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# Standing Committee on Agriculture and Agri-Food

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## Thursday, April 14, 2005

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## Chair

**Mr. Paul Steckle**

# Standing Committee on Agriculture and Agri-Food

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● (1535)

[*English*]

**The Chair (Mr. Paul Steckle (Huron—Bruce, Lib.)):** Ladies and gentlemen, may we come to order?

Before we begin....

Yes, Madame Rivard?

[*Translation*]

**Ms. Denise Poirier-Rivard (Châteauguay—Saint-Constant, BQ):** I need clarification, Mr. Chair. Is May 3 the deadline for amendments to be brought forward?

[*English*]

**The Chair:** No. I want to speak to that, and then I'll let you speak to it. Let me speak first. Can you do that?

● (1540)

[*Translation*]

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

[*English*]

**The Chair:** Just to set the parameters of what we have ahead of us on Bill C-27—for the witnesses particularly, because I've given a deadline of April 21 as a target deadline when amendments should be brought forward—let me read a statement to you, so that we all get a clear understanding of what's expected of us as we move forward.

The final meeting with witnesses on Bill C-27 will be Thursday, April 21, 2005. Before we embark on clause-by-clause consideration of the bill, I wish to remind honourable members here of our responsibilities as a committee in the legislative process. According to the rules and the practices of the House, committee stage is where the bulk of the amendments to the text of the bill are made. There is a possibility of moving further amendments at report stage, but at report stage, as you might know, there are more restrictions on what amendments may be proposed.

Generally, amendments may be proposed at report state that challenge or further modify committee amendments, or that make consequential changes to a bill based on an amendment made in committee, or that delete a clause. If an amendment is proposed at report stage that could have been proposed here, it will not be selected by the Speaker for debate and a decision of the House. This is why our work here is so important. We must make every effort to consider all possible amendments to the bill while it is here in committee.

The clerk will be providing, for your assistance, copies of the Speaker's statements on this matter, as well as a short document entitled “Amending Bills at Committee and Report Stages”. You will have that kind of documentation early next week.

It would benefit all members of this committee if the clerk could receive your amendments by 5 p.m. on Thursday, April 21, 2005, prior to the start of our clause-by-clause examination of the bill on May 3, 2005. You may also use the services of the House legislative drafter, Doug Ward—and we have a phone number accompanying—to have your amendments prepared. This should make our work more orderly, and in the end should result in better and informed decisions.

In answer to your question, Madame Rivard—and particularly to those who are witnesses here—as I've indicated at every meeting, we would wish them to have their amendments to us by April 21. For the committee, as we go through the process, we're not limiting ourselves to April 21. It can be May 3, if you have your amendments in by then, or even beyond that as we go through. We will find as we go through that we maybe need to have more amendments, so we're not limiting the committee members in proposing amendments, but we do have to have some timeframe for those who are outside the body of this committee to bring forward their concerns.

Does that answer your question, Madame Rivard?

[*Translation*]

**Ms. Denise Poirier-Rivard:** I would like to postpone clause-by-clause consideration until May 10. The April 21 deadline for amendments is okay. You are saying that we will start clause-by-clause consideration on May 3. I would like to postpone this until May 10 to give us more time. Is this possible?

[*English*]

**The Chair:** Mr. Easter.

**Hon. Wayne Easter (Malpeque, Lib.):** As I've said at the committee before, there's some urgency that we deal with Bill C-40, or we'll open ourselves up to retaliation from the Americans. That is being debated in the House tomorrow. Depending on how long that debate is, it should come to committee relatively soon, so it has to be fit in as well.

**The Chair:** Unless we give a couple of days to that bill.... How many meetings would you suggest, Mr. Easter, we might consider for it?

**Hon. Wayne Easter:** It's quite a simple bill. It really depends on the opposition. As I said earlier, there are a lot of issues surrounding the Canadian Grain Commission, and the government agrees to deal with those at a later date. But in terms of meeting the conditions of the WTO, the bill is very narrow, and I think we need to get it through.

So it really depends on how strenuous we want to be in this. We think we could move it through in about two meetings.

**Mr. Gerry Ritz (Battlefords—Lloydminster, CPC):** That's not allowing for any witnesses.

**The Chair:** Let me just say, in response to Madam Rivard....

Sorry, did you have something you wanted to...?

[*Translation*]

**Ms. Denise Poirier-Rivard:** I could agree to May 3 for the amendments, and the debate could start May 10. Give us two extra days.

[*English*]

**The Chair:** Okay. We have the week when we're away from the House to prepare some of this material and bring it forward. It's just that we have all this workload and we're simply running out of days. There's some requirement of us to do Bill C-40, so we have to do that.

We're really not going to set May 3 as the deadline because we're limiting ourselves if we do that. What we're saying is that for those particularly, we would like to have them all here by April 21. But obviously, within the committee itself, it would be unfair to limit ourselves, to have it set as May 3. We may want to bring some in the week of May 3, and it may be beyond that date. I don't think we should do that. It would be limiting this committee, and I don't think we want to do that.

So bring them as quickly as you can, and let's hope we can have them in by May 3. Okay?

Is there anything else on that?

Mr. Gaudet.

[*Translation*]

**Mr. Roger Gaudet (Montcalm, BQ):** What will happen if Parliament is prorogued or dissolved? Will we have to start all over?

[*English*]

**The Chair:** If for some reason we aren't here and there's a new Parliament...that's for another day and maybe for some other people.

We must move, then, to the reason for our coming together today. We continue our work on Bill C-27.

For our witnesses—and I won't remind you at the end of the meeting—if you have matters you want to bring before this committee in terms of amendments or changes, please have them to us by April 21.

Today we have with us, from the University of Guelph, Ann Clark, associate professor, plant agriculture.

We have, from the Canadian Labour Congress, David Bennett, national director of the health, safety, and environment department.

From the Alberta Food Processors Association we have Ted Johnston, president and chief executive officer.

We have, from the Canadian Health Coalition, Michael McBane, national coordinator; from the Canadian Veterinary Medical Association, Keith Campbell, president; and from the Atlantic Veterinary College, Tim Ogilvie, dean and chair of the expert committee on animal genomics, biotechnology, and reproduction, Canadian Agri-Food Research Council.

We'll proceed.

Ann, you're first on the list.

● (1545)

**Ms. Ann Clark (Associate Professor, Plant Agriculture, University of Guelph):** Okay, I'm first.

**The Chair:** Since you're in the minority, we'll give you the opportunity to begin.

**Ms. Ann Clark:** I thank you.

I've provided a written copy of my comments. I assume everyone has received them? I'll just go over them fairly quickly then, to leave time for questions.

I have had the opportunity to review some of the transcripts of previous presenters, and they already got the good points, so rather than repeat them, I think the best use of my time would be to ask you to step back and see the bigger-picture issues....

You guys are just like a class, rattling your papers. Has everybody got it? No? I should have put it on yellow paper. Then it would stand out.

Okay, is everybody ready?

**The Chair:** We have the copies.

**Ms. Ann Clark:** So the question I want you to think about....

We're not ready.

**The Chair:** I have some French copies here.

**Ms. Ann Clark:** Now that we're ready...okay, class.

I'm fairly anxious that we in Canada are not acknowledging the gravity of a number of major issues that are facing us as a country and as a planet. Those issues of concern I have listed on this.

First, there is the virtual absence of profit in primary agriculture. Canadian farmers' net income has been below zero for two years in a row. This is nuts.

Secondly, farm gate profits are continually being removed by agribusiness and, most especially in the present context, by biotechnology firms.

Thirdly, I'm very concerned, and we should all be very concerned, about the externalized costs of agriculture to society and the environment. Acts such as the Nutrient Management Act in Ontario, for example, are designed to address this, and that's just one issue.

My fourth concern is rising energy prices. We need to acknowledge that a great deal of what we now think of as normal in terms of world trade and globalization and Wal-Martization and so on is dependent upon cheap energy. If energy is not cheap, then a lot of things are going to be different in the future. Are we acknowledging that? Are we planning for that?

And finally, global warming is a huge issue with enormous ramifications for agriculture and for society as a whole.

The question I want you as a group to be thinking about is this. Is Bill C-27 going to contribute to your ability to address these big picture issues or will it in fact—and I would suggest that it will—prolong and exacerbate these problems by tying your hands, by preventing you from doing what you need to do?

I've read the legislative summary of this bill and the transcripts, and I'm really concerned that Canadians are going to be consigned to become the recipients of decisions that will be made to meet other agendas, in particular agendas of industry and of the U.S. and other countries, rather than decisions that have Canadians and farmers and the environment as their first recipients, as their first motivation.

How did we get to this point? How did we get to the point where well-intentioned legislators have come up with a bill? I want to emphasize that this bill does not stand out as different from a lot of legislation that has come from recent Canadian and provincial governments. There's nothing political about this, just so we're all clear on that.

I would suggest there are two large-picture reasons.

First, the drafters have become unwitting accepters, or they have uncritically accepted assumptions that are demonstrably false or at the very least have not been validated.

One assumption is that what is good for industry is good for society. I have a lot of examples I can give you on that.

The second assumption is that the absence of profit in agriculture is simply a function of Adam Smith's hand, a free market economy, and it is not in fact a direct outcome of intentional government policy.

The third assumption is that the displacement of small- to medium-sized farms and infrastructure, that is to say, abattoirs, egg-grading stations, bakers, millers, all of the infrastructure that processes primary agricultural goods, with these huge mega-farms and mega-processors is in fact a good thing for Canada.

And the final assumption, and this is an area in which I have some expertise, is that biotechnology has actually benefited Canada and has actually improved the role and the perception of Canada in the world.

I would suggest that each of these assumptions needs to be critically examined and appears to have guided the tone of this bill.

● (1550)

Secondly, and at a more intellectual level, I would say that the decision of the Canadian government to partner rather than to lead industry has led government to start thinking like industry. I don't say that in a dogmatic sense or a philosophical sense, but in a very utilitarian sense. Industry thinks in terms of selling product. That's their job. I have no problem with that. The problem I have is when government allows itself to be aligned too closely with industry and begins to think in the same way: selling product.

As to why this is a problem, how you frame the question predetermines the range of possible outcomes. I've given you a little table with three big problems on it to illustrate this point.

Industry thinks in terms of symptoms, and I'm suggesting that what you should be doing is thinking in terms of causes.

For example, you have an endemic farm crisis in Canada. That is a symptom, I would suggest, and the solution that results from that, if you assume this is the problem when in fact it is the symptom, is bailouts. So you get a bunch of angry farmers and you have a periodic need for bailouts. That's an unending solution. It never ends because you're never getting at the cause. You're dealing with a symptom.

Conversely, the real cause, I would suggest, is industry-driven farm policies. That is the cause of which farm crises are the symptom. If you acknowledge that and you deal at the causal level, then you would look at the policies and you would rethink them, and that would be the way you'd get at this.

Think about it in terms of Monsanto's Roundup Ready crops. If Roundup Ready worked at the level of cause, it would put Monsanto out of business in a year. It works at the level of symptom. It looks at the weed and says it's a problem, when in fact it's a symptom of a larger system problem, and it has to ensure that the problem persists year after year after year in order to sell product. If it worked at the causal end and eliminated the weeds, they wouldn't sell product, so it is in the vested interest of industry for the problem to be perpetuated, and that is where you're getting stuck as government. You're never getting back to the cause, so you're always dealing in symptoms.

As a second example, nutrient pollution of groundwater is a huge issue in Ontario, as well as around Lethbridge in feedlot alley, and in a lot of places in the world—Holland, the northeastern U.S. So what is our solution? That, I would suggest, is in fact a symptom, not a problem, and as a symptom, our solution is the Nutrient Management Act of 2002 in Ontario. We also have Enviropig, which is a genetically modified pig, to solve this. But the real problem, the causal problem, is factory farming. If you think of factory farming as the cause rather than the symptom, then you come up with a different range of outcomes.

I won't spend too much more time on that, but I think you're getting stuck on symptoms and you need to be looking at causes.

The other big problem I have with industry thinking in government is that, by definition, it concentrates benefit. It's designed to channel benefit to the proprietor of whatever the technology is. When government does that, you're abrogating your responsibility to distribute benefit to a wider range of people. So I think that's a significant issue.

A good example of that is Roundup Ready wheat, which was a joint effort from Monsanto and the Canadian government. I've given you numbers here to show the result of a modelling study that Hartley Furtan, the chair of agricultural economicsat the University of Saskatchewanin Saskatoon did, showing that Canadian farmers would lose, whether they adopted or didn't adopt, and Monsanto would win. That's a completely unsurprising outcome, because it was designed to benefit industry.

● (1555)

I give you other examples there. I don't want to take too much of your time here.

**The Chair:** You've exhausted your time now.

**Ms. Ann Clark:** I've exhausted my time? Okay.

I've given you the numbers in here. I want you to look at them.

**The Chair:** Let's deal with the matters in question.

We move to the next person who may want to present and that's David Bennett. You're with the Canadian Labour Congress.

Can you keep your comments as short as possible? I realize you have much to say, but we have many questions to ask as well.

**Mr. David Bennett (National Director, Health, Safety and Environment Department, Canadian Labour Congress):** Thank you, Chair.

The Canadian Labour Congress represents three million workers in both public and private sectors across Canada. Among these are workers in agriculture, food production and processing, and the transport and distribution of food. The CLC also organizes food inspection and public health workers in all three levels of government.

Safe and healthy food is a leading social concern of the CLC. We welcome the opportunity to appear as a witness and thank the committee for involving the public in its deliberations on Bill C-27.

Before we comment on the content of Bill C-27, I would like to make two overarching observations. The first is that the bill contains no initial purpose clause. No one reading the bill for the first time would have any inkling that the bill existed for the purpose of enforcing tangible food standards and other product safety standards, nor other activities that have or can have an impact on human health. This is in contrast, for example, to the Food and Drugs Act, which states that the function of a food standard is that it is necessary to prevent the injury to the health of the consumer or the purchaser of the food. The flaw in Bill C-27 should be remedied by inserting a purpose clause after the short title:

> Purpose of the CFIA.
>
> 2. The purpose of the CFIA is the proper enforcement of standards of safety of food and other products, as well as those related activities that may have an impact on human health.

This health and safety purpose means that the CFIA should more appropriately come under the authority of the Minister of Health rather than the Minister of Agriculture.

Second, there is a deep flaw in the CFIA because it tries to combine the promotion of trade and commerce with ensuring, through the enforcement of regulations, the safety of the Canadian food supply. These two aims are flatly incompatible because effective regulation is invariably a constraint on trade, commerce, and the normal flow of goods. No one believes in sacrificing safety for the sake of trade. We are sure the Government of Canada shares this view, and if so, it should say so. On the other hand, a healthy society reduces the need for costly policies and programs. A healthy society is also an economically prosperous society.

Another consequence is the predicament of the government inspectors inside the CFIA. Right now, the inspectors who enforce the laws and regulations that ensure our food is safe are caught in the middle. They are there to do a job that becomes difficult without public confidence and under pressure from a management structure that also has a mandate to promote food marketing. Nobody should be expected to do such a job of this vital importance while constantly having to look over their shoulders.

The mandate of promoting trade and commerce is an exceedingly weak one. It relies on the simple statement of the Government of Canada, which is to promote trade and commerce in the preamble to the CFIA Act of 1997. A brief statement in a preamble, unrelated to the work of the agency, is meaningless, yet it is the licence to pursue incompatible aims. This situation could be remedied easily by inserting a new clause at the beginning of Bill C-27 after the short title and definition:

> Mandate of the CFIA.
>
> 3. The CFIA exists solely for the enforcement of the food and related standards defined in the scope of the Act. No Agency personnel shall have any contact with any party which is or may be, regulated under the Act except for the purpose of compliance, enforcement and administration of the Act.

If the government is unable to insert such a purpose and mandate to the CFIA, we believe the bill should be withdrawn. The bill as it stands is contrary to the public interest.

A consequential amendment is that the phrase in the preamble to the 1997 act, “Whereas the Government of Canada wishes to promote trade and commerce”, is removed. The current situation is that the public can only find out roughly and with great difficulty how much money the CFIA spends on market promotion and investment.

Section 56 of the act gives the agency strong powers to make regulations. This is how things should be, provided they are not used to introduce artificially high standards that would drive small producers and processors out of business. But we cannot say how strong an act Bill C-27 will be until we see the regulations under section 56 and the consolidation, modernization, and enhancement of the agency's regulatory base, which will follow the enactment of Bill C-27.

It is clear that the government's intention is to implement the program of smart regulation. There is a grave danger here of making Bill C-27 toothless and ineffectual. The danger is twofold. First, the explicit aim of smart regulation is to enhance market performance and competitiveness, the very thing we have just argued that the CFIA should not do. Market performance and competitiveness belong in a wholly different branch of industrial strategy.

● (1600)

The second danger is that the type of regulation proposed under the "smart" heading will be feeble and ineffectual. Most food standards are currently "specification standards"; they specify; for example, tangible limits or prohibitions on the presence of food contaminants. For instance, the Seeds Act says quite bluntly: "no seeds can be sold, imported and exported unless they conform to the prescribed standards".

The Food and Drugs Act says that no person shall manufacture, prepare, preserve, package, or store for sale any food under unsanitary conditions.

These standards are, in principle, effective and enforceable, but one tenet of smart regulations is that standards should be in the form of "performance standards", which specify a goal and leave it to the party regulated to fulfill it. For instance:

> Foods shall be manufactured in such a way that they are adequate to protect human health and may contain additives in quantities that do not pose a danger to most human beings under normal patterns of consumption.

This is a performance standard. As such, it is unenforceable. Parties can be brought to justice only when they are found to have breached the standard and the damage to human health is already done. This is not a preventive or precautionary approach.

The situation could be remedied by inserting a new clause under the regulation heading:

> 57. So far as is feasible, Regulations under this Act shall be as specific as the regulated activity or topic permits.

Further, specification standards have to be enforced under a compliance policy that has regulatory force and that is known to the public.

Take the recent BSE crisis. The debate about food safety and the merits of reopening the U.S. border to Canadian beef were conducted in an atmosphere of agency secrecy and consequent public ignorance. No one knew how many Canadian cows were tested, the age and condition of those tested, the rules for making test results public, and the protocols for action in the event of positive tests.

Few knew the international rules for tolerance of BSE cases, nor whether the debate about public safety had any meaning. Just as bad was ignorance of the parallel U.S. testing system and the suspicion that the degree of testing was lower than that for Canada and the results of tests suppressed.

In a 1999 report, the Auditor General of Canada pointed out that the CFIA lacked transparency, its compliance activities were not reported, and its only communication with the public was one way—from the agency to the public. This situation has not essentially changed since 1999.

A new clause is needed under the regulations section:

> 58. Compliance policies for each area of enforcement are to be made public, approved by the Minister and they shall have statutory force as a mandatory requirement in the work of the Agency and the administration of the Act.

Despite the apparent forceful nature of the act, it actually weakens the food safety regime, again in the name of trade and commerce. The act authorizes the CFIA to enter into agreements with domestic and foreign governments, agencies and organizations—read "corporations"—for the purposes of the collection, use, and exchange of information for regulatory purposes.

The CFIA may enter into agreements with foreign governments or organizations where the foreign legal requirements are similar to those of Canada or where the foreign production systems are similar to those in Canada. It may also enter into agreements with foreign governments and private organizations over the test inspection results.

The first objection to these sections is that there is no way of verifying the terms of the agreement. The Canadian public simply does not know whether foreign—read " U.S."—legal requirements, inspection systems, and facilities are comparable to those in Canada, and we can have no confidence that the agency does either.

From what we know of conditions in the major meat packing facilities in the United States, the more apt comparison is not with Canada but with the stockyards and slaughterhouses of Chicago a century ago. Yet the American government and American businesses are being let off lightly under the terms of Bill C-27.

A final observation is that these provisions discriminate against Canadian food processors in that they have to meet standards set by regulation and not by some agreement, the tangible terms of which are unknown.

Canadian companies can get off the hook in a different way. Section 57 of Bill C-27 allows the incorporation by reference of the voluntary standards, of standard-writing bodies, and of the industry's own trade associations. Insofar as these are weaker, less rigid, and less normative than regulations, they amount to an exercise in deregulation or to industry self-regulation—much the same thing.

The Canadian Labour Congress would prefer to see sections 8 to 14 and 57 simply removed. The least we would ask is that the committee deliberate on a radical reworking of these sections since they detract fundamentally from the effectiveness of the act as it stands.

All of this we respectfully submit on behalf of the Canadian Labour Congress.

● (1605)

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

Now we will move to Mr. Ted Johnston from the Alberta Food Processors Association.

**Mr. Ted Johnston (President and Chief Executive Officer, Alberta Food Processors Association):** I would point out that I also chair the Food Processors Alliance of Canada, which represents all the provincial associations. It's associated with the Food and Consumer Products of Canada.

**The Chair:** Is your presentation...?

**Mr. Ted Johnston:** It is in point form only, as time did not allow us to put together a formal written one.

I'm just following the previous two speakers. As is the case in all of these situations, I'm sure you'll find there are wide discrepancies.

I'm here to represent what I think Ann effectively called the bogeyman. I'm representing industry. I would like to point out, to reaffirm to the members of this committee, the importance of this industry. We disagree; we believe this industry actually is the best safety net that we can provide to our farmers in Canada. If we were doing more processing here, in fact, farm income would go up.

This industry represents $71 billion annually, and it's 10% of the manufactured gross domestic product. We're second only to the auto industry in importance to this economy. We employ over a quarter of a million Canadians—just under 10% of what David has within his organization. We pay more than $7 billion in wages. It's a very significant piece, and this act has direct impact on this industry every day in terms of its ability to operate.

The Canadian market consumes 75% of what we produce in this country in terms of our manufactured output. The U.S. takes up the vast majority of the rest of it, and there are issues with that. I'll discuss those as I go through the points by clause. We've had a number of issues in the last couple of years, BSE being not the least of them. There is the U.S. Homeland Security Act compliance and increasing litigation. Food has been described repeatedly as the next tobacco, and we have already seen that start to take place.

We have another major issue, and I'll suggest this is part of what the problem is in terms of farm incomes. Only 36% of our agricultural outputs are processed in Canada. We have a benchmark here: the province of Quebec processes 85% of its agricultural outputs. The rest of us are way below that number so we are effectively selling farm commodities at or below world commodity prices, and we're not a low-cost producer. Adam Smith I think is going to continue to come into play.

We have a major issue of harmonization with our major trading partner. Some of the things in this bill I think will have a positive effect on that.

Our industry supports the bill in general. We believe there are a number of positive aspects to it, specifically clauses 9, 10, 11, 16, and a few of the others that refer to that area, which deal with imports. It would be nice to see the part of this bill come into play where we in fact level the playing field, because today imported competitive products are not held to the same standards as those that are manufactured and processed here in Canada. We certainly would like to see the reciprocal inspection agreements take place. That should facilitate trade, and I don't believe trade is a dirty word. It should reduce delays for perishable and semi-perishable products, which is a positive for this country.

David referred to clause 57. I think clause 57 is positive if it's used appropriately and it has the opportunity to let the people who deal with it every day provide input into the regulations. As long as that process is formalized and put in place, it could be a very significant step forward.

Regarding clause 74, I think it's absolutely crucial, and we believe in our industry that we do set standards on testing the laboratories across this country, that we do have some standardization in that, and we have some inspection that takes place to ensure those standards are being met.

Definitely clause 76, which allows the minister the power to destroy product quickly to show we have taken a strong positive stance if we do have a problem—and we will have problems—will certainly do good, positive things I think in terms of reinforcing consumer confidence.

Our issues relate specifically to clause 56, and again it's difficult because they are just talking about the powers to do these things, but we would point out some of our concerns in that area.

On paragraph 56(a), record keeping requirements, we are already dealing with this situation where we have record-keeping requirements imposed on us to export into the United States. We have a series of record-keeping requirements both at the farm level and at the processing level in a number of areas, be it environment, be it in terms of food safety, or be it workplace health and safety. All of these different areas require that we keep records. They never talk to each other. We are continuing to add layer upon layer of paperwork and reporting requirements without any thought as to how we can try to get as much of that information into some consolidated form as possible, so that people aren't spending their entire lives filing out forms, but instead are actually getting on with doing what they're supposed to be doing, and as I said, that includes our farmers as well.

● (1610)

We definitely need to be harmonized with the United States in whatever our record-keeping requirements are. We have one beautiful example of that, though it's not administered under the CFIA: the Nutritional Labeling Act. Under it, we put forward our label, which looks like the American label and talks like the American label, except that we in Canada have a different set of standards in terms of what the daily nutritional values are, so they don't read the same.

Probably the most ludicrous example of all is that on our label, if you have 20 grams of ingredient in that product, you must write that as “20g”, but if it's in the United States, you must write that as “20 g” with a space. For the sake of a space, we have to print two distinctly different labels. That's a classic example of where the lack of harmonization just adds costs to the Canadian processor, which could easily have been done away with, to be quite candid. Our concern is that we don't do the same thing here, if we harmonize the record-keeping function.

As for the requirement that we utilize specific electronic means to maintain records and communicate with the CFIA, our concern is obviously about what that is and how expensive it's going to be. I would point out to the members of this committee that although it's a large industry, with over 5,700 food processors in Canada, there are less than 500 of them that one would consider to be large. For example, in the province of Alberta, where we have over 650 food processing entities, only 12 out of those 650 employ more than 100 people; only another 70 employ between 25 and 100 people. So the vast majority of these companies are small- and medium-sized entrepreneurs—$5 million to $10 million to $15 million—who employ 25 or fewer employees. All of a sudden, if you lay some of these types of costs on top of them without clearly thinking it through and making sure that if they've made that capital investment, we don't turn around and change it six months, eight months, or ten months later, it can have a very negative impact on the ability of this industry to sustain itself, never mind grow.

On reading both the act and its summary of the consolidation of the various authorities granted to inspectors by different acts—I had a wonderful weekend reading this act—the concern we have is that it appears to be budget-driven, not driven in terms of a practicality. If one sits there and says, “Oh, good, we'll have the fellows who were involved in the fish canning plants, the same authorities”—or whatever—“and now use them over in the meat packing plants”, I can guarantee you that somebody who has been looking at salmon can't walk in and look at an animal and tell you it's over 30 months. That scares the hell out of us, and I think it should scare Canadians and Canadian consumers. There's a real issue relative to doing that cross-pollination. This covers a whole bunch of different areas. We would have district people go in and do plant approvals, but if they're not engineers, what the hell are they doing going into do approvals if they happen to be somebody who's involved with seeds in an experimental farm or a testing lab or something of that nature? That's what could happen as a result of this act, as it stands today.

It's absolutely unacceptable having the CFIA establish and regulate quality management programs. CFIA's role, as far as we are concerned, is in food safety, not quality management. There's a broad spectrum of quality versus price within the food continuum. You face it every day in the grocery store. This is not a regulation issue. Food safety? Yes. Quality? There's a quality/price relationship that goes together.

I see I have one minute left, so I'd better go through this quickly. Hopefully, you can ask me questions about these things afterwards.

Regarding paragraph 56(r), the fact that it is not outcome-based is why we have these issues today; hopefully, we'll get a chance to talk to you a bit more about that afterwards.

The paragraph that really bothers me is 56(w), the appeals process that's to go into place. If you go to paragraph 25(1)(h), it specifies that inspectors have the right to shut down a plant. If somebody asks me the question later, I'll give you an example of what happened when that took place. We need a rapid response when somebody does something like that, and I don't see that documented in here.

● (1615)

What are we looking for? We are looking for something out of this act that's broader than what it is today, something that would establish a mechanism where we can recognize provincially inspected facilities to facilitate interprovincial trade. We have free trade with the United States; we don't have it in Canada.

With respect to third-party recognition, we don't want to see the bureaucracy grow larger. There are a number of good organizations out there who can deal with things like HACCP accreditations. We need a mechanism to recognize those standards within segments and to put those in place.

We've talked about the appeal mechanism, outcome-based standards. But we've got to be harmonized with our major trading partners or we are going to continue to try to drive ourselves out of this business.

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

Now we move to Mr. McBane from the Canadian Health Coalition.

**Mr. Michael McBane (National Coordinator, Canadian Health Coalition):** Thank you, Mr. Chair.

I had sent in two documents with my brief, appendix A and appendix B. I don't see them distributed to members.

**The Chair:** Were they translated?

**The Clerk of the Committee (Mrs. Bibiane Ouellette):** I'm sorry, we didn't have time to translate the appendices. They are being translated.

**Mr. Michael McBane:** I'd request that they nonetheless be entered into the record.

**The Chair:** They will be.

**The Clerk:** They will be distributed to the members when they're translated.

**Mr. Michael McBane:** Thank you. I appreciate your translating the rest on short notice.

The Canadian Health Coalition thanks the committee for this opportunity to express our concerns over the proposal and its implications in Bill C-27. We noted that the Library of Parliament's analysis of this bill pointed out that the Canadian Food Inspection Agency describes this legislation as a response in part to the outbreak of BSE in Canada. This statement warrants close examination.

The establishment of the Canadian Food Inspection Agency in 1997 was a radical departure from traditional regulatory agencies and programs. It would be prudent to assess the impact of this new approach to regulation of food safety before locking it into the legislation proposed in Bill C-27.

How well has the CFIA performed under the new industry-friendly approach of self-regulation? How well have the CFIA inspection and regulatory approaches, which Parliament is now being asked to codify in law, protected Canadians from BSE?

Traditionally, regulatory programs have been based on regulations that require companies to comply with the law, with certain standards of production or service delivery and an inspection and penalty system to ensure compliance. You don't put the fox in the chicken coop.

The government retains primary responsibility for developing regulations and for ensuring compliance with them. The creation of the CFIA was a radical departure from traditional regulation. We moved from command and control to reliance on industry to self-regulate. This increasing reliance on self-regulation, self-inspection, voluntary compliance—did it work? Did it protect us from BSE? The CFIA moved to greater use of standards set by third parties and the use of internationally accepted standards. Both these measures have since been shown to be controversial.

I'll outline some of the problem areas that go unexamined when we talk about standards replacing regulations. Serious concerns persist with this approach, including the selection procedures for such bodies, their composition, scientific competence, lack of accountability, secrecy, conflict of financial interest, exclusion of the public interest, reliance on secret and questionable industry data, and lack of procedural transparency.

The CFIA shifted away from regulation in the public interest and on-site inspections in favour of a paper audit of a company's performance. How well has this done in keeping us free of BSE? With BSE incubating, as we speak, in Canadian cattle herds, it's obvious that the CFIA has failed Canadians. Yet the Government of Canada is proposing to reward them with more legislative powers. How much money was saved by the CFIA's 1997 feed regulations? Regulation part 14, subsection 132(1), has six loopholes to allow the recycling of animal protein. Section 2 has another loophole. Subsection 135(3) has an eighth loophole. Eight loopholes in these brilliant 1997 regulations purporting to ban the recycling of protein. The BSE crisis obviously was not stopped by the CFIA approach of giving the industry the regulations they wanted.

In hindsight, how much have these regulations that favoured the rendering plants and the feed mills cost our beef farmers? How come these questions aren't being asked? Why are the beef farmers being wiped out by these kinds of approaches to inspection and standard-setting and voluntary compliance? Yet we're moving ahead as if there hasn't been a complete system breakdown.

Like the United States Department of Agriculture, the USDA, CFIA has two incompatible mandates—promoting trade and contributing to food safety. Trade clearly dominates. Since 1997, the agency has downgraded its science capabilities by closing labs. It's hired lots of folks with MBAs and communications degrees, and it's adopted a paper audit system. I can assure you that spin and public relations are not an effective BSE control program.

The BSE case study is CFIA's biggest failure. According to William Leiss of the Royal Society of Canada, the agency's failure to protect Canadians from BSE involves unacceptable failures in risk assessment, sloppy surveillance programs for animal disease control, and, above all else, a stubborn refusal to impose a total ban on recycling ruminant protein in animal feed.

● (1620)

We've obtained documents through access to information that show that in 1998 a senior Health Canada committee warned the CFIA about having blood in animal feed. Appendix A, which you will see, states, “No amount of prion agent can be considered 'safe' at this time.” It also says “...when the same species is fed back to itself, it increases the possibility of disease emergence....” The response from the CFIA stated, “We haven't taken any steps. At this point, it still does not seem that there is definitive proof....”

So much for the precautionary principle.

My question is, if you won't adopt the precautionary principle for BSE control, under what conditions would you ever adopt the precautionary principle? They're waiting for definitive proof that blood is a BSE risk? According to Stanley Prusiner, the Nobel laureate who discovered the prion or the mistaken protein that carries mad cow, it is “stupid” to feed cattle blood back to cattle.

We wrote the Canadian Minister of Health in January 2001 concerning the dereliction of duty by failing to adopt precautionary measures to protect Canadians from known BSE risk material. This letter is tabled with you as appendix B and entered into the official record. The government has been notified that they are exposing us to BSE risk and still to this day permit the recycling of BSE transmission routes.

Recommendations to the committee: one, we recommend that Bill C-27 be rejected; two, that the Government of Canada terminate the failed experiment at the Canadian Food Inspection Agency and house responsibility for the health and safety of Canada's food supply with an independent agency that reports directly to Parliament; and three, that the Government of Canada conduct a review of the CFIA failures resulting from its increased reliance on industry to self-regulate, and to rethink smart regulation initiatives in light of the lessons learned from this historic disaster of the CFIA in failing to protect us from BSE.

Thank you.

● (1625)

**The Chair:** Thank you very much, Mr. McBane.

Now we turn to the Canadian Veterinary Medical Association, Mr. Keith Campbell. Are you speaking for both groups?

Mr. Ogilvie, are you speaking as well? Okay.

**Dr. Keith Campbell (President, Canadian Veterinary Medical Association):** Thank you, Mr. Chairman.

First of all, let me say this is an honour to be asked to be here. I'm feeling in awe of the hard work the other witnesses have put into preparing their presentations. My presentation is very short, and due to time constraints, I did not have a chance to have a written or translated preparation.

The Canadian Veterinary Medical Association is the organization of Canada's veterinarians that is interested in animal health and welfare and food safety. We feel that the Canadian Food Inspection Agency has done an adequate job given the legislative patchwork it works under and the human and financial resources that it has available to it. We understand that this bill is to consolidate and make uniform the powers of inspectors for all commodities.

The Canadian Veterinary Medical Association feels that in order to protect the safety of Canada's food supply, they need improved legislative authority, improved human resources, and financial resources. We feel there is a greater need for consultation with industry and organized veterinary medicine, and we are willing to provide ongoing participation in the formation of an independent advisory body to the CFIA.

That's my presentation.

**The Chair:** Thanks very much.

Now we will move to Mr. Ogilvie. He's from the Atlantic Veterinary College.

**Dr. Tim Ogilvie (Chair, Expert Committee on Animal Genomics, Biotechnology and Reproduction, Canadian Agri-Food Research Council; and Dean Atlantic Veterinary College):** Mr. Chair and committee, thank you very much for the opportunity to be present today. Much like my colleague, Dr. Campbell, I'll just keep my remarks very brief and more in the manner of an introduction, so if there are questions that arise, perhaps I could be of help.

I'm the dean of the Atlantic Veterinary College at the University of Prince Edward Island. I trained as a veterinarian. Our mandate, as veterinary colleges, is to train not only DVMs but also graduate students and PhD students in many areas. We undertake research and provide professional services as well. We therefore train the majority of veterinarians in Canada, many of whom go on to work with CFIA later on.

I am the past president of the Confederation of Canadian Faculties of Agriculture and Veterinary Medicine, and I am the present chair of the Expert Committee on Animal Health, which is a relatively small committee of the Canadian Agri-Food Research Council, but it has representation from provincial veterinarians from all Canadian provinces and from other experts.

I have had a chance to look at the summary of the legislation. I do support it in principle as an improved piece of legislative authority to the Canadian Food Inspection Agency. I personally, through the Expert Committee on Animal Health and through my colleagues at the other Canadian schools of veterinary medicine, would be pleased and prepared to continue to provide advice to CFIA, or whomever, in terms of working in collaboration with the provinces as well, in promulgating the regulations and addressing implementation of the act.

With that offer and with that brief introduction, I'll turn it back to you.

Thank you very much.

● (1630)

**The Chair:** Thank you very much, Mr. Ogilvie.

Now we move to questions. In the interests of time, since we have enough time for people in five-minute rounds to get around the table, let's begin with Mr. Ritz, for five minutes.

**Mr. Gerry Ritz:** Thank you, Mr. Chairman.

Ladies and gentlemen, thank you for your presentations here today. Some of it we've heard before, but of course it all helps us in our work on Bill C-27.

Keith, at the end of your presentation you talked about the need for a lot more back and forth between CFIA and veterinarians in the region where something happens. I couldn't agree with you more.

I had the search-out farm for BSE in my riding, and of course the local vet, who had handled the herd forever, was pushed aside and wasn't even talked to or used as a resource, which was unfortunate.

One of the major things that I see missing here is any oversight. Is that something the Canadian Veterinary Medical Association would like to be part of?

**Dr. Keith Campbell:** Yes, it is.

**Mr. Gerry Ritz:** I guess we'll have to work that into the bill somehow, because it's sadly lacking at this point.

I guess, Tim, you would agree, too, that there should be some sort of oversight. You guys train these folks and then send them out there.

**Dr. Tim Ogilvie:** I'd agree with the need for oversight or consultation, yes—advisement, perhaps.

**Mr. Gerry Ritz:** Sure, and you do agree with whatever we can set up to provide that.

One of the concerns I have—as an actual producer in my former life—is the cost of all of this. How do we keep it away from the farm gate? I'd like to pass it on to Ted, and then he passes it on, and it disappears. But how do we stop all these extra costs for the safety and security of our food supply, whether they are needed or not—you could make that argument forever—and how do I as the producer not get stuck with the bill?

**Mr. Ted Johnston:** First and foremost, if all you're doing is raising cattle to put them in a truck and ship them across the border, you've got the bill. The first thing is if we don't add value to the agricultural outputs—and we're woeful at that, with the exception of Quebec—we have no other opportunity except to compete on a commodity basis where we're not a low-cost producer, so you're going to eat it. You've got to add value.

**Mr. Gerry Ritz:** We've lost a lot of that processing capacity over the last 20 years too.

I'm concerned, too, with a lot of the search and seizure provisions I see in here. From the processor sector, you would face those same types of things, Ted. The sharing of information has been brought up by other groups too. Do you have a concern with that?

**Mr. Ted Johnston:** We don't have a difficulty in terms of sharing information on the food safety side of things. We are concerned that we're required to do it in a format that's not currently in play. This comes back to the harmonization issue again. We want to be open and transparent to our trading partners, be they in Ontario or in the United States, but we just don't want to have to do it eight different ways because everybody's got an opinion.

**Mr. Gerry Ritz:** Right. I think it was Michael who said this was a response to the BSE problem we had. Actually, it's not. It's a follow-up from Bill C-80, which was lost on the order paper in 1999. It goes back that far.

Were any of you folks around at that time? Did you make submissions or were you consulted on the original, the precursor, Bill C-80? Have you been consulted on this one at all, other than being invited here today?

**Voices:** No.

**Mr. Gerry Ritz:** The processing sector has not been a partner in drafting these regulations, but you're going to have to live with them.

**Mr. Ted Johnston:** We haven't been, to this point.

**Mr. Gerry Ritz:** Okay.

That's it, Mr. Chair. I'll pass it on.

**The Chair:** Okay. We'll move on to Madame Rivard for five minutes.

[*Translation*]

**Ms. Denise Poirier-Rivard:** Thank you, Mr. Chair.

Ladies and gentlemen, thank you for coming. My question is for Mr. Johnston.

You mentioned earlier that the CFIA must be responsible for quality management rather than just food safety. Could you give us some concrete examples of reasons why you say that the CFIA should be concerned with quality management rather than food safety?

[*English*]

**Mr. Ted Johnston:** In actual fact, I've said that in the way it is written the bill says they would be involved in both. Our position is that absolutely they would be involved in the food safety side, but the quality management side is not a CFIA role.

[*Translation*]

**Ms. Denise Poirier-Rivard:** In my opinion, safety and quality go hand in hand. For example, if you produce good clean milk, you will have a good finished product. I think that the two are inseparable; they go hand in hand.

● (1635)

[*English*]

**Mr. Ted Johnston:** I'll take it into a dairy example then. If you go into your supermarket, there are varying degrees of quality of ice cream; they are all safe. They are all produced in a safe environment from HACCP-accredited, federally inspected plants, but there is a definite difference between the one that's $3.99 a gallon and the one that's $8 a quarter pint. Regulation of that type of quality is the role that CFIA should not take. And that's what it is; quality is regulated by the marketplace. The consumer will pay a price for a quality level; the marketplace will do that. Safety is their God-given right, and we'd better make sure it's delivered. That's the role of CFIA, in our opinion.

[*Translation*]

**Ms. Denise Poirier-Rivard:** In my opinion, in your example about ice cream, you are talking more about labelling. You are talking about varying degrees of quality. So it is about labelling.

[*English*]

**Mr. Ted Johnston:** No, it could be right to the butter fat content. It's actually ingredients—what's in there—that makes quality, and different consumers will have a different opinion about quality. An example is the major grocery chain in this country, Loblaw Companies Limited, who produce two of their own branded lines, their no name product and their President's Choice line. If you did consumer surveys, I think you would find that they perceive those to have a significant difference in quality. They do not perceive them to be different in terms of one being less safe than the other.

[*Translation*]

**Ms. Denise Poirier-Rivard:** I want to come back to what you said earlier about small producers and small businesses. In your opinion, do small businesses have the same safety standards as large industry?

[*English*]

**Mr. Ted Johnston:** Would I say every single one of them? The first thing would be to find out—you could see that—whether or not they have reached the level of full HACCP accreditation or are being prepared to go into HACCP accreditation. The large multinationals and many of the larger non-multinationals who have reached that full HACCP accreditation have put all of those plans in place. If you were to look at the roughly 5,000 other manufacturers in this country, you would find that there's quite a discrepancy between those who are on their way to having their HACCP plan in place and those who haven't even started because there hasn't been a demand for it.

The changing marketplace is going to make it essential that we have all of our manufacturers up to a full HACCP plan and a full HACCP accreditation. Litigation opportunities, the demands of our customers, are going to force that. And that's not the consumer; our customer is the grocery store, the food service supplier, or the restaurant that ultimately sells it to the consumer. Our customers demand it because they have to do their due diligence; they have to put themselves in a position such that when they get sued—and eventually they will—they can prove in court that they have done everything humanly possible to ensure they have bought their product from the safest possible sources.

[*Translation*]

**Ms. Denise Poirier-Rivard:** My next questions are for Ms. Clark.

Earlier, you were telling us about three problems: the causes, the crisis and the synthesis. You talked a lot about Monsanto too. I want to know your opinion on Bt10 corn.

[*English*]

**Ms. Ann Clark:** You want me to discuss Bt10 corn and the problem of contamination with Bt11?

Actually, the more I was thinking about this sitting here today, the more I believe that what you're proposing to do with the CFIA is very similar to what you've done with the GM regulatory process in Canada. The GM regulatory process in Canada is really designed not to find problems. It's designed to facilitate trade, and that's exactly what this CFIA thing, this bill, today is going to do.

When you put no responsibility for monitoring on an independent regulatory authority and you leave everything up to the hands of the company in question, Cingenta, I think it was in the case of Bt10 and Bt11, nobody is minding the shop. You're relying entirely on them to do this. And keep in mind, this is not the first time this has happened. There are numerous cases that are already documented with Monsanto, with Aventis, and with other companies where they inadvertently mixed genes and they commercialized it. In one case, they actually had to go and get permission to formalize a gene that they never intended to commercialize because it had totally contaminated one that they did intend to commercialize. They cannot keep them apart. You cannot contain genes.

So Bt10 and Bt11 is just the latest version of this, and it's because there is nobody other than the company minding the shop. Government has backed away from that responsibility, and it's one of the things I find very alarming about this. It didn't occur to me until I was sitting here the parallels between what you're doing with the CFIA now and what you've already done with GM regulation in Canada.

● (1640)

**The Chair:** Thank you very much. We'll go on to the next questioner.

**Ms. Ann Clark:** Did I answer your question?

**The Chair:** Mrs. Ur.

**Mrs. Rose-Marie Ur (Lambton—Kent—Middlesex, Lib.):** Thank you all for your presentations.

Mr. Bennett, I believe in your presentation on page 5 you had indicated the debate about food safety and the merits of reopening the U.S. border to Canadian beef were conducted in an atmosphere of agency secrecy and, consequently, public ignorance. No one knew many Canadian cows were tested, the age, the condition, etc.

Do you really believe the public really wants to know all those facts?

**Mr. David Bennett:** Most certainly, yes.

**Mrs. Rose-Marie Ur:** Every consumer wants to know how many...? Do you really think there is a body that should be set up to enforce those kinds of regulations? Do you really believe a consumer has time to analyze all that information? That is why we have agencies such as the CFIA. That is why we have the CFIA, with Dr. Evans, who did such a yeoman's job in recognizing the high quality, safe product we had, and we were open to the beef box products to be shipped. No other country has that. Does this not reflect the work that CFIA has done?

I find it very hard to understand how you think everybody out there really wants to know how many cows were tested.

**Mr. David Bennett:** Human health is demonstrably under threat because citizens have died because of Creutzfeldt-Jacob disease in the U.K. and in Europe. When it's a matter of life and death, when you're dealing with an industry that has suffered the loss of billions of dollars worth of economic damage, when you say, does the public have an interest or a right in this, to me the answer is most obviously yes.

The second point of the question is that other agencies produce regular reports detailing their compliance policy and their activities. The CFIA is unusual in that this does not happen. So when you ask the question, does the public have an interest in this, the public has a demonstrable interest in other areas of public policy, so why then is the CFIA not obliged to publish reports, to publish its compliance policies, and to publish the results of its inspections and investigative activities? There is no reason why it should not do so, Madam.

**Mrs. Rose-Marie Ur:** Thank you, Mr. Bennett.

Mr. Johnston, in your presentation you indicated that CFIA's role is food safety, but you felt that quality should be another branch, another agency, or fall under another umbrella of CFIA. Are we not adding additional expenses if we're looking at moving a portion of what CFIA is doing at the present time?

**Mr. Ted Johnston:** No, I wasn't talking to that at all. I was saying just take it out of the act. They don't belong in it, and nobody else belongs in it either. Quality is a market-driven issue; it has nothing to do with safety of the public. The safety-of-the-public issue should remain, but that piece of that clause should go away.

**Mrs. Rose-Marie Ur:** I'm going to agree to disagree, because I think both are positive items for trade and for selling a product. You have the safety, but you also have the quality. One complements the other; that's my layman's statement on it.

I forget which presenter made the statement that there's a real problem with the trade part for Canadians. Maybe it was Ms. Clark. You don't appear to support trade. I just wonder what you would do with the 75% extra beef we produce here in Canada. What would you do with that, if we didn't have a good trading relationship that is usually happening across borders?

● (1645)

**Ms. Ann Clark:** I'm not commenting so much on trade per se; I'm concerned about where trade is going to go in the future.

Let me use one example. There are roughly a million head on feed in Lethbridge, in feedlot alley. You wouldn't have a million head on feed in Lethbridge to feed Lethbridge; the intent is to sell a bunch of beef somewhere else. The premise that you're going to be able to sell a bunch of beef somewhere else is based on the fact that the price of energy for moving that beef is cheap, relative to the value of the product and relative to the economies of scale you get from growing it in a very centralized, concentrated way. I'm not convinced that's going to pertain in the future. I think it will impact on our ability to export, particularly these raw products. I have to agree with the bogeyman here; we're really missing out when we don't value-add these things. Nonetheless, that was my main concern—that the future is not going to be what it is today, and we're not thinking about it.

**Mrs. Rose-Marie Ur:** Thank you.

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

**Mr. Nathan Cullen (Skeena—Bulkley Valley):** Thank you, Mr. Chair.

Thank you to our witnesses today.

I represent a number of communities in northwestern British Columbia. Cattle and farming form the bedrock of our communities. Over the last number of years, I've watched them go through more heartache and pain than they should have been allowed, I would suggest, by the Canadian government and the agencies meant to represent and protect the public and protect the producers.

I have a number of questions and very limited time for today.

I'll start with Mr. Johnston, just to get some of the numbers and be familiar with the larger sector, the processor sector. During the crisis the farmers in my community often heard about the big three—that three large companies in Canada do the majority of the processing. How concentrated is the processing industry right now? Are there several large companies, and what percentage of the processing do they handle? Do you know that?

**Mr. Ted Johnston:** Are you speaking about beef?

**Mr. Nathan Cullen:** Yes.

**Mr. Ted Johnston:** They're primarily located in the province of Alberta. You've got Cargill; Excel, which is domestic; and Lakeside, which is the Tyson operation. Out of the $10 billion worth of processing in Alberta, $6 billion of it is beef—cutting it up and putting it in a box. Of that, I don't have the exact number, but over 90% is represented by those three. We have another 58 provincially licensed abattoirs that operate on a significantly smaller scale.

**Mr. Nathan Cullen:** It would be good if you could provide the committee with that actual number, if your association has it.

**Mr. Ted Johnston:** We can get it.

**Mr. Nathan Cullen:** That would be good.

Have you seen, over the last number of years, a concentration away from those smaller abattoirs into these larger facilities?

**Mr. Ted Johnston:** It comes back to Ann's point again, about the fact that we've got all this stuff on the feed, and it's intended to be cut up and shipped to the United States, or shipped live in the truck. On that particular part of it, you can only eat so much at home. If you're not into a federally inspected plant, you can only cut up what can be consumed in your province.

You have a problem in British Columbia, where you tried to work with CFIA. That's why I talk about the appeals process that needs to be in place. A lot of work was done to develop a federally inspected mobile facility to work in your part of the province, so you could in fact cut some of that product and ship it outside the province; we ran into a brick wall on that.

**Mr. Nathan Cullen:** Do we know how much U.S. beef comes into Canada right now, processed?

**Mr. Ted Johnston:** I wouldn't want to quote an exact number, but—

**The Chair:** Can we stay on Bill C-27? You're getting a wee bit away from the context of our meeting today.

**Mr. Nathan Cullen:** Thank you, Chair. It's actually quite relevant to Bill C-27, just with respect to CFIA.

**The Chair:** Okay. I want to see this come directly to the point.

**Mr. Nathan Cullen:** Yes.

Is it possible to know that?

**Mr. Ted Johnston:** I suspect it's probably available through federal information, through Statistics Canada, but—

**Mr. Nathan Cullen:** Your association doesn't—

● (1650)

**Mr. Ted Johnston:** —we don't track that coming in that way.

**Mr. Nathan Cullen:** Ms. Clark, you talked about the transparency of regulations, or the lack of transparency. The place I come from, the lumber market, the harvesters recently, over the last number of years, advocated for self-regulation. A number of them have since come forward in public and lamented that.

What's the problem with self-regulation when it comes to something like the cattle industry?

**Ms. Ann Clark:** Self-regulation in terms of what?

**Mr. Nathan Cullen:** In terms of the processing, the inspection of facilities.

**Ms. Ann Clark:** Maybe this is an indirect way of answering your question. The two largest meat recalls in history were two years ago. They were both in the U.S., and they both amounted to tens of millions of pounds. Large numbers of people are adversely affected when that kind of thing happens.

When you have a very small abattoir....

As it happens, I actually have the figures that you were just asking for about abattoirs—for Ontario, at least. There are 33 federally inspected abattoirs in Ontario that account for 90% of the meat that's produced in Ontario. The remaining 10% comes from 191 provincially regulated abattoirs, but they've declined by 28% just in the last five years. So the small ones are going out and the big ones are getting bigger. That's where the federal money is going, to expand them to make them bigger and bigger and bigger.

There's a very good book by Marion Nestle called *Food Politics*, all about how the packing industry in the U.S. has lobbied aggressively to not have oversight, to not have regulations imposed, to not have anybody minding the shop except them. We end up, then, with these massive, massive meat recalls, hundreds of people dying, and big, big problems.

So when you rely on someone who has a vested interest in the product—and I have no problem with them having a vested interested in anything—but when government allows them to impose their will on the thing, bad things happen. It just works that way.

**The Chair:** Your five minutes of questioning is over. If we have time, we'll come back.

Mr. Bezan, please.

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

I was really interested in your comments, Ted. It's kind of the same response I had when I first read Bill C-27. I kind of laid out the same things, and after I said, holy crap, we're giving all these inspectors a lot of hours and they're going to become super-inspectors, and we're going to have fish guys doing beef and vegetable doing poultry. I don't how we're going to train all these people. Some people think this is a great idea. I really believe we need to nail that down.

There was one comment you made, and I've been advocating for a long time that we have to start recognizing the provincially inspected abattoirs for federal movement of product. I hadn't thought about trying to incorporate it into this act right now. Can you talk a little bit about how we might go about licensing that?

One of the things that has been held up, and I've been arguing this quite extensively, is that during this BSE crisis especially, we have plants that are provincially inspected that do a great job of the product they make, but because they don't have a paved yard or they don't have a drain hole that's 3 1/2 inches in diameter, they aren't allowed to ship interprovincially. How do we go about licensing that, and what would you suggest as an amendment to the act?

**Mr. Ted Johnston:** I think part of it—and it's what I refer to—is that everything currently is process based, and it says the drain must be here. If you start talking about outcome-based, does the drain do what it was supposed to do? The fact that it's three feet over there really shouldn't change that, if there's not a contamination issue or if things are in place, because it doesn't follow that exact issue. The cost of retrofitting all of those in Ontario and in Alberta, in terms of those provincially inspected abattoirs, is prohibitive. In most cases, they are small entrepreneurs. They have 8 or 10 employees, and they just couldn't afford to do that.

I think it's compounded even further, and it comes back to the point that we got ourselves in this box relative to beef, if you'll pardon the pun, because in 1973 we consumed 87% of our beef output in Canada. So 87% of what we raised in Canada, we ate here. We made a conscious decision, or the industry did, that you can make a lot more money by fattening them up in Lethbridge and shipping them across the border, and we're now down below 50%.

For the over 30-month product, because of that, those big packers that Nathan referred to are not going to cut over 30 product because now they'd have to declare to the U.S. and they'd have the USDA inspectors up here. They can ship everything they can cut of under 30 in a box today. So we have a huge stock of over 30 animals sitting in Alberta, we have a huge market to consume beef, sitting in Quebec and Ontario, and the only option we have is to stick them live in a truck—and you talk about using energy and about economics—and ship them out here to abattoirs that are already overtaxed as it is. We can't even deal internally with how we could solve our own problems, so instead we're going to keep spending hundreds of millions of dollars in bailouts when the simple solution is, under a CFIA umbrella, to set a mechanism in place that allows those abattoirs to be able to cut product and ship it outside the province. We can get a big chunk of that problem taken care of almost immediately.

● (1655)

**Mr. James Bezan:** I agree with that. I'm a cattle producer, and I'm proud of the job we've done as producers, and I'm quite happy with the job the industry has done in processing to produce a wholesome, healthy food product, despite some of the comments that have been made today.

The one thing that came to my attention when I was reading it through was that we have no really good appeal mechanism. You've made light of that. We don't have any oversight here, and I think both Keith and Tim talked about having oversight. We need to have a mechanism where we have people sitting around the table who can make decisions, who represent all segments, because we have producers who are affected by CFIA, we have industry that is affected by CFIA, and we have public health concerns that have to be taken care of. We need to incorporate that into some sort of oversight management board that can really provide that mechanism for appeals, provide that mechanism to make sure we're addressing all the issues that are on the table before it, because there is a huge mandate that it has to fulfill.

I wouldn't mind hearing some of your suggestions for an amendment to provide for proper appeal, to make sure we don't have these shutdowns. Right now an inspector can walk in and take you out of business for two years, according to the way the bill is written today.

**Mr. Ted Johnston:** We had an example a year and a half ago, and unfortunately, we've now lost the company, a company called Harimex, in Alberta. They dealt with bovine blood. An inspector came in on a Friday afternoon at 3 o'clock on something they had asked the CFIA to get involved in. They had identified an issue...to come and help them get through that issue three weeks prior to that. They waited until that time.

Of course, now they've shut everything down—and good luck trying to find anybody in any form of regulatory arm available on a Saturday and Sunday. As it turned out, it was a long weekend, the Monday, and it took them almost 10 days before they got that plant back up and running again. It wasn't the only reason; it was one of the pieces of it. They finally said, “To hell with it, we're going to the United States”.

This was a plant that took what we are now disposing of. It's now become an environmental issue. We have to either burn it or do something else with it. They were turning it into a highly value-added product—and we've lost that. If there had been an appeal, where somebody could have got on the phone and had it resolved within 48 hours, it would have been one less chink in that armour.

**The Chair:** Thank you very much, Mr. Bezan.

We'll move to Mr. Easter.

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

Mr. Johnston, I would like to deal with your point on quality in paragraph 56(o). What it really says is not dealing with quality specifically, but it's “establishing the requirements for quality management programs or quality control programs for regulated products”. Am I interpreting that differently from you? I think it's dealing with the programs themselves and the management and the control of those programs. Is that not correct?

**Mr. Ted Johnston:** There is a whole series of quality programs, and one that comes to mind most often and right now is the ASQ program that has come out of Australia and into the United States, and it's slowly working its way up here. It's only applicable to certain parts of the industry. It is in fact not a total quality management program. When we talk about the quality of a product, we're referring to what's in it. As I said, I'm not sure how you would ever regulate.

I'll come back to the ice cream example. What would you regulate? Would you regulate that the quality levels will be such that you'll have a certain butter fat content? We have them all across the board in terms of what those things are. That's our concern. When you put a HACCP program in place, you get your documentation, you follow it, your quality goes up. It's one of the outcomes of having that HACCP program in place. And one of the issues we have today is the cost of doing that. For a small manufacturer it's $50,000, roughly, for them just to get themselves up to that level, and if they don't fall into a jurisdiction where it's one of CFIA's jurisdictions today, we do need to use a third-party system to get that done.

● (1700)

**Hon. Wayne Easter:** Okay. I think the points have been raised, Mr. Chair, on appeal and oversight, and I think you may find there's general agreement around the table that we need to seriously look at those bodies.

Again, Mr. Johnston, on the concern on record keeping, etc., I don't think that's as much a legislation problem as it is operational, is it? I don't know how we can deal with that problem in terms of this legislation. I agree with you 100% that we just did firm income consultations, and record keeping and traceability and so on are becoming a huge burden. It's an important one, and it's almost down to the shape of the sheet not being right. It's just dumb. It's just stupid, I believe. I think that's an operational problem and not so much a legislative one.

**Mr. Ted Johnston:** I think it'll come down to the regulations. What we're identifying today is that the potential is there to go down the road you just described.

**Hon. Wayne Easter:** Mr. Johnston, in the exchange with Mr. Bezan, you mentioned outcome-based standards. I guess the key question, though, is how do you get there? In terms of the provincial abattoirs, if we're going to maintain the trading relationships we have —and I differ from the witnesses here, because this is not about trade but about food safety—we have to maintain certain requirements in terms of federal inspection standards. So either the provincial abattoirs are brought up to federal standards or, if they aren't, and you allow them to ship across provinces, you're into a trade problem. I've heard a lot about this.

We're trying to ramp up our capacity to slaughter on an outcome basis. Sometimes the ceiling isn't high enough, but the air exchange is in fact there in that building.

How you get there is key to me. How do you get to that outcome-based system and still meet the federal requirements we have to meet?

**Mr. Ted Johnston:** Well, I guess there are two things when I look at it. In terms of licensing and the minister's power to license, there are two different levels here: there's the licence to be able to export product outside the country of Canada, and there's a licence just to be able to sell it to Ontario. I'm not an expert on all the finite details of some of those trade agreements, but it seems to me that we would have a fairly reasonable position in licensing facilities at the provincial level selling product only within our own country. It shouldn't put us at a significant disadvantage if things from federally inspected plants only were eligible for export.

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

As for the CLC presentation, the Canadian Health Coalition, and Ms. Clark, all three of you basically said this bill's thrust is for commerce and trade. Those aren't the exact words you used.

But the purpose you outlined, Mr. Bennett, hits the nail on the head in terms of what the intent of the bill is. I can't see where you think this bill is just for trade. The bill's intent, and everything we do in terms of pulling all the various acts together, is that we do have safe products, but that we do this in as an efficient and inexpensive way as possible. I don't see how you get to that point of saying it's for trade. I think it meets the purpose that David outlined in his presentation.

**Mr. Michael McBane:** In response to the question, the angle I would take is twofold. One is the dual mandate problem, which is there; it's right in the enabling legislation, and it certainly is in every corporate plan on the website of the CFIA, which reads like an industry report. So it is a double mandate.

The lesson the United Kingdom learned was that you've got to take promotion out of protection or you will have a monstrous hybrid and end up with BSE. It destroys the industry. The irony is that industry needs an independent regulator; they just don't know it. If you do them favours by avoiding precautionary measures, at the end of the day you can't cheat nature. And you're not actually saving anybody or helping. That's certainly one of the problems.

The other question I raised was the whole philosophy around inspection, which Bill C-27 is designed to do or lock into legislation. Has it worked? This way of having self-inspection, self-regulation, and voluntary compliance—has it worked with BSE? I think it's been an abysmal failure. So why would we lock it into law? Why isn't there an assessment of the CFIA's performance? I don't understand what it would take for the Parliament of Canada to assess CFIA's performance. What level of disaster would you need before you started to ask questions of what the hell the CFIA is doing?

● (1705)

**The Chair:** Your time has expired, Mr. Easter, but I guess I would put a question back for you to think about. How many people have died in Canada because the very kinds of things you're charging may or could happen in this country? You can think about it, but I don't think it should take long.

**Mr. Michael McBane:** Well, it's the issue of precautionary measures. We shouldn't be exposed to the risk, first of all. But secondly, we've lost our borders for trade. We've lost our trade, so even the trade function is failing.

**The Chair:** I'm really trying to say that this fear mongering, this scare mongering, is not doing the agricultural cause any good. We have a safe food supply in this country. We want to try to maintain that kind of consistency and safe food supply, but the things that are being said at times around this table do nothing to enhance the kinds of messages we want to put out there for the consumers.

Roger.

[*Translation*]

**Mr. Roger Gaudet:** Thank you, Mr. Chair.

There are two witnesses present who have not spoken much this afternoon. I want to know what problems Mr. Campbell sees in Bill C-27.

In your opinion, does it have flaws or, on the contrary, is it entirely positive?

[*English*]

**Dr. Keith Campbell:** Do you mean about the legislation proposed or about the CFIA as it exists today?

[*Translation*]

**Mr. Roger Gaudet:** I am talking about Bill C-27. You are here today to talk about it. I want to know if your comments are all positive or negative, or if you have some minor issues with Bill C-27.

**Dr. Keith Campbell:** One moment, please.

[*English*]

In general, the Canadian Veterinary Medical Association feels this is a good bill. We do have some concerns.

We have concerns over the apparent lack of consultation. We have concerns over the potential for the powers of inspectors to be a little broader than perhaps they should be.

We have some concerns over the definitions. As presented, there has been some misinterpretation of some of the definitions within the bill. One of the concerns is that some groups are interpreting the definitions to mean that production animals will be regulated product. My understanding is that is not the case, but perhaps there needs to be some clarification.

As Mr. Johnston has said, we feel quality assurance is an industry role, not a government role, recognizing that you really cannot totally separate safety from quality, but that quality assurance programs really are industry- and consumer-driven. We feel there is a necessity for an advisory committee to advise or oversee the CFIA.

Those are our concerns.

[*Translation*]

**Mr. Roger Gaudet:** Will you send us your comments, so that we can recommend that they be included in Bill C-27?

[*English*]

**Dr. Keith Campbell:** Yes, we can arrange for that.

● (1710)

[*Translation*]

**Mr. Roger Gaudet:** I would really appreciate that. This perspective is neither positive nor negative and it might help provide us with some direction.

Mr. Ogilvie, I want to know your opinion too. You have not said much. You have the floor.

[*English*]

**Dr. Tim Ogilvie:** Thank you very much.

As my brief comments in the introduction indicated, I read this legislation and endorse the intent, focusing on food safety. I agree it's very important to consolidate the legislation and speak to modernizing and contemporizing our abilities to maintain a very secure and safe food supply in Canada.

I think the legislation needs to balance the powers of the act in terms of the immediate need to address an issue of food safety with some type of process that allows for...I won't call it appeal, but some type of sober second thought on what has been done. So I believe that's critical. We should put in some type of mechanism to review decisions, analyse decisions, and employ best practices.

The third thing I mentioned in my opening remarks was some type of continued advisement consultation on the regulations in the implementation of the act, because that's where the rubber hits the road. The act empowers, but the legislation allows for the regulations to implement and apply the act. I think we have to be careful with the application and the regulations. So I'm very comfortable with seeing a system of advisement to CFIA work toward that goal.

Thank you.

[*Translation*]

**Mr. Roger Gaudet:** Will you also send us your comments in writing?

[*English*]

**Dr. Tim Ogilvie:** Certainly. My pleasure.

[*Translation*]

**Mr. Roger Gaudet:** Thank you.

Mr. Johnston, you talked earlier about the inspection process in the United States. How does it differ from Canada's?

[*English*]

**Mr. Ted Johnston:** That's a very...we could be here until, who knows, outlast the government, maybe?

That was unkind. I'm sorry.

[*Translation*]

**Mr. Roger Gaudet:** Can you tell us in two minutes?

[*English*]

**Mr. Ted Johnston:** Essentially, what happens in the United States—and I lived and worked in the United States for a number of years—is that, heaven help them, they do tend to be business proactive. They take an approach...for example, the USDA has licensed mobile meat processing facilities that operate in Washington, Idaho, where they can go out to remote areas and can cut animals. We and British Columbia, in Mr. Cullen's area, worked for the better part of a year to try to develop a similar thing working with CFIA and got to the point where all of a sudden, we were told, "Sorry, it doesn't meet the regulation". There was no opportunity to adjust the regulation or to try to make it work.

Where the Americans will say, "Why not?" or "How can we make it happen?", we go, "It's not in the regulations. We don't do it. That's it." I think, really, it's a fundamental difference in approach as much as anything.

In terms of the science and all the rest of it, I'm not a scientist; I can't tell you. But they have a different approach.

[*Translation*]

**Mr. Roger Gaudet:** Thank you.

[*English*]

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

We'll move now to Mr. Anderson.

**Mr. David Anderson (Cypress Hills—Grasslands, CPC):** Thank you, Mr. Chair.

Wayne said we'd dealt with appeals and oversight, but I do want to come back to that again.

Mr. Ogilvie, you were talking about this. Do you have any specifics you'd like to see in terms of an appeal process, and then secondly, in terms of an oversight committee?

I guess I've thought that the oversight committee should be parliamentary in nature because the act is, but I'm interested in hearing other people's ideas on it.

**Dr. Tim Ogilvie:** Thank you very much for the question.

I struggle with the appeal, because I personally, as a citizen, would not want to see a mechanism whereby we couldn't act or were held hostage to an appeal process if there was unsafe food in the system. But balancing that, there could be some need to recognize that powers can be used indiscriminately or used as a heavy hammer when they need not exist. So I guess I'm in favour of trying to be specific in terms of crafting something, either in the act or the regulations, so that, for example, if a plant manufactures french fries and frozen meatballs and something else, and there's one line of that plant that is doing something that needs remediation, instead of shutting down the whole plant, shut down that line. Do not pull the permit or the licence of the plant; don't shut it all down.

Now, that example may not apply, and Mr. Johnston may have better examples. But I'm looking for some sharper instruments, perhaps, within the act or the regulations rather than a blunt tool, and I think then appeals would be fewer.

In terms of oversight, yes, absolutely. In the matter of the act, I think if an act obviously needs changing or if the act is resulting in effects that are not either warranted or expected, then there needs to be a parliamentary review. I was speaking more of stage two, regulations, where the regulations promulgated by power of the act with some advisement from producers, from veterinarians, from consumer groups or what have you, might keep them modern and effective.

I hope that was....

● (1715)

**Mr. David Anderson:** I think, actually, that's a good distinction, and we haven't heard it a lot. Maybe there should be two levels, one dealing with the regulations and one dealing with the act. I don't want the act to sit here for 20 years and then we talk about it once in a while. I'd like to see something that can deal specifically with it on a fairly quick timeframe, I guess.

Mr. Johnston, did you have any comments on that?

**Mr. Ted Johnston:** I had that same problem when I read the act and was asked to come and comment on this. I said I thought it really is the regulation portion of it that we would like to be involved in. But we'd like to see something formalized in the act that requires that industry be involved in the promulgation of the regulations.

**Mr. David Anderson:** I see this as important. You talked earlier about how we have to be careful about having people going across areas, so that we don't have vegetable people doing beef. We've run into that with DFO on the prairies. They moved a number of positions into the prairies, and we've got them interfering in every possible area. We'd love to send them back to the Fraser River and let them do their fisheries stuff again. That's what happens when you can't make changes along the way.

I wanted to ask your position, Mr. Johnston, on agricultural trade and food safety being in the same part of the department. Are you comfortable with that?

**Mr. Ted Johnston:** From our perspective, food safety is a key part of trade. I'm trying to convince Alberta that we need to put a program in place to take every single manufacturer in the province to full HACCP accreditation, whether it's through CFIA or a third-party accreditation process. That would give us a huge competitive advantage. We'd be the only market in the world that could say that.

It would do two things: it would raise confidence in the safety of the food supply, and it would also be a huge positive for the growth of the processing industry and the claw-back to the farmer in that it would provide another safety net by helping that side of the business.

**Mr. David Anderson:** One of the problems there is that prior to BSE the CFIA was embarking on a program that would have gotten rid of most of the provincial abattoirs and left only a few federally inspected plants. We have to be careful we don't require them to reach standards that are unrealistic and put them out of business. I've been strong on this idea that we should have a federal standard that allows interprovincial trade without necessarily going international.

**Mr. Ted Johnston:** Agreed.

**The Chair:** Mr. Easter.

**Hon. Wayne Easter:** Mr. Johnston, you made the point that imported product should be held to the same standards as our producers are asked to maintain. I've held a series of hearings on farm income, and that's one of the points that producers raise all the time, whether in regard to the use of pesticide, herbicide, or a value-added product coming in. How prominent is that? Are you saying our standards are higher?

**Mr. Ted Johnston:** Our standards aren't always higher. But they can be significantly higher. This has a tendency to fall more on the ethnic-specialty side. We are producing in Canada more and more of the type of product that immigrants have been used to at home, as they become a more significant piece of our population. In order to maintain a level playing field, we have to hold those imports to the same standard.

● (1720)

**Hon. Wayne Easter:** How do we go about doing that?

A prime example is honey. Canadian consumers figure they're buying Canadian honey when it mostly comes from China. It's marked, “Canada Number One”. It's the grade; it's not Canadian honey. But your consumer going to the shelf thinks it is. How do you see us acquiring the ability to prevent these products from coming in that don't meet our standard?

**Mr. Ted Johnston:** What I read into the act was that we would be setting up reciprocals—recognizing the inspection standards in other countries versus ours. If they're not acceptable, then we don't allow the product in. Their inspections have to reach a level that's acceptable to us. For us, the CFIA was the body in the position to negotiate these reciprocal arrangements.

**Hon. Wayne Easter:** I expect some of the other witnesses will be strongly opposed to this. But you are in agreement that the Canadian Food Inspection Agency should enter into arrangements with other countries' health inspection agencies. I think the committee feels the minister should have final say in such arrangements, but we've had a lot of controversy around this. Witnesses have said that the CFIA shouldn't have the power to enter into arrangements with foreign countries, organizations, or bodies.

**Mr. Ted Johnston:** I can only speak to it from the perspective of someone who deals with a manufactured product; I'm not involved in live animals or plants or seeds. From that perspective, where all the criteria relative to the food safety requirements that can be documented can be put in place and where everything can be inspected, I believe they should be in that reciprocal situation.

On the basic agricultural issues, I would have to defer to my confreres here at the table who have more knowledge in that area than I do.

**Hon. Wayne Easter:** This will be the last question I have, Mr. Chair.

Several of you today have said there were improper consultations on this bill. I'm told, in response to questions I've raised with CFIA, that the food processors of Canada were talked to and that the intent and the content of the proposed legislation have been talked about at an endless series of meetings with endless numbers of organizations across the country. Yet we hear from witnesses that the consultations haven't been proper. What would you see as proper consultations?

One of the things I will admit I'm personally worried about is that in this day and age some organizations in this town believe if you put a plan on the website and if a few things fly over the Internet, then that's consultation. That's not my view of consultation, Mr. Chair.

What do you see as necessary to satisfy, from your various points of view, consultations that would be meaningful, if I could put it that way? If I could, I'd have Mike and maybe Ted respond to that, because I certainly know Mike is involved in lots of consultations. What would you see as meaningful?

**Mr. Michael McBane:** Well, one of the problems we have is that we find the Canadian Food Inspection Agency to be one of the most secretive agencies of government, right after CSIS, and I don't understand that. If they're protecting safety, then they should want to involve us. Consumer protection groups are not involved, and it bothers me.

They're serving industrial clients, and it goes with the regulatory philosophy; fees are being paid, and that changes the whole culture of the regulator. That to me is indicative. When you ask them about process, they'll say they've talked to the producers' associations. Sure, but what about the broader Canadian interests? What about the non-financial interest of government in looking after the whole of society?

Again, it's a general problem. Don't consult after you've made all the decisions, and don't take alternatives off the table in terms of the regulatory philosophy. That's why I was questioning, as was Ann, some of the premises. When are we going to look at the bigger picture? If we keep putting it off, we're just shovelling problems under the carpet.

I'd be hesitant to jump to legislation at this point without a thorough review of the performance of the CFIA. It is a new agency, relatively speaking, with a brand-new philosophy of regulation. I think we need some broader questions on the table before we jump to particular clauses in Bill C-27.

● (1725)

**The Chair:** Ted, did you want to add something?

**Mr. Ted Johnston:** I'll just touch on that very quickly, because you mentioned the FPC, the Food Processors of Canada. Maybe the committee should understand there are three issues at the table here.

FCPC, who lobby and who you may have heard from before, is an organization that is primarily composed of—the vast majority of their members are—international multinational branch plant operations. That's where the Procter & Gambles live in Canada. FPC was formed as a splinter organization when the McCains and Cavendishes of this world, the Canadian companies, felt they were not being properly served because the interests of the multinationals were being served. That group consists primarily of large Canadian corporations.

Who are missing out of that—and this is what led to the formation of the Food Processors Alliance of Canada—are the other 5,000 manufacturers in this country, the small and medium-sized enterprises. This is the first time we've been talked to, and the issues are different.

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

Now, I've committed to having one question from the Conservative Party.

**Mr. James Bezan:** I have a really quick question. We're talking about the appeal process, and Tim made the comment that he didn't want to see that hamstring the inspection process. But sometimes inspectors make mistakes—Ted's probably well aware of that—and there needs to be proper retribution. There has to be recognition of liability for shutting down a line by mistake. In my opinion, it should be put in the system.

I understand that if you ship a product down to the U.S. and it's rejected at the border, they tell you why they're rejecting it and who you can appeal it to. You talk to that person and they agree they made a mistake. Sometimes that happens. Maybe it was a mathematical error in scoring your load, and they tell you what you're entitled to as compensation. That should be mandated so it flows a lot easier and people know what they're dealing with.

I just wonder if you have a comment on that.

**Dr. Tim Ogilvie:** I couldn't agree more. Appeals are built into the university system, so I'm quite aware of and understand that. I think retribution or accountability needs to be tempered and measured with the intent. If all guidelines were followed and there was no intention to manipulate the act or regulations, or contravene the act and regulations by the inspector, I would wonder about an appeal when everything had been done according to the letter of the law.

I wouldn't want to see inspectors fear an appeal if they did their jobs. We need to balance that with making sure there are no rogue inspectors out there who are vindictive, unknowledgeable, and untrained. I fully agree with you. How can we strike a balance of that in the act?

**The Chair:** Thank you very much, Mr. Ogilvie. You touched on one word that may affect all of us. We're trying to find a balance, and that's not always easy to do. In the kinds of things we're doing here, we're not entirely in new territory, but we are trying to consolidate a number of bills into one. Your input this afternoon has been very helpful. It's helping us arrive at some balanced decisions as we go forward.

Thank you again for appearing—some of you on short notice. For those who presented this afternoon without copies of their briefs on the table, we will have those translated, and they will be forwarded to each member of the committee. Thank you. Everyone, have a great weekend.

The meeting stands adjourned.

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