would some of your suggestions be vis-à-vis your suggested reinvestment incentive program and alternative technologies?

Mr. Stephen Laskowski: Sure.

Right now the Province of Quebec has what we refer to as a green fleet program. Money gained from their carbon tax allows for rebates on the different trucking technologies on the trucks: trailers, fairings, tires and wings.

Our point on the carbon tax is that if this public policy statement is about to send a message to the economy and those in the economy that you need to go green, if we do not have an incentive to switch fuels—because we don't, as we have no alternative fuels available—then we're saying to those who are taxing us that we want the money back to us to green our equipment to reduce carbon emissions, as opposed to going into general coffers.

Mr. Majid Jowhari: When you talk about greening our fuel, do you mean that you're going to make the design of the truck such that, because it's more aerodynamic, it's going to—

Mr. Stephen Laskowski: Correct. There are returns on investment on that equipment, but you need the money to make those investments.

Mr. Majid Jowhari: The trucking industry is not unique to Canada. Especially in Europe and other parts of the world, they use trucks. Are there other technologies or alternative fuels being used in other jurisdictions that are all focusing on—

• (1000)

Mr. Stephen Laskowski: It's diesel. Diesel is king right now, and diesel will be king for the foreseeable future. There was an article—

Mr. Majid Jowhari: Tesla is testing this new truck that—

Mr. Stephen Laskowski: They're testing it, but in the short term, especially if you're a small business....

Think of yourself as a small business in trucking. We're hyper-competitive. Do you really want to introduce whatever technology it is that's high risk and jeopardize your whole business structure? The answer is that you're not going to do it.

Therefore, until there are certainties with regard to whatever the alternative is—

Mr. Majid Jowhari: Or some type of risk-sharing modelling....

Mr. Stephen Laskowski: To be honest with you, because of the hyper-competitive nature of the trucking industry, it has to be a certainty. You don't compete based on your equipment; you compete on other factors. Therefore, your equipment has to be certain.

If you leave from Toronto to go to L.A., you need to know that you're going to be able to fuel that run with complete certainty and that you're going to be able to maintain that vehicle with complete certainty. Until those certainties are on board with other fuels or other technologies, which we do not have currently, that's not going to happen.

Mr. Majid Jowhari: Thank you.

I have about a minute left and I want to go back to your comment about legislation. You were talking about the CRA misclassification and lack of a level playing field, and you touched on enforcement. Can you expand on this CRA misclassification?

Mr. Stephen Laskowski: Sure.

We have a significant issue in our industry. We have thousands of small trucking companies and drivers who are misclassifying themselves to gain tax advantages that should be given to small businesses.

Jane gave a great speech today about the challenges of small business. She probably loses a lot of nights' sleep over a lot of issues as she takes on these challenges.

There's a risk-reward—

Mr. Majid Jowhari: What is this misclassification?

Mr. Stephen Laskowski: I'm getting there.

What's happening is that there are thousands of drivers who work for these hundreds of trucking companies that have said, "No, you don't have to take any risk; you're going to incorporate yourself." Then Steve Laskowski incorporates himself and he is a small business.

They don't pay for a truck, they don't pay for the fuel, they don't pay for the licence plates. They basically bring a pair of boots to work and they're going to deduct all the things that Jane gets to deduct because she takes risk and all the rest of it as our small members do.

However, they take no risk, none. They are getting all the benefit of the tax system of a small business, with none of the risk, and we expect it's costing the taxpayers of Canada over \$1 billion at a minimum.

In terms of a level playing field, imagine being a small employer. That small employer is saying to you, "I take on all this risk, for what? I can go down the street and just incorporate myself for \$300 and I can get all the deductions."

To CRA's benefit, last year they stepped in and said, "No, these people are not owner-operators; they do not own a truck, they do not buy plates, they do not do all this and take the risk."

They are what's referred to as a personal services business and not eligible for any of the small business deductions, but now, the issue for us in 2019 is to enforce the law.

Mr. Majid Jowhari: Okay, I have it. Thank you.

The Chair: Mr. Masse, you have two minutes.

Mr. Brian Masse: Mr. Freeborn, with regard to safety standards and enforcement, what are the three priorities in terms of consistency, especially for those who might not be following regulatory regimes, using lack of enforcement as an incentive for getting into a market or undercutting the competition that's following proper standards?

Mr. Kevin Freeborn: With regard to the food service industry and the area we focus on, the regulations require that one person per shift be certified as a food handler. The idea is that, in most jurisdictions, you'll be required to have at least one person present

during the preparation and service of food who has some education and knowledge about food safety in the operations. That's currently the standard across Canada, as far as it goes.

The way they get their certification is quite diverse. There are a lot of private sector organizations, such as ourselves, that develop and deliver training and certification, as long as that certification has been approved or recognized by all of the different jurisdictions across Canada that require it.

• (1005)

Mr. Brian Masse: What do you think the compliance is in the industry, though? Obviously, there is a cost to invest in your service—in training and so forth. It has to be passed on to the customers. What do you think the compliance is in the general market?

Mr. Kevin Freeborn: I think the compliance amongst larger players is much higher because they view it as a risk management thing. They want to make sure they're compliant.

With the vast majority of small businesses across Canada, the question would sometimes be whether they are even aware that there's a legal requirement. There has to be education about what is required.

The health authorities do a lot of this work. When they do inspections, they cite organizations. The largest number of people who would probably still need to seek compliance would be the small businesses, where the impact of the cost associated with this is felt. If they can avoid spending money in an area, then obviously that puts more money on the bottom line.

Mr. Brian Masse: Would it be fair to argue that education...? Or is it willful ignorance—ignorance is bliss—that is happening? A significant thing that has been raised to me over the years is that those who are following the law and the regulations and investing in those things have a hard time competing with those who aren't.

Is it just a matter of education, or is it a combination of education and a little bit of enforcement to make sure that the bad operators aren't rewarded?

I think that's what we're really trying to get at. Like a lot of things, it's the policing component. How much do you invest in that versus education?

Mr. Kevin Freeborn: There is definitely a requirement for policing. In fact, I think there is a requirement for legislation. Over the years, we've seen that in jurisdictions where there was no legislation with regard to food handler certification, the number of people who got certified went way up when legislation came into play.

Number one is that they weren't getting certified if there was no legislation. One of the challenges we also see is that in order for enforcement to happen, you need the people to do that. One small example is if the environmental health officers or health inspectors are spending their time trying to figure out how to...and evaluating programs that are put on their desk for approval, they are not in the field enforcing those regulations.

That's where more enforcement is necessary. We probably need to look at other areas where we can take stuff away to allow that enforcement to happen.

The Chair: Thank you.

It looks like we have votes. I was going to ask you a question, Mr. Freeborn, but perhaps you can submit the answer to our clerk.

In the case of an American company called ServSafe that does training up here, could you let us know how they get certification in Canada? Their standards are actually a little bit different. I wanted to ask that question, but I can't; we have to go to a vote now.

Thank you all very much for your presentations. They were very informative.

I want to remind the committee that on Thursday, the meeting room has been changed to room 410.

Thank you again.

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