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**EVIDENCE**

**Tuesday, March 22, 2005**

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**Chair**

**Mr. Paul Steckle**

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## Standing Committee on Agriculture and Agri-Food

Tuesday, March 22, 2005

•(1530)

[English]

**The Chair (Mr. Paul Steckle (Huron—Bruce, Lib.)):** Ladies and gentlemen, we're going to bring the meeting to order. There are still a few members who haven't arrived, but we will have to get started; it's time.

We have the Minister of Agriculture and Agri-food with us this afternoon. We also have with us Mr. Edwards, Deputy Minister, and Mr. Gravel, Executive Vice-President of the Canadian Food Inspection Agency.

Welcome, Mr. Mitchell. We look forward to your admonition this afternoon. I'm sure all of us will be much the wiser for it, and the opposition will be much happier after you leave than they were coming into this meeting. This is, of course, at their request. We all concurred that we wanted to see the minister once again.

Thank you for coming and sharing with us to bring us up to speed, I believe, on where the beef industry is at and also to answer questions pertaining to Bill C-27, which is the reason for our gathering this afternoon.

You're on, Mr. Mitchell.

**Hon. Andy Mitchell (Minister of Agriculture and Agri-Food):** Thank you very much, Mr. Chairman and committee members. I appreciate the opportunity to provide an update on the situation in respect of BSE.

I realize, as you mentioned, Mr. Chair, that you are very preoccupied with a large number of issues in the committee. I'd like to thank you for all the work you are doing as a committee with respect to agriculture and agrifood. It's very much appreciated. Of course, I think it very appropriate that we have an opportunity to talk about the critical issue of BSE and the issue surrounding the border. We had an opportunity to have a debate in the House the other night, and I think it's good that we have a chance to follow it up here at committee.

I'm going to talk about a few things at a very high level and not take a lot of time, Mr. Chair, so there's an opportunity for questions. I want to talk a little bit about the interaction with the U.S. I want to talk a little bit about providing liquidity to producers, about expanding capacity, about new markets, about transformative measures with respect to the Canadian herd, and a bit about where we go from here from my perspective.

First of all, I'd like to give just a brief bit of history in terms of the U.S., though most of the members here are quite aware of it. The U.

S. put forward in late December a proposed rule change that would see a move toward regularization of trade between Canada and the U.S. in cattle, beef, and other ruminants. This rule change was based on a scientific approach, one that recognized Canada as a minimal risk region, one that recognized clearly that our regulatory regime appropriately protected both animal and human health.

That particular rule was scheduled to come into force on March 7. A group in the United States, R-CALF, obtained a temporary injunction on March 2, which caused the rule not to come into force. Since that time the USDA has made a decision to appeal the temporary injunction. This will take place in the appeals court in Sacramento. At the same time, the original case continues to move forward in the courts in Montana. The judge in the Montana case has set a date of July 27 for a hearing. There have not been dates established yet in terms of the appeal that is presently being worked on.

I should mention that the U.S. National Meat Association is making a request to join the action both on appeal and on the original action. I've had an opportunity to speak with Secretary Johanns on a number of occasions with respect to the legal action. The U.S. has made it clear, both in terms of its public statements and then in its actions, that it intends to vigorously defend the rule. It intends to vigorously defend the fact that the science indicates that the Canadian regulatory regime does in fact protect animal and human health and that the border should be open.

We work very closely with the secretary. It's our intention to file an amicus brief in the appeal to make sure that the Canadian perspective, the Canadian view, is known. The USDA welcomes this activity on our part and welcomes us to proceed in this manner.

I should take a moment as well to recognize the colleagues here who were also with me in Washington as we did some direct work with the U.S. I thank my colleagues for being there with me.

We will continue to follow very closely the legal situation as it unfolds in the U.S. From speaking with the secretary, it is our view that not only will the case be vigorously defended, but the USDA will try to craft its actions in a way that will bring the case to as rapid a conclusion as possible. That's an important criteria for the approach it is taking.

In terms of moving on to the issue of liquidity in the industry, Mr. Chair, we have been working very closely with members of the industry and consulting with them, both prior to and since the ruling on March 2. I've had an opportunity to meet both on a national level and on a regional level with representatives, as well as with individual producers, to discuss the issue. Obviously, the state of liquidity in the industry is an important consideration and one that we are carefully evaluating.

We have had past measures in that respect, to try to bring some liquidity to the industry, with some success. Our set-aside programs, both our fed and feeder programs, have had a great deal of success. On the fed side, we were down about 64¢. It topped out at 91¢, and it has fallen back to 77¢ since the March 2 ruling, on very thin trading at this time. In terms of feeders, it went from 87¢ to \$1.27, and it's dropped back to \$1.10.

I mention those figures under the liquidity issue because that brought close to \$1 billion from the marketplace into the hands of producers, with those price increases. Obviously, all of us want to see that as being the ultimate solution. The regularization of trade will result in the marketplace providing income to producers, and I think everybody wants to see that.

There have been other programs that have put dollars into the hands of producers, including the BSE recovery program and the CAIS program. The special cash advances that we put in place in October to bring some liquidity to the industry brought some \$317 million between what we were able to do on a federal side as well as on the provincial side. As I mentioned, we're evaluating very carefully the next steps in terms of how we want to deal with the issue of liquidity within the industry. Part of our challenge right now, as members can appreciate, is that there's a great amount of market uncertainty as the situation unfolds.

The next issue I want to talk about is the issue of capacity. One of the issues that I think there clearly is a general consensus on is the importance of building new slaughter capacity here in Canada to help reposition the industry in terms of what we can process here. The other half of that, of course, is what we'll be able to market in places beyond simply the United States. We've gone from having a low utilization, at one point, of 65,000, to having a capacity level of 83,000 per week. So there has been some good progress. It's still not to the level that most people indicate they would feel comfortable with, if we want to have the ability to do processing totally in Canada.

We've seen two new plants open this year, one in Salmon Arm and one in Prince Edward Island. The loan loss reserve program now has a formal agreement with the FCC, and should have an agreement with the Alberta Treasury branches very shortly.

We have five formal requests, beyond the two that have been opened, for new additional capacity, between 7,000 and 8,000 per week on those five requests. We've also had an opportunity to revise our processes in CFIA for approvals.

A number of additional steps have been suggested, all of which we are going to carefully take a look at. First of all, there is the issue of provincial abattoirs and being able to upgrade those to be able to trade interprovincially or internationally. I'm advised that right now

there are about ten such plants in Canada that could easily see the upgrade done.

I should mention, though, colleagues, that right now 95% of the processing is already in federally regulated plants. So we're talking about a relatively small number, even if we could move them all. But there are ten relatively large ones that we may be able to deal with.

There's also the issue of regional capacity. It's important to reach not just the macro numbers; there are regional issues involved. Right now 90% of the slaughter capacity is in six plants in this country, so we do have a regional issue that we need to deal with. There's also the issue of the type of ownership, the age of animals, the whole issue of making sure that our plants have up-to-date and state-of-the-art technology in order to give us the competitive advantage, and whether or not we want to enter into the idea of using niche markets or having our plants, from a commercial basis, deal in particular niche markets.

In terms of marketing, Mr. Chair, as you're aware, the government announced the \$50 million contribution to the Canadian Cattlemen's Association's legacy fund. These dollars will be used to help develop new markets, and that, of course, is the other half of new capacity. If you're going to build new capacity, you need to build new markets. We're making a substantial investment in that respect. We've done a lot of work in a number of markets to try to regain access, or to gain new access. We've had some success, and we continue to work vigorously in a number of markets.

• (1535)

In addition to assisting the industry, there's an important government advocacy that is being done in foreign markets, both at the official level and of course at the political level.

We are working hard on developing our tracking, tracing, and surveillance systems. We've invested some \$92 million in that. Of course, that is important both for our regulatory health and safety issues and in terms of the marketing opportunities it presents us vis-à-vis other trading partners.

As I mentioned, the opportunity to develop niche markets is something Canadian producers have done well historically. We will certainly be looking at that, as well as the importance of harmonizing or providing a regulatory regime that our trading partners are comfortable with. I think as well, Mr. Chair, there's the importance of putting some of our regulators on site in foreign markets so we can facilitate their ability in understanding our processes so they become comfortable in taking our product.

There's also what I call a transformative issue in respect of the herd. We've dealt on some issues with that in terms of our cull animal program. We've dealt with the managing older animals part of the \$488 million repositioning strategy, issues in terms of what the size of the herd should be, what the age of the herd should be. That's something we're working very closely with the industry on to develop how we move forward in that particular respect.

To summarize, Mr. Chair, in terms of the way ahead, we want to take a very comprehensive approach in this respect. That includes dealing, obviously, with the cattle. It includes dealing with other ruminants. It includes dealing with the genetics sector, and it includes dealing with the dairy sector. They're all impacted on by this situation, and in our view we need to be very comprehensive in the approach we take.

I think it's also important, Mr. Chair, that we work very closely with the industry itself. This is not something that government can do in isolation or should do in isolation. It's something the government needs to do working with the industry in the different component parts of the industry as we move forward.

As I mentioned, we will continue to monitor very closely the impact on liquidity, as in the most recent action by the U.S. courts, and we will act accordingly.

I continue to believe that we need to work on our repositioning strategy. We need to build upon what we announced in September in all of those parts that I mentioned—in capacity, in markets, in the herd, and in market stabilization, basically our set-aside programs.

And I mentioned, Mr. Chair, the importance of working with a collaborative approach. That includes with this committee and with the caucuses from all sides of the House. I understand that we work in a partisan arena, but it's been my experience in dealing with all of the members around this table to see how dedicated they all are to assisting the cattle industry and others.

Thank you.

• (1540)

**The Chair:** Thank you, Mr. Minister.

I think in the essence of time today, given that we have one hour, if we could limit our comments, questions, to five minutes, we can get around to as many as possible. I'm going to limit everyone to five minutes, and I'm going to be fairly tight on that schedule.

Ms. Finley.

**Ms. Diane Finley (Haldimand—Norfolk, CPC):** Thank you, Mr. Chair.

I would like to thank the honourable minister for taking the time to share with us today, with the committee, the actions of the government and his department and what they're undertaking on behalf of the livestock industry. I know the BSE file is important to him and that it's taking up an awful lot of his time these days.

As we all know, the Prime Minister will be in Texas tomorrow to meet with U.S. President Bush and Mexican President Vicente Fox, and he's taking a full entourage with him, including several ministers.

Canadian producers and I would like to know why the agriculture minister will not be going with the Prime Minister, given that BSE is one of the major issues between our countries. Is it that the Prime Minister doesn't see this as a priority?

**Hon. Andy Mitchell:** No, clearly the Prime Minister sees this as a priority. I think the Prime Minister made it very clear that he does in the leadoff questions in question period today. The reality is that, as the Minister of Agriculture, I have been dealing very closely with

Secretary Johanns. We've met directly, but we've also had, I think, four conversations in the last ten days on this particular issue.

I think it's important to remember something here. This is not an issue between Canada and the U.S. right now. Canada and the U.S. have exactly the same perspective on this: we both want to see the border open; we both agree on a regulatory regime that should see that border opened; and both governments are working to achieve that very specific end.

The issue at hand now is a legal one. In a particular court in Montana, the USDA is vigorously defending the situation. We are cooperating with them very, very closely in the approach they're taking, to the point where we will in fact file an amicus brief. But in terms of government to government, there is a clear consensus between the two governments on exactly how we should proceed. I think the actions that we've taken over the last while reflect that. I must say that bringing the Americans to the position where they share our view is the result of a lot of hard work, not just by me, as the minister, or by my department. That's true of all the members around this table, including opposition members, both here on the committee and within Parliament itself.

• (1545)

**Ms. Diane Finley:** Thank you.

Recently, all four western provinces developed BSE programs to compensate producers of elk, deer, bison, sheep, and goats for the BSE crisis. Other ruminant producers have been demanding, and continue to demand, aid from the federal government. When will the federal government be stepping up to the plate to provide the 60% funding that these four provinces are seeking for the producers that have so far received nothing under previous programs?

**Hon. Andy Mitchell:** Well, my understanding is—and my officials can correct me if I'm wrong—under the TISP program last year other ruminant sectors were eligible for payment, so I don't think it's accurate to say that they haven't received anything. But I do share your view that it is important to remember that they are being significantly impacted. I was pleased to see the four provincial governments come forward. I do believe that as we take a look at the liquidity issues, and as we take a look at the restructuring issues and move forward on those, it's absolutely essential that we include the other ruminant sector.

**Ms. Diane Finley:** Is there a timeline for when the federal government will be joining these provincial programs?

**Hon. Andy Mitchell:** Sooner rather than later.

**Ms. Diane Finley:** All right. I have one last question. You mentioned that there are three issues with regard to expanding slaughterhouse facilities: regional distribution, ownership, and age of animals. You said these are going to be addressed.

This is a joint question. First, when will these issues be addressed and how?

Second, you mentioned the ten plants that could easily be upgraded. How would those contribute to reducing the regional disparity?

**Hon. Andy Mitchell:** I will answer your last question first: to some extent. And I say “to some extent” because, as I mentioned, they don't represent a big portion of the overall slaughter capacity that's in place in the country. So they will have an impact. I don't want to overstate what that impact may be, but it's something that is certainly worthwhile exploring. Of course, part of it would depend on whether the owners of these plants would want to do that. You just can't come in and say, “You shall do this”. So I think that's part of it. I know Mr. Bezan has mentioned this as a possibility, and I think it's a worthwhile part to look at.

I think we need to work closely with the industry, as well as with potential investors, on some of the modifications we would want to make. There are, not disagreements, but different perspectives on how best to do this. I know my colleague Mr. Kilgour has some particular views on different approaches to how it may work. There is a debate or a discussion about whether the best approach is to encourage new debt capital or to use equity. I think that's a reasonable debate and discussion to have, and we're willing to look very closely at whatever proves to be most effective and still meets the same two principles of sound business planning and sustainability.

**The Chair:** Thank you very much.

We move to Madam Rivard.

[Translation]

**Ms. Denise Poirier-Rivard (Châteauguay—Saint-Constant, BQ):** Thank you, Mr. Chairman.

Thank you, Minister, for taking the time to bring us up to speed. You've touched on a range of issues. Earlier, you talked about 10 slaughterhouses. How many of these slaughterhouses are located in Quebec?

[English]

**Hon. Andy Mitchell:** Federally regulated? There's just one.

•(1550)

[Translation]

**Ms. Denise Poirier-Rivard:** You also talked about new markets, promotion, new market niches and the sum of \$92 million. Exactly which market are you targeting and what approach do you plan to take? Of the \$92 million, how much will be allocated to new market niches and to promotion?

[English]

**Hon. Andy Mitchell:** I'm just a little bit confused on the \$92 billion figure. I'm not sure where that's coming from.

[Translation]

**Ms. Denise Poirier-Rivard:** I believe that's what you said earlier. You quoted a figure of \$92 million.

[English]

**Hon. Andy Mitchell:** Oh, \$92 million.

[Translation]

**Ms. Denise Poirier-Rivard:** Yes.

[English]

**Hon. Andy Mitchell:** The \$92 million was in respect of the tracking and tracing and surveillance system; that's not specifically

for new marketing. One of the new marketing initiatives we announced was the legacy fund, which was \$50 million.

But let me get to the main point of your question, which relates to a type of niche marketing. First of all, I want to make it clear that we've made no specific decisions. There have been some recommendations about some approaches we should consider in niche marketing. For instance, there are folks who have come forward and said there are markets in which we could sell where they are asking that 100% testing be done on those animals. For a commercial reason, somebody may decide they want to do that. Somebody may decide they want to have hormone-free beef and sell into markets where that would make it attractive, or they may decide to have only grass-fed animals if that's the market that is available. The idea is to look at what type of niche marketing may lend itself to being an opportunity.

That's one side in terms of how you would produce your product. The other side of it, of course, is the marketing side, to develop those markets and first find who would be willing, in general, because we're doing that in a number of markets to establish or re-establish trade. As I said, we've had some success, Hong Kong being a good example.

Then we would continue to do that both at the industry level, because I think there's a very important role for industry in the development of its own markets, and at the government level. We are able to play a role by providing comfort to potential importers of our product by showing that our regulatory regime is what it is, a safe one, one that does provide animal and human health safety. If you have the industry go over there and say here's our product, you should buy it, and then from the governmental side we can demonstrate that we have a strong regulatory regime that ensures the safety of that product, together we can develop the new marketplaces.

[Translation]

**Ms. Denise Poirier-Rivard:** Minister, getting back to the subject of cull cows, was an agreement reached with the provincial minister on the floor price of 42¢, as requested by Quebec? Did the two sides meet to hammer out an agreement? Were funds released? Can we reasonably hope to have an agreement on a floor price of 42¢ for cull cows in Quebec?

[English]

**Hon. Andy Mitchell:** I spoke to the Quebec minister earlier this month, about two and a half weeks ago. I spoke to the president of UPA as recently as yesterday, and we had some discussions about that. It's our intent to deal with the issue of cull cows. From my perspective, as I've said on a number of occasions, a decision on a minimum price would have to be taken on a national basis.

However, there are other approaches. I was pleased, as you know from exchanges you and I have had in question period, in respect of what the Canadian Dairy Commission has done in terms of the \$5 price increase, a portion of which was to deal with cull cows. But as I mentioned in my introductory remarks when I talked about the comprehensive approach, it's also important to understand that particular issue, and it's critical for us to deal with the issues of liquidity and restructuring as well.

**The Chair:** Thank you, Madam Rivard. We're sorry, but we're out of time.

We'll move to Mr. Kilgour, for five minutes.

**Hon. David Kilgour (Edmonton—Mill Woods—Beaumont, Lib.):** Mr. Chair, I have a number of questions.

I'll try to make them short, if you'll make the answers short too, Mr. Minister.

The September repositioning strategy allocated \$384 million, I gather, for sustaining the industry until the industry has new capacity. How much of this money has been paid out in the form of CAIS advances?

• (1555)

**Hon. Andy Mitchell:** The announcement that was made was for \$488 million beyond CAIS; so that was not part of CAIS. The CAIS advances—

**Hon. David Kilgour:** Was the \$488 million set aside for sustaining the industry?

**Hon. Andy Mitchell:** Yes...let me just answer.

The \$488 million was for the repositioning strategy. In addition, at the same time—not with that money but the CAIS money—we had a special advance of \$317 million to assist producers. But that's not part of the \$488 million; that's separate from the \$488 million.

**Hon. David Kilgour:** Did any of the \$488 million go out in CAIS payments?

**Hon. Andy Mitchell:** No, CAIS is totally separate from the \$488 million.

**Hon. David Kilgour:** Okay.

Regarding the \$50 million announced in Calgary, I think a lot of producers are wondering why we're launching \$50 million for a marketing campaign when there's still a pressing need for increased processing capacity.

**Hon. Andy Mitchell:** I think it's important, Mr. Kilgour, to do both. To do one without the other would make very little sense. I think there's a need both to increase our ability to process as well as to increase our marketplaces. To increase our ability to process and not have any market to sell to would make no sense; to have the markets without being able to have the product, conversely, wouldn't make a whole lot of sense either.

**Hon. David Kilgour:** The *Canadian Cattlemen* for January has an article on the new packing house map, pointing out that all of those would-be producers believe in the future of beef. I think it's fair to say that among the 23 they mentioned, the Peace Country Tender Beef Co-op in Dawson Creek, Ranchers Own in Edmonton, and the Southwest Alberta Packers all badly require funds.

This brings me to your loan loss scheme. How many applicants for debt capital intending to finance the creation of increased slaughter capacity have applied for capital under the auspices of the loan loss reserve program?

**Hon. Andy Mitchell:** To my understanding, two specific proposals are being considered right now under the loan loss program with participating lenders, or who are about to be participating lenders.

**Hon. David Kilgour:** You can't give us the names of those, I guess? Okay.

Since the announcement of the additional \$17 million being allocated to the loan loss reserve fund, how many loan applications have been made since then?

**Hon. Andy Mitchell:** As you know, Mr. Kilgour, we don't deal directly with them; they deal with the lenders.

But let me add a point, Mr. Chair. The \$17 million being added to the money that was there is, in part, to deal with the loan loss, but also to deal with.... I'm going to be very frank, as colleagues on both sides of the aisle, including yourself, have made suggestions that there may be better and more productive or additional ways to go about taking a look at slaughter capacity. I'm saying as the minister that I'm quite prepared to entertain those suggestions and to work with the industry and with members on this committee with additional ideas on how to move forward. And part of that money will be used for just that.

**Hon. David Kilgour:** Fine.

Has Farm Credit Canada loaned out money to increase slaughter capacity, and if so, would you tell us how much? Has it loaned out any money under the loan loss program?

**Hon. Andy Mitchell:** They just finished their agreement, and I know they have a proposal under that. I can get you the information. Without giving you the name of the specific firms, I believe they can give you the numbers on what they're doing in terms of supporting packing houses and slaughter capacity.

I want to make certain that I'm not promising something that.... They certainly couldn't give the individual transactions, but I think they can give you the overall numbers.

**Hon. David Kilgour:** I've got one more question.

**The Chair:** One more question, if it's short.

**Hon. David Kilgour:** There's a concern that the boxed beef that's going to the U.S. now could be threatened by R-CALF and other people. Can you give us any reflections—hopefully positive—on that?

**Hon. Andy Mitchell:** R-CALF can bring a case to do that. Obviously, the USDA will defend that. We believe obviously that it has absolutely no merit, based on the science and based on the practical processing or process that has happened over the last year and a half. We would certainly oppose that, and the USDA has indicated they would oppose that.

But I'm in no position to speculate on what a court may or may not rule in the United States.

**Hon. David Kilgour:** Thank you.

**The Chair:** Thank you.

We'll move now to Mr. Stoffer. Your question should be related to beef today, not fish.

Mr. Stoffer.

•(1600)

**Mr. Peter Stoffer (Sackville—Eastern Shore, NDP):** I happen to like surf and turf. I thought I'd get them both in.

Welcome, Mr. Minister. Some of the beef initiative groups have sent to you and your department proposals for producer-owned abattoirs. Can you tell us the status of at least your surveillance of those requests? What if anything can the federal government do, possibly with the provinces, in this regard?

**Hon. Andy Mitchell:** You're right, Mr. Stoffer, that one of the approaches being suggested is producer-owned operations. There are a number of reasons why that may be an effective organizational model and a business model, particularly in terms of guaranteeing the supply of product to any particular entity that may be created.

On one of the things we're trying to work toward...as the new slaughter capacity comes on line it will be sustainable regardless of what may happen in the future, including obtaining access to live animals into the United States. A producer-owned type of process is a positive one.

In terms of the plant in your part of the country, in Atlantic Canada, in P.E.I.—which is really a maritime plant—there's significant producer participation in the development of that plant and work toward ensuring supply to the plant. That's a model we want to encourage.

As I mentioned to Mr. Kilgour in answer to his question, we take a look at some of the revisions we may want to make. One of the options is designing our programming in a way that encourages producer-owned plants. It's a point that's been well made to us by a number of producers as being a very viable approach to this issue.

**Mr. Peter Stoffer:** We all watched the news when that elected judge, who was well paid and lobbied by R-CALF, made the decision to keep the border closed. Unless he or a higher judge overturns that decision, there's really not that much we can do legally. Is that correct?

**Hon. Andy Mitchell:** We're not strictly a party to the case, but there are two options being pursued simultaneously on the legal front. The first one is to go to trial on the main case or have a hearing on the main case, which is scheduled for July 27, and attempt to convince the judge that in this case the USDA's position that the rule should come into force is the appropriate one. That's one process.

The second process is one that's taking place in the appeals court right now, and that is to appeal the temporary injunction. That appeal was filed last week. They are still waiting for the dates for the hearings in that appeal, so we'll see whether that's going to take place before July 27. I hope it does, because the sooner we can get this done the better, from my perspective. So there are those two avenues.

Also, depending on the outcome of the main case, should the USDA not be successful they would have the option of appealing whatever ruling came down in the main case. So there are a number of legal avenues. However, at the same time, we have no intention, as a government, of simply waiting and watching the American court system evolve or take place. There are a number of issues here in Canada in terms of liquidity, and there are those restructuring issues I talked about on capacity, marketing, and maintaining an equilibrium

in the marketplace. We will continue to do those as the court case plays out in the United States.

**Mr. Peter Stoffer:** On the domestic side—and excuse the ignorance of this question because I haven't seen it—I've just noticed a sort of vacuum in the leadership of the federal government in advertising right across the country, explaining clearly to Canadians as the taxpayers in all of this what is going on and encouraging the consumption of Canadian beef within the Canadian populace. Why wouldn't the federal government spend some money promoting Canadian beef within Canada?

We have 30-million-plus people, minus the vegetarians and those without teeth. The fact is that we have a great food source and a safe food source in our country. Excuse me if you are doing this, but if you're not, why isn't the government promoting the sale and consumption of beef within its own borders? At least show the producers and everyone that Canadian beef is safe, and it would be a good thing for Canadians to possibly look at this as part of their regular diet.

•(1605)

**Hon. David Kilgour:** My colleague and friend has demeaned the people without teeth, the people who do eat Alberta beef.

**Mr. Peter Stoffer:** Oh, sorry, I just meant that—

**The Chair:** You would maybe be better poised to sit in the minister's chair talking like that, but nevertheless, you're not in that chair today and I want to thank you for your intervention. But your time has expired and I don't think the minister could add much to that.

I'm going to go to the next speaker.

**Mr. Peter Stoffer:** My apologies to those without teeth.

**The Chair:** Mr. Stoffer always brings humour to the table.

I'm not sure who's going to speak over here. They can't decide.

Mr. Anderson, for now at least.

**Mr. David Anderson (Cypress Hills—Grasslands, CPC):** Mr. Chair, I have one question, and then I'll turn it over to Mr. Ritz.

Sheep, elk, buffalo, goats, llamas, alpacas, and rodeo stock have all been basically flattened by this BSE crisis. Now, they're not included in the R-CALF USA injunction as far as I understand. You said the U.S. and Canadian governments are in agreement on the solution to this.

I'm just wondering, why has it been impossible for you to be able to get the border open to the other ruminants, including rodeo stock, and what are you doing about it? Why hasn't that happened? Why have you been unable to do that?

**Hon. Andy Mitchell:** I'm going to check that, but that's not my understanding. My understanding is that they were disallowed with the initial ruling, that they were going to be readmitted, or re-regularized, with the rule that was proposed by the USDA, and that the injunction injuncts the whole rule.

**Mr. David Anderson:** Why have you not been willing to do the work to split those off from the beef and to give those folks a chance to move ahead?



**Hon. Andy Mitchell:** Quite frankly, I don't decide whether the USDA rule is to be split in two or whether it covers one set of animals or another set of animals. The issue here is that through a lot of hard work on the part of a lot of folks, the USDA put forward a rule to regularize trade in cattle and other ruminants. We were pleased to see that. We were pleased to see the USDA defending the injunction that was put against that. And as I mentioned in my opening comments, the necessity to deal with the situation requires a comprehensive approach, including the other-ruminants' sector.

**The Chair:** Gerry.

**Mr. Gerry Ritz (Battlefords—Lloydminster, CPC):** Thank you, Mr. Chair.

Budget 2005 was a disappointment for everybody that had anything to do with agriculture. I'm sure you were disappointed as well. The only thing in there that actually spoke to the farm gate were the cash advances that wouldn't kick in until 2006. Will that date now be brought back to 2005, since the border isn't open?

**Hon. Andy Mitchell:** Excuse me, can you repeat that?

**Mr. Gerry Ritz:** The 2005 budget called for cash advances but not starting until 2006.

**Hon. Andy Mitchell:** Oh, you're talking about the spring advances?

**Mr. Gerry Ritz:** Right. They're not starting until 2006. Now that the border isn't open, can that be brought back into this calendar year instead of waiting a year? The guys need the money now.

**Hon. Andy Mitchell:** My understanding is that if we're asked to make those kinds of changes, it requires a legislative change. I'm going to be required—which I'm prepared to do—

**Mr. Gerry Ritz:** You move it and I'll second it.

**Hon. Andy Mitchell:** I'll remember that. That will be an interesting concept.

**Hon. Wayne Easter (Malpeque, Lib.):** We need the money too.

**Mr. Gerry Ritz:** Well, it's still the 2005-06 budget.

**Hon. Andy Mitchell:** It requires a legislative change, but the issue—and it's an important one—is liquidity for that sector, and you're quite right that we need to be very cognizant of the liquidity and make sure they have the availability—

**Mr. Gerry Ritz:** The clock is ticking, so don't mind me if I cut you off.

**Hon. Andy Mitchell:** Okay. Sorry.

**Mr. Gerry Ritz:** Are those cash advances going to be distributed through CAIS or are they stand alone?

**Hon. Andy Mitchell:** The program that's referred to in the budget is what we know as the spring advance program and the fall advance program. That's a separate part of business risk management.

**Mr. Gerry Ritz:** Good. They might have a chance of getting it then.

Are you taking advantage of every venue, every opportunity out there, to plead Canada's case, in your mind?

**Hon. Andy Mitchell:** Absolutely. I'll have an opportunity to be at an international meeting next week that Secretary Johanns will also

be attending. We have a bilateral meeting arranged and we will make that point.

**Mr. Gerry Ritz:** I understand that the Canadian Cattlemen's Association has asked for intervenor status on the R-CALF USA appeals case. Are you funding any of that or facilitating funding?

**Hon. Andy Mitchell:** Not to the best of my knowledge.

**Mr. Gerry Ritz:** Why not?

**Hon. Andy Mitchell:** To start with, I don't believe we've been asked to, and second, I think we need to be very cognizant of the type of direct support we would give in terms of fighting a particular action so that that in itself doesn't become actionable.

**Mr. Gerry Ritz:** The industry itself is facing huge losses, and they continue, since the border has closed and it's indefinite. We don't even have a date any more. There is no light at the end of the tunnel.

There is a group in Alberta—ranchers and feedlots—that initiated a chapter 11. With no help from the federal government at all, I'm wondering why you would not help with the funding of that or do the government-to-government chapter 20. I'm wondering why you would not take up that venue.

• (1610)

**Hon. Andy Mitchell:** There are two parts. One, we would historically not assist in a chapter 11. That is an industry initiative. Otherwise, you would find yourself in a situation, potentially, of saying, this one is meritorious and we will provide assistance, this one isn't, and the next one may be. So there's a tendency that when it's an industry initiative they do it themselves.

There is, as you mentioned, a vehicle where you can do a government-to-government challenge. I will never rule anything off the table, but right now, as I mentioned in answer to an earlier question, our dispute is not with the U.S. government. The U.S. government, in fact, is in exactly the same place as we are. However, having said that, I won't take anything off the table.

**Mr. Gerry Ritz:** I'd say the clock's ticking.

**The Chair:** Thank you very much.

We move to Ms. Ur.

**Mrs. Rose-Marie Ur (Lambton—Kent—Middlesex, Lib.):** I thank you, Mr. Minister, for attending.

I have a few quick questions. There are rumours that we would like to see whether it would be possible to have the borders opened prior to the July 27 decision. Do you really think there's any hope of that happening?

**Hon. Andy Mitchell:** From my understanding, without being a lawyer, if the USDA is successful in the appeals court and they overturn the injunction, and that would occur before July 27, then in fact the new rule could come into force. That would be a way, if we're successful, in getting the temporary injunction overturned on appeal.

**Mrs. Rose-Marie Ur:** Okay. Another quick question. We're looking at increasing the slaughter facilities with funding. Are we looking at assistance in further processing, value-added, going beyond the slaughtering facility to help the Canadian producers, through FCC or something like that?

**Hon. Andy Mitchell:** I think FCC has the mandate to do that kind of work. We haven't contemplated at this point any kind of specific assistance to help—

**Mrs. Rose-Marie Ur:** Is that a good venue to follow in looking at export markets...? We have to move away from the dependency on our good neighbours to the south and look at the full system within our own borders.

**Hon. Andy Mitchell:** I believe you make a good point. As we reflect upon the ability to create or to establish niche marketing, we need to be, just as you say, willing to take a look at what would be entailed in order for us to capture those markets. That may require going further up the value chain. That's something we would want to seriously take a look at.

**Mrs. Rose-Marie Ur:** When you're looking at new facilities or putting dollars into new facilities, are there sufficient facilities out there that we could upgrade, rather than waiting for new facilities to be constructed?

**Hon. Andy Mitchell:** I guess there are a number of ways that could happen. We mentioned one. We talked about the provincial plants. It's a small portion of where we're at, and there may be some owners of plants who may want to do that. There may be some capacity in existing plants in putting on another shift or another line, and that's a possibility. For instance, in a plant in Prince Edward Island right now, they have the possibility that they could put in another line to do the older animals during a night shift, depending on, again, the market access, or potential market access, and whether comingling would be allowed. But you're right, there are some potentials, both on the provincial side, as well as on the federal side.

**Mrs. Rose-Marie Ur:** Do I still have time?

**The Chair:** Yes.

**Mrs. Rose-Marie Ur:** Okay. In your discussion on floor pricing, we've heard this time and time again. Are there any discussions on that?

**Hon. Andy Mitchell:** There was a discussion at the request of the Government of Quebec and UPA at the end of the year. They wanted to have an opportunity to discuss it. We facilitated a meeting of assistant deputy ministers, and there was an opportunity to discuss that concept.

As I said, from my position as a federal minister, that would have to be something that is done federally. But at the same time, and this goes back to my answer, regardless of an approach that may be taken, there is an issue with what's being experienced with cull animals. As I mentioned, when we respond to this situation it needs to be done comprehensively, including that issue.

•(1615)

**The Chair:** Are you finished?

**Mrs. Rose-Marie Ur:** I'll give time.

**The Chair:** Okay.

We move to the Bloc side. You're on, Mr. Gaudet. We're trying to get through as many as we can.

[*Translation*]

**Mr. Roger Gaudet (Montcalm, BQ):** Thank you.

During the debate on March 8 last, I said a few words that you may not have appreciated, but I will nevertheless speak them again. I have a great deal of respect for the Minister of Agriculture as a human being, but I cannot speak of him as Minister of Agriculture in glowing terms.

In Quebec, the UPA is involved with beef, pork, cull cows and softwood lumber. I don't imagine you're alone in defending the opening up of our borders. Why is the Minister of International Trade not accompanying you on your travels? Why are you left to go it alone? In early January, you travelled around the world, to Asia, Japan, the United States and Mexico, but you returned somewhat confused. You embarked on this journey all alone, like a man on a pilgrimage. Why were you not accompanied by other ministers? Does the Minister of Agriculture have any standing in this government? For the past two years, I've observed that he is nothing more than a pawn.

I'm truly concerned about the situation. For that reason, I'd like you to answer a question for me. In my view, the members of the committee are in favour of helping the agricultural industry move forward. That objective is of utmost importance to a nation. As things now stand, the government is not living up to my expectations.

[*English*]

**Hon. Andy Mitchell:** Well, without having the Minister of International Trade's itinerary with me, I can speak to a couple of examples that I know clearly.

Ten days after I led a mission with colleagues to Washington, the Minister of International Trade was in Washington dealing with a host of trade issues, including the agricultural one. He spoke to that.

I know in early January he travelled to both China and Japan as part of the trade mission there. You may recall at that time the Prime Minister of Japan made a very clear commitment to work toward the regularization of trade with Canada in terms of cattle and beef, based on science. The Minister of International Trade was part of that mission that got that commitment.

I could probably get others from his travels.

There are times when the two of us have travelled together, where it made sense. We were in Geneva together for those negotiations. I suspect there will be other times when being together makes some sense, but I think it also makes some sense, to cover more ground, that we would be in different places at different times. I think we work on a complementary basis.

I can say from my discussions with the Minister of International Trade that he is very committed to seeing regularization of trade in beef and cattle with the United States. He is very committed to seeing the development of new international markets; he keeps that clear in his mind whenever he travels. And of course he has a range of other issues that he deals with at the same time.

[Translation]

**Mr. Roger Gaudet:** Minister, in light of everything you're telling me, I'd like you to explain to me why the Americans are charging 15% duty on some goods. The duty on softwood lumber is as high as 27%. Canadians cannot return the favour, so to speak, to the Americans. Yet, the products that make their way across the border are probably not always of the highest quality.

The Canadian agricultural industry is renown for being profitable and first rate. I'm not sure the same can be said of the US agricultural industry. Why it that we're never able to close our borders to certain products? We allow US goods into the country, whereas they stop Canadian goods at our borders. We sit back and meekly allow this to happen.

• (1620)

[English]

**The Chair:** Very quickly. Our time is just about out.

**Hon. Andy Mitchell:** Mr. Chair, obviously we don't agree with the American anti-dumping action. We believe the prices fluctuate—they're commodity prices and they fluctuate up and down according to commodities, not because somebody is trying to dump them on to a particular market. So we disagree with the approach they take.

I've often said, and so has the Minister of International Trade, that we need to have stronger dispute resolution mechanisms. I believe that to be the case. If you're going to have trade, you're going to have disputes. Our issue is we need to have reasonable approaches for those dispute resolutions that have beginnings, middles, and ends. I think that's important. Although it's not directly related, it's part of the reason we're actively involved in WTO negotiations, to deal with trying to level the playing field and work toward eliminating those trade-distorting activities that take place in the international market-places.

**The Chair:** Mr. Drouin.

[Translation]

**Hon. Claude Drouin (Beauce, Lib.):** Thank you very much, Mr. Chairman.

Minister, Mr. Edwards and Mr. Gravel, we're pleased to welcome you here today.

Unlike my colleague, who professes to know the man, but not the minister, I have the good fortune of knowing both. I know that you and your staff work hard to support agriculture...

**Mr. Roger Gaudet:** It's the government that's not working hard enough.

**Hon. Claude Drouin:** ...with your administrative staff and that you have the welfare of the agricultural industry at heart. You must continue to do an excellent job, even if the results are not always the ones we hope for when we negotiate with our counterparts in the United States. I'd like to remind colleagues that 96 per cent of all

trade with the Americans is going smoothly and that problems arise in only four per cent of cases. Of course, that figure is too high. We hope to resolve all problem issues as quickly as possible and we have taken action through the courts to address many problem areas. We have emerged victorious on several points. Unfortunately, small groups are opposing our action and hampering our efforts. We hope to win our case and achieve some concrete results, as far as the agricultural industry in particular is concerned.

Mr. Minister, recently you increased slaughter capacity by \$17 million. You also talked about easing certain restrictions. As you know, an initiative has been proposed in Quebec. Without increasing their slaughter capacity, producers and the UPA would become owners with a view to achieving better prices and better price controls. Could these loan guarantees, which are part of the program, also apply to them, even if they do not increase their slaughter capacity? Fundamentally, this would support our producers by ensuring a more stable price. It may not be the highest price that they would like to get, but it would be a stable price nonetheless and that would help them out.

We were also awaiting the March 7 ruling. Unfortunately, once again, the legal ruling handed down in Montana has resulted in everything being delayed. I'd like some assurances from you. Will the government work diligently to help our producers weather this terrible crisis and to minimize its negative impact?

[English]

**Hon. Andy Mitchell:** There are a number of questions there. Thank you very much.

First of all, the programming we have in terms of slaughter capacity is to increase slaughter capacity. That's what the role of our programming is. As I've mentioned, we are actively considering other approaches and other things we may be able to do. For instance, in the Prince Edward Island plant we made investments in terms of new technology to allow for tracking and tracing. We're actively considering whether that may be useful to take a look at.

But generally speaking, it's for an increase in capacity. Now, that increase in capacity could take place in an existing plant if it increases its slaughter rate, but the investment is to actually increase it.

I should mention—and you've given me an opportunity, Madam Poirier-Rivard—that when I answered your question my deputy pointed out that although there is one large federal plant, there are six smaller plants. I'll get you the list for those federal plants.

• (1625)

[Translation]

**Ms. Denise Poirier-Rivard:** Thank you.

[English]

**Hon. Andy Mitchell:** I wanted to make that point.

[Translation]

**Ms. Denise Poirier-Rivard:** I would appreciate that.

[English]

**Hon. Andy Mitchell:** I agree with you, Mr. Drouin, about the importance of assisting and partnering with the industry. We've essentially done that as a government since May 20. We provided investments that are close to \$2 billion. The provinces have provided additional investments. To use the phrase I used on March 2, when the ruling came down, we have stood by our industry and we will continue to stand by it, and we will make investments as appropriate as we go forward.

We've demonstrated that in the past, and we will demonstrate that as we go forward.

That's our intent.

**The Chair:** We'll move to Mr. Stoffer. Can we have one question perhaps, keep it to one question? Then I know Mr. Bezan wants one question. That will get us pretty much to the end.

Then Mr. Easter, I guess, in fairness...and then we'll have included everyone.

Quickly, one question.

**Mr. Peter Stoffer:** Sir, the beef initiative group has also asked if it would be possible to have funding for a feasibility study on 100% testing of 30 months or older, as they do in Europe and in Japan, in order to possibly assist the marketing of those initiatives. Has that request been looked at?

Also, Frank McKenna, our new pit bull in Washington, wasn't very good on BMD, so I'm just going to ask, have you had a chance to meet with him to discuss this serious issue? What is he doing in terms of our salesman for Canada in the United States?

**Hon. Andy Mitchell:** To answer your first question, we don't have programming in place yet. However, as I mentioned, we are taking a look at a number of different approaches, and providing assistance in that way may make some sense.

Secondly, I've talked to Mr. McKenna on three occasions and met with him once. We've had a long discussion. I should mention that Mr. McKenna did in fact address a letter to every senator after the Senate debate pointing out to the senators that they were wrong, those who made those statements. He sent that letter to each and every senator and then made the letter public, and I was pleased to see him do that.

**The Chair:** Moving to Mr. Bezan, quickly, for one question.

**Mr. James Bezan (Selkirk—Interlake, CPC):** Thank you, Mr. Chairman.

**The Chair:** Not two and a half like our honourable friend ahead of you.

**Mr. James Bezan:** As the only cattle producer here at the table, I'm glad to get my question in.

It's connected in a way. You're talking about redirecting \$97 million in the budget that is going to be used from programs that weren't utilized properly that are going to go into SRM management. Also, you're talking about the provincial abattoirs and the new announcement there. Is that going to be direct financing rather than just loan loss reserve? Is there going to be a chance to have the plants apply directly to the government, similar to what's been done with

Bombardier and the auto industry and so on, so that there is direct financing? Desperate times require desperate measures.

**Hon. Andy Mitchell:** To go back to what I said, looking at getting provincial upgrades is one of the possibilities we're looking at. We've made no solid decisions at this time. I also mentioned we are looking at a range of vehicles that may be available to us as we take a look at things.

Again, I should mention, on the provincial side, this is not something that you come down and just mandate to an owner. It would be something they would want to undertake. I think that's important.

**The Chair:** Mr. Easter, one question.

**Hon. Wayne Easter:** Thank you, Mr. Chair.

More as a point of clarification, as Mr. Ritz has suggested his disappointment in the budget, I think it would be useful if the minister would outline, basically, how the budget works in agriculture. We do not always have to go back to the well in the department to finance the way it works now. In fact, the Government of Canada has had record payments in the last number of years. It still doesn't address all the hurt that's out there, Mr. Chair, but I wonder if the minister might clarify that point, because everything was not listed in the budget that in fact happens through his department.

**Hon. Andy Mitchell:** It's a good point, Mr. Easter, on two bases. First of all, agriculture, because of the nature of it, oftentimes makes investments between budget cycles, which of course we did this time. We made a \$488 million investment in September. Of course, that doesn't show up in the budget. And I don't think any member here would have said don't make the investment in September; wait six months so you can announce it in the budget so that the budget numbers go up. I'm sure nobody here would suggest that.

The other thing, of course, is the fact that the CAIS program is a statutory program, a demand driven program. It was budgeted at \$1.1 billion and \$1.1 billion. That's \$2.2 billion in the first two years. It's actually going to pay out \$2.9 billion in our business risk management. So that's \$700 million, but that doesn't need to be announced in a budget because it's a statutory program. That's one of the major changes that was made in terms of putting in the new business risk management.

I see we're over our time, Mr. Chair. If I could just take a moment, personally, because I want to do this.

I'm a very fortunate Minister of Agriculture, and particularly with this committee. I know for some folks here we have political differences, obviously, and we debate those, but each and every member around this table has worked very, very hard on this issue in their capacity as members of Parliament and as members of this committee, and I want to extend my deep appreciation and thanks to all of your members, Mr. Chair, for the work they've done. It's very much appreciated. I see us as partners, as we move forward, and as colleagues, and I thank them. It's not that I don't suspect that they will hold me accountable and be critical, as they see fit, but I do want to make mention of that.

Thank you.

•(1630)

**The Chair:** Thank you very much, Mr. Minister, Mr. Gravel, and Mr. Edwards, for appearing this afternoon. The courtesy you've extended to this committee in coming on short notice is certainly appreciated by all of us around this table. We certainly know you have a very difficult job to do, in fact an impossible task, and we wish you well as you continue on doing that. So thank you very much.

As you leave the table, let us go immediately to the motion by Mr. Anderson, which is before the committee, and deal with that now, if there's any commentary on it. There are a number of things that concern me in terms of our future business. I want to deal with that perhaps on Thursday. We set aside some time for future business and for looking at what we're doing and how we're conducting our business. I think we can do it even better than we're doing it. I think we've had some great, wonderful work done here, but I think we can do it better. We're becoming less focused as we go along, and I think we need to get our focus back to the business at hand. So if we could deal with the motion....

Mr. Anderson, have you any comments on the motion?

**Mr. David Anderson:** I don't want to make—

**The Chair:** We are already dealing with that in terms of the Auditor General. This is not something that isn't being done. You may see a need for us to go further, but anyhow, I only want to point that out.

Does anyone else have a comment?

**Mr. David Anderson:** I think it's self-explanatory. In order to keep the discussion brief, I'll leave it at that.

**The Chair:** Does anyone else have a comment?

**Hon. David Kilgour:** Mr. Chairman, since it looks like it's self-explanatory, does anyone have any reason to oppose it?

**The Chair:** No, but I have to get at it.

Mr. Easter.

**Hon. Wayne Easter:** Yes, Mr. Chair, and the two Davids, I do oppose it. I oppose it fairly strongly, because, as the chair has indicated, the Auditor General looks at these issues in her normal work.

I don't believe this is necessary at this time. I think the opposition is trying to play politics with an issue that we don't need to play politics with. The minister has clearly outlined the amount of money that has been spent on this issue. It is on record.

**The Chair:** I should also point out, as it has been pointed out to me by our researcher, that we have independent consultants already working on this. We're going to have a lot of people working on this at the same time.

**Mr. David Anderson:** That's not true. We have independent consultants working on where the money went after it left the government's hands. This deals with it up to the point that it left.

**The Chair:** Okay. I call the motion.

(Motion agreed to [See *Minutes of Proceedings*])

**The Chair:** Could we have our witnesses to the table, the cattlemen, along with the people from the Canadian Council of Grocery Distributors?

I'll suspend for a few moments while we reposition ourselves and get ready for the next round.

•(1634)

\_\_\_\_\_ (Pause) \_\_\_\_\_

•(1637)

**The Chair:** I am going to reconvene. Would those who are not at the table please come back to the table so that we can get on with our business?

In the next hour or thereabouts we will have bells ringing at 5:30. We will need to be fairly prompt. Again, I will continue the order of five minutes. Could we have your presentations reasonably succinctly?

I realize that we have two different sectors coming together at the same time, but the fact is if we come back after the vote, we may not have anyone here. We don't think that's fair, so in keeping with the spirit of fairness, we'll bring you to the table and the questions can flow both ways.

We are referencing Bill C-27 this afternoon. I'm sure there will be other matters that you may want to address as well, but that is certainly the focus.

We have Mr. Stan Eby, president of the Canadian Cattlemen's Association. We have with us Mr. Robert McNabb, assistant manager. He is no stranger here as well. We have Betty Green, chair of the animal health committee with the Canadian Cattlemen's Association.

From the Canadian Council of Grocery Distributors, we have Brian Walton, vice-president.

**Mr. Stan Eby (President, Canadian Cattlemen's Association):** We have Brad Wildeman with us from the Cattlemen's Association too.

**The Chair:** Yes, we've had Mr. Wildeman here before. It's good to have you with us. Thank you very much, Brad, for coming, and to all of you for being here today.

Can we quickly move into your presentations and then into the question period?

**Mr. Stan Eby:** Thank you, Mr. Chairman. It is certainly a pleasure to be before your committee again.

We'd like the opportunity to discuss issues in our industry with you today. To date we are very appreciative of the support that the Government of Canada has given us. Before we go into any industry details, Bill C-27 is on your docket and I'll ask Betty Green to make our presentation.

**The Chair:** Thank you very much.

Ms. Green.

**Ms. Betty Green (Chair, Animal Health Committee, Canadian Cattlemen's Association):** Mr. Chair, honourable members of the committee, in the interest of the committee's time we will read a brief statement on our interests in Bill C-27. If it pleases the chair, we'll provide a more detailed position paper to the clerk.

The Canadian Food Inspection Agency is proposing to consolidate, modernize, and enhance its inspection and enforcement authorities for food, agriculture and aquatic commodities, agricultural inputs, animals, and plants, in order to provide a more consistent and comprehensive approach to the CFIA's inspection, enforcement, and compliance activities.

The Canadian Cattlemen's Association supports the need to modernize and enhance the inspection and enforcement authorities for food and agriculture, including inputs and animals. This is in the context that it strengthens Canada's position as a global leader in animal health, food safety, and the trade of these products. Consolidation of acts and regulations in itself can result in a clearer mandate for what has become a very complex food production and marketing system.

There are, however, issues that require clarification in the proposed bill. First, CCA supports the concept of streamlining and consolidating the acts and regulations under the authority of the CFIA. Consultation to this point has been lacking, but we do expect the opportunity to clarify that in the near future.

The CCA is concerned about the implications of licensing and fees that often accompany such procedures.

Another point is that while food safety standards may have a place in regulations, food quality is a market issue. Proper recognition of industry food safety programs must be provided for.

Incorporation for reference can lead to unintentional consequences and must be reconsidered.

Our final point is that the Canadian Food Inspection Agency must have the resources to fulfil its mandate for the public good, as well as being Canada's signing authority for the global trade of animals and foods.

• (1640)

**The Chair:** Thank you very much, Ms. Green.

Mr. Eby, do you have anything further at this point, or do you want to wait for the questions?

**Mr. Stan Eby:** I would like to wait for the questions. We would like to maybe raise another topic if timing permits.

**The Chair:** Sure.

Mr. Walton, do you want to make your presentation now?

**Mr. Brian Walton (Vice-President, Canadian Council of Grocery Distributors):** Yes, if it pleases the committee, Mr. Chairman. Thank you.

Bonjour. Good afternoon. The CCGD is a national trade association of wholesale and retail grocery companies and food service distributors. You'll see our membership in the appendix to the report.

As I work through my comments today, I'll make reference to each of the headings in the submission you have and comment thereafter.

Our sector represents \$80 billion in sales, when you combine retail and food service distribution. Our members conduct business in virtually every community in Canada.

Food safety is a priority. Our CEOs consider food safety to be a top priority and invest heavily in training and systems to ensure they sell food that is safe to eat. I have identified the four pillars in our sector's food safety strategy in the brief.

Bill C-80 was the forerunner of Bill C-27. Our principal focus on Bill C-80 was tampering, and we are pleased to see this in the new bill. I will have more to say on that in an in camera session, in which I understand I'll have a little bit of time at the end of the meeting.

On the CCGD and the CFIA, we respect the role the CFIA plays in the realm of food safety. We enjoy a good working relationship with the agency as we connect, principally, on the three areas identified in the brief. We are currently working with the agency and other supply chain partners on a desktop crisis exercise this fall.

Specifically in regard to Bill C-27, in the brief you'll see comments, questions, and recommendations on certain aspects of the bill. We expect to have more to say when the regulations come forward in the future. Anything lifted verbatim from the bill appears in italics with a comment or question that follows.

In terms of the definitions, we see no problem with the definitions.

In regard to licences, we can't really evaluate this without a regulation.

On importation, a small point here, but we assume that "written" also refers to "electronic communication".

On recognition of inspection results, during briefing sessions we had with the agency, we were told the federal government can act, or this would enable them to act, on provincial inspection reports. We would welcome that as long as there is clear communication between the two parties, because we have to act on those calls fairly quickly in the case of a recall.

On tampering, again, I think the word is "satisfactory". We would also add that there is obviously a need to recognize the efforts of legitimate retailers in the face of a tampering incident.

In terms of inspections, we believe the inspection powers are quite broad and ill-defined. I'll refer now specifically to paragraph 25(1)(c). We would like to see more detail around what inspectors can and cannot do, as noted in other clauses in this section. I should add that in the paragraph in the brief where I refer to subsection 5(1), that should be the Food and Drugs Act, not the regulation.

On costs and liabilities, we're not clear on this, but we don't think it's appropriate to put the entire burden on business. We wonder how this might affect routine inspections, which we would have some concern with if there was a cost recovery for that practice, although I don't think that's anticipated.

On regulation, as we said, we expect to be brought into the discussions on the regulations as they come forward over the next few years.

On the final point, relative to incorporation by reference, we are not clear how it will be used, but we would not want to see it as a way to usurp the current regulation-making process. I can elaborate on that if you wish.

In some policy matters we see food safety sometimes used interchangeably with quality or together with quality. We definitely see the role for the government in regard to food safety, but quality is another matter altogether. We really see that as something that should be in the realm of the marketplace.

Thank you, Mr. Chairman.

• (1645)

**The Chair:** Thank you, Mr. Walton.

Mr. Bezan, for five minutes.

**Hon. Wayne Easter:** Mr. Chair, I have a question for clarification.

You said Food and Drugs Act where, Brian? Just above section 56 you have "regulation". Is that where...?

**Mr. Brian Walton:** Yes. It's under "Inspections", the second last paragraph from the bottom starting with "CCGD members". It's regarding misleading advertising.

**Hon. Wayne Easter:** Thanks.

**The Chair:** Is that definitely clear?

**Hon. Wayne Easter:** Yes.

**The Chair:** Mr. Bezan.

**Mr. James Bezan:** Thank you, Mr. Chair.

I want to thank all of you for coming and appearing before committee today.

I want to start off with the CCA, with Stan and Betty, talking about the issue with the injunction right now from the United States. I understand you may be seeking to intervene in that situation. I just wanted to get a quick update of where we're at on that matter.

**Mr. Stan Eby:** Mr. Bezan, yes, the Canadian Cattlemen's Association has filed for intervenor status in the action. Interestingly, we had a lawyer explain the actions to us this morning, and I felt a lack of clarity in the system there. There are three actions going on simultaneously, but yes, the Canadian Cattlemen's Association is represented there.

**Mr. James Bezan:** The National Meat Association has also filed a brief, I understand. I think it was due yesterday. They're even asking R-CALF to post a bond. Do you have any update on that, especially the bond issue? Damages from R-CALF in this could impact on the overall injunction, particularly the ability of R-CALF to continue without the injunction.

**Mr. Stan Eby:** The NMA didn't get intervenor status at the original hearing, and they've appealed that position. We understand they would be asking for a bond to be posted. There is some question about whether that would be available to them or not, but do look at

the National Meat Association activity as the thin edge of the wedge to get this legal action activated and to move it.

**Mr. James Bezan:** Okay. Do you want to switch gears to Bill C-27? This is for all the witnesses.

One of the concerns I have with this bill is that we're going to be creating a group of super inspectors. These guys are going to have a pile of ability to go not only into plants but onto farms to enforce regulations. They're going to be able to carry a really big hammer. Particularly, they can shut down an operation. There isn't really a great appeal mechanism here. There isn't any responsibility on their part or a liability issue back to plants that are shut down, farms that might be shut down, grocery stores that could be shut down for whatever reasons they determine. There isn't any oversight here. Summary convictions.... They can drag this thing on for two or three years before they actually file a suit.

I am wondering if you're comfortable with that, and particularly, what should we be doing in place of that or in balancing that whole aspect?

• (1650)

**Mr. Brian Walton:** I would say the key word is balance. We made specific reference to one of the clauses that we felt was too broad and to the point where the inspector could ask for anything. Other clauses in that section refer to specific things that inspectors can and cannot do, and that's what we were seeking, more clarity around that, and some balance and recourse if there is a debate about whether or not a product should be pulled or seized.

**Ms. Betty Green:** We also have a concern with regard to the training and competency of an individual to take on all of those tasks. We have asked for further clarification, and we are going to be having a presentation at our animal health committee tomorrow.

**Mr. James Bezan:** Do you think it would be useful to have some sort of oversight there, whether it be a committee, a legislative committee, that would make sure they weren't overstepping their ability to enforce this act?

**Ms. Betty Green:** We have asked for a committee, involving industry, to have that kind of input.

**Mr. James Bezan:** Actually, one of the concerns we had was that there hadn't been a lot of consultation on this. And you said, Betty, that there was a lack of consultation.

**Ms. Betty Green:** That's correct.

**Mr. James Bezan:** That maybe points out why there have been so many shortfalls in the act. Have there been any phone calls at all, any chances to meet with bureaucrats when they were preparing this bill?

**Mr. Robert McNabb (Assistant Manager, Canadian Cattlemen's Association):** Not during the preparation of it. We have availed ourselves of the opportunity to have them come and present their case tomorrow in our animal health committee. I guess we further anticipate, obviously, that as this progresses, additional opportunities will be sought.

**The Chair:** Thank you very much.

I will move to Madame Rivard.

[Translation]

**Ms. Denise Poirier-Rivard:** Mr. Chairman, ladies and gentlemen.

One of the supposed benefits of Bill C-27 is that it combines into a single piece of legislation all of the powers conferred upon the CFIA under eight of ten separate acts. Why not combine into Bill C-27 the powers of these ten acts? I'm also curious as to the authority conferred upon the CFIA in the two acts that have been excluded.

[English]

**The Chair:** Who's on?

Mr. Walton, are they waiting for you?

**Mr. Brian Walton:** I'm sorry, Mr. Chairman. I thought the question was being addressed to this end of the table.

**The Chair:** Who do you want to answer your question?

[Translation]

**Ms. Denise Poirier-Rivard:** Whoever is able to answer the question.

[English]

**Ms. Betty Green:** Certainly, as we've been presented, it's going to incorporate all of the acts and regulations they currently act under, so it would incorporate all of those powers, the powers of inspection and so on that they are currently undertaking. I guess what we're seeing is that the bill will consolidate that, and that in itself may be helpful to understand, because we have a very comprehensive and complicated process.

[Translation]

**Ms. Denise Poirier-Rivard:** You mentioned that pursuant to Bill C-27, the fundamental goals of the CFIA are to protect consumers, first and foremost, and then to standardize health, safety and inspecting procedures and finally, to promote trade in general and agricultural trade.

Do you see a contradiction between the Agency's first and last goals? If so, could you explain to me why that is and what kind of contradiction you perceive?

[English]

**Mr. Robert McNabb:** It's been our experience, and in some cases frustration, that they see the issue of facilitating trade as in fact not part of the mandate, and we see it as very much part of the mandate. We see the priority of setting and protecting both the public and the animal health perspective but as the only recognized legal signing authority for the purpose of trade and providing the certification for the trade in animals and food. But to suggest that this in fact is a second-class activity certainly concerns us in the primary production industry.

•(1655)

**The Chair:** You've got one more question.

[Translation]

**Ms. Denise Poirier-Rivard:** Continuing in the same vein, consider seeds, for example. Do you not see a contradiction in the fact that the government agency responsible for protecting public

health and the environment from the potential risks associated with technology is at the same time promoting these very same technologies, when the primary beneficiaries of these technologies are GMO industries? Are these not, in your view, conflicting goals?

[English]

**The Chair:** Mr. McNabb, go ahead, please.

**Mr. Robert McNabb:** I'll take a try at it.

I suspect there is the danger of a perception of conflict of interest. But if in all cases science and the appropriate level of consultation with third-party expertise are provided in that kind of a process, then I don't see as significant a potential for conflict of interest. On the other hand, if there is an opportunity to delineate some of those activities, I also suspect that's going to result in a number of government departments squabbling over territory.

**The Chair:** Okay, time has expired.

Mr. Kilgour, go ahead, please.

**Hon. David Kilgour:** Thank you for coming, of course. *Merci, d'être venus.*

In the earlier Bill C-80, there was a provision for a ministerial advisory board, as you probably know, to maintain communication between the industry and the ministry. There's no such provision in Bill C-27 for that. I take it, Ms. Green, or perhaps others who would like to say, that you would like to see an advisory board reinserted into this bill through an amendment of some kind? Would you like to add anything on that?

**Ms. Betty Green:** As I have indicated, that is one of the areas we have addressed with CFIA in the past, and we will express again our interest in having an advisory committee.

**Hon. David Kilgour:** You alluded to the financial implications of Bill C-27, but do any of you see having to deal with Bill C-27 as adding to the costs to the poor producer?

**Ms. Betty Green:** I think that's always very much a concern, and we would like it on the record, of course, that we believe that should not be the case. Public safety, in terms of food safety, should also be a public responsibility.

**Hon. David Kilgour:** I guess a couple of you have mentioned this. Do you see Bill C-27 as adversely affecting trade in Canada's exports of agricultural products?

**Mr. Robert McNabb:** In a very cursory analysis, we don't see it necessarily as hindering. They define, perhaps more clearly, what would be required to be done or conducted under licence, but the devil, of course, will always be in the details of a regulation. And determining what impact that might have is perhaps what we'd concentrate more on .

**Hon. David Kilgour:** How about the review tribunal process in the bill for products that are seized? Do you see that as adequately protecting the interests of the producers?



**Mr. Robert McNabb:** Well, I'd have to say that we haven't had an opportunity to analyze that in any great detail. There are powers of seizure that currently exist, and it really hasn't caused us any significant concern because they're restricted to the health of animals.

**Hon. David Kilgour:** Mr. Walton.

**Mr. Brian Walton:** I have an example that is a real example. A couple of years ago, Mr. Chairman, three ships came from Ukraine with food stocks for cattle. You probably know that two of them landed but the third one was stopped. To make a long story short, the CFIA and a number of us had a real donnybrook over whether they'd let that last ship land. They were concerned about a spore. They were going to heat it to the boiling point so that it wasn't a health risk to Canadians. Finally, they let the ship land and be unloaded. I was concerned about the arbitrary way in which CFIA was behaving in this, and I'm somewhat loath to give them more authority to stop this kind of legitimate trade where there isn't a safety risk, it seems to me, to anybody.

Do any of you have any comments on that kind of experience that you've had with the CFIA or might be worried about in the future?

• (1700)

**Mr. Robert McNabb:** Not specifically, but I guess that might have been prevented had there been clearer restrictions on the ship being loaded and sent across the waterway in the first place.

**Hon. David Kilgour:** Anybody else?

**Mr. Brian Walton:** We did deal with it in the brief, Mr. Kilgour, and it was referenced in my comments in response to the first question about having some form of balance. I was looking specifically at powers of inspection. Where they're vague, it becomes problematic. Recognizing that the agency does have a role to play, the question comes down to defining the reasonable risk. In some cases, it may not be a food safety risk or a public health risk. The question then is who makes the call and what the recourse is if you don't agree.

**Hon. David Kilgour:** Thank you.

**The Chair:** We'll move to Mr. Stoffer.

**Mr. Peter Stoffer:** Thank you, Mr. Chairman.

Thank you, folks, for all those great hamburgers I've eaten over my lifetime.

I have a question for you in regard to one thing I asked the minister. I ask this out of ignorance, so I apologize if you have answered it before. Does the Cattlemen's Association support at least the feasibility of looking into the possibility of testing all animals for the food chain?

**Mr. Brad Wildeman (Director, Saskatchewan, Canadian Cattlemen's Association):** We're certainly looking at that. Right now we're developing what we call our second contingency plan.

Of course, we've presented here before, Mr. Chairman, and testing is certainly one of the things coming out of the recommendations. I think a lot of us look at that as the fast track to getting into some Asian markets that have been closed to us. Certainly everybody has heard about the rhetoric coming out of Japan, so we think we have to look at that.

We're going to call for an evaluation of the whole testing thing, and I think we need to be honest with ourselves about the possibilities. We need to look at the cost, the logistics of doing that, how quickly we can get it implemented, and what it would look like. More importantly, we had a chance to meet with CFIA officials yesterday about the reality of that being fast-tracked, because there always seem to be other issues. We're hearing about opportunities for testing of product to go into Russia, for example, but now there are other issues attending. As you get closer to that, they bring in other issues.

As you know, the Japanese said at one time that they were very adamant about testing every animal. Now they're looking at removing the testing for under 21 months, and that's starting to muddy the waters a little bit. I think they'd like to go through their own process of evaluating whether or not they're going to quit testing domestically for under 21 months, which then would remove their requirement for us.

We want and have asked CFIA to aggressively pursue this and look at the possibilities for us as one plank. At the same time, to simply say that these markets would open up to us if we test every animal, clearly that's not the intelligence that's been fed back to us.

There are a couple of other markets that may be available to us. We certainly want to look at them. In the advent that this thing gets worse for some reason—drought or other things—and we really need to get aggressive on a cull, there may be some other beneficial markets to us, but we have to realize that these are lower-value markets. These aren't the premium-priced markets that we've tracked for the future, but they may be some outlets.

So we are looking at it, but we are trying to look at it with our eyes wide open and not get false expectations out there. I think cattlemen have had enough hopes and downfalls now that certainly we want to make sure that what we tell them is accurate.

**Mr. Peter Stoffer:** I have a multiple choice question for you now. If you had your choice between Bill C-80, Bill C-27, or neither one, which would you take? I'm getting the impression that Bill C-80 was better than Bill C-27, at least in its discussion stages. Is that true, or is Bill C-27 an improvement on Bill C-80?

**Mr. Robert McNabb:** I personally have to admit that as a staff person I wasn't paying attention to Bill C-80. Our understanding was that it was Health Canada that pretty much squashed it because it was removing a lot of its jurisdiction.

We haven't done a side-by-side comparison of the two bills.

**Mr. Peter Stoffer:** Have you been given any indication by the minister that amendments...? He said before he didn't want to rule anything out. Has he given you, the association, an indication that some of your recommendations to improve the status of this bill will be taken seriously?

• (1705)

**Ms. Betty Green:** We haven't had those discussions in depth. As I said, the consultation has been very limited, and we're looking forward to the opportunity to have those discussions tomorrow.

**Mr. Peter Stoffer:** Thank you.

**The Chair:** Mr. Walton, do you want to comment on that?

**Mr. Brian Walton:** Yes, thank you.

**The Chair:** It's been chosen as an option.

**Mr. Brian Walton:** Well, it's a large bill that consolidates a lot of acts, and a lot of detail will be coming in the regulations, so it's very difficult to make an assessment on some of this.

But what I can say is it wasn't just CCGD; it was the cattlemen and others who asked for that section on tampering back in 1999. And when we submitted our comments, the changes were made. So we think it is an improvement over what was in Bill C-80, but we were very focused on that one section.

My brief today addresses more than just tampering, but I will speak to that later in the meeting.

**The Chair:** Okay. Your time has expired.

We move to Mr. Ritz.

**Mr. Gerry Ritz:** Thank you, Mr. Chairman. Ladies and gentlemen, it's good to see you again.

There's a whole new regime being created here. The bureaucrats are going to have a field day with this. And of course, until we get it into action, it's going to take years to smooth out the bumps. You folks are going to pay. The consumer's going to pay, and everyone else. There's no way to cost-recover a lot of it, and a lot of it is unknown. That's my biggest concern about this whole new regime, which is really unaccountable to anybody.

There are even provisions in here that producers would have to be licensed. Now, both Brad and Stan are feedlot operators. How do you feel about licensing? It's based on a per head example of \$1, \$5, \$10 a year. What's that going to do to your industry?

**Mr. Brad Wildeman:** Well, obviously, this whole licensing... Now remember, our feeds are already licensed, and we're actually going through a process in our facility about licensing feed. As you know, I'm in the ethanol business as well. So now, after 30 years of feeding distillers grades, we've decided that isn't an approved feed and it has to go through a licensing procedure.

Without talking specifically about the bill, the point is that we need to have this communication line open so that... We appreciate food safety, absolutely. That's our business. We don't have customers without confidence. But at the same time, I think we've called several times to make sure we keep this line of communication open. So what we're doing has a practical reason for being done, and it can be accomplished and doesn't simply add cost. There's some outcome

that we can point to that's going to give us some market recovery on that.

So, yes, obviously we're concerned about that.

**Mr. Gerry Ritz:** Well, my biggest concern is, of course, that the costs are always going to end up at the farm gate. Everybody gets to pass it backward or onward, and it's the farm gate that takes the hit.

**Mr. Brad Wildeman:** It's been our experience.

**Mr. Gerry Ritz:** And there's really no way to qualify what that cost is going to be, when I first look at this. That concerns me.

We have an industry—all aspects of agriculture, coast to coast to coast—that is under huge duress, and now we're bringing this in. It's all done under the guise of streamlining the bureaucracy, but that never seems to happen. You have 100 bureaucrats doing 100 different jobs, and you never do cut back to 50; you add another 50. That's my major concern.

I'm very concerned, too, that everybody I've had look at this or talk about it was never consulted enough on its forerunner, Bill C-80, and we have this one now introduced under a new name—with a few changes—but again, with no consultative process.

How do we back up and get that into play when there's a timeline to force this through?

**Mr. Stan Eby:** I can't answer that timeline, because these things don't move quickly. But I guess on the industry side we try to be proactive with "quality starts here" programs and that type of thing. We definitely want the consultation on this, because we feel we have a major portion of it in place with our programs that are being adopted.

**Mr. Gerry Ritz:** But there are things in here that are so open-ended they're not clearly defined. A lot of cattle get needled, and if the needle breaks off in the meat and so on, it could be classed as "tampering" under this bill. You gentlemen could face a fine of \$500,000 or imprisonment of five years if they found a couple of factors like that in a roast.

How do we make sure that doesn't happen, or at least...you have to go through that heartache, or not have to go through it? How do we do that?

**Mr. Stan Eby:** So that it's reasonable at the end of the discussion.

**Mr. Gerry Ritz:** Well, exactly.

**Mr. Stan Eby:** We're not proud that we've had those experiences with needles. I feel that we've cut them down dramatically. Will we eliminate them? No, but hopefully reason will prevail.

On the legislation that we've had on the books, there have been powers that haven't been used. I don't want to take it for granted that they'll never be used. That's very naive, on this side. How do we make it responsible on both sides? I guess we want consultation and cooperation.

•(1710)

**Mr. Gerry Ritz:** Yes. Something that's glaringly missing in here is an oversight committee, a combination of legislators, whether it's this committee or a subcommittee, and industry itself, to work out those glitches.

**Mr. Stan Eby:** We've made that recommendation before this committee in the past. We understand that we are close to coming to a resolution.

**Mr. Gerry Ritz:** Well, I don't see it here.

**Mr. Stan Eby:** No, you wouldn't see it here.

**Mr. Gerry Ritz:** Hopefully, that will come in time and we can make the amendment so that it applies to this and do it all in one shot.

**Mr. Stan Eby:** Yes.

**Mr. Gerry Ritz:** The USDA is a little ahead of us on this type of regulation. They have an appeals process, an oversight committee. Are there things down there that we should look at? We don't want to grab their system and put it into play. But with the integrated market, are there things in their system that we need to look at and put into place that are a few years ahead of our system?

**Mr. Stan Eby:** Without a side-by-side comparison, our animal health and food safety regulations have been, I would say, equal to or better than that to date.

**Mr. Gerry Ritz:** Yes, I agree.

**Mr. Stan Eby:** We want to keep them that way, but they have to be reasonable on implementation and the cost of enforcement.

**Mr. Gerry Ritz:** Yes, exactly.

Thank you.

**The Chair:** Thank you.

Mr. Easter.

**Hon. Wayne Easter:** Thanks, Mr. Chair.

I agree with Mr. Ritz's point on oversight. It's something we need to seriously consider.

**Mr. Gerry Ritz:** Now he's scaring me.

**Hon. Wayne Easter:** On the question to the Canadian Cattlemen's Association, Mr. Chair, about the concern on licensing and fees, at the farm income hearings we're doing, we're finding there is a tremendous burden. There's no question that they are for food safety, so they're green under the WTO. What is the view of the Cattlemen's Association? Should we be looking at these fees in an entirely different light?

On these fees, I don't know who it was, but somebody said earlier the theory is that the farm community can transfer them down the line to the consumer. Reality doesn't work that way. They end up as a cost to the producer. Do you see other ways of doing this than cost recovery at the producer level? I know it's only partial cost recovery now, but do you see a different way of doing this than is currently the case on fees?

**Mr. Robert McNabb:** We haven't specifically examined any other models. I think you've recognized the dilemma or the

conundrum in that we're at the bottom of the food chain, so to speak. Passing on costs has never really been an option.

I suppose the extreme example would be to raise the price of food accordingly, but that's not particularly acceptable to the general population either. I don't know how that would be implemented.

Fees are targeted. Nobody wants to talk about a value-added infrastructure for all sectors of food and consumers to contribute towards. Obviously, it needs further examination.

**Hon. Wayne Easter:** You suggested that nobody wants to talk about a value-added infrastructure, where this cost could really be passed on to the consumer. Do you have any ideas on that?

I think we're interested because we have to find a way. If this is a food safety matter, not quality, we have a safe system, but that is a protection to the person at the end of the line, the consumer. The burden of cost shouldn't rest with the producer, from my point of view, at least not greatly.

We're looking to try to find a way. Are there other means that you can find to transfer that down the line so the burden of cost isn't borne as heavily by producers as it is? This bill may not be the area where we necessarily have to deal with it, but I do think we have to deal with it, because it's cost recovery in so many areas, and it's not only CFIA.

**Mr. Robert McNabb:** I used the term "value-added infrastructure" to avoid using the "tax" word to begin with. I think the model of environmental deposits on recyclable materials, where there is a deposit put on something that then is seen as value to the consumer...

I think Ms. Green has an additional comment on that as well.

•(1715)

**Hon. Wayne Easter:** This is for the Canadian Council of Grocery Distributors, Mr. Chair.

In talking about inspections, Brian, you mentioned that the inspections are broad and ill-defined, that what they can and cannot do is not defined. How do you see doing that?

One of the problems with regulations and with inspectors in general is that you never let common sense enter the picture. Common sense should prevail so many times. But say I'm the inspector. Then I have all the power and this is the way it's going to be. That's the attitude you get, and we need to address that. They do need to have the authority, but how can we find a way to let common sense enter the picture when it should? How do you deal with your question of what they can and can't do in light of this—

**The Chair:** Mr. Easter, our time is expiring very quickly.

I would ask everyone to stay at the table, because in fairness to Mr. Walton, he wants ten minutes with us, and I'm going to give him those ten minutes.

So can you respond quickly, Mr. Walton?

**Mr. Brian Walton:** Yes. There are two comments I would make, and one is specifically with respect to paragraph 25(1)(c). I think it comes down to a test of reason. We respect the role the inspectors have to play, but when it is open-ended and you don't have any recourse, that presents a problem. The wording in that particular clause is problematic.

The other paragraphs in that section are more specific: the inspector may take a photograph, may look in a container, etc. I would like to revisit the one that says you can ask for anything; that's too open-ended for us.

**The Chair:** Mrs. Ur has one question, I believe.

**Mrs. Rose-Marie Ur:** Yes, and it's for Mr. Walton as well. It's following in the same vein as Mr. Ritz's question.

With respect to this broad-based "cost recovery mechanism that needs further discussion", under "Costs and Liability" in your presentation, does this mean routine inspections will now be charged to business? CCGD would not support such a measure. That's all well and good, but the farmer doesn't have that option. When the consumers want all the different variables they're asking for, nobody asks about the farmer; the farmers just pay. I find it very interesting that your particular organization says, well, you can't afford to do that; a farmer doesn't have that. I just question your comment on that.

**Mr. Brian Walton:** Yes, and I would say that was an even broader comment than just for CCGD, because it doesn't relate specifically to the downstream end. It relates to anybody the bill touches, and it wasn't just us.

I can say that when it comes to food safety, this industry is investing significantly in food safety, in training, in sanitation protocols, and in best practices. We're not able to put it on the till tape that we're charging the consumer another  $x$  per cent for what we're doing. That is the reality of what we do within our sector at our end of the supply chain.

**The Chair:** At this point I'm going to cut this part of the meeting short. No more questions.

**Mr. Peter Stoffer:** Ms. Green had a quick response to Wayne's question.

**Ms. Betty Green:** There were several comments and questions around the ability of primary producers to pass on that cost. We can't. I'm a primary producer, a cow-calf producer, and we also finish animals, but we can't pass it on. We're not like a retailer, who can.

I would also like the committee to understand the efforts that are being made by cattle producers to do what they need to do for food quality and safety. Our Canadian Cattlemen's Association has a "quality starts here" program that producers are looking at, and they're willing to enter into that with their operations to do their part. I would say the enforcement and the fees that are incorporated into this bill should be covered by the public because this is for the public good. We've done our part; now there's a part for someone else.

**The Chair:** Thank you very much.

I'm going to extend to you the same opportunity I've extended to all others who have presented on Bill C-27. If you have amendments or changes you'd like to see made to this bill, kindly forward them to the chair; we will disseminate them around the table and will look at them. We want to be helpful. We don't have a timeline particularly, but we do want to move on this, so if you can, bring those things forward quickly.

At this point I want to thank all of you for coming today.

I apologize for the urgency of moving on with this debate, but we do have a vote happening in the House very shortly.

If I could, I'll ask all others to leave the room for the next ten minutes with the exception of Mr. Walton and my committee members.

*[Proceedings continue in camera]*

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