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Chair

Mr. Garry Breitkreuz

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Standing Committee on Public Safety and National Security

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• (1100)

[English]

The Chair (Mr. Garry Breitkreuz (Yorkton—Melville, CPC)): I call to order meeting 52 of the Standing Committee on Public Safety and National Security. Today we are dealing with a study on agri-chemicals and the agri-retail security system.

We'd like to welcome to our committee David MacKay, executive director of the Canadian Association of Agri-Retailers. I will allow you to introduce those with you. I believe you have an opening statement that you'd like to make, sir.

Mr. David MacKay (Executive Director, Canadian Association of Agri-Retailers): Please, Mr. Chair. Thank you very much.

The Chair: Okay. I'll let you go ahead and then I'll explain the usual practice of the committee.

Mr. David MacKay: With me is Mr. Jeff Kisiloski, our assistant director of technical affairs. Our office is out of Winnipeg, Manitoba.

Thank you very much, Mr. Chair and committee members. I appreciate the invitation to be here today.

The Canadian Association of Agri-Retailers represents nearly 1,000 crop input dealers across Canada. Agri-retail site security and safety are issues that agri-retailers take very seriously. Currently this commitment has resulted in compliance with all existing regulations that govern crop input products that until now have been part of doing business. However, pending changes to existing regulations proposed by both government and industry will change the situation in the near future. The costs associated with staying compliant to these new requirements are reaching levels that may make it prohibitive for some if not all retailers to remain in business, and thus threaten the economic viability of our entire sector.

Canada's agri-retail industry consists of approximately 1,500 retailers from coast to coast. The products sold by these organizations include fertilizers and pest control products, all of which are essential to ensuring that farmers continue to maximize productivity on the same amount of land that they currently use.

While it is clear that these products benefit the industry and producers, there is a potential for accidental or intentional misuse. This underscores the need to enhance the level of safety and security initiatives to prevent accidents or criminal misappropriation from occurring.

Agri-retailers comply with many chemical stewardship regulations that until now have been perceived as the cost of doing business. However, agri-retailers are facing many new regulatory issues that

will affect their ability to sustain their trade. While retailers do not disagree with these regulations, complying with them has become cost prohibitive.

The sector just completed paying for extensive site upgrades pertaining to pesticide codes set by the Agri-Chemical Warehousing and Standards Association, otherwise known as the AWSA. New government regulations under the transport of dangerous goods department are now requiring dealers to incur the cost of pressure testing thousands of anhydrous ammonia nurse tanks.

The single most challenging code facing retailers will be mandatory by 2011 and pertains to a critically important product line, that being fertilizers. Of concern is the recent criminal demand for anhydrous ammonia as a catalyst for crystal meth production. But perhaps of even greater concern is the potential for terrorist acquisition of granular fertilizers like ammonium nitrate as a powerful bomb-making precursor.

On the ammonia code of practice and the ammonium nitrate code of practice—I have the anhydrous ammonia code of practice with me today—our industry sets standards designed to harmonize various provincial regulations that apply to the safe and secure stewardship of anhydrous ammonia and ammonium nitrate. The codes are calling for specific site upgrades to set the bar for uniform security and safety standards for ammonia products handled in quantity at retail sites around Canada.

If these codes are not adhered to by 2011, retailers will be shut out of the industry because they will not have enough product delivered to their sites by Canadian manufacturers—they'll be in a no-ship situation. Ultimately, the increasing cost of regulatory compliance is forcing retailers to rethink the economic justification for selling these products.

With most site upgrades calling for expenditures well over \$100,000 per site, retailers will simply not have the means to comply. One of two scenarios will potentially occur. Retailers will either opt out of marketing fertilizers, thereby eliminating a critical revenue stream and forcing growers to travel extensively to physically acquire their fertilizer; or these retail sites will lag in performing the site upgrades and be relatively exposed in terms of security breaches.

The security infrastructure called for under these codes includes industrial fencing, lighting, locks, surveillance cameras, software, signage, and training. The size of the site and the current security status are the major variables affecting the cost of future upgrades. Most sites in Canada have basic fencing in place, with only minimal lighting and virtually no surveillance equipment. CAAR research has discovered that lighting makes up the lion's share of the estimated upgrade costs, especially since minimum candle power is required for video surveillance.

• (1105)

Outlined in your briefing is an actual site that underwent security upgrading. The site is approximately 4.5 acres in size, but it already had infrastructure in place. You can see on the chart some of the costs per linear foot for the site. This site is from Hamilton, Ontario. It required over \$150,000 worth of upgrades. CAAR has presented similar numbers to other government officials and has received criticism that these seem to be inflated estimates. Not only are they actual numbers based on real invoices, but they've also been approved by the Government of Canada through the marine security contribution program because this site happens to be a port facility as well as an agri-retail site.

As you are probably aware, the marine security contribution program is a \$115 million shared-assistance program administered by Transport Canada designed to upgrade security at Canadian port facilities. Ironically, these ports require the very same security infrastructure as agri-retail sites, but they tend to be larger in size and fewer in number.

Based on the costs outlined in this model, CAAR performed another analysis for a prototypical 1.5 acre site with zero infrastructure in place. The cost of full security installation for that site was about \$165,000. Based on statistical analysis, CAAR estimates that the average cost of security upgrades for the entire sector will be just over \$120,000 per site. When faced with that sobering scenario most owners are concluding that this magnitude of capital outlay is just not feasible. As such, the Canadian Association of Agri-Retailers respectfully recommends the following solution.

Create a shared government-industry partnership that mirrors the precedent of the marine security contribution program by providing a 75% rebate of eligible and approved expenses back to agri-retailers. An agri-retail security contribution program, or ASCP, would involve the same application-based expense requests with the retailer incurring a 25% share of approved expenses. Ideally the program would exist over a three-year period to correspond with the commencement of the ammonia code of practice in January 2011. With this kind of incentive, retailers would be inclined to perform security upgrades sooner, resulting in more immediate public-safety benefits for Canadians. A two-year window of compliance may even be realistic under this proposed program.

CAAR would certainly be willing to assist the government in administering and coordinating this initiative. We're already conducting an in-depth risk assessment for our member facilities that will include a member survey to determine the level of existing infrastructure at each of our sites, as well as the financial capability of each individual member to perform the required upgrades. To validate these costs, CAAR will be collecting actual quotes from

selected members with varying levels of existing infrastructure and site dimensions. This will provide a more accurate assessment of what the true costs are likely to be. CAAR expects to have a completed assessment for the autumn season when government reconvenes, and at that time we'll look forward to presenting the report to government officials here in Ottawa.

In conclusion, safety and security have always been a top priority in the agri-retail industry and operations have done well to comply with existing regulations and requirements to date. However, new changes to regulations are placing an undue burden on agri-retailers in a relatively short period of time. They are facing unbudgeted expenses in the multiple hundreds of thousands of dollars at a time when the sector is already under economic hardship. Industry cannot absorb these costs on its own. Without shared assistance from the government, agri-retailers will not be able to properly secure essential crop inputs without suffering severe financial consequences.

This may lead to a higher risk of theft of chemicals for destructive purposes from agri-retail sites. Our country has already seen terrorist groups acquire agricultural material in Toronto with the intent to blow up targets in southern Ontario. There is no doubt this kind of activity will continue. With manufacturers blackballing non-compliant sites from receiving products with no-ship orders, retail closures will be imminent. The entire agricultural chain will be adversely affected with growers and rural communities taking the hardest hit.

CAAR is asking for the Canadian government's help. In the interest of the well-being of all Canadians we must work together to promptly secure the products that producers rely on to maximize the yield and quality of Canada's crop bounty.

• (1110)

Thank you very much.

The Chair: Mr. Kisiloski, do you have any additional comments that you would like to make?

Mr. Jeff Kisiloski (Assistant Director, Technical Affairs, Canadian Association of Agri-Retailers): Not at this time, thank you.

The Chair: Thank you.

The usual practice now is to begin with the official opposition for a round of questions of approximately seven minutes. Then we go by political party and end up with the government on the first round, and then keep going.

Ms. Barnes, please.

Hon. Sue Barnes (London West, Lib.): Thank you very much.

Thank you, gentlemen, for coming. I met with you about a month ago, and at that time you were attempting to contact the government. I know that our clerk contacted government members to see if they could come here, so we could hear what they're doing. They were not available today.

I would like to hear from you, and take your time doing this, concerning what response you had, and how much or how little contact you had with government bureaucracy on this, or about what you're hearing, what are your timelines, and whether it's sufficient for your needs.

Mr. David MacKay: Perhaps I'll start, but I'm sure that Jeff has recollections as well, and he can sort of support any comments that I might miss.

We brought this matter to the attention of several members of Parliament last November, in what we call the CAAR annual parliamentary forum. Unfortunately, it wasn't just one issue that we brought to their attention; we had several, so this may have been diluted. Since then, it was believed that the best approach was to single down to this issue, as the most important for our industry and stress it to government.

At that time, we approached and met with Mr. Chuck Strahl, the Minister of Agriculture. We've met with several staff in that department. We've met with all the parliamentary secretaries, pretty well from agriculture to public safety. We met with Mr. MacKenzie, as well as Transport Canada.

The issue for us is that we span five ministries, and it can be very difficult for us to pinpoint which department might own this issue, as the products that our retailers carry actually come under several acts and several different departments.

We presented to the Standing Committee on Agriculture and Agri-food. That's the only other committee we presented to. Suffice to say that we've probably visited every key official who has influence with regard to our products.

Until now, we feel that we're being listened to, but we don't feel that we've gotten the necessary traction on any program that we recommended.

At the last meeting with Minister Strahl's staff, they asked us to present some specific numbers, some of which we've included for you today. They also asked for a specific estimate of cost per site and what the total contribution program might look like. The numbers were rather staggering. For us they were too, because we had previous estimates that were much lower, when we finally did our own cost analysis. In particular, we were absolutely blown away by the cost of lighting for these sites, and also for fencing and of course the surveillance cameras.

Once we came up with the numbers and multiplied them by the number of sites in Canada, we were in the multiple millions of dollars. There was some degree of sticker shock at the minister's office about that. At this point, the ball is kind of in their court, but they've also asked us to validate those numbers.

So over the course of the summer we are going back to our members to literally assess, based on a survey, where they are in terms of the current status of security upgrade, what degree is left to do, and what the cost might actually be. Early indications are that our initial estimates were quite accurate. We presented a number of approximately \$120 million to complete all site upgrades across Canada.

If there was a 75-25 cost-share basis, the government would be asked for close to \$90 million. I'm not surprised that it came with some degree of sticker shock. So we're going to make sure that we absolutely validate those numbers and that we are able to present them to the government in the fall.

•(1115)

Hon. Sue Barnes: I think that the number you told me when we met was \$165,000 per site. Is that the number you're—

Mr. David MacKay: Per site, and if you multiply that by 1,500 sites—But then we did a statistical analysis to say that not all sites are going to require a full upgrade; some have existing infrastructure in place. So our statistical sort of bell curving suggested an average of \$124,000 per site.

Hon. Sue Barnes: On average. So you've come down on that number.

Mr. Chair, could I have the clerk confirm the lead department on this? I know she told me earlier.

The Chair: I think they indicated that they don't have a lead department that—

Hon. Sue Barnes: I was asking—

The Chair: Natural Resources Canada.

Hon. Sue Barnes: Yes, it is Natural Resources Canada, as far as I was told, that had the lead on this. That's what I was told.

Mr. David MacKay: In terms of the Explosives Act, ammonium nitrate being an explosive precursor would fall under the Explosives Act; hydrous ammonia, however, tends to come under Transport; crystal meth issues tend to come under Health; obviously terrorist activity comes under Public Safety; and the economic and social consequences of our industry having issues would fall under Agriculture. You can see that there's almost no one specific department per se.

Hon. Sue Barnes: The reason I raise this is because we were trying to get officials in here, and I understand the officials that our clerk was contacting were the ones that she just named, Mr. Chair. I say that just for your reference.

Mr. Kisiloski, would you like to add something?

Mr. Jeff Kisiloski: I just wanted to add that Environment Canada is another department that does regulate our industry as well.

And just getting back to the reference to the number—and Dave alluded to the bell curve—because there's such a variation in infrastructure at these sites, based on provincial requirements and the products that are stored at these sites, again, there will be some sites that require no upgrades and there will be some sites that require extensive upgrades. That's why we looked at a bell curve. That's why we looked at some sites requiring a lot of money and time to come to meet the new security requirements and some requiring little time, little effort, and few resources to get to that standard.

Hon. Sue Barnes: Thank you.

I'll pass.

The Chair: You're done?

Okay, we'll now go over to the Bloc Québécois. Monsieur Ménard.

[Translation]

Mr. Serge Ménard (Marc-Aurèle-Fortin, BQ): Thank you, Mr. Chairman.

I have always been fascinated with agriculture, although I was practically born on the sidewalk in the heart of a large city. From the age of four and a half on, I was educated in an institutional setting. My knowledge of agriculture is, therefore, rather limited. In any event, I have learned more about it in recent years. I regularly listen to excellent CBC programs about agriculture, which has become a virtual industry. Farmers need to possess a range of talents, including a knowledge of economics, mechanics and biochemistry.

Early on in your presentation, you talked about inputs and fertilizers, about pest control products that help you to continue maximizing your yield on the same amount of acreage. I can understand your need to maximize your productivity to compete globally. That is a reality. However, if we think back to the era of our grandfathers or great-grandfathers, yields may have been lower then, but good quality crops were nevertheless produced.

How do you respond to that?

• (1120)

[English]

Mr. Jeff Kisiloski: I'm not sure if they were better quality. I think the use of modern agricultural products has resulted in Canada being able to be a net exporter of products. Our industry contributes greatly to our GDP and we are able to help Canadians get access to a bountiful amount of products for a lot less than what they used to pay in previous years.

Mr. David MacKay: Are you referring to perhaps more organic methods of farming versus conventional methods?

[Translation]

Mr. Serge Ménard: That's right.

[English]

Mr. David MacKay: I think it's up for debate and still rather contentious as to whether organic products are more tasteful, more healthy, and necessarily more beneficial for Canadians. From a price standpoint, of our disposable incomes, Canadians only have to pay 10% of their disposable incomes on food. Often a lot of other countries face numbers that are closer to 40% and 50%. It's because of the ability to harvest those types of yields with the same amount of acreage and not have to apply more acreage that we enjoy those benefits. So it's really debatable about whether organic farming would produce a higher-quality, a more nutritious, or most tasty produce. But at the same time, we know that this would add a lot of economic cost to the value chain, and that would only be passed on to growers and of course eventually down to consumers, with higher prices in the supermarkets. The organic industry is alive and well and doing very well, and that's a choice for Canadians to make. But right now, adding extra costs to the value chain is not advantageous.

[Translation]

Mr. Serge Ménard: In any case, perhaps this is neither the time nor the place for a debate on whether different, more environmen-

tally friendly farming practices could be used. Regardless of what happens, you could be out of business.

If I understand correctly, generally speaking, you support the government's proposed safety measures.

[English]

Mr. David MacKay: Absolutely.

[Translation]

Mr. Serge Ménard: I do not quite know how to say it, but I do know that terrorists are targeting agricultural products. You are arguing that it should not necessarily be up to farmers to cover the costs of the measures implemented for the sake of the general public. For example, in large cities, it is the municipality, not the merchants, who pay for police officers to patrol the streets. You feel that the government, not the farmers, should cover this expense. Am I correct?

• (1125)

[English]

Mr. David MacKay: We believe there should be a shared responsibility. I think there is a cost of doing business, there's no question, to secure these products, and that also benefits the employees and the workers in terms of safety. It keeps our costs down and costs of operation for insurance purposes. So we do have a benefit. We do believe there's some moral and social responsibility for our industry to pony up with some co-investment, but we believe it should be a shared approach, a partnership with the government.

Actually, if you really come down to it, we believe that industry, all levels of industry, not just the retailer but the manufacturers, should be playing a role in some investment. If ultimately we were to suggest a final solution, you may want to include industry, the manufacturers of fertilizers, in a proposed sharing agreement, almost 50-50, if you will: 50% government, 25% from manufacturing, and 25% from retailers. If there were the ultimate decision and I thought that would be the most practical approach, that would be my suggestion.

I do believe the government has a role. Our members believe they have a role because it is Canadians who benefit ultimately from the public safety enhancement. But we are prepared to share in the cost of investment.

[Translation]

Mr. Serge Ménard: I would like to have a clearer understanding of the table on page 1. What does the \$43 entry refer to? If we look at line one, under "New Placards and Markings for Nurse Tanks", we see that the cost per unit ranges from \$43 to \$50. What is a unit?

[English]

Mr. Jeff Kisiloski: "Unit" would be actually either a transport vessel that's used to haul product on the road, or the tank used to pull it in the field that is applying product to the ground. So there are marking requirements for these vessels, because they do travel on the road and they are transporting dangerous goods.

When looking at new marking requirements that will come in for all anhydrous ammonia vessels beginning in 2008, there are requirements to remove the current decals and put the new markings back on that are being required by Transport Canada. So there's physical labour. There's repainting required. It's not just taking a sticker off and putting a new sticker back on. These are well adhered to the tank, for obvious reasons, because they spend 100% of their time outdoors, so there's a lot of weathering required. So scraping, manual labour, and purchasing of decals are all part of the package to meet the new marketing requirements that are being dictated by Transport Canada.

[Translation]

Mr. Serge Ménard: Moving right along, the following line says “Labour Costs to Replace [...]”. That is over and above marking costs, I believe.

[English]

The Chair: You'll have to wrap it up, Monsieur Ménard.

[Translation]

Mr. Serge Ménard: I realize that my knowledge of this subject is quite limited, but I really do not understand what this table is all about. Perhaps it would be a good idea to give us additional explanations at some point in time.

Thank you.

[English]

The Chair: Do you have any additional comments?

Mr. David MacKay: I'll just summarize. The piece in front of you that you received from the clerk prior to my verbal presentation outlined a few other areas that we did not directly address in our initial comments. There are additional costs—for example, the anhydrous ammonia nurse tanks requiring pressure testing, the decal programs, the E2 emergency preparedness regulations under CEPA, environmental protection, all of which are added costs. As a matter of fact, we've had to add 23% cost to human resource hiring in our industry as well.

We just want to highlight that we're under a fair amount of duress, but the one that will be the real straw that breaks the camel's back will be the ammonia code of practice. So we don't want to look like we're whining about everything, but we're under a lot of pressure, and this particularly is the one we really cannot afford.

The Chair: Thank you.

Before we go over to the government, have you done any analysis of what other countries are doing? You mentioned somewhere in your presentation that we're in a competitive situation here. Are other countries experiencing the same thing? What are they doing? How is this being handled?

Mr. David MacKay: The United States is the first country you could draw attention to. Currently, the agri-retail facilities in the U.S. have just completed a phase of risk assessment analysis where they had to submit paperwork that was due June 7 to the Department of Homeland Security. The homeland security department will assess, then, these various retail facilities, as well as the products they're carrying, to ultimately come up with a final risk assessment that will then require regulation and stewardship of the products. There is a bill in the United States Senate currently—I believe it was the

senator from Iowa, but I can't quite recall, maybe it was Ohio—where they had introduced a potential for a tax credit system to reimburse the agri-retail facilities for the costs of their upgrades. To the best of my knowledge, that's the most advanced that any country is at in terms of its security assessment.

You can well imagine that the United States is very concerned about the agricultural precursors to bomb-making. The London train bombings were agricultural bombs. The Murrah building was brought down with I think just over one tonne of ammonium nitrate. So agricultural bombs seem to be the product of choice, because they're usually acquired.... I'm not telling you anything you don't already know.

• (1130)

The Chair: I don't like the term “agricultural bombs”. I'd rather use something like “fertilizer bombs”.

Yes, go ahead. I understand that we are ahead of most countries.

Mr. David MacKay: We are. The United States and Canada are certainly in the lead.

Other countries that compete with us agriculturally—South America, certainly Brazil and Argentina, China, and India—are nowhere near as potentially secure as we are, but that also introduces some degree of competitive disadvantage. If they're not spending the money to invest in the security infrastructure and we are, we're at another competitive disadvantage in terms of export in the global markets.

The Chair: In the U.S., I understand that it's all under the umbrella of homeland security. You made the point earlier that there's not one particular ministry in Canada, but in the U.S. there is.

Mr. David MacKay: They're taking the lead to do the risk assessment.

The Chair: Thank you.

Mr. Norlock.

Mr. Rick Norlock (Northumberland—Quinte West, CPC): Thank you very much for coming.

This is a topic of great interest, because from my recollection I think the Oklahoma bombing was, from a North American perspective, one of the first places for the common knowledge that fertilizer and diesel fuel really can do a pretty good job of damaging buildings and/or killing people. That leads us, of course, to why we're here today and why you're here today.

When you were making your opening statement, you mentioned that there is a lot of regulation that you must comply with when you're dealing with the types of products you deal with. This is everything from provincial standards concerning the transportation of dangerous goods, and then if you're transporting nationally, the federal government plays a small role, but generally it tends to be provincial regulation that governs it. From the standpoint of the transportation of dangerous goods, which provinces contribute to their share or their demands? In other words, do the provinces give you some kind of financial remuneration for the need to transport goods in a certain way?

Mr. Jeff Kisiloski: No, there is no remuneration. We just comply with the regulations, or else we don't transfer the product.

It's much the same at the federal level too. It's what the federal Transportation of Dangerous Goods Act... Comply, or else don't handle the product.

Mr. Rick Norlock: Right.

In this particular case, you're saying that because of the added demands and because we're now dealing with everyone from airports to harbours, etc., the federal government or governments have seen fit to assist agencies. Now, to your knowledge, do they assist the private sector or do they assist other government agencies vis-à-vis a contribution towards their security arrangements?

Mr. Jeff Kisiloski: The contribution program we were looking at here was the federal government assisting port facilities to enhance security at their site. In analyzing the program we saw that many of the eligible upgrades allotted to port facilities were exactly what we needed at our facilities. Again, there are 300 ports, I believe, in Canada. There are 1,500 agri-retail sites handling a whole gamut of different products, located very close to urban centres, to 30 miles from the nearest little hamlet, for example, in rural Manitoba. There's a real variation in location, products, and security infrastructure required because right now, as we said earlier, we meet current industry and government requirements.

The big variation comes at the provincial level. There are different requirements in Saskatchewan as compared to Ontario, for example. If we're a Saskatchewan retail facility and we meet all those requirements required by the Saskatchewan environment or the Ontario Ministry of Labour, then we're compliant. I guess that's where some of the variation comes along that we would like to enhance, to make sure it's a level playing field. I think that's where government is coming from too. In addition, a lot of the industry manufacturers want to standardize safety and security measures across Canada.

• (1135)

Mr. David MacKay: This is more to your point about ownership. When we analyzed the port facilities, a lot of them were municipal quasi-government. Some were non-profit, not-for-profit organizations and some were private. It was a mixed bag. But the government did not discern for eligibility based on that.

For example, one of our members in Hamilton was able to apply for an infrastructure upgrade under the marine security contribution program because they also qualified as a port facility. They're privately held, so that clearly isn't an issue.

Mr. Rick Norlock: From my perspective, we know there are cooperatives that actually do store, etc., and these cooperatives tend to be the very people who grow the produce. In other words, they're farmer owned and operated. In other cases, they're an international company that actually has billions of dollars in profits.

From your perspective, you would want to treat everyone equally. Let's say, from a societal challenge that the government must deal with, one must be very careful that they're not actually enhancing an international company to compete, and at the same level as someone who's struggling. I'm referring, quite frankly, to our farming

community, and therefore to a cooperative that is struggling to exist. So there's a balance there that has to be struck.

I'm opening it up to you. How as a government do you balance perception and reality?

Mr. David MacKay: I think the goal here is harmonization to a standard, no matter which facility you come from, whether it be a large corporate facility, or a small, independent, rural-based facility. By making sure the standard is up to a certain level of government assistance, we're not going to base the program on the financial wherewithal to achieve that standard. Some of our independents will be disadvantaged because they haven't got the wherewithal, but with government assistance that would be the equalization we might need to get them to where they would be standardized with the larger organizations.

Mr. Rick Norlock: Mr. Chairman, it looks like I've gobbled up all of my partner's time. He can go on the second round. How much more time do I have?

The Chair: About a minute, and a bit.

Mr. Rick Norlock: Thank you.

That brings me to the challenge we have. No matter which way you cut it, the big guy seems to end up the winner and the little guy is still in the same place. That goes the same to the questioning from the Bloc, from Mr. Ménard.

Basically, how do we as a country continue to compete? When we say the government should give us some money, it's like the government has this money. Well, it's not the government's money, it's actually the people's money. We get it from the very people...and eventually it goes down to the customer and the consumer of those goods, and it goes to an advantage and a disadvantage. Some governments really don't have the safety of their citizens...even though they care, they don't seem to be putting as much weight towards it. They are our competitors, but we continue to disadvantage ourselves. I'm not saying we shouldn't do it. I'm just saying it seems to be a conundrum. We're competing against countries that don't have the same rules and regulations that we do.

I will go back to Mr. Ménard. If we make a demand and tell the farmers they can't use so much fertilizer, they can't use so much of these pesticides and insecticides because of this, that, and the other thing, our competitors are laughing at us, because they're using it up the yingyang and they're selling the stuff to us.

I come from an economy that's pretty heavily agriculturally based. We have to be very careful, quite frankly, that we don't disadvantage the very people who have, from the beginning of our country, contributed so much to our wealth. From my personal perspective, we want to work with you, but not at the cost of cutting back our ability to compete against some people.

•(1140)

Mr. David MacKay: Our country unfortunately pays the penalty of being targeted by terrorist groups. I don't know if Argentina, Brazil, India, and China bear that same problem, but to do nothing would be the greatest disadvantage for the little guy. You will guarantee that small independents will close. Farmers will travel hundreds more miles to get products. The bigger companies potentially will be laughing. So to do nothing to equalize this issue could be one more nail in the coffin for rural communities by disadvantaging and closing up retailers, and thereby disadvantaging the growers. All that cost will be driven right down to the growers and the consumers.

Mr. Rick Norlock: Would CAAR be upset if the government said—I'm not saying the government is going to, I'm just a member of Parliament thinking out loud, which can be dangerous around this place—that if you posted a huge profit you'd be less eligible for funding than if you posted a lower profit or no profit at all?

Mr. David MacKay: I think if we posted huge profits we shouldn't be eligible for subsidization.

The Chair: Your time is up.

Mr. David MacKay: Don't forget, we're capitalists too.

The Chair: Thank you.

You made some very good points, Mr. Norlock.

We're over now to the official opposition again. Mr. Cullen, please.

Hon. Roy Cullen (Etobicoke North, Lib.): Thank you, Mr. Chair.

Thank you, Mr. MacKay and Mr. Kisilkoski, for being here today.

You don't argue that these pesticides and fertilizers are potentially dangerous and need some protection. This can't be something totally new, although 9/11 and other developments may have accelerated the concern. But if you look at dangerous goods and decals, it seems to me that once they're identified as dangerous goods, a transport truck would need to have that information. I presume it's just more information, and more products that would have to be covered.

I suspect, from the stories I've read about bombs, that a lot of people just go out and buy fertilizer. I don't know what the experience has been in Canada with fertilizers being stolen and used for an inappropriate purposes, or pesticides being stolen and used for illegal purposes, but notwithstanding all that, I think it's appropriate that we protect these products.

In your brief you talk about the impact assessment written by Environment Canada. Now there's an interesting group to write an impact assessment on business—another department that's involved. They say the regulatory change would have minimal or negligible impact on the international competitiveness of Canadian firms or sectors producing or using the substances. What we've heard today seems to be totally contrary to that.

The Liberal government had a smart regulatory environment initiative. This government wants to be smarter with regulations. At the same time, these things are gazetted. Can you tell me when this was gazetted and whether you responded? Did you see the analysis

that was done by Environment Canada? If it was gazetted, did you have the chance to respond, critique, and attack their brief? What was the timing on that?

Mr. Jeff Kisiloski: The environmental emergency plan was developed back in 2003 by Environment Canada. We read the *Canada Gazette* and RIAS responded to it. We ended up working directly with Environment Canada to assess the regulatory effect on the agri-retail sector. We worked with them to ensure that what came from that was cost-effective and efficient for both government and industry. We worked with them to develop a template for their environmental emergency plan, which was the big requirement of the E2 requirements at that time. It was basically government-endorsed, but tailored specifically for our industry. We did some training on that and some public information hearings. We cooperated with them on an information campaign.

Hon. Roy Cullen: Excuse me. You say you worked with them on that, but presumably you don't agree with their conclusions.

Mr. Jeff Kisiloski: That's correct.

Hon. Roy Cullen: In other words, you were part of a consultation process. You provided them with some data, some information, but you didn't write the final economic assessment report. Presumably you don't agree with it.

Mr. David MacKay: Not at all, and as a matter of fact, the industry that worked more closely with Environment Canada at that time was the manufacturing industry, as opposed to the retailers. Because we tend to be in the middle, we tend to get the news last.

Looking back historically as to the mistakes our organizations perhaps have made, we didn't protest strongly enough at the time manufacturers began consultations with government and we were not involved as directly as we should have been. All of a sudden now, we're left holding the bag of cost and liability for the upgrading of all these sites for all these products.

I'll give you an example. The Fertilizer Safety and Security Council got together to assess agri-retail sites as to the cost of upgrading. Their conclusion was it would range anywhere from \$4,000 to \$35,000 for the cost of upgrades for the very same security infrastructure we've introduced today.

Our research took no more than three weeks to conclude and more than tripled those estimates. In other words, industry doesn't seem to want to raise this as a red flag with government. Only when you finally shine a light on it do you realize that they were in error in terms of their cost estimates, and they should never have been the ones to speak in front of government on our behalf. We are the ones who speak on behalf of our members, not the manufacturers. So perhaps we were remiss.

•(1145)

Hon. Roy Cullen: Excuse me. The impact assessment written by Environment Canada, which was gazetted, would have detailed the proposed regulatory changes that would impact on your membership. So did you respond to that and say—

Mr. David MacKay: Yes, absolutely.

Hon. Roy Cullen: —that the numbers are all wrong, or that—

Mr. David MacKay: We did.

Hon. Roy Cullen: —it's fine for manufacturers, perhaps, but they've missed the point on you?

You wrote a brief on that, and there was a special committee of cabinet at the time that reviewed these things. Did you ever get any feedback? You sent a brief in, did you?

Mr. David MacKay: We did.

Hon. Roy Cullen: And you never got any response?

Mr. Jeff Kisiloski: I think the direct feedback was, “Well, then let's work together and develop something that is effective for your industry, but something that actually meets our requirements as well under these new environmental emergency regulations.”

Hon. Roy Cullen: But they were already gazetting these regulatory changes, and the regulatory changes didn't say “Well, we're going to cost-share the impacts of these”, so it was a sort of moot, hollow kind of promise, wasn't it, in a sense? I mean, that was our government at the time, but nonetheless—

I don't know what to say. At a time when we're trying to be smarter about regulation and the idea of this sort of incremental regulation—The provinces regulate; the federal government regulates. Everyone incrementally regulates, and no one stands back and says, “What is it doing to our industry?”

I thought we were smarter around these things. Certainly we should be, and I thought we were trying.

Mr. David MacKay: That was the attempt of the ammonia code of practice, for industry to get out in front of the government to standardize and harmonize the various standards from across the provinces so that we don't get driven nuts trying to stay compliant. It's ambitious, but the problem is it's also very costly.

Hon. Roy Cullen: Not disputing the fact that we need to protect these pesticides, herbicides, insecticides, and fertilizers, has there been much experience in Canada of these sites being robbed or burgled and these products being taken away and used illicitly? Has there been any experience in Canada?

Mr. Jeff Kisiloski: Yes, there is some. The issue of crystal meth production has definitely come up over the last few years. Again, industry jumped on it right away and did a lot of awareness and safeguard strategies to ensure that either farmers or agri-retailers or even suppliers are directly protecting these products or making it extremely difficult to access these products.

But I think one of the big dangers we've come across the last couple of years and the reason we're here today is that our products are essential to modern agricultural production. But over the years, anhydrous ammonia for crystal meth, ammonium nitrate for other illicit uses, and pest control products have been coming under

increased scrutiny. As that happens, industry and government are passing regulations down to ensure safety.

Again, we wholeheartedly agree with it, but I guess what we're saying is that as these regulatory requirements keep piling up on our members and our sector, the cost of regulation is becoming far too cumbersome, and we're looking now for a little bit of assistance to meet these new requirements.

Mr. David MacKay: And Mr. Cullen, when we sit around the table with our various members, we do get anecdotal reports of theft. The problem with crystal meth is that you can come into a facility and just bleed off the tank. There is no damage done and there's really no evidence you've even been there, other than maybe the seal on the tap being broken in bleeding off the tank. And of course those chemicals then go to meth labs, often in forested areas where they're hidden.

•(1150)

The Chair: Yes, that was a good question.

I just would like to clarify one thing that Mr. Cullen raised. The regulations appear to be all intended for the illegal acquisition of these materials, such as ammonia or ammonium nitrate. It does very little to prevent the legal possession or acquisition of these things. I don't imagine you've done any studies as to—

Mr. David MacKay: You mean fraudulent?

The Chair: No, legally. You could acquire these legally. These regulations would very little effect on that.

Mr. David MacKay: Correct. We do have an “On Guard for Canada” program, which trains our members to alert themselves to applying appropriate paperwork and vigilance and due diligence. It's rather strenuous in terms of not letting go of the product without that proper due diligence. Of course, the gut intuition is often the best, where we can alert authorities to what we think might be suspicious behaviour by apparent buyers. If I'm not mistaken, the three tonnes of ammonium nitrate actually had been acquired in southern Ontario, so maybe they posed as buyers.

So, yes, there is an issue there too, but we're also trying to train our members to be aware of that as well.

Mr. Jeff Kisiloski: I think one of the big benefits that our members in our industry offer is that a lot of these businesses are in rural locations, and in that case you know your customer. Your customers are within a 50-kilometre radius. If you have a customer list of 200 customers and someone shows up you don't know, you're going to ask questions. You're going to ask, “Why do you want this product for this? What about this product?”

I worked at a retail outlet, and I remember there were a couple of times when people came in just to get a couple of bags of fertilizer for their gardens. You know what? They got, "Where are you from? Why aren't you going to the location near Winnipeg? Why are you coming out to the Beausejour area?" There is a lot of scrutiny of customers you don't know.

The Chair: You've raised an issue here that I think is key. If you had \$120 million, maybe you'd put a little more into intelligence rather than....

Pardon?

Mr. Dave MacKenzie (Oxford, CPC): It is there, Mr. Chairman. It is there. There are lots of regulations on the illegal acquisition of a legal product. Their industry is up to speed on that.

The Chair: That's good to know.

Mr. David MacKay: We don't want to give the impression that because these are industry-set regulations government is not involved at a federal level. The manufacturers in our organization work with levels of the department all the time. They're fully behind these regulations and are quite satisfied with them. If anything, they're probably pushing them quite a bit.

The Chair: Good. Yes. We're examining this issue and appreciate every side being looked at.

Monsieur Ménard, no more questions?

We'll go to the government side, please. Mr. Hawn.

Mr. Laurie Hawn (Edmonton Centre, CPC): Thank you, Mr. Chair.

Thanks, gentlemen, for being here.

I want to clarify or follow up with something that Mr. Cullen was talking about there. The heads-up on the new regulations and increased costs and so on were gazetted in 2003.

Mr. David MacKay: From the environment standpoint.

A voice: It was strictly Environment Canada.

Mr. Laurie Hawn: Yes, I understand, but that's what he was dwelling on. Your response to government happened right away, and the response back that you considered less than satisfactory from your point of view happened fairly quickly after that. So this all happened in 2003-04.

Mr. Jeff Kisiloski: Right, for Environment Canada.

Mr. Laurie Hawn: Okay. I want to be clear on that.

I want to get my head around cost and what it actually means. You talked about the average cost being \$124,000 per site. Maybe you know the answer to this, maybe not: What's the average size of the retail business, in terms of average revenue, average profit? I'm just trying to get something in relation to the average cost of \$124,000.

Mr. Jeff Kisiloski: Right. Again, there's a tremendous variation in retail size here. You can have tiny little operations that are basically a farmstead with an anhydrous ammonia storage bullet attached to it. There are also large commercial facilities. I come from a very small town, just northwest of Winnipeg. The site they have there is approximately half an acre. It's tremendously small. But there are other locations that are ten acres big, and they have large anhydrous

ammonia storage bullets, liquid fertilizer tanks, large dry fertilizer storage tanks, pesticide warehouses, fuel storage, custom applicators, all at the site.

In terms of gross revenues, it's somewhere between, yes, I would say \$1 million to about \$5 million gross revenues annually. As part of our member category, one of the questions we do ask is average gross revenue, and I think the highest category goes up to between \$5 million and \$6 million.

Mr. Laurie Hawn: Okay, and these are all companies that are filing and paying taxes and so on. The costs of doing business are, as with any other business, deducted from....

• (1155)

Mr. David MacKay: Correct.

Mr. Laurie Hawn: They would get tax-deductible expenses. Even if they did incur the average \$124,000, it has to be an average of \$124,000 tax-deductible expense.

Mr. David MacKay: That is correct.

Mr. Laurie Hawn: It's not as if they're out of pocket \$124,000.

Mr. David MacKay: That is correct. They'll get a tax credit for that.

Mr. Laurie Hawn: You know where I'm going. Obviously they are getting compensated to a degree.

Mr. David MacKay: The only trouble is, unfortunately, this is an all-or-none situation where if you're going to decide to do the infrastructure upgrade you have to do it all and you have to do it well, which means it's either zero or \$120,000. There is no in-between, no small co-investments, and that's the challenge.

Mr. Jeff Kisiloski: To follow up on your question, when we met with several MPs back in November, at that time when we initially brought this issue to Ottawa, we talked about two options. We talked about the tax credit issue, as was being entertained in the U.S. In addition, we also talked about the precedent in the marine security contribution program as an option for our members too. It was probably a 70-30 split in favour of the contribution program, just because it's fast-acting, and it's pretty cut and dried too: here are the eligible expenses; if you do these, an inspector comes in to verify that you've done those upgrades, and here's your rebate. It's much quicker-acting and gets everything done, as opposed to a tax credit whereby you have to pay everything up front and then wait and file your income tax return.

Mr. Laurie Hawn: It's a year or less from whenever you did that.

Mr. David MacKay: Clearly our members aren't jumping right now to make these upgrades. If they know they've already got a tax credit, that isn't providing them with enough motivation to make the investment at this point.

Mr. Laurie Hawn: Staying in business would be good motivation for me.

Following along the same lines, to get people over that, correct me if I'm wrong, but you're talking about a temporary incentive program of some kind for two or three years and then take it away and carry on.

Mr. Jeff Kisiloski: Yes, very similar to the marine program.

Mr. Laurie Hawn: You're talking about one-time expenses. What about the accessibility of loans from the local or big financial institutions?

Mr. David MacKay: I'm sure our members have lines of credit and relationships with their financial institutions, but last time we were testifying in front of the Standing Committee on Agriculture, the people sitting beside us were the banking community. There is already a high degree of stress between the number of loans that are being put to the agricultural industry and whether those loans can be foreclosed and how much credit will be allowed for the industry, because it's being stretched right now. I don't want to rob Peter to pay Paul for something our members may not see as being something they're prepared to do to begin with, but to incur a substantial amount of debt to perform the upgrades is not necessarily a solution for them either.

Mr. Laurie Hawn: Again, the cost of serving that debt is tax-deductible.

Mr. David MacKay: Right, but the debt itself could be prohibitive in terms of operations.

Mr. Laurie Hawn: I go back to the average of \$124,000 and the average of \$1 million to \$5 million in gross revenues. I'm not totally convinced that's the case. Following up on that a little, if it were strictly passed on to the consumer, which is always an option, have you done any studies on what that would mean in terms of dollars or a percentage increase to the consumer for a unit of whatever? If you said to forget it, that you would do it and pass it on to the consumer, what does that mean to the consumer?

Mr. David MacKay: It would go through the value chain through the grower. You'd obviously have to look at not only the acquisition costs and the growers' fertilizer cost at that point, but also if there were any closures of retail sites, the added cost of transportation to the growers, fuel costs, and what have you. I don't know how you could quantify that right now. That would be quite an economic study to perform.

Mr. Laurie Hawn: I recognize that. I just wondered if you had done any notional what-ifs.

Mr. David MacKay: It's a flow-through, but I think you'd see pretty substantial increases for produce at the supermarket. I'm sure 20% to 30% wouldn't be unrealistic.

Mr. Jeff Kisiloski: With respect to directly to our members' customers, the farm community is already at a point where it can only pay so much for its input products. One of the big things we dealt with over the last couple of years was natural gas prices going up extremely and our fertilizer costs and acquiring the product at the retail site have gone up. The farmer is only able to pay for so much. The margin now is becoming whether to handle this product because of having to add another 10¢ per tonne, for example, for security upgrades. That 10¢ could put me at a break-even point or almost a bust.

● (1200)

Mr. Laurie Hawn: I understand, and I'm not being argumentative. I'm just trying to get my head around what it means if you go this way or that way.

Mr. David MacKay: Right. We'll try to give you the actual costs for our members, and from there we could maybe work with you more towards a study of the economic impacts.

Mr. Laurie Hawn: That would be helpful.

The Chair: Thank you very much.

I have two more people on my list.

Mr. Cullen, you said you had a brief question. Go ahead.

Hon. Roy Cullen: Yes, I have a couple of them. Thank you.

Just picking up on the point about costs that would be tax-deductible, it seems to me that some of these cost items would be capital costs, which would be subject to capital cost allowances, and notwithstanding the generosity of the government with their accelerated capital cost allowance, I don't know if these expenditures would qualify for that or not. I haven't studied it closely enough.

In the last budget, they came out with some accelerated CCA. If they are capital costs, they would be tax-deductible, but in terms of cashflow, it's over a few years.

When you responded to the gazette—that would be the special committee of cabinet, the secretariat that supports that—you heard back, “We hear you. We'll try to work with you to try to make something work that is palatable to your sector.” As I said earlier, and stand by that, that's somewhat hollow. Nonetheless, here you are trying to get something that works for you. What I hear you saying is that when you go around to the various departments, everyone is listening and nodding sagely, but no one wants to take ownership.

I think that although some things do change, some things do remain the same. For example, if you're looking for a tax credit, that would come from the Department of Finance, and the finance department would clearly be non-receptive to that, and they would say you have to go to a sponsoring department, and it will have to come out of their A-base if there is some kind of granting provision, etc. We've all been there. We all have the T-shirts on that. So if you don't have a department that is prepared to take on the responsibility for this, because it would come out of their A-base, then everyone says “Well, you should go and talk to agriculture”, and someone else says “You should go and talk to environment”, and someone else says “You should go and talk to industry”, and someone else says “You should go and talk to public safety”. This is the dilemma I suspect you're in.

I don't know if the government has any solution for this. I haven't studied it in detail, but it seems to me that given the numbers you're quoting here, it is putting a burden that is unrealistic on the retail sector, and I would hope that the government would assign some department the responsibility to try to fix this, because that's what was indicated, as I understand it, when you gave your brief to the special committee of cabinet, and they said that the government should work with you to come up with an acceptable solution.

While there is no department that's been assigned responsibility, we have the same issue with counterfeit goods. Everyone keeps pointing at everybody else. In the meantime, some of your members are going to be in jeopardy, so I hope the government takes this seriously and assigns a department. Maybe it has to be cost-shared among a few departments, but it seems to me that your position is quite reasonable. You understand it has to be done. It's just that suddenly you just can't have something foisted upon you so that you have to absorb this cost when clearly you can't.

I don't know if you want to respond at all.

Mr. David MacKay: You are quite intuitive. We're trying to be patient. We've just recently focused on this issue in the last, say, five months, and we know that the wheels don't turn so quickly that we could walk away with instant satisfaction. So even though we do feel at times that we're sometimes passed around to various departments, we are still being listened to, and we'd like to think there is progress.

There is no question that we're not satisfied currently with where this issue lies and which department owns it. We have not been given any indication yet as to which department should take the lead on this issue, but we do see evidence that departments can work together. The marine security contribution program is a joint effort between the Department of Public Safety and Transport Canada. We have faith that we can present it to various levels of government, and hopefully it will sink into the middle, and the leadership will take hold of that and then come back with a solution, but we haven't seen evidence to date as to where that lies.

Hon. Roy Cullen: Thank you.

The Chair: All right, the last questioner is Mr. MacKenzie, please.

Mr. Dave MacKenzie: Thank you, Mr. Chair.

To our panels, as I indicated to you earlier, I thought this group would be non-partisan on this issue, and I think Mr. Cullen just proved it with his comment about going back into the previous government, where the issue has been. When I look at some of the information here, I see it's from the regulations from 2002 and 2004, so this has transcended from the previous government through here. You indicated that you've spoken to most of us, and I think we understand the issue. Perhaps this committee can make some recommendations that could go forward.

If I read your options correctly—and certainly correct me if I'm wrong—you've got two options. Either one is an acceptable option, depending on, as Mr. Cullen's already indicated, the different ministries. I suppose some of the concerns are about big companies, small companies, and all those things, but if it is in a tax credit situation, the work is done; it's not a case of somebody getting handed the money and then doing something different or whatever.

Certainly your security tax credit, just from a personal perspective, would say that the work is done before the reimbursement, in a backhanded way.

In all of these things—and I think the chair had asked some questions with respect to the handling—when I look at the regulations, there is a vast array of responsibilities on the sellers of ammonium nitrate particularly. That's been known for years and years as an explosive. Where I come from, farmers have been using it to blow out tree stumps and foundations for years. That is somewhat allowed for in what I see in the regulations here; it can still be sold for that purpose, but it has to be very well covered.

Am I right in that regard? This does have a long history. Now, maybe, with some of the security issues, we're getting up to speed on the security of it. Aside from the meth issue and just from the security aspect, this product has been around for a long time, and maybe we didn't grasp the severity of it until we saw the disasters in Oklahoma and, as you've indicated, in London, England, and other places.

● (1205)

Mr. David MacKay: We're going to a new level. There have been a lot of requirements for handling and safe stewardship to protect the people who are handling it and to make sure there's documentation, but now we're at a whole new level involving outside threats of acquisition for criminal and terrorist activity, as opposed to inappropriate usage or careless usage.

Mr. Jeff Kisiloski: With respect to your direct comment about ammonium nitrate, there are definitely two grades. There's industrial grade, which will be around forever, but there's also agricultural grade. I think the concerns with the agricultural grade started with the Oklahoma City incident. All of a sudden we're in a new domain. It's not just an agronomic product any more; it has potential. Yes, it's a tremendous agricultural product; it has specific uses and it's great for certain crops, but the potential is there too.

Mr. Dave MacKenzie: I don't have any more questions, Mr. Chair, unless the witnesses wish to expand on....

The Chair: I was going to allow them any time they have. If they have any wrap-up comments, that would be good.

I represent an agricultural community, so I'm really pleased that we could fit you in here before the summer break. What you have presented to us is something we need to deal with, as government, as quickly as possible.

If you have any final comments, please go ahead and make them.

Mr. David MacKay: I'd like to echo that and thank you for the opportunity to be here today. Originally we'd thought we might have to wait until the fall, so the fact that you've picked it up. And I credit individual members of this committee as well for pushing that.

We would like to impart that we absolutely want to work as closely as we can with government to do the right thing here. Doing this thoroughly but promptly is probably of greatest concern. We want to pre-empt any potential incident—but not, obviously, at the expense of economic hardship to a sector.

We don't want it to appear that we're whining, either. Some might say there's a cost of doing business here. And no question, we are prepared to bear, as we have over the years, a great deal of the costs. We haven't come to you often saying that the sky is falling. But we're now coming to say that we're at the tipping point. We just can't afford any more regulatory burden. We need some help to get over the hump.

And it's not just our costs. Really, security upgrades don't drive the bottom line. They don't. They're perhaps of safety benefit to Canadians. We do feel there's a stake for the Canadian government to share here. We also do believe industry should share a stake as well. We'd like to see them at the table, for sure, as a solution. Hopefully we don't spend five years dicker about a number; we could instead actually get something done.

We do prefer the idea of a contribution program. It gives the government the ability to approve or disapprove the eligible expenses rather than leaving it to CCRA to determine whether that's an eligible expense, whether it's depreciated, whether it's immediately written off that year. You can understand why depreciating assets wouldn't be a heck of a lot of incentive for us to make a move. The contribution program is by far the preferred method that we would like to propose. It instantly deals with the situation on a rebate basis.

With regard to the question of what the number should be—in other words, if government were a little bit unsure of whether the costs we present are valid—you have the complete authority to approve or disapprove that eligible expense on an application basis, just like the marine contribution security program. We believe it's ideal. It's an amazing precedent that is exactly tailored to the requirements of the agriculture retail sector. If it's working for agricultural retail, if it's working for port security, why can't it work for inland security?

• (1210)

Mr. Jeff Kisiloski: Also, I think the beauty of the model is that an application is made for security upgrades that need to be done, it's approved or disapproved right there, the work is done, an auditor

from the government comes in and verifies that the work has been done, and the rebate is issued. So it's very quick, very accurate, and has a lot of accountability.

Mr. David MacKay: We look forward to presenting to your committee our findings, Mr. Breitzkreuz. As soon as we have all the appropriate data in place on a report basis, we'll immediately share it with you. That should give us a measurement of where the current members are in terms of infrastructure status, in terms of their proclivity to reach what I call the “threshold of inducement”, and in terms of what it would take to get them to do the security upgrades. We'll be able to quantify all of the different variables in place and give you a more accurate assessment, including actual costs to upgrade these facilities.

The Chair: When I receive those documents, they will become public. The ministers can look at it and deal with it.

I want to thank you very much. I appreciated your presentation.

This is probably the last meeting of this committee, and I want to take the opportunity as chair to thank everybody who has served on the committee. I feel very strongly that when committees are non-partisan, as we have seen today, we get a lot more done. We've dealt with a lot of issues, and I think we have written some good reports.

Again, I appreciated working with you all. I think this is one of the best-functioning committees on the Hill. We don't get into the news very often, and maybe that's why. I want to thank everybody for a great job.

I even had to compliment Mr. Comartin the other day in the House on the wonderful speech he made. You can see how that...

An hon. member: Congratulations to our chair as well.

Hon. Sue Barnes: Mr. Chair, we may wish to call some officials on this matter as well, right?

The Chair: Oh, this matter is not over. I don't want to imply that this is the end of it.

Hon. Sue Barnes: That's good. Okay. I just wanted to make that point.

The Chair: Absolutely.

We had invited officials, but we couldn't get them today.

Anyway, this meeting stands adjourned.

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