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Chair

Mr. Bev Shipley

Standing Committee on Agriculture and Agri-Food

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• (1530)

[English]

The Chair (Mr. Bev Shipley (Lambton—Kent—Middlesex, CPC)): Welcome, colleagues, and welcome to our witnesses who are with us today.

We have a couple of guests at our table. Mr. Choquette and Mr. McCallum, welcome and thank you for joining us today. It's good to have downtown agriculture here.

Hon. John McCallum (Markham—Unionville, Lib.): Well, thank you. It's good to have a city voice.

Voices: Oh, oh!

The Chair: Also, Mr. Leef is here with us. We are continuing our discussions with our witnesses regarding the promotion of domestic trade in agriculture and agrifood products by the reduction of interprovincial barriers.

In our first hour, colleagues, we have with us, from the Canadian Federation of Agriculture, Mr. Ron Bonnett, president; and from the Canadian Sheep Federation, Corlena Patterson, executive director. Welcome to both of you.

In the form of having ladies first, I'll turn it over to Ms. Patterson for 10 minutes.

Ms. Corlena Patterson (Executive Director, Canadian Sheep Federation): Thank you.

On behalf of the Canadian sheep industry, I would like to thank the committee for its invitation to speak to you and address some of the challenges our sector faces. So thank you.

The Canadian Sheep Federation is a national not-for-profit organization that represents over 11,000 Canadian sheep producers. Established in 1990, the primary responsibility of our organization is to set national policy for the sheep industry. Our mission is to work closely with all levels of government and industry-related organizations, both domestically and abroad, to further the viability, expansion, and prosperity of the Canadian sheep industry. To that end, the Canadian Sheep Federation is pleased to take this opportunity to share with the Standing Committee on Agriculture and Agri-Food the challenges the sheep industry faces as a result of interprovincial trade barriers, and the opportunities that exist to eliminate these barriers.

In May 2012, the Canadian Sheep Federation sent a letter to the Minister of Agriculture and Agri-Food, the Honourable Gerry Ritz, supporting the proposed amendments to the Meat Inspection Act that promised a movement towards streamlining and simplifying the

requirements for federally inspected processing facilities. There have been positive changes to regulations since that time, and there remains a need to continue reforming the existing system and examining opportunities for minimizing barriers to interprovincial trade.

The news of a less onerous recognition system for federally inspected abattoirs was promising for the sheep industry. We are a sector that sees 70% of its animals processed in provincially inspected facilities, and only 30% processed under federal inspection. To provide some perspective on this, I would point out that Ontario processes 53% of Canadian-born lambs, with over 90% of those processed and handled through provincially inspected facilities. This means that 48% of Canadian-born lambs have to be consumed in Ontario and remain unavailable to the rest of Canadian consumers.

The challenge for the sheep and lamb sector is in fact infrastructure. In 2014, there were only 10 federally inspected facilities in three Canadian provinces with the capacity to process sheep and lamb. Despite encouraging processors to attain federal inspection, we have been repeatedly told that it's not only the cost of making the transition from provincial to federal accreditation, but also the cost of maintaining it. Two Ontario processing plants that endured the transition from provincial to federal inspection subsequently closed and filed for bankruptcy. With large national grocery outlets reluctant to carry meat products from provincially inspected plants, given their interprovincial distribution system infrastructure, there is a genuine need to address how Canadian lamb is going to make it to Canadian consumers. Despite Ontario's overall processing capacity, the shortage of federal processing, along with retailers' reluctance to carry provincially inspected product, means that even Ontario consumers don't have access to Canadian lamb. A lack of federally registered kill facilities and the inability to move provincially inspected product between provinces limit the productivity and profitability of the Canadian sheep industry.

Limitations imposed by the current meat inspection system affect more than just the processing sector. Producers in provinces without federally inspected establishments are required to either direct-market to a much more limited customer base, or ship live animals to provinces with larger processing capacity. For some producers, the additional cost incurred in transporting sheep and lambs across several provinces can equate to 10% of the animal's value, which significantly impacts producers' profitability. Provinces that have the land base and capacity to expand the ewe flock lack the ability to move product out of the province, and they lose profitability in moving live animals to provinces with the greatest retail demand. Likewise, the cost of producing sheep and lamb in provinces with major consuming metropolises is ever-challenged by rapidly increasing land prices.

The recently released domestic livestock movement demographic study commissioned by the Canadian Food Inspection Agency suggests that, on average, over 30,000 sheep and lambs are shipped from western provinces to eastern Canada annually, and in some years that number is over 50,000 head. With interprovincial transport times for live animals easily exceeding 48 hours, animal welfare concerns can keep some producers from being able to market directly to abattoirs or through auction marts that service provinces with high processing capacity.

• (1535)

Nova Scotia provides a pointed example of how Canada's meat inspection system is failing Canadian producers. The Sheep Producers Association of Nova Scotia, in one of our member provinces, has worked extensively to produce and market premium Nova Scotia lamb to consumers. As industry marketing efforts have driven up demand for this local product, customers look for premium Nova Scotia lamb on grocery store shelves. However, with maritime grocery distribution centres located in different provinces, and no federally inspected processing facility in Nova Scotia, producers cannot get premium Nova Scotia lamb into major retail outlets and in front of Nova Scotia consumers.

The limited ability of producers to get Canadian lamb into mainstream retail outlets means that domestic demand is met largely with imported product. The Canadian sheep industry currently supplies less than 50% of the sheep and lamb consumed in Canada, demonstrating the tremendous capacity for industry growth were it not, in part, for the current limitations on domestic trade. Moreover, Canada's changing population demographics promise to further increase demand for sheep and lamb products by Canadian consumers. Canada's population growth is expected to come predominantly from immigrants originating from south and south-east Asia, the Middle East, and Africa, creating an unprecedented demand for new types of food which are different from the traditional food offerings in major Canadian grocery stores, in particular for sheep and lamb products. According to CIBC World Markets, about 70% of spending growth in the next decade will come from visible minority groups.

The combination of population growth and shifting consumer demand indicate that there will be a growing demand for lamb in Canada in the coming years. This is an opportunity that the industry needs to be able to capitalize on in order to ensure its long-term viability and profitability. However it remains a challenge to get

Canadian product into major retail grocery chains and in front of consumers.

The Canadian Sheep Federation asks that the committee consider an innovative national meat inspection system which would preserve Canada's high standard in food safety and satisfy the expectations of both our domestic and international markets while eliminating the superfluous red tape that restricts the capacities of processors servicing up-and-coming sectors. Likewise, a renewed inspection system should continue to support regional processors that provide local and customized services to farmers and consumers alike.

The Canadian sheep industry is uniquely positioned to experience tremendous growth that will allow it to capture greater domestic market share. Regulatory red tape impedes industry growth, and Canada's current meat inspection system fails Canada's sheep farmers and Canadian consumers alike.

From a sheep industry perspective, meat inspection in Canada is broken, and those who are paying the price are producers and consumers. The role of government and federal policy needs to be one of supporting Canadian farmers and Canadian agriculture. Eliminating barriers to interprovincial trade and opening the domestic market for sheep and lamb will support the viability, expansion, and prosperity of the Canadian sheep industry as it meets the ever-increasing demand from Canadian consumers.

Thank you for your time. I appreciate it.

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

Now we'll go to Mr. Bonnett for 10 minutes, please.

Mr. Ron Bonnett (President, Canadian Federation of Agriculture): Thank you, Mr. Chairman and members of the committee, for the invitation to be here to present on behalf of the Canadian Federation of Agriculture.

My name is Ron Bonnett. I'm a beef producer from northern Ontario, and I'm president of the Canadian Federation of Agriculture. The Canadian Federation of Agriculture represents, through its member organizations, more than 200,000 farm families across Canada, and we promote the interests of Canadian agriculture and agrifood producers to ensure the continued development of a viable and vibrant agriculture and agrifood industry in Canada.

The CFA supports the goals of reducing barriers to interprovincial trade and recognizes the need to eliminate unwarranted barriers to interprovincial movement of goods, investment, and labour to reconcile standards. Harmonizing standards across Canada would enhance the ability of Canadian farmers to serve the needs of the domestic food market as well as the export markets that so many farmers depend on.

We also believe that these goals must be pursued in a manner that recognizes the diverse social, cultural, and economic characteristics of the provinces, and respects the diverse marketing requirements of the various sectors of Canadian agricultural production. We have heard concerns raised by farmers across Canada about the number of differing standards and regulations across the country that hinder or add unnecessary costs to those who wish to market their products outside of the province. This is especially true in cases where farms are located in areas that abut other provinces. These barriers include differing transportation regulations, which can include everything from truck weights, dimensions, and tire sizes, and things like differences in standards for animal housing, new management regulations, and the variance in disease-prevention regulations between provinces.

In the case of animal production, differences in provincial meat inspection, which have been outlined by my colleague here, have a significant impact on livestock and poultry farmers, as many retailers won't purchase products from provincially inspected plants. This includes products produced in the province and products that go across provincial lines. In addition, we've heard from food processors about a number of regulations that are different across different provinces.

Another area that needs to be addressed is the standardization of farm data. Provincial regulations vary considerably, and having a robust baseline of information across the country is necessary to compare different approaches used by provinces, to gauge their impact, and to develop appropriate policy responses. One example may be the information on investments of corporate entities, foreign ownership, and other land data that could benefit an understanding of what is happening in the industry.

As mentioned, CFA supports the goal of reducing or eliminating unnecessary burdens on interprovincial trade in agriculture; however, we also believe there should be legitimate exceptions that would be recognized. This could include measures to protect animal and plant life, protection of the environment, and consumer protection.

The one other area of concern that must be addressed is having measures in place to support the supply management system for dairy and poultry producers in Canada. Under the supply management system production is managed at the provincial level and interprovincially, and rules are needed to make sure that this is in place. The agricultural chapter within the Agreement on Internal Trade has recognized that nothing in the agreement shall be construed to prevent the provinces from adopting or maintaining measures relating to supply management marketing systems regulated by federal and provincial governments and provincially regulated marketing boards that are not technical measures. The sector has asked that the statement be further clarified, given the vagueness of the term "not technical measures", so that measures supporting supply management are exempt from the dispute settlement process contained in the agriculture agreement on trade.

While federal, provincial, and territorial ministers responsible for trade approved an interpretive note addressing these issues, we have not seen the written text of that, and it has not been made public. We are therefore seeking the assistance of this committee to make sure

that the interpretive note is available to those sectors that would be impacted prior to its being ratified.

● (1540)

In 2006 the Senate banking, trade, and commerce committee did do an examination of interprovincial trade; however, no report was issued. But from the information that we've been able to gather, they had a hard time finding real details on what is impacting trade, and they had a hard time as well quantifying what the impact would be.

In summary, we think the goal of reducing unnecessary barriers to interprovincial trade would enhance the ability of Canadian farmers to serve the needs of the domestic food market, as well as position them better for export opportunities. We recommend that the committee do a thorough assessment of the mechanisms and regulations in place that may hinder interprovincial trade in agriculture while keeping in mind that there may be some legitimate exceptions to this rule.

Secondly, we would recommend that the committee assist us in making the interpretative note to the AIT public so that Canadian supply-managed sectors can be assured that the measures supporting these sectors are exempt from the dispute resolution process.

Thank you, and I look forward to your questions.

● (1545)

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

Colleagues, now we'll start our rounds of five minutes each. I'll start off with Mr. Choquette, please. Five minutes.

Ms. Francine Raynault (Joliette, NDP): C'est moi?

The Chair: Okay, Madame Raynault.

[*Translation*]

Ms. Francine Raynault: Thank you, Mr. Chair.

Ms. Patterson, when I was a farmer, I raised sheep and lambs. That was very difficult at the time, and I don't think the situation has changed much.

As you said in your presentation, 90% of lambs are processed through provincially inspected facilities. However, 48% of Canadian-born lambs have to be consumed in Ontario. That may be one of the reasons why, even in Quebec—I am the member for the riding of Joliette, north of Montreal—it's difficult to find local lamb. I am not necessarily talking about Quebec, but the fact remains that the lamb always comes from abroad. I would really like to eat lamb from here. It's what I like best, actually.

When it comes to interprovincial trade barriers, I would like to know what measures you would like the government to implement so that lambs, regardless of where in Canada they are raised, could be delivered to all provinces. There are only 10 packing plants in 3 provinces, and that's really not a lot. Health-wise, travelling for too long is not good for animals that are unfortunately going to be slaughtered.

What measures would you like the government to adopt to really help out those producers, so that Canadians could eat lamb raised in Canada?

[English]

Ms. Corlena Patterson: Our largest limitation is that our major retail grocery stores, despite having a product that is processed within the same province as those stores, are still reluctant, if not completely resistant, to selling provincially inspected product, based largely on the fact that their distribution centres require inter-provincial movements and they don't wish to rely on having to sort products by province.

There is an adamant request for federally inspected product. In some sectors where a large number of animals are processed, and where the federal inspection abattoirs can justify the cost of gaining federal accreditation under the current system, that's not a limitation. For the sheep sector, we of course don't process the same number of animals and not every facility can process every sort of livestock. Sheep processing facilities can be very specific to processing sheep, but they have a lower capacity. Oftentimes they can't endure the cost of both becoming federally accredited and maintaining that accreditation.

Not that I have an exact, prescribed answer for a solution is, but in generalized terms for our sector, we need to find a way of facilitating a less onerous federal inspection system that allows small processing facilities to still generate an income on processing a smaller number of animals than, let's say, Maple Leaf would process beef cattle.

We know anecdotally that oftentimes the only difference between a provincial and federal level of inspection can be an extra bathroom and a paved driveway. That is superfluous red tape. It has precious little impact on food safety. It should not drive the value of the product whether or not an inspector has his own bathroom in the facility, but oftentimes that's the only difference.

That's a very long-winded way of my saying that we need a less onerous, less prescriptive, more outcome-based federal inspection system.

• (1550)

The Chair: You're just about at the five minutes, so I'm going to —

Mr. Bonnett?

I'm sorry.

Mr. Ron Bonnett: I have just a quick comment on that question. One thing to remember is that provincially inspected plants and federally inspected plants are still producing safe food. A lot of it is, as you said, paved driveways, extra bathrooms, some extra paperwork.

The federal government initiated a pilot several years ago looking at how to harmonize the regulations between provincially and federally inspected plants. I think the next step from that would be to see what recommendations could come forward to ensure that the processing done in those smaller plants would be accepted by the larger retail chains.

The Chair: Thank you very much.

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

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

Welcome to our witnesses.

We have already gone over with other commodity groups a number of the issues we're discussing here today.

One of the main obstacles, without question, is the provincial abattoir inspection versus the federal abattoir inspection. I have never really thought about it before, but maybe we're looking at this in the wrong way.

I want to throw this at both of you. We keep coming back to the federal government every time. We need the federal inspection for export; we understand that. We don't need it for domestic sales. So the plants that are already set up for federal inspection have an advantage over other plants. Maybe we should look at this with the provinces. It would be as simple as the provinces accepting one another's regulations domestically; then this issue goes away. We keep coming back to the federal side for the export opportunity, but we're not looking for an export opportunity; we're looking for domestic sales, especially in the sheep and lamb industry.

I just want to throw that at both of you and get some feedback.

Mr. Ron Bonnett: I think there are two aspects. You captured one, having the provinces recognize their individual inspection systems and allowing product to move back and forth. However, the other aspect that needs to be dealt with is the perception by the retail sector that there is a difference in standards and in food safety. This is the area in which we need to have a broader discussion with the whole sector, including the retail sector, to make clear that we're not talking about a difference in food safety responsibilities or in the ability to produce high-quality and safe food. What we're talking about is making sure that we have a system that can respond to the needs of both the producers and the consumers.

Mr. Gerald Keddy: What we now have—excuse the pun—is far too many silos, without question. But I don't think we have ever sat down to look at this with our provincial counterparts and tried to deal with the food inspection industry for domestic rather than international trade. There may be some hope.

I understand Ms. Patterson's comments on the provincial system. I've been in a number of provincial plants, and many of them are state-of-the-art and are up to all the specifications, except for exporting. With the added cost for that, they just stay away from it—and probably couldn't make it, quite frankly, if they went there, because they're not in the export business.

The other aspect concerns the shippers. We have a reluctance from the provinces to accept one another's products, although if I travel to another province I'll eat provincially inspected lamb or provincially inspected beef or provincially inspected produce of any kind. We all do. But the other aspect, which I didn't realize, is the reluctance from the shippers; they won't take farm gate delivery. They want it to go to a central depot, and then that central depot can send it wherever.

I don't know how we get around this or whether it is even possible to get around it. But maybe there needs to be consumer pressure. Most consumers, if they want local lamb, buy local lamb from the butcher or from the abattoir.

I don't know whether you have any ideas on how we can apply that pressure or whether it is possible. They're too big.

• (1555)

Ms. Corlena Patterson: I would reiterate that it has to be one of those focuses. I think that if there were a SWOT analysis done of the level of provincial versus federal inspection, you would find that in a lot of cases there isn't a lot of difference between the two. That might be a good starting point in determining how we get the provincial level to recognize the federal level. A lot of it can be a matter of education for those distribution centres and those major retailers in understanding, then, that the provincial level of inspection will match it.

What becomes interesting is that in so many different provinces we see initiatives to "eat local" and at the same time a reluctance to accept local or provincial standards. There certainly needs to be some looking at harmonizing of those standards and an acceptance of the end product of that harmonization of standards between the two levels. I would agree.

Thank you.

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

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

Hon. John McCallum: Thank you.

Welcome.

As was pointed out, I'm from the city and don't necessarily know much about farming, but I know something about economics. When I listened to you, Ms. Patterson, the first thought that occurred to me was that we as a country are leaving a lot on the table if we import half of our lamb needs and there is capacity to do more. You mentioned the growing population, the diverse population, and all the potential demand out there, and we don't seem to be able to get our domestic act together.

It was the first thought that occurred to me, but I see now that others have asked questions about it. Why on earth can't lambs that are inspected in Ontario plants, for example, be exported to other provinces? It doesn't seem to make any sense. Is it because the retail sector objects or the farmers in the other provinces don't like Ontario lamb coming in? What's holding it back? From the industry point of view and from a national point of view, this doesn't seem to make any sense at all.

Voices: Oh, oh!

Ms. Corlena Patterson: I would suggest that we don't see a tremendous amount of competitiveness among producers between provinces. We see the general push coming from those retailers who want to accept federally inspected product regardless of whether it has met a provincial standard. That's the limitation and why they won't take it. It's the quality assurance people, the food safety people in those chains, who are saying that they want federally inspected product. That limits the capacity to a certain extent.

Hon. John McCallum: What's so good about federal...? They don't think that Ontario, for example, can do the job?

Ms. Corlena Patterson: Yes, it...

Mr. Ron Bonnett: I think it goes back to several years ago, when there were a number of instances in some provincial plants, but we've had instances in federal plants. The perception developed that there might be some differences. I think one of the things is that we have to do a really good job of communicating that the standards are there. It's just the things that really don't impact on food safety that are different between the federally inspected and the provincially inspected product.

To go to your first question about whether it is the provinces or the retail, I think it's a combination of both. I think provincial rules and regulations were developed generations ago to help build capacity within the province. Some of those things don't exist anymore, but the bigger issue, I think, becomes the retail sector not wanting to purchase product from provincially inspected plants.

Talking about sheep, I was just telling Corlena that I had a neighbour a few years ago who was producing a huge amount of sheep for the Sault Ste. Marie market, but all of a sudden the retail buyers decided that head office said they had to purchase product from a federal plant. He lost his market. For him to ship that to a federally inspected plant and then ship it back, the margin wasn't there to do it. That's how it really hits the ground.

Hon. John McCallum: Well, if it's not because of provincial protectionism, one might call it, but more because of the retailers, would the solution be to ensure that the different provincial inspectors are each conforming to high safety rules? In that case, the retailer shouldn't mind.

• (1600)

Mr. Ron Bonnett: That's where I suggested that we should take it one step further from the pilot project that was done in comparing and trying to harmonize federal and provincial inspection regimens, because the food is safe regardless of which plant it comes from, and I think there's a communications piece that has to be done there. I think that if there were recognition by provinces of each other's provincial inspection systems, and if there were also a recognition between the federal government and the provincial inspectors that the standards were compatible, that would go a long way to reassuring the retail sector.

Hon. John McCallum: That's all I have for the moment.

Thank you very much.

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

I'll now move to Mr. Zimmer.

Five minutes please.

Mr. Bob Zimmer (Prince George—Peace River, CPC): Thank you for appearing before committee today.

It's funny, because I was just talking to my colleague, Mr. Payne, about an issue. He has some members in Alberta who want to sell to Saskatchewan but have issues with the interprovincial thing, and I have the exact same issue. I have an abattoir in B.C., in McBride, that wants to sell beef to Alberta because they're so close to Jasper and that market. They're closer than the Albertans in some cases and have the same issues with this interprovincial barrier that shouldn't be there.

It's my understanding—you alluded to it, Ron, in your statement—that it is somewhat of a provincial issue because all federally inspected meat would be all right, but it's the provincial-federal issues that we still deal with. We have to deal with that. We're talking about it in terms of wine and spirits. We can do one thing at the federal level and the provinces just say that they're not quite with us on that and choose not to go that way. That's our challenge federally.

What would be some comments on this? We've already talked about solving the problem and we talked about silos and all that, but if you had your best wish, how would you fix this problem?

Mr. Ron Bonnett: Because of the respect for the federal system, I think even closer linkages between CFIA and the provincial regulatory agencies would be appropriate. I know that in some provinces CFIA actually does the training for the provincial inspectors. In some provinces there isn't the same type of link. I think having some of those links between CFIA's system and the provincial regulators would likely help.

As I mentioned earlier, I think it's about moving away from a perception that the provincial standard might be lower, and recognizing that there are just a few different ways that they're approached. I think really establishing that link between CFIA and the provincial inspection bodies would be the first step.

Mr. Bob Zimmer: What you said is very similar to what we've done. In the environmental review process, we've had a similar approach: when it's provincial we'll respect their judgments and they'll respect ours. It's a reciprocity type of agreement.

From the stories I've heard—and I haven't been in an abattoir for a while—the provincial and federal inspectors are literally inspecting the exact same thing and doing duplicate jobs. It's really unnecessary.

For us the bottom line is that we want it fixed. We need to get the right people.

Do you have any more comments, Ron?

Mr. Ron Bonnett: One more comment.

I think we've been talking primarily about meat inspection, but I did have some contact with the dairy sector. Even in the processing side of the dairy sector, they face some different regulatory issues within provinces. Going back to what I was saying in the recommendation, I think we've really got to drill down and get a handle on the exact regulations that are causing the problems and see what the differences are and then identify where we can go from there.

I don't think it's that large a bridge to make sure that we update and modernize the regulatory systems, and make sure that there is an understanding of provincial inspection and federal inspection. At the consumer level that should be seamless; there shouldn't be any difference in the standards.

Mr. Bob Zimmer: Corlena, do you have anything to add to that?

The reason I asked about preferred beef is that it relates to a situation in my own riding.

Corlena, please, any input?

Ms. Corlena Patterson: There was the comment that at the federal level we are challenged with what the provinces do and how they act. However, if there's some federal support for mutual recognition or mutual approval of those processes, with that recognition there might be an increased acceptance in turn by those major retail stores. It's the communication piece as well, but some recognition of it at a federal level might help with the communications and the mindset that we see at the grocery outlet, for sure.

• (1605)

Mr. Bob Zimmer: It's exactly these kinds of points why we're having this study, so that at the end of this hopefully we can have some marching orders that we get things moving along.

Thank you for your presentations.

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

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

[*Translation*]

Mr. François Choquette (Drummond, NDP): Thank you, Mr. Chair.

I want to thank the witnesses for joining us.

My riding is called Drummond. Drummondville is a municipality surrounded by rural regions. So I have an opportunity to meet producers and visit dairy, poultry and pork farms. Those are the main types of farms in the Drummond region.

We also have a lot of berry producers, growing strawberries and cranberries, which are very prolific in my region because of the quality of our soil. We also have amazing tomato greenhouses. One of our companies, called Rose Drummond, is the only rose and cut flower producer in Quebec.

I just wanted to show you that I am quite familiar with the subject, although I am not an agricultural expert, of course.

In economic terms, people mostly talk to me about interprovincial trade and the importance of having a quality workforce. It's difficult for them to have access to a qualified, regular and available workforce. I'd like to hear your opinion on access to labour.

My question is for both witnesses.

[*English*]

Mr. Ron Bonnett: You've raised one of the issues that has bubbled to the surface in the last little while, namely having adequate labour in place.

I don't think it's any secret that agriculture producers use a lot of labour, some of it through temporary foreign workers programs. The systems that have been in place for the agricultural sector have been in place for almost 50 or 60 years now and are working very well. I think we're confident of the system that's been set up for that.

What we're encouraging government to look at is immigration policy, accepting refugees and things like that, to ensure that there is an adequate supply of workers coming in. I think there is a fairly strong demand for low-skilled workers. I think what we're seeing is that a number of Canadians going through the education system are attaining higher levels of education, and there's not a pool of people for some of the low-skilled jobs. I think we have to look at the labour needs. They can't be looked at in isolation of immigration policy. We have to take a look at how we build for the future and make sure that we have those workers.

This isn't only true for supplying the domestic market. I've heard a number of value-added processors talking about getting access to some of the new markets that are opening up, and if they don't have an adequate supply of labour, they won't be able to fill those markets.

There has been some improvement on labour mobility between the provinces. In another life I was a journeyman and practised as a steam fitter. I had a licence and worked across Canada. Having recognition for apprenticeships and trades, and things like that, and making sure there's provincial acceptance all the way across the board is critical, especially when we have a country where more and more people travel from one section of the country to another to work. Labour mobility is an issue, as well as having access to a large pool of workers.

Ms. Corlena Patterson: Yes, I would agree. In our sector, we have some serious limitations in being able to access the work force, or a reliable work force, both at the producer and processing levels.

When we talk to our processors and our abattoirs, they face some serious problems accessing skilled labour and continuous skilled labour. There are large turnover rates, and it's not a great job. It's a good job, but it's not a fun job. There's often resistance to finding abattoir workers, but at the same time we see our producers having those same issues. Moreover, agriculture is so seasonal and we have programs in this country that discriminate a bit against people who work in seasonal fields, and they don't have the same opportunities. That challenges a producer when they haven't the resources to engage somebody on a full-time basis, but certainly have times of the year when they have a real demand for it.

We're working with the Canadian Federation of Agriculture. We've worked in a number of different venues, including the all chairs round table and the workforce action plan that was put together there. We work with the Canadian Agricultural Human Resource Council on ways to address the labour shortage.

The access to temporary foreign workers remains important for our sector. I'll use a prime example, namely shearing season. When you can have shearers coming in from New Zealand and Australia, it's nice to have the same ones with the same skills and the ones you like coming back on a repeated basis. They're shearing in our country in the off season of their country. They're good at it and they process quickly. It's a great scenario for us, but we face increasing limitations on that, especially when there are only so many years in a row that you can access that same person.

•(1610)

The Chair: Thank you.

Thank you, Mr. Choquette. We need to move on.

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

Mr. Earl Dreeshen (Red Deer, CPC): Thank you very much, Mr. Chair.

Thank you, witnesses, for being here today.

I'm going to talk a little bit about CFIA, the provincial and federal plants, and the coordination that you think is required there. I think that is something we can take a look at.

Ms. Patterson, I think one thing you were speaking of was primarily the different types of structures you have for an abattoir that's going to deal with sheep and lamb versus what you would have for cattle and others. Again, you're saying you have to transfer them. You only have a few in certain provinces, so you have to worry about the transportation, and then if you have to deal with transportation, you then have to deal with all the different rules that provinces have when you go from one province to another. Of course, they exist for beef and so on, but you're not as likely to see that occur, although it does occur.

I'm just wondering if you can speak a little bit about how that is working and where you see being able to bring in a federal level of inspection. There's going to be a lot greater cost associated with the small abattoirs that are dealing with this to try to bring in federal inspection for the number of animals you're running through there. I'm just wondering how you can take a look at that.

Then, Mr. Bonnett, one thing you mentioned was standardization of farm data. I just wonder if you could expand on that.

Corlena.

Ms. Corlena Patterson: That's a very good point. B.C. had a great model where the CFIA was helping in training and in providing inspection for the provincial government for some period of time. What evolved from that was a provincial inspection system that has almost equivalent standards.

I think there are some opportunities. We know that the CFIA has resource restrictions in increasingly hard times. Perhaps it's a methodology of using provincial inspection with some CFIA oversight and then recognizing that level of oversight as ensuring a certain amount of food safety, or recognition of being trained and having that oversight by CFIA means that we've seen the same level of inspection happen there despite its being provincial. Maybe that's one capacity for making it happen.

It's not the inspection that's the issue, it's maybe the paperwork, which Ron can refer to, that becomes the limiting factor. We want federal inspection. We want to be able to move product. For our facilities with a smaller volume, it's hard to recoup the cost of implementing the existing system. Is there a way to take the federal system, and again, eliminate a lot of the red tape that is just red tape and whittle it down to an effective implementation of a federal inspection without the unnecessary of the paperwork, the reporting, the little things that don't have an impact on it? That can help not only conserve resources for a facility; it can also conserve resources and time for the CFIA if we can find a simplified system for doing it.

What that is exactly, I don't know. I can't say that we've taken it apart and said we could eliminate this chunk of what is part of a federal inspection and still have that same level of CFIA inspection, but it certainly would be worth the exercise of figuring out what that is.

● (1615)

Mr. Earl Dreeshen: If there were an extra cost associated with it, though, and I believe you said that 70% at present is sold within the provinces, because they are provincially regulated and inspected, would your producers and your abattoirs simply say, "It's okay right now, we don't have to pay any extra for any more advanced inspection, so we're satisfied with where we're at"? Would you find a bit of a backlash there if they started to say that they had to pay more for inspections?

Ms. Corlena Patterson: Yes, and I think that was part of the second point I was making. We need to find that less onerous federal inspection system for those who want to be able to produce the volume and put it into the retail stores, should that remain the mindset of those distributors to do it.

At the same time we need to preserve these smaller processors with, really, just a small capacity. I'll take the Russell slaughterhouse as an example, which services people who do custom sales and farm gate sales. Asking them to be federally inspected and to maintain business would not be feasible.

Therefore, I don't know that the solution lies exactly in maintaining the system we have now on a per se basis and switching from one to the other, but in finding a more innovative system of either combining those requirements or eliminating some for one.... We don't want to lose the provincial inspection for those facilities, which make an easy, low-volume business for their local customers. We need to maintain that at the same time; so it's a balance, perhaps, of those two.

The Chair: Thank you very much. We're over time, so maybe somebody can pick up the next question.

We'll now move to Mr. Allen for five minutes, please.

Mr. Malcolm Allen (Welland, NDP): Mr. Chair, thank you.

Thank you, folks, for coming.

Ms. Patterson, you were finishing up. You ran out of time on the issue of labour in shearing. I certainly would like to hear you finish that thought, and also the piece on how we can encourage folks to get into that type of a labour market, if you will.

Shearing is a specific skill, and I know that when Mr. Bonnett says "low-skilled", he didn't mean that folks don't have any skills, but just that that is what the NOC says, which is a code for EI. I don't actually agree with a NOC code that says folks are low skilled. They just happen to have a different skill, in my view, one that I don't possess, quite frankly. I don't think you'd ever want me shearing sheep, not unless you want to see a hodgepodge thing that looks like it's—

Mr. Gerald Keddy: Not with electric clippers, anyway.

Mr. Malcolm Allen: As a Scotsman, I can do a few things with other things, but sheep's not one of them.

Ms. Patterson, I know you wanted to finish. Could you provide some thoughts around that?

Ms. Corlena Patterson: Thank you.

I'll just pick up where I left off, and again I apologize. Brevity has never been my forte in any way, shape, or form, so I'll try to do it faster.

What we would like to see and what we have been working toward is finding some revisions to the temporary foreign worker program that help access that seasonally very specific skilled labour, but that isn't the only solution. Total reform of that program won't help do it.

The other part is how we find skilled workers, how we train skilled workers, how we invest in them, and how we get them interested in the sector. That, I think, will continue to be a challenge because certainly there are so many other opportunities out there. And farming isn't always the highest paying or the easiest of those, but there certainly are people interested in doing it.

We've worked with the Canadian Agricultural Human Resource Council in developing an occupational standard for the sheep sector. We do that not only to define what we need as an industry for different levels of employees, but we're hoping that feeds into educating and training at a career level for those who have an interest but are not sure where to get started or how to get started.

I have to throw this out here, being from this area, that it's a little disappointing to see things like agricultural career colleges being closed, not ones that provide bachelor's and master's programs—not that there's anything wrong with those; I have a couple of those—but on-the-ground, hands-on, skilled certificate-level programs. How do we train that sector if we don't have that educational background in place?

So part of our piece, working with CAHRC, is to create some descriptions of what the jobs are in the hope that it feeds into academic institutions and training institutions, to say, "If you're interested in this sector, this is what you need to know, and not only what you need to know but what the opportunities are".

There is not just fieldwork. There's management, supervisory, industry-related, spin-off sectors to that. We need to look at how we educate people, how we're going to be able to train people and get them interested locally. If we can't train them and provide them some skills, some understanding, and some appreciation for the work they do, we certainly aren't going to interest them in the sector. Then we have to get them trained up to our industry needs, and we also need to look at those temporary workers who we bring in.

● (1620)

The Chair: You've got a minute and a half.

Mr. Malcolm Allen: That was brevity, Ms. Patterson. Thank you.

I think many of us who have been here for a number of years have heard before many times of the different formats the issue of provincial abattoirs, federally regulated versus provincially regulated, and whether we can keep them local and open, and all kinds of issues back and forth.

You've given us a challenge, quite frankly. You obviously have been asked and have answered a number of times that you don't actually have the answer. It seems that it's a challenge for us to take forward, and we need to actually take a look at this.

Mr. Bonnett, you said that there was a pilot done, and perhaps we need to go back and look at the results of that. Perhaps that'll be in the report, hopefully, that we need to go back and look at that and see what it is, and see how we can take the suggestions about how we actually have a sector that meets the needs of the producers and the processors and a bunch of the consumers. I mean, how do we do that thing? I don't think it's an easy one. It's been a challenge for a lot of us in a lot of different ways.

The standard is being set at a certain level and, unfortunately—and I've said this before in this committee—the problem is that retailers have decided to set the standard, not us. If we set the standard, they'd just have to abide by what the standard is. They're setting a standard and saying, “You meet the standard or else you're not getting in the chain”. Unfortunately, what it means, in your industry at least, Ms. Patterson, is that a lot of your folks are getting cut out of that chain, no pun intended, which is really unfortunate.

I appreciate the input from both in that sense, and I think it's something we need to go back to. As I say, just to emphasize, Mr. Bonnett, I think we need to go back and look at that study and see what came out of it, and see if we can't get our heads around how we manage this. I think all of us actually are on this wavelength about how we manage it. We don't know how yet, it seems, and I think we need to do that.

I appreciate the input from both on that. By the way, I buy as much local sheep as I can find, and lamb products, but I agree it's not easy.

The Chair: Mr. Leef, for five minutes, please.

Mr. Ryan Leef (Yukon, CPC): We were having a little debate over here on who would go next, largely because I'm the member of Parliament for Yukon, so we are limited in our lamb market.

Voices: Oh, oh!

A voice: [*Inaudible—Editor*]

Mr. Ryan Leef: Yes, I was thinking of all the moose I eat, not the beef.

Nonetheless, there is perhaps an interesting element that you could comment on. You were talking about so much Ontario lamb product staying in the province of Ontario. Then you look at potential land users right across the country, as far north as my own territory, where each successive provincial jurisdiction between your province and my territory will have varying standards of acceptance or various standards that you need to deal with. That starts to slow down that entire route. It's already far enough from Ottawa to Yukon—Lord

knows, I do it every weekend—never mind throwing in some red tape of the government. Those products just aren't going to get to markets like the three territories.

What's your experience with interprovincial transport where the end use of your product is somewhere other than the transport that you go through? Does that complicate this discussion even further? Or is that piece fairly well dealt with and it's just the end-use agreements that become more challenging for you?

Ms. Corlena Patterson: Is that the product or the livestock themselves?

Mr. Ryan Leef: Well, I would ask you that question as well. It's a good question.

Ms. Corlena Patterson: The movement of livestock I shouldn't say is simple, but it's done frequently enough that it's figured out. Our transporters often will back-haul something else. They're very specific. They know the regulations. They meet all of those standards.

Generally on the transport issue, there are not barriers related to it in terms of the transport requirements as much as it is an animal welfare concern, right? It's the transport regulations for livestock, how much time they can spend on a truck before they have to be unloaded. It's not that sheep are special, but sheep are different from some species, where that actual unloading is more stressful than the transport. There is a requirement by regulation to take them off for a certain amount of time. We see lots of Alberta lamb that in turn has to go across two provinces to get to Ontario. Likewise, we see a lot of Maritime lamb having.... Because Quebec has a controlled heavy market lamb, you can't ship anything heavy into Quebec. Those producers, to get anything federally inspected with no federal inspection plant there, have to come across Quebec and make it into Ontario. But that's figured out; it's more an animal welfare concern than the transport part.

In terms of product, provided it's federally inspected, on the movement of the product itself I'm not familiar with there being limitations on it once it's a product, once it's a cut meat, and being able to transport interprovincially. I don't think that's the barrier. It's provided it's federally inspected that it gets moved; that's the biggest limitation.

● (1625)

Mr. Ron Bonnett: There may be some restrictions on the movement of certain species. I recall a few years ago I was in the Rainy River area in northwestern Ontario. There was an elk producer there who was wanting to have his animals killed at a federally inspected facility, which was located in the Winnipeg area. However, he was not allowed to transport those live animals across the provincial border because of some disease regulations that were in place, even though it was a closed truck that they were hauled in.

Things like that are somewhat frustrating. We had a producer who had a market, provided he could get a federal stamp on it, but he couldn't haul the animals to the closest federal plant.

For some species there are regulations. That's why I think there needs to be a lot of work done on identifying the specific regulations that are causing the problems, whether it be regulations around trucking, around disease, around the provincial inspection, or around processing plants, things like that, so that you can really target in. It's very easy to just generalize and say the regulations are the problem. Well, unless you get down to which regulation is the problem and how it can be fixed, it doesn't go anywhere.

I think several of you had suggested, on the provincial inspection thing, that this is what has to be looked at—what the differences are, and why we can't bring these in line so that the retail sector has the confidence to accept these products and the provinces have the confidence, between their own provincial inspection systems, to allow the shipment of product back and forth.

Mr. Ryan Leef: Fair enough.

I think one of the panellists asked whether you've been seized with trying to determine what exactly those would be. Where do you think the role best fits? Is it with your associations and the experts who live with this and work with this day to day, or with government, or is it a combination? How do you see that rolling out? That's the piece to find out.

Mr. Ron Bonnett: I think there are a number of players that have to be at the table: the provincial and federal governments; CFIA would definitely be playing a role; provincial inspection authorities would be playing a role; and the processors would have specific concerns that they would be bringing forward. It can't be done in isolation, having just a farm group. It has to be farm groups, government.... This is an industry-wide thing.

In the past in the agricultural sector we have sometimes looked at things in silos, rather than realizing that we have one consumer at the end, and looking at how we can make sure the product we're giving to that consumer meets all of the requirements for food safety and everything, but also satisfies the concerns of all the players along the road.

So it has to be a number of players; it's not one player that can solve this.

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

I want to thank the witnesses for your earlier presentations and your direct answers. Thank you very much.

We'll recess for a couple of minutes. We have a video conference coming. We'll be right back.

• (1625) _____ (Pause) _____

• (1630)

The Chair: I'd like to call the committee back for our last hour.

With us today we have Tyler Bjornson, president of the Canada Grains Council. Welcome, Tyler.

Also, we have by video conference from Mississauga Rory McAlpine, senior vice-president, government and industry relations, Maple Leaf Foods. Welcome, Rory.

Can you hear us?

Mr. Rory McAlpine (Senior Vice-President, Government and Industry Relations, Maple Leaf Foods Inc.): Yes, I can, thank you.

The Chair: Thank you very much.

Because we have the video conference, and sometimes the technology doesn't stay with us all the time, I'm going to start with Mr. McAlpine for 10 minutes. If you have opening statements, please start.

Mr. Rory McAlpine: Thank you, Mr. Chairman.

[*Translation*]

I also want to thank the committee members.

[*English*]

It's an honour to present to you on your important topic of internal trade barriers and the link to growth and competitiveness in the Canadian agrifood industry.

Let me start with a word that sometimes makes Canadians a little uncomfortable, but it's crucial to making Canadian agrifood businesses become or remain globally competitive. That word is "scale". Of course, the economic concept is simple and well understood, I think, and it's relevant regardless of the starting point, meaning that I think we see many cases of small Canadian food companies that are very innovative and have a great product, but they fail to become medium-sized businesses with a competitive cost structure, because they don't succeed in scaling up.

You may know that it was back in 2006 that Maple Leaf Foods was losing a significant amount of money when it first announced its major new business model for our protein operations, with the goal of changing our cost structure, reducing exposure to commodity markets, and modernizing our plants. Unlike many other companies, we decided to maximize our scale on this side of the Canada-U.S. border. The journey since then has been tumultuous, but we've stuck to the plan, and we have now basically completed the journey of investing over \$1 billion in meat processing centres of excellence in Canada.

All of these productivity-enhancing investments and restructuring activities have been carefully calculated to achieve a competitive return on investment. That return is, in almost every case, scale dependent. Unless we achieve per-unit manufacturing and distribution costs, SKU by SKU operating overheads, and plant capacity utilization on par with our domestic, U.S., and global competitors, we would have little future as a proud Canadian-owned company.

The question becomes what governments can do to help and how that links to the theme of your study. I believe the federal government is well aware of the need to close Canada's productivity gap with the U.S. There's lots of evidence in the action plans of government to make clear that the government is trying to solve this, but we never seem to close the productivity gap, even though we are often rated as a top destination for foreign investment. As the Institute For Competitiveness and Prosperity often reminds us, a productivity gap is also a prosperity gap.

So what's the solution? We believe it is to create conditions that allow investors, be they domestic or foreign, to achieve world-class scale. To do so, we must first accept that, frankly, Canada is a sub-scale country, but secondly, we should resist scale phobia. Scale is not a win-lose proposition in an open globalized market economy like Canada's, especially in agrifood. Farms and firms of all sizes and in all sectors can thrive, and many smaller input suppliers will grow in the wake of larger firms with leading brands.

In meat products, while Maple Leaf Foods enjoys leading market shares in certain categories, hundreds of other nimble companies and importers are thriving, constantly innovating and meeting the ever-changing consumer preferences. Sometimes, they even steal our employees.

However, if we are achieving cost competitive scale in sectors like autos, aerospace, and information technology, why not agrifood? Think about Heineken, Unilever, Danish Crown, Godiva, Carlsberg, and the tiny countries that they call home: the Netherlands, Denmark, and Belgium. But with 143 food plant closures in Canada in the past 8 years, and with a rising number of food imports from such global multinationals, it would seem that we need a new strategy with a central goal of scaling up in food as much as we have in many primary commodities.

Of course, scale doesn't come naturally in our large, diverse country. The impediments are great and the case for inducement is high, but surely we can build economic policies that also help our homegrown enterprises that, while large in a domestic context, need to be urgently scaled up to be truly globally competitive.

If any of you are thinking that is an easy statement for a big company like Maple Leaf Foods, I would just simply note that Maple Leaf is only the 17th largest meat processor in North America. We are dwarfed by global players like JBS, Tyson, and Cargill, with whom we compete at home and abroad.

•(1635)

So what are some of the obstacles firstly that government can remove to overcome some of the disadvantages that Canadian companies naturally face in our domestic market? Let me run through just some of them.

Firstly, there are various federal grant, loan, and tax programs. Such programs nearly always favour support to enterprises, foreign investors in particular being the real prize, locating in a rural or high unemployment area with job creation targets, but rarely with a real test to ensure that they achieve the scale and productivity necessary to be globally competitive. Often firms with 50 employees or more can't even apply for such support.

On the other hand, when it comes to supporting large manufacturers in their drive for scale and technology, it seems the majority of that support nearly always goes to the auto and aerospace sectors. Of course, there are very many provincial subsidy programs as well, which again often favour investments in rural locations. But in the meat industry, for example, we often see provinces supporting small regional slaughter plants that, if they are provincially licensed, cannot ship their products interprovincially, and so they struggle to achieve scale efficiencies.

There's also the question of Canadian competition and foreign investment policies, which, obviously, in certain sectors are very restrictive, but not so in agriculture and food. However, I would note that even when it comes to reviewing mergers and acquisitions, our experience at Maple Leaf in acquiring Schneider Foods in 2004 caused the bureau to undertake an investigation of the concentration in the Ontario market for bacon, of course a commodity that is freely traded throughout North America.

With respect to tax policy, we've seen many positive things in Canada with the reduction of corporate taxes, the elimination of capital taxes, the maintenance of the accelerated capital cost allowance, but we also of course have a high degree of variability in tax structures across Canada. There's a lack of a uniform, harmonized sales tax. We have a bewildering array of tax credit programs, which are often designed to favour small firms, and numerous job-killing payroll taxes, all of which increase accounting and tax-compliant costs for larger firms that operate across the country.

Then, of course, there's the regulatory environment. The first area there that I might mention would be regulated marketing, which is obviously an issue we're all familiar with. But regulated marketing and supply-managed commodities have a knock-on effect on processors. A good example would be the Ontario poultry processing industry, a \$2.5 billion industry that is characterized by many subscale, inefficient plants, largely a result of the allocation policies that are the essence of supply management.

Food safety regulations are another example where there is a great deal of federal-provincial disconnect or lack of harmonization. However, I would say that at the federal level, the new regulations that we expect soon under the Safe Food for Canadians Act, coupled with inspection modernization, are very welcome. We would urge provinces to align with this federal example.

There are lots of municipal issues, including restrictive zoning and planning bylaws, which generally discourage or create a great deal of difficulty for the establishment of scale manufacturing industries, particularly in more traditional industries that are perceived to be sources of pollution, noise, or odour.

Then there are all the environmental regulatory issues that are very complex and often duplicative between different levels of government. As one example, we see this with the blue box recycling programs across Canada in the food industry, every one of them different, all highly fragmented, costly, and inefficient.

Of course, we need to encourage the removal of interprovincial trade barriers, but most often these arise not from explicit barriers, but rather are related to the consequences of provincial standards, regulations, licensing, procurement policies, and so on. All of these differences add to administrative costs for national firms. In the area of labour and pension regulation, every province is different. Maple Leaf has 19 collective agreements in its operations in Canada, every one subject to a different provincial labour law.

Finally, what are the inducements, then? If those are some of the obstacles, there are probably four main areas to consider in how we work to address the issue of stimulating corporate investment in scale and productivity. One would be to continue the accelerated depreciation of plant and equipment under tax policy. This has been very effective, but it's only being renewed two years at a time. It takes much longer than two years to move from the conceptualization through to the budget and approval of a major capital investment, so the ACCA should be made permanent.

• (1640)

Targeted loan and grant programs have an important role to play, but they should not discriminate according to rural or urban location, industry sector, skilled versus unskilled job creation, or firm size.

We certainly appreciate the Canada jobs grant, but we have a problem with a shortage of skills and availability of labour, which has been compounded in our industry by the overreaching reforms to the temporary foreign worker program.

Infrastructure needs to be built at scale. For example, the Asia-Pacific gateway, critical to growing our exports to Asia, is a great investment, but has been very slow to come to fruition because of all of the delays in getting individual projects approved.

Finally, we would encourage a national approach to facilitating investment attraction. We recently located our big new prepared meats plant in Hamilton and learned how difficult it is, when you're trying to get support from all of the different economic development agencies in different provinces in Canada, how little coordination there is. This is much different from other competitor countries.

In conclusion, from our perspective your committee is tackling a very important issue. In the current economic environment, food processors must close the competitiveness gap through restructuring and productivity-enhancing investments. However, the ability to achieve this requires our industry to leverage production capacity and increase the scale of operations. It's only on this basis that we can defend our small home market from nearby U.S. multinationals that enjoy major scale advantages, let alone tackle the booming international markets.

Of course, if we had a small primary agriculture sector, with limited resources—

• (1645)

The Chair: I'd ask you to wrap it up, please.

Mr. Rory McAlpine: Yes.

If we had a minimal export potential, maybe none of this would matter. But, of course, we have an industry that is the largest in terms of employment in the manufacturing sector in Canada, and we don't have a dollar that's at 65¢ any more. We have a huge opportunity, and if much smaller countries, like Belgium, Holland, and Denmark, can achieve global scale in productivity, there are really no excuses for Canada.

Thank you, Mr. Chairman.

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

Now we'll go to Mr. Bjornson from the Canada Grains Council, for 10 minutes, please.

Mr. Tyler Bjornson (President, Canada Grains Council): Thank you very much, Mr. Chairman.

For those of you not aware, the Canada Grains Council is the peak organization of grain industry interests, representing producers, crop input companies, grain companies, and grain processors.

Formed in 1969 to coordinate efforts to increase the sale and use of Canadian grain in domestic and world markets, the council has become the leading recognized forum of the entire grain industry in Canada and around the world. We are a pan-Canadian association, with 30 members, with interests across the various crop sectors encompassing cereal grains, oilseeds, pulses, and specialty crops value-chain participants.

The Canada Grains Council's mission is to lead, facilitate, and support policy development and implementation on issues and opportunities that affect all of these commodities and to enable cross-commodity collaboration. Our members include the Canola Council of Canada, Pulse Canada, Cereals Canada, the Flax Council of Canada, the Barley Council of Canada, and Grain Farmers of Ontario, among many others.

The Canada Grains Council members have identified two strategic policy pillars in our work, including trade-enabling market access and enhancing our approach to measuring and communicating on the industry's record on sustainability through the recent creation of the Canadian round table for sustainable crops.

I'm here today to speak to you about some concerns we've raised under our first policy pillar on trade-enabling market access issues in the context of interprovincial trade barriers.

In January of this year, the Canada Grains Council sent a letter to the Prime Minister, premiers, and federal ministers of agriculture and health outlining our concerns with non-science-based regulatory interventions by some provinces on crop sector agricultural products. I believe a copy of this letter has already been circulated to members of this committee for your reference.

In short, we're asking premiers to commit to work towards the adoption of a federal-provincial agreement on recognition of federal regulatory approvals related to the crop sector.

The productivity and international competitiveness of this multi-billion dollar sector is highly dependent upon timely and uninterrupted access to agriculture and food inputs and technologies that have received regulatory approval and are commercially available in other grain-producing and exporting countries.

Examples of these inputs and technologies include seed of crop varieties exhibiting agronomic and end-use performance traits that have been developed and registered for commercial production; licensed crop protection products that include seed treatments, herbicide, fungicide, and insecticide to provide the highest possible quality harvests while ensuring food feed and environmental safety; and food additives and processing aids used in the primary and further processing of commodities such as cereal grains, oilseeds, and pulse crops.

These inputs in technologies undergo pre-market evaluation and licensing registration by Canada's federal departments and agencies, including the Pest Management Regulatory Agency, Health Canada's food directorate, the Canadian Food Inspection Agency, and the Canadian Grain Commission, and are scientifically demonstrated to be safe for intended use in terms of food safety and environmental impact.

One of the foundations of Canadian agriculture and a key competitive advantage for Canadian farmers is our world-renowned science-based regulatory system. Many nations are envious of our system, which provides both rigorous science to protect the health of Canadians and the environment, and a predictable, timely system that gives farmers and industry the tools they need.

The foundations of this system, however, break down when provincial governments, who do not have the research capacity of the federal agencies previously noted, start imposing regulations that contradict and override federal regulatory decisions. This creates unpredictability in Canada on what jurisdictions should regulate on which issues, potentially leading to both a patchwork of regulatory approaches across provinces, unnecessary and costly duplication between the federal and provincial governments, and regulatory approaches by some provinces that appear to be grounded in perception rather than science.

A clear example of this is currently under way in Ontario where the Ontario government is imposing an arbitrary perception-driven restriction on neonicotinoid seed treatments for corn and soy seeds, in contrast to the cautious science-based approach taken by both

PMRA at the federal level in Canada and the Environmental Protection Agency in the United States.

This will have far-reaching and very negative effects on farmers, forcing them either to go back to using older outdated pesticides or to source their seeds from outside Canada. It also sends a terrible signal to international investors that, notwithstanding Canada's science-based regulatory system, significant risks are involved when investing in Canada due to provincial intrusion into federal regulatory jurisdiction. Moreover, it distorts trade across provincial lines, hampers innovation, and hurts our farmers. In our view it's bad public policy, and it could be prevented with an agreement between the federal and provincial ministers to respect federal regulatory jurisdiction.

• (1650)

A similar distortion has been taking place for some time now in the context of provincial and local bans on urban use of pesticides. Notwithstanding the fact that PMRA performs rigorous evaluations and re-evaluations on all pesticides, we see politically driven pesticide bans at the provincial and local levels in Canada that hurt investment, distort trade, and send a clear signal to international investors that Canada is not in fact completely science-based in its regulatory decisions. Again, this stems from a lack of federal-provincial co-operation on regulations, more specifically a failure by some provinces to respect federal jurisdiction and expertise in the regulation of food, feed, and the environmental safety of agricultural products.

Farmers and industry are rightly concerned that these intrusions from provincial and local governments will become more frequent and even more disruptive, and the recent action of certain provinces is proving these fears to be accurate.

In conclusion, the Canada Grains Council believes that the federal government has a leadership role to play in removing this potential to have trade-distorting and duplicative regulation brought in at the provincial level. Federal regulatory agencies have the obligation to regulate and enforce Canada's national food, feed, and environmental safety measures, and we believe it should include ensuring that provincial governments do not casually sweep aside the science and risk-based determinations on agricultural products that are the foundation of market access to these tools across Canada.

Thank you very much for your attention.

The Chair: Thank you very much. I appreciate your time.

Now I will move to Madame Raynault, for five minutes, please.

[Translation]

Ms. Francine Raynault: Thank you, Mr. Chair.

I also want to thank the witnesses for participating in this afternoon's meeting.

I have a question for Mr. McAlpine.

You said that 143 food plants have closed over the past 8 years.

Do you know why?

Mr. Rory McAlpine: Thank you.

[English]

Actually, the information is that it was 143 plants over the past eight years. That figure is coming from the Canadian Agri-Food Policy Institute.

I believe there are several factors, and there has been some recent good work to study the issues and the competitiveness problem. As I said in my remarks, a major problem has been that a number of the plants that have closed are old, small plants, many of them owned by offshore interests—larger multinationals who, at the point at which the Canadian dollar went to par, and considering other operating cost differentials in Canada, realized they could no longer maintain competitive plants in Canada and so have added that capacity back to a U.S.-based plant and are now shipping more and more finished food products into the Canadian market from the U.S. side of the border.

In our view, this reflects a lack of investment. The problem of sub-scale, old plants in Canada is exactly what Maple Leaf has tried to tackle with our major capital investment.

• (1655)

[Translation]

Ms. Francine Raynault: Thank you.

At a previous meeting, representatives of Agriculture and Agri-Food Canada told us that there was no total estimate of losses caused by interprovincial trade barriers in the agricultural and agri-food sectors.

Have you ever estimated the losses caused by interprovincial barriers or by the problems you have in getting your products to other provinces?

My question is also for Mr. Bjornson.

[English]

The Chair: I think it was to Mr. McAlpine that the question was first directed.

Mr. Rory McAlpine: I will make a comment and then turn to Tyler.

As I mentioned, in our perspective, it's not so much that there are actual barriers preventing the movement of goods or services or capital, but that regulatory fragmentation is definitely creating a burden of compliance costs and uncertainty. I can't say that we've added it all up. You would have to look at each initiative.

I'll give you one example. We have recently put in our arguments expressing concerns about Ontario instituting its own registered

pension plan, which is again a provincial initiative to mandate what is effectively another payroll tax on us as an employer in Ontario, even though there is no equivalent in other provinces and it will completely upset the balance in our collective agreements, under which we compensate and provide pensions for all our employees across Canada. We have done the exact calculations of what that is going to cost, both in terms of administration and in direct payroll deductions.

This is an example in which one province, acting unilaterally, imposes a cost that has a consequence for the business that undermines our competitiveness.

[Translation]

Ms. Francine Raynault: Mr. Bjornson, do you want to answer the question?

[English]

Mr. Tyler Bjornson: Similarly to Mr. McAlpine, I would say that we don't have figures on a global scale for what all these barriers would amount to. I would suggest that the figure would be very large.

That said, on an initiative-by-initiative basis I think you could drive out figures that would show, for example, recent action by Ontario on neonicotinoids, whereby the industry would have had to put in hundreds of thousands and likely millions of dollars in order to participate in a secondary regulatory action by the province when those products have already been approved at the federal level. Also, then you're going through a whole other regulatory process. That's just the cost to the industry.

On top of that, then, I would suggest that the governments would have duplicative costs that they would have had to have borne in order to go through their regulatory process, despite the fact that the federal government, the relevant regulatory agency in this case, has already deemed the product to be safe.

I think there's a lot of duplication and cost just in the process. On top of that, then, you would have costs associated with companies having to create whole new market scenarios for Canada because you have one jurisdiction in the country that treats their product in one way here and then another jurisdiction over there that treats it a slightly different way. You're starting to have a fragmented marketplace, and there are costs associated with that.

We don't have a global figure per se, but I think in studying this further the committee could drive out costs on an initiative-by-initiative basis.

The Chair: Thank you very much.

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

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

Thank you to the witnesses for coming today.

My first questions will go to the Canada Grains Council.

Mr. Bjornson, this goes back a little ways, and maybe it's before your time, but in the *Western Producer* in 1994, the Canada Grains Council, at its annual meeting, mentioned among other things that "high on the agenda" would be "[i]nternal trade reform" and "overcoming interprovincial trade barriers". I don't know if you've seen any changes. Have they gotten worse or better? Do you have any comments on that?

• (1700)

Mr. Tyler Bjornson: I think this is one of the reasons why we decided to write to the premiers and the Prime Minister. We were seeing a trend of provincial regulation, duplicative regulation, starting to increase. It's been an outstanding issue for a very long time. We really feel that now is the time for the provinces and the federal government to get serious about removing these barriers.

It strikes me as strange how we can have what I think are very in-depth, progressive, and helpful agreements between countries, between our trading partners bilaterally, yet within our own country we're experiencing very large interprovincial barriers and we don't have similar strong initiatives with leadership from some of the provinces to come forward and say that we have to address some of the issues in our own country too.

Mr. LaVar Payne: Yes, and I think that's right, because that comes from 1994, so that is a few years ago.

I know that a previous executive director in your organization gave an interview and was asked how the changes to the Wheat Board would have an impact on you. He said:

...we are facing unparalleled transition now, especially on the grains side of things as we transition away from the Canadian Wheat Board. With that comes a lot of flux.

There's been a huge amount of international focus in...[the past years]. We need to make sure we have our domestic house in order...

Do you have any further comment on understanding exactly what he meant by that?

Mr. Tyler Bjornson: I think there's been a series of regulations and legislation that have been reviewed and overhauled since the removal of the monopoly on the CWB. I think that over the past two years governments have done a good job, an admirable job, of creating a private sector marketplace where the industry can flourish, from farmer all the way through to the end processor.

The challenge we have is in the federal and provincial jurisdictions not having clarity on who actually should be regulating in some of these areas. From our perspective, the federal government has the clear mandate to regulate food, feed, and environmental safety matters through the PMRA, Health Canada's food directorate, the CFIA, and the Canadian Grain Commission.

We find it extraordinarily unhelpful for perception and sometimes politically driven regulations to be put into place by the provinces. You remove the opportunity to do that by having an agreement between provinces and the federal government to not do that. The aim of our appearance here today is to really drive home the fact that if you have an agreement in place between the provinces and the federal government to abide by these federal regulatory approvals on the safety of these products, then you remove the possibility that future generations of governments will see fit to drive home regulation that's perception based.

Mr. LaVar Payne: You also talked about investment risks. With interprovincial barriers, how does that damage the Canadian economy or the economy of those provinces? In your view, where would those investment dollars go? What kind of opportunities and losses of jobs would we be looking at?

Mr. Tyler Bjornson: It's significant that.... I'll use the example of canola, where we really have a world-renowned crop that's Canadian-based. The global hubs for research, innovation, and new developments in a crop like canola are all based in Canada. We have to fight for those research, innovation, and investment dollars, and having a clean regulatory slate that's predictable, where there isn't duplication and there isn't the possibility of having politically driven regulation, is a clear signal to the international community that we are open for business. If we have all of these things inserted in our market, we start to raise questions in the minds of the people placing the investment about whether they should really put it in Canada or maybe go elsewhere, where they have clearer regulation and know what they are going to get into.

• (1705)

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

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

Hon. John McCallum: Thank you.

Thank you to the witnesses.

Mr. Bjornson, you talk about high barriers and rising barriers over time. Can you say which of these barriers have risen over time, and the importance of this?

Mr. Tyler Bjornson: The ones that we are targeting today and that were the topic of the letter we sent to the Council of the Federation revolve around products that have to go through a food, feed, or environmental safety approval. The barriers we have seen on the provincial and local government side include things like pesticide bans on the urban side. Recently, the Government of Manitoba put into place a ban on the use of urban pesticides, and the potential for that to snowball into regulation in other areas is rather large, I think. That's one example. There is also the ban on seed treatments in Ontario, which is a recent action.

We are very concerned, given the ability of the public at large to get false, non-science based information from the media, the social media, or any source or means whatsoever, about governments reacting to perceptions instead of sound science and risk management, which is the foundation of your regulatory system. That's where we see the risks, that is, in people responding to perception as opposed to clear, science-based, risk-based systems.

Hon. John McCallum: I am certainly not defending these actions, but are they a trade barrier? Are they a barrier to interprovincial trade, or are they just a negative for your industry?

Mr. Tyler Bjornson: If you look at it in this way, if you have a company that's producing a seed treatment product in one of the provinces and another province decides to ban it, you can no longer provide that seed-treatment product in that province, so then you are creating an interprovincial barrier. It's a barrier both to the actual trade of goods and to investment. It's both.

I see where you are going with this, but it is a barrier to actual trade.

Hon. John McCallum: Maybe this is just a question of semantics, and it's not necessarily that I disagree with you on the issue, but I see a trade barrier as a barrier to trade. If you're talking about trade between countries, each country will have a different tax system and different rules of various kinds, and if those are different, it's not a barrier. For example, when Mr. McAlpine talks about the Ontario pension system, well, that's different. It's bad for competitiveness, but I'm not sure it's a barrier to trade. It's a negative for competitiveness, if you are employing people in Ontario.

Perhaps I could ask Mr. McAlpine. Have you witnessed an increase in trade barriers, as opposed to actions by government that you don't necessarily like but aren't directly related to trade?

Mr. Rory McAlpine: I think you're hitting on the key point. The problem is that we always frame the issue in the context of trade barriers, as if there's some sort of tariff or real measure actually at an interprovincial border stopping the movement of goods or people or capital, whereas I think we're both trying to convey that that's very simplistic. If we approach the policy challenge of this in simply those terms, I think we're missing the much bigger point.

In fact, it's really no different from international trade in that, yes, you have tariffs at the border, but we know that in global trade, often the much more insidious and damaging impact to the actual flow of goods, people, or capital are the internal measures. In agriculture, often those are subsidies. That's why we have a WTO agreement that brings discipline to the exercise of domestic support to agriculture. There are internal standards, internal technical issues. You may have no barrier at the border, but you have all kinds of measures that fundamentally prevent you from investing or selling products.

I agree that it's not really a trade barrier. Most of these things are obvious examples in supply management, where you have actual regulation of a commodity, meaning, for example, if I'm a chicken processor in Ontario, my ability to source live chicken out of Manitoba to use in my plant is subject to a whole bunch of rules that prevent the movement of those live birds. There are, however, relatively few examples of that.

•(1710)

Hon. John McCallum: My last question, if I have time, is not about a trade barrier, but what about restrictions on temporary foreign workers? I would have thought that would be one of the more major negative policy actions affecting your company.

Mr. Rory McAlpine: That's a very good point. In that case, when we get an approval for a foreign worker at a given—

The Chair: We're going to need to have just an executive summary of that answer, please. We're over time.

Mr. Rory McAlpine: When labour is approved under the program for a given plant at a given location, and then you're unable to do that, that labour cannot be moved to another location. That's very true.

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

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

Mr. Gerald Keddy: Welcome, witnesses.

Mr. McAlpine, you hit on several issues, all of which I think are important. I have to side with Mr. McCallum on the idea that I'm not sure they're all trade barriers, but they're definitely barriers to production and they're barriers to running a seamless company, without question.

One issue you talked about was the accelerated capital cost allowance. I realize that is an issue for corporations and for food processing, especially in Canada. Again, I'm not sure that it's a trade barrier.

Maybe just to ease your mind a bit, the finance committee did put forth a recommendation that we adopt the American standards, whereby the accelerated capital cost allowance would be on a permanent basis, or for a minimum of six years, so corporations would have an opportunity to do some longer-term planning. It would be preferable to make it permanent but to do longer-term planning in their acquisitions and upgrading of equipment.

Mr. Rory McAlpine: That's very good.

Mr. Gerald Keddy: I want to go to the Canada Grains Council. I can't help but be a bit tongue-in-cheek, but one of the other problems, of course, of transporting grains across provincial borders occurs when you turn that grain into things like malt whisky or rye whisky. That's almost impossible, at least for an individual, to transport across provincial borders.

With regard to the whole pest management regulatory regime, I recognize the need to have the federal government there. I think it's extremely important. The neonicotinoids situation is a prime example of how other jurisdictions in Canada do not have the bee die-off, and it seems to be just a situation of application. It would be extremely dangerous if one provincial jurisdiction banned an entire pesticide and took that tool out of the tool box of the grain industry, especially of the canola industry in the province of Ontario.

At the same time, do you not separate that out from the big cities' and municipalities' use of cosmetic pesticides? I can tell you, as someone who has taken a pesticide applicator's course, as someone who used pesticides in my former life, I always felt it was unfair that urbanites, city people, could simply go out and buy the same pesticide in a diluted form and apply it when I would have to take an applicator's course to use it.

I do see a difference there. I'd like your comments on that.

Mr. Tyler Bjornson: I will answer in a circuitous way, so forgive me for this.

I want to come back to a comment that Mr. McCallum made about whether this really is a trade barrier. The fact of the matter is that the World Trade Organization has a series of agreements in respect to regulation. Two of the key ones that we are talking about here today are the agreement on sanitary and phytosanitary measures affecting trade and the one on technical barriers to trade. That affects all kinds of regulatory actions. What those agreements are trying to do is to discipline governments to not put barriers into place that affect trade without a legitimate reason for regulating in that area. That is why we are very focused on the issue of science and risk-based measures. It's the foundation of the federal regulatory agencies, through legislation, to do those things. We find that a lot of the provincial approaches have a lot more vagueness and opacity to them in the criteria they have to use, unlike the federal government's regulatory approach, which is bound by international trade agreement obligations to make sure it doesn't do anything that isn't science-based.

So coming full circle to your comments about urban versus rural, in the context of trade-related barriers it really doesn't matter if it's urban or rural; it has to be science-based, it has to be risk-based. Whether that's covering the eyeshadow women put on their face, it doesn't matter if the women happen to be in downtown Toronto or in Prince George, B.C. It shouldn't matter; it should be a science-based, risk-based approach on the safety of that product for use by Canadians.

The same thing goes for agricultural products. We should have no different approach whether or not that product is being used in the countryside or in the urban areas. The PMRA, and Health Canada's food directorate, and the CFIA all have very stringent science-based approaches to looking at these things, so I think it's dangerous if we start splitting it up for socio-economic reasons.

• (1715)

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

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

[Translation]

Mr. François Choquette: Thank you, Mr. Chair.

I want to thank the witnesses for their very interesting testimony.

I am a guest here, at the Standing Committee on Agriculture and Agri-Food. So I am not an expert in this area. Nonetheless, as I was telling the other witnesses, agriculture is still important where I live. My riding mainly consists of the city of Drummondville, but we are surrounded by all kinds of farms—poultry, pork and dairy farms. There are also field crops in Drummondville. We grow a lot of berries.

People often come to my office to tell me about a shortage of farm labour in the region. I am wondering if that's something you are also concerned about. It's a problem at home, in the greater Drummond area, as well as in Quebec. I hear about it a great deal. Another thing people talk to me about is the temporary foreign worker program.

In this context of improving the agricultural economy, do you also have that problem in your sectors?

[English]

The Chair: Why don't you go, Mr. McAlpine? Were you able to hear it, Mr. McAlpine?

Mr. Rory McAlpine: Yes. Thank you. Yes, I can respond briefly.

Indeed it is. The labour availability issue is chronic across both agriculture and food in Canada. I think it's true in the seafood industry as well. The problem has been, as I said, compounded by the changes to the temporary foreign worker program. It's not that we ever in our sector had used that labour as our a first choice; absolutely not. It's been a result of the only option that we've had, given the challenge of hiring enough workers domestically, particularly in the rural locations where the meat industry operates. The problem has been that there's been no economic stream of immigration that will make up for the labour shortage we face, particularly in lower-skilled occupations, so we defaulted to the foreign worker program, and have used it very successfully to bring in workers and, by far, to transform the majority to permanent residents. But that bridge has been severed by the recent changes, so we need a solution to that. It is definitely real and it does threaten the viability of individual operations across the meat industry and other sectors.

Mr. Tyler Bjornson: I'm going to restrict my comments to the interprovincial barriers that I raised. I think Mr. McAlpine raised labour-related issues, so I think it's more appropriate for him to respond to those.

• (1720)

[Translation]

Mr. François Choquette: Okay.

So I will put the question to Mr. Bjornson.

What kind of a strategy do you recommend and what type of leadership would you like to see from the federal government to stimulate domestic trade?

[English]

Mr. Tyler Bjornson: I think we would like to see the provinces and the federal government come to the table and negotiate an internal agreement on trade that has teeth to it, and repercussions for not following the provisions of that agreement. Specifically in the case of the regulatory barriers that we're particularly concerned about, we'd like to see an agreement that forms part of that, or perhaps a separate agreement where the provinces recognize the food, feed, and environmental safety decisions of the federal government by the relevant regulatory agencies.

That could very much be in the context of the federal government initiating strong discussions for an internal agreement on trade—or even separately, among agriculture ministers—to come to the table and have an agreement of this nature. I perhaps don't have the full history on this, but I think it would be the first of its kind. You would see the provinces coming together and agreeing to remove barriers to trade in regulation and not wanting to see duplication, and so therefore signing on to that.

I think a parallel example of this would be the approach to environmental assessments for major development projects that the federal government announced a couple of years ago. Something similar in nature to that, which sees duplication as an unnecessary evil between federal and provincial regulation, would be a good example in a parallel sector.

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

I will now go to Mr. Zimmer, for five minutes, please.

Mr. Bob Zimmer: I'm going to share my time with my colleague beside me who's a real-deal farmer, Mr. Dreeshen.

I have a very brief comment about the issue of the neonicotinoids. We were just discussing it here.

It may not be an overt interprovincial trade barrier, but when you have different other government levels starting to make decisions not based on science, and they get concerned about things that might be out in social media somewhere, then it does become a trade barrier. It becomes a trade barrier if they start to make decisions that go counter to what we follow at the federal level of sound science and making sure there's just cause for things that are banned and things that are not banned because we know that these pesticides are very important to the industry and to your bottom line.

That's all I had to say. We're with you, and, again, we understand.

The Chair: Mr. Dreeshen.

Mr. Earl Dreeshen: Thank you, Mr. Chair.

I have just a couple of things. Of course, there is this main difference between physical science and political science.

Voices: Oh, oh!

Mr. Earl Dreeshen: In physical science, if there is not a zero chance, you're not going to say it, and that's the part the political science group takes on as its reason for expanding....

It's the same sort of thing with low-level presence and GMOs. You see all of these kinds of things, and the rhetoric gets cranked up. Then when you start to look at other issues, the non-science part starts to come into it and starts affecting it. It's exactly what you said with the neonicotinoid seed treatments; they have to be looking at this very carefully and recognizing the sources of things that are happening.

Again, it's the same sort of thing with licensed crop protection products that were mentioned earlier, and the concerns we have as far as different types of seeds that are coming in. If we start looking at things and acknowledging the restrictions and the limitations, all of the other opportunities that we're trying to find for other sources of science and research coming to Canada, or to set the science and research here in Canada, are going to be limited.

That's the comment I have in that regard.

As I say, Tyler, you deal with that on a regular basis. I just want a quick comment from you on that, and then I'd like to come back to Mr. McAlpine with a couple of questions.

Mr. Tyler Bjornson: Absolutely.

We believe that the ability of any jurisdiction to have arbitrary regulations for reasons other than sound science and risk-based systems is insidious, to steal the word from Mr. McAlpine, and should be rooted out. One way to do that is to have an agreement between the provinces and the federal government respecting the federal government's jurisdiction over food, feed, and environmental safety assessments. The industry is 100% supportive and absolutely believes in very rigorous safety assessments of these products, so long as they're based in science.

• (1725)

Mr. Earl Dreeshen: Mr. McAlpine, here are a couple of things.

Earlier this afternoon, we were speaking with individuals from the Canadian Sheep Federation, and of course we started to talk about different meats, meat products, and so on. One of the questions was whether or not people such as you are going to be purchasing provincially inspected meats versus federally inspected meats. I'm just wondering if you could give us a bit of an idea of what the industry thinks along that line.

Mr. Rory McAlpine: Maple Leaf Foods is a completely federally inspected business. All of our plants in Canada are under federal regulation and licensing and, of course, we fully support that.

I guess the issue we're speaking to is the problem of a small but still important piece of the business under provincial licensing, under different standards, and in many cases not nearly the same level of inspection oversight, not necessarily having the same levels of pathogen testing, and so on. Meanwhile, a Canadian will purchase a meat item, not being aware that there is actually a difference in the levels of inspection and food safety oversight.

This is an example, in our view, that needs to be addressed. It's been talked about for years. We need to assure consumers, because if a problem occurs in any plant, whether provincially or federally inspected, it undermines the confidence of consumers and the confidence of our international trade partners. You know, in this day and age, it's pretty hard to explain that we have a two-tier system of food safety in Canada.

The Chair: That wraps it up.

I want to thank the witnesses for being here this afternoon.

And I want to thank my colleagues for the questioning.

With that, the meeting is adjourned.

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