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Chair

Mr. Larry Miller

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• (1100)

[English]

The Chair (Mr. Larry Miller (Bruce—Grey—Owen Sound, CPC)): I call this meeting to order.

I'd like to thank our witnesses for being here today and taking part in our study on competitiveness in agriculture. We're going to start off. I'm not even going to try to announce the organization here, I would mess up.

Mr. Shipley.

Mr. Bev Shipley (Lambton—Kent—Middlesex, CPC): On a point of order, Mr. Chairman—this is one of those good points of order—this is to deal with the subcommittee on listeria and food safety. This was the report that was done, all 74 pages and probably 13 recommendations that came in it. We went through it. We finished up a little after midnight last night. We started at four o'clock, and so it was a long night. We do have a dissenting report to admit, Mr. Chairman. I believe the clerk has that in both official languages.

I just want to have a comment, if I could. I wish the whole committee were actually here. It has been a long and intense process, but I have to tell you that last night—and I think the chairman and those who were here will agree—we went through those whole 74 pages, clause by clause, word by word, and we had great cooperation of all members on all sides to produce a balanced report that will be coming to this full committee, I believe, next Tuesday, which we'll go through. I'm hoping that it will come as endorsed by the subcommittee, that we can go through it quickly. We spent a lot of time on it.

I just wanted to pass that on to everyone. You know how committees get sometimes, but actually, when we got down to it, we all wanted to make it a good and balanced report. I think that was a critical part. I just want to pass on those kudos to all the members who were on it from all parties—and to the chairman, who actually walked us through that and kept us on track. Thank you very much for doing that.

The Chair: Thanks.

Hon. Mark Eyking (Sydney—Victoria, Lib.): Can I comment on his point of order?

The Chair: Certainly.

Hon. Mark Eyking: Well, I'd also like to thank my colleagues for getting a report done and doing a good job on it, but I question, if Mr. Shipley says it's balanced and it went through really well, why there is a dissenting report.

Mr. Bev Shipley: There was one area at the end of it, one recommendation that came forward. As you know, we're having an investigation. We've just done the subcommittee and the investigation of listeria and food safety. The one recommendation was to have.... I guess I can't get into it, sorry. We're in public, open. That would be closed.

Mr. Pierre Lemieux (Glengarry—Prescott—Russell, CPC): The report hasn't been tabled, Chair, so we can't give any details. I suggest we discuss it as a committee at perhaps our next meeting.

Mr. Bev Shipley: So we will do that, then, but it was a one-item issue.

The Chair: I'd probably remind Mr. Eyking, too, and I'm sure he knows this, that it's very, very seldom when a report comes out of a committee that there isn't a dissenting report from one side or the other. I think that's duly noted.

To Mr. Shipley's comments about last night, yes, it was an eight-hour meeting, but at the same time I think there were 73 or 75 pages of text, plus, I think, originally 10 recommendations, and there were two or three added. For the most part, there was a lot of balance and consensus on that, and I appreciate the members' work.

With no further ado, we will move to our witnesses. I'll turn the floor over to Ms. Gravel, for 10 minutes or less, please. Thank you.

[Translation]

Mrs. France Gravel (President, Filière biologique du Québec): Thank you.

La Filière biologique du Québec would like to sincerely thank the Standing Committee on Agriculture and Agri-Food for agreeing to meet with us so that we could express our serious concerns about the proposed Organic Products Regulations (2009) and its negative impact on the competitiveness of the Canadian organic industry.

La Filière biologique du Québec is an organization that began its activities in 1994 and that represents 12,000 organic operators in Quebec. Filière is also a member of the Organic Federation of Canada.

Filière believes that the proposed regulations should be amended as soon as possible, since, not only do the regulations not meet the Canadian organic sector's objectives, we also believe that they completely stand in the way of its development. Here are the main arguments on which the request for a committee review is based.

The Canadian organic sector wanted to have organic products regulations to ensure a credible monitoring system for companies that use the organic designation for their products. Accreditation is the police for the organic products control system. However, the current proposal delegates the monitoring of organic products to accreditation bodies outside the country. Such a delegation of public authority to foreign organizations is improper and will have a negative impact on the Canadian industry's competitiveness.

Under the Quebec provincial law that controls the intra-provincial trade of organic products, the Conseil des appellations réservées et des termes valorisants—the CARTV—is responsible for accreditation and monitoring. The Quebec industry highly values CARTV's accreditation system and continually refers to it when assuring consumers of the credibility of Quebec organic products.

Filière hopes that the Canadian industry will acquire similar means to increase its competitive edge on domestic markets, like the United States and the European Union have done in their own markets.

The organic sector wanted the regulations to effectively control the export of organic products. Unlike the 2006 version of the regulations, the current proposed regulations no longer require products that are exported from Canada to be certified to Canadian standards.

Canadian companies lose the added value associated with uniform quality certification for all Canadian products. Furthermore, Canadian processors will have supply problems, since they will not have access to products that are certified only to the standards of the countries to which these Canadian products will be exported.

Here are the reasons to exclude export products from federal regulations. To accurately assess the scope of the negative impact resulting from the lack of regulations on the Canadian industry's development, it is important to understand why certain operators would choose not to request certification to Canadian standards, even if this deprives them of access to interprovincial trade. The main reasons to exclude export products from regulations and Canadian organic standards are as follows: costs associated with purchasing standards; costs associated with additional certification; costs associated with becoming familiar with standards; free trade and competitiveness on export markets (to this end, it should be noted that several points in the Canadian standards are similar to the European standards, both of which are stricter than the U.S. standards); and, the impossibility of obtaining imported ingredients that comply with Canadian standards.

For these reasons, certain operators have clearly indicated that they will not adopt the Canadian standards for the certification of their products. Moreover, since the provincial regulations to control intra-provincial trade will not be in force on June 30, 2009, these operators will also be able to market their products on the intra-provincial markets.

The combination of the lack of regulations for export products and intra-provincial trade could prove to be disastrous for Canadian companies, whose development and survival depend on the supply of organic products certified to Canadian standards that are traded on the intra-provincial market.

Important players in the grain and oilseed sector vigorously opposed compulsory certification to Canadian standards. After the implementation of the regulations on June 30, 2009, these crops will not be accessible for livestock production, processing and retail sale in Canada.

The maple production sector has been waiting for nearly 10 years for the implementation of federal regulations that would eliminate disparities in the organic certification of products exported to the EU. The sector will thus have to deal with the negative impact of these disparities which, if the regulations are unchanged, will become a permanent reality in the sector and may even become more widespread.

• (1105)

In the market gardening and livestock sectors, if a Canadian producer believes that it is in its best interest to split up production according to various standards to serve the U.S. market, for example, it will have to plan in advance the proportion that will be intended for Canadian and U.S. markets. The surpluses certified to Canadian standards, which will also be mostly certified to less strict U.S. standards, could be sold on the U.S. market, but not the contrary; hence the loss of access to surpluses certified to U.S. standards for Canadian processors, distributors and retailers.

The Canadian organic industry, which intends to serve the Canadian market by certifying its products to Canadian standards, is also concerned about the high risk of fraud associated with the sale of a portion of the surpluses certified to U.S. standards on the Canadian market. This will result in unfair competition for companies that mainly serve domestic markets.

The organic sector wanted the regulations to allow for the proper monitoring of imported organic products. The current proposed regulations entrust the monitoring of imported products to the jurisdictions of other countries.

• (1110)

[English]

The Chair: The translators are having trouble keeping up. I'd appreciate it if you could slow down a bit.

[Translation]

Mrs. France Gravel: All right. Should I start that over?

[English]

The Chair: No, you can continue. We should be okay.

[Translation]

Mrs. France Gravel: The current proposed regulations entrust the monitoring of imported products to the jurisdictions of other countries with which Canada has signed equivalency agreements.

To accept a product imported to Canada, the other proposed alternative is certification to Canadian standards. There is no clause allowing for the unilateral recognition of an organic production standard and a monitoring system as equivalent to Canadian requirements, without the signature of an equivalency agreement. By comparison, even the EU and the United States, two jurisdictions that have much more influence in imposing their own organic standards, have this type of flexibility in their regulations.

Such flexibility would allow Canada to have more leeway to facilitate the supply of imported products and ingredients that would comply with Canadian requirements. Moreover, Canada would certainly need this flexibility, since recent CFIA reports indicate that little progress has been made in negotiating the equivalency agreement with the European Union.

Furthermore, this flexibility would also put Canada in a better position during equivalency agreement negotiations with countries that have less strict standards. In fact, it would be much easier to withdraw from negotiations that yield unsatisfactory results, if there were other alternatives to control organic product imports.

Canada imports between 80% and 85% of organic products sold in Canada, and the lack of flexibility in accepting imported products will have a negative impact on the competitiveness of Canadian companies.

The lack of export product regulations and the lack of flexibility in accepting imported products falls in line with the lobby that is promoting the North American integration of the organic industry based on the adoption of U.S. standards.

Insofar as the organic product market is much more developed and stable in the European Union in comparison with the U.S. market, and while most representatives who established and developed this industry have serious reservations about certain U.S. organic standard provisions, it is essential to consolidate the basic principles on which the future of this industry depends.

To this end, Filière therefore requests that organic products exported from Canada be certified to Canadian standards by a certification body accredited by CFIA; that section 29(2) of the draft regulations be replaced by a section that will allow the import of an organic product only if this product is certified to standards equivalent to the Canadian standard by a certification body recognized by CFIA.

Regarding a proposed accreditation system, Filière also requests that the accreditation system proposed for Canada be brought into line with that in effect in other industrialized countries that regulate organic products; to have CFIA designate as an accreditation body any Canadian accreditation authority constituted specifically by virtue of a Canadian government regulation at the federal or provincial level.

During the consultation period on the Organic Products Regulations (2009), Filière also made certain comments on the logo design and the Canadian standards update, two other weak points in the Canada Organic Regime that will undermine the Canadian organic industry's competitiveness. Filière invites you to review this document. Thank you for your attention to this matter.

• (1115)

[English]

The Chair: Thank you very much.

We'll now move to Mr. Dwight Foster from the Ontario Soybean Growers, for 10 minutes or less, please.

Mr. Dwight Foster (Director, Ontario Soybean Growers): Thank you very much.

I'm pleased to be able to address this audience, ladies and gentlemen. I'm Dwight Foster. I live half an hour south of the Hill and farm 4,500 acres of grains and oilseeds. I have a beef feedlot, and I'm sad to say it's the largest feedlot now east of Toronto. That industry is quickly going down the drain.

I'm here to speak to you today about grains and oilseeds and the desire to achieve the goal of having an AgriFlex program federally. There have been many wins. We're very encouraged by the demise of the CAIS program. We don't feel that it properly addressed the concerns of agriculture. With the new program going forward, we're very happy about the possibilities. It's not perfect, but it's a step in the right direction.

I'd like to talk about the requirement for regional funding and, more specifically, provincial funding. Quite often issues arise in either the east or the west that need to be addressed and could maybe be responded to more quickly at a provincial or regional level. Sometimes issues fall through the cracks with the federal program, and I'll use the example of BSE.

We've never had a case of BSE in Ontario, and I'm not sure if there has even been one in Manitoba. But we know it has happened in Alberta and B.C., and I think Saskatchewan. There's no doubt it has affected our bottom line in Ontario and Quebec. It has been a huge issue since 2003 and still hasn't been resolved. That industry is about ready to collapse in this province, and in Quebec it's not far from that same scenario either. So the example is there that regional programs would be much better.

Take the example of Europe. In Switzerland, a little wee country that would fit within Lake Superior, if they have an issue with an outbreak their border is closed and the neighbouring countries aren't even affected. How far is Alberta from Quebec or Ontario? There's a huge area between Manitoba and Ontario that could quickly be closed down.

There's the example of the emerald ash in the forestry industry. In Ontario you can't even transfer firewood outside your county. They're doing a good job of shutting that down.

When you think about agriculture, putting everybody in the exact same window or program from the Pacific to the Atlantic is really dysfunctional.

I'm here today to tell you that I'm encouraged by some of the things I've seen going forward, but there's still a lot of room for improvement. I'd like to see the flexibility of partnering with the Ontario government and the RMP that is now entering its third year. I can't tell you the exact dollars that have been paid out. I know there were significant dollars in year one. Year two paid barely anything—I didn't get anything. We're entering year three with very strong commodity prices, and it's not likely we'll be paid anything. So the program costs almost nothing for the province. Some support from the federal government would ensure that the program would remain in place going forward, considering the fact that we're entering year three. With the wheat crop that will be planted in August or September in Ontario, those farmers don't know today whether they'll have stabilization or a program going forward.

• (1120)

So I'm encouraged, and I would like to see some flexibility in the federal programming so that issues can be addressed provincially.

Thank you very much.

The Chair: Thank you very much for staying well under the time. I appreciate it.

We will now move to the National Farmers Union. We have Ms. Colleen Ross and Mr. Glenn Tait with us.

You have ten minutes or less.

Ms. Colleen Ross (Women's President, National Farmers Union): Thank you, Mr. Chair. It's a pleasure to be here today. I want to thank you very much for the opportunity.

I'd like also to acknowledge my colleagues at the table. It was wonderful to hear France talk about the organic industry, because I have chosen to be an organic farmer. I am certified organic under the Organic Crop Producers and Processors. Being certified has been a strategic decision for us as farmers; it makes us in fact more competitive and more profitable.

I have similar concerns to those expressed by France about the change in the certification standards and how they will be lowered. The standards I must adhere to as an organic farmer are extremely high, much higher than those now adhered to by farmers in other countries. We are importing from those countries, so it is a real concern.

That being said, I'd like to also draw your attention to a brief that we have prepared for you. It has been translated, so you have it, and we will be referring to it throughout the morning.

I want to talk a little bit about what has been going on in agriculture. I've been farming for over 27 years. My father is a Cape Breton Islander. His family were farming and fishing folk in Cape Breton Island and had a beautiful farm there on the Bras d'Or Lakes. My father still has 400 acres on the Bras d'Or Lakes. But we see what competition did to the cod industry and what that did to my father's family.

Later on, after graduating from the University of Guelph, I farmed in Australia. My husband is an Australian, and we were grain and cattle farmers there. We were very competitive in Australia. When another country had a natural disaster, we got the competitive edge, because there was a world shortage in grain. The only time we ever got a higher price in the 15 years that I farmed in Australia was when another country had a natural disaster; then there was a shortage on the international grain market, and we could see grain prices go up. The friends I've left behind in Australia are also struggling in this global market of competitive agriculture.

Now I farm one hour south of Ottawa, just a little bit further south than Dwight Foster. I am a soybean grower. We also have cattle and we grow horticultural crops.

What we have been witnessing in agriculture for the past three decades, and more so over the past decade, is cartels and takeovers that are emerging in world agriculture. According to the Competition Bureau, and I am sure you are all familiar with this: "...when a

dominant company exploits its market power in a way that hurts competition in the marketplace the Competition Act may come into play". I just wonder, will the Competition Act come into play at any time to examine what these mergers mean for food producers in this country?

Under the Competition Act, mergers of all sizes and in all sectors of the economy are subject to review by the Commissioner of Competition to determine whether they will likely result in a substantial lessening or prevention of competition. With only a handful of dominant players in the agricultural marketplace—i.e., in slaughter facilities; fertilizer, seed, and chemical suppliers; equipment dealers; and grain buyers—farmers are not able to be competitive or in fact profitable. Hence comes the need for the AgriFlex program.

Helping farmers put—as Mr. Ritz has recently said—more “black ink on the bottom line” cannot be done until we examine and address the pitfalls that have been created by allowing corporate gouging to continue unabated from season to season. Encouraging competition between farmers and citizens destroys communities.

I look at the topic for today. As a farmer, the idea of being competitive is something that's not part of my psyche or my ideology as a citizen of the world.

With farmers making up less than 2% of the population in Canada today, surely we do not need to compete for food dollars; we just need to be able to hold on to more of them. There is enough for everyone. It needs to be spread more evenly among those of us who actually grow the food. I know that's a hard job, but it's something we need to start thinking about more strategically.

The fascination and preoccupation with innovation in agriculture may create opportunities to farm more easily as we hold down off-farm jobs. But where is it guaranteed that this innovation in agriculture will put more black ink on the bottom line for anyone other than retailers, input suppliers, and commodity traders?

Society wants farmers to grow what society wants to eat, and that's why I've been a successful farmer: I grow what people want to eat. Society needs farmers to grow safe, healthy, tasty food that is closer to home.

I'd like to refer to a report that I'm sure many of you are familiar with. It was sponsored by the United Nations FAO. It calls for a radical shift away from industrial competitive agriculture towards more sustainable place-based agriculture. The report goes on to state: "...the old paradigm of industrial, energy-intensive and toxic agriculture is a concept of the past".

• (1125)

The impact of competition has cost farmers. Farmers are more efficient than ever before. We have to be, with over 85% of farmers in Canada forced to hold off-farm jobs while running large and usually management-intensive, high-capital-input operations. I know there are many members of Parliament who call themselves farmers but who have pretty nice off-farm jobs. This is the reality, regardless of increased market access due to trade deals, which we continue to pursue.

Meanwhile, rural communities have lost valuable support infrastructure that would allow us to process foods closer to home. This loss of infrastructure is something that's a real concern and something we really need to look at. Last summer, Ontario lost its last canning plant in the Niagara escarpment, and it was okay to watch it shut down. I have friends who are farming in the Niagara escarpment, and there's no longer anywhere for them to get their peaches and nectarines processed. Meanwhile, we're bringing them in from California or South Africa or China. Local processing would really help for value-added purposes and to extend our market, therefore making us more competitive—enabled, in the sense that we are able to grow more “Grown and processed in Canada” food, giving consumers more “Grown and processed in Canada” food choices.

Unnecessary regulations have been applied to small-scale food processing facilities, rendering us unable to compete with corporate giants; pushing small-scale abattoirs, for example, into bankruptcy as they scramble to keep up with the regulatory treadmill. Our reluctance to label foods appropriately, so that consumers can make informed choices to purchase food truly grown in Canada, has stymied farmers' abilities to capture the increasing market demand for food grown, not simply processed and repackaged, here.

Our government needs to stop adding to the competitive deficit and block all non-essential mergers and takeovers by corporations that serve the interests of the shareholders and not the public, corporations that Agriculture Canada and the CFIA appear to be protecting.

I'd like to note what has happened very recently, in the past two weeks: the recent actions by Canada's representatives at a meeting of the governing body of the International Treaty on Plant and Genetic Resources. The Canadian delegates held up a resolution under negotiation to reaffirm farmers' rights to save, use, exchange, and sell their own seeds. Canada's action on the international stage, which blocked consensus allowing farmers' rights to seeds, is an example of how far we have come as a society from understanding the basic tenets of civilized societies. The use and sharing of seeds is not simply a right, but a fundamental requirement, and yet we continue to commodify and manipulate seeds and foods so that we can accelerate the innovation needed to bring more products to market in less time. As a farmer, I ask why are we doing this; what products; for whom; to what purpose?

If Agriculture Canada is indeed concerned with the future trends in consumer demands, I suggest that we need to get more in touch with what's going on at the present. Consumers are asking farmers such as me to grow food that is safe, ethical, environmentally responsible, and that just plain tastes good. Many farmers are doing

just that. In doing so, we are actually rebuilding a local sustainable food system that has been destroyed through an overzealous focus on competition and competitiveness. We need to continue to ask who is paying and who will profit.

As I said, I've been farming for 27 years, and we are showing substantial increased growth of sales on our farm, and not only sales growth, but we're actually keeping more of the money on the farm. Regardless of how competitive we are, we need to start growing food in this country that Canadians want to eat and that our trading partners are interested in purchasing from us.

I want to thank you for this opportunity.

The Chair: Thank you very much, all of you, for honouring the time.

There is one comment that I'll come back to later. Ms. Ross, you just mentioned an ongoing problem about the actual profit or the price of food products that farmers produce. You're going to have processors who need to make money as well. At the same time, I think there's a general feeling out there that we need a little more. It goes back to the fact that the percentage of our disposable income that is spent on food has been continually dropping, I think about 8% or 9%, if I have the figures right, in recent years.

There seems to be a mindset here that we have to have cheap food. I'd like some comments towards that. I think consumers have to realize that they're going to have to pay more if they want good Canadian food.

Anyway, I'll turn it over to Mr. Valeriote for seven minutes.

• (1130)

Mr. Francis Valeriote (Guelph, Lib.): Thank you, Mr. Chair.

I'd like to thank each of you for taking time out of your busy schedules to come up to speak to us today.

Mr. Tait and Ms. Ross, I'd like to direct my first comment and question to you. First of all, I did have an opportunity to read the submission you made. It's, frankly, an incredibly compelling argument you make, the facts you recite.

I want to talk to you first about food sovereignty. When I sit back and think about where we're going, I think about, ultimately, our agricultural system progressing maybe 50 or 60 years from now when there are very few farmers, when large corporations are going to be owning the production facilities. Frankly, there are no assurances that those companies will be Canadian owned. I am concerned, frankly, that Canadians will lose their ability to grow their own food, process their own food, and sell their own food to us as Canadians.

In your submission you made reference to a piece of legislation in the United States, the Livestock Marketing Fairness Act. It was your acknowledgment that President Obama acknowledges the disparity that exists and the lack of competition that arises. Could you talk to us more about that issue and give us some insight on what we might do to address that particular problem?

Mr. Glenn Tait (Board Member, National Farmers Union): Yes, thank you. I suppose I can take that.

I'm a mixed farmer in Saskatchewan. I'm actually the coordinator for the NFU for the province of Saskatchewan. We raise grain and cattle, and I'm a bit familiar with the crisis report on livestock that the National Farmers Union put out a little while ago. This is talking about banning captive supply, which is packer-owned animals in a feedlot, which they use to crank down the bid price of cattle whenever they want to do it. The most obvious example is Brooks, Alberta. You take an aerial shot of the packing plant at Brooks, and you see this modern factory, a very efficient operation. If you back up just across the highway, there's a huge cattle feedlot.

When the packing plant is out on the auction floor, which I think they also own, they're bidding on cattle. If the price goes up too high and they don't want to bid anymore, they don't have to; they can go back to their own feedlots and use their own cattle to supply the packing plant. The packing plant never shuts down. When they're out of the picture, when they're not bidding anymore, of course, the bid price in cattle falls. When it falls down to a low enough level, they're back into the auction barn, they're refilling their own supply, their own feedlot and the packing house.

If we can ban captive supply, which is what the Americans tried to do with their bill, we negate that ratcheting-down effect that the packers have over cattle producers.

Mr. Francis Valeriote: All right. Now, I have another question of you, and it's about innovation. I come from Guelph. You went to the University of Guelph. A couple of months ago I was talking to research students there. Their concern was that companies like Monsanto provide them certain incentives, grants to continue their education, continue their research, but at the same time have them sign contracts that provide that only Monsanto, obviously, has use of any innovation, any ideas that they come up with or they create.

I'm wondering if you could comment or if you have any concerns about the need to have more public funding at universities directed to the kind of research that everyone has access to, so that Monsanto and other companies like it don't have a monopoly. Do you have any thoughts on that?

• (1135)

Ms. Colleen Ross: I'm a Guelph grad also. I studied animal science, and that was my forte. I took a bit of crop science while I was there, and it is a real concern. I graduated in the early 1980s. I'm pretty old. That wasn't the case when I was there. For students, there was more public funding, and we researched and studied basically whatever was pressing on the day as far as consumer demand was concerned, or where we thought consumer demand was going to be, or whatever animal health issues we thought were going to be at the cutting edge.

It is a concern. I still do some work with the university, working with projects as a consultant and sitting on a couple of committees, and it has really split the faculty. The need for publicly funded research not tied to industry is hugely important. The University of Guelph has been nicknamed the "University of Monsanto", and there are greenhouses on the campus exclusively the property of these chemical companies.

You referred to food sovereignty, and one of the tenets or central hubs of food sovereignty is that citizens and farmers are central to determining agriculture and food policy nationally and globally. We

don't have that today; we have companies, such as Monsanto and Cargill and ADM and Syngenta and Dow, who are the drivers of agriculture, not only in Canada but also globally. I've travelled to African countries, I've been to India, and I've spent a lot of time in Australia and European countries, and these guys are bullies. They're not only influencing our educational institutions, but unfortunately they also have a huge amount of influence on our governments. I'd like to see citizens starting to be able to determine what our food and agricultural policy and system actually looks like, and start meeting their needs.

Mr. Francis Valeriote: So unless we invest more public funds, we will decrease our ability to compete and we will impair our food sovereignty?

Ms. Colleen Ross: I don't understand what you mean by "compete". How are we limiting our ability to compete? We've been competing since we signed on to NAFTA and the free trade agreements and WTO. We've been competing rabidly for decades, but are we any better off? Are we any healthier as a society? Are farmers in this country any better off?

I think we've done a really good job at embracing technologies, both good and bad technologies, and being very competitive on the global market, but are we any better off? Are we any further ahead? Are citizens of the world any healthier? We see incredible amounts of violence and hunger and poverty. We had a world food crisis last year, and now we're just going to throw more technologies after it? I think we need to get back to basics and start growing food that people actually want to eat, instead of imposing inappropriate technologies upon society.

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

We will now move to Mr. Bellavance for seven minutes.

[Translation]

Mr. André Bellavance (Richmond—Arthabaska, BQ): Thank you, Mr. Chair.

I thank you all for your testimony.

Ms. Gravel, you made some very interesting remarks that raise questions in my mind about the decisions that governments make at any level. A government will often talk from both sides of its mouth at the same time. They want to foster competition, to make sure that consumers have good products, that producers get good prices and so forth. At the same time, they adopt legislation or regulations full of loopholes that clearly put spokes in the wheels of producers, of the industries and of the consumers.

What you just said about organic certification is an obvious example of this. I feel that the same applies to the "Product of Canada" claim. The committee studied the matter and determined that for a product to be labelled "Product of Canada", 85% of the content of that food product has to be Canadian. The government said that it had carried out wide consultation before setting the percentage at 98%. Today, there is no one left who can qualify for the "Product of Canada" label. I do not want to go further into this matter, but I think that it does present an interesting parallel.

You emphasized the fact that this affects the credibility of the organic industry in Canada and Quebec. Moreover, how can we be sure that the products we buy are really organic, and that the certification is properly carried out? Ultimately, this has to do with consumer confidence. When she sees the logo, she decides to buy the product because it is certified organic.

I put a question to the House of Commons last April 28. The Minister of State for Agriculture answered my question. I do not know what the Minister of Agriculture thinks of it, because he was not the one who answered me. I asked him to tell me about the regulations concerning foreign products that can end up on our shelves and have the same logo as the products that are certified in Canada, but that have been certified according to the standards of some other country, like South Korea, for instance. He answered me, and I quote:

[...] it is important to have standards that are aligned with the international system. We must have consistent standards in our respective countries. The ISO 17011 standard will be implemented to ensure that everyone knows where we are headed in this matter.

Are you comfortable with this answer?

• (1140)

Mrs. France Gravel: Not really. The ISO is one thing and standards are another thing. The ISO provides standards for authorizing certification bodies to do their work. Thus, certification bodies must follow certain procedures in doing their work. Standards, on the other hand, are what the company, for example Ms. Ross, must observe when she is working on the farm. These are two completely different things. Merely having ISO certification does not mean that the standards are the same as those in other countries. In fact, this is only half an answer.

Mr. André Bellavance: I have nothing against the fact that India or any other country could have its own benchmarks for certifying organic products, but I see a problem when such products show up on our shelves and the standards that were applied to them were not Canadian standards. That is one of the problems that these regulations raise.

Mrs. Julie Belzile (Regulatory Affairs Advisor, Filière biologique du Québec): Perhaps I can answer that question. This regulation is a disaster because there are two ways of importing a product into Canada. The first way consists in asking the producer outside of Canada to respect all the standards and to be certified by an accredited certification body in Canada that applies Canadian standards. We know that this will not happen very frequently on a worldwide basis, because we only have a small market. Therefore, we need some flexibility as far as imports are concerned.

The second way of importing a product into Canada consists in negotiating equivalency agreements with foreign countries. On Monday, we learned that Canada will probably announce the signing of an equivalency agreement with the U.S.A. Now, the content of this agreement is raising serious concerns. If we do not sign an agreement with the U.S.A., there will be almost no products left that could come into Canada, and we do not want that.

From the outset, we have been asking that the regulations provide a mechanism whereby we can unilaterally evaluate whether a standard or a system of benchmarks are acceptable to us, just as the Europeans and the Americans do. There is some urgency here,

because the regulations and the file we tabled before the European Union in 2006 were so bad—and they still are just as bad—that the Europeans do not even want to speak to us anymore. The Canada Organic Office has been sending out e-mails and negotiating with Europe. It did not even receive an acknowledgement of receipt, let alone an answer; the dialogue is broken off.

Personally, this is beyond me. The flexibility in monitoring imports that we asked for was not all that complicated to implement. It was very simple. The request was made well in advance, since we became aware of the new provisions regarding imports that were proposed. These provisions were submitted to the organic industry in September 2008. There were some in camera meetings and we met several times with people from the agency. They refused to grant our request and we are still wondering why.

This will create problems for us when we import organic products. It puts us in a very weak negotiating position with the Americans. The American standards pose certain problems for certain kinds of products. All the directors of provincial associations in the rest of Canada support our position in this matter, as well as our position with regard to export products. Canadian producers and processors are clearly aware of the problems that these regulations will create for them.

• (1145)

Mr. André Bellavance: For the Europeans—

[English]

The Chair: I'm sorry, André, but your time has expired. You can come back to it.

Mr. Atamanenko, for seven minutes.

[Translation]

Mr. Alex Atamanenko (British Columbia Southern Interior, NDP): Good morning. Thank you for coming and for testifying before us.

[English]

Dwight, thanks again, also, for dropping in to see me before this.

Of course, Colleen and Glenn, it's always great to see you folks.

Dwight, I have a quick question for you. You're a feedlot operator. What's your opinion of captive supply, and should we, in effect, do away with it, as the Americans are trying to do?

Mr. Dwight Foster: I think my colleagues addressed that very clearly.

We don't have many slaughter facilities left in Canada, Alex. There's one really big one in Ontario, and there are two in Alberta. That is the position the United States has taken. I think there are some loopholes they can get through. They are able to own cattle. But for the most part, the intent is that it's producers that own the cattle down there. That's why you see that the large facility in Guelph is now owned by an American company. We know that they bring cattle in from the Midwest and slaughter them in Canada and then send them back—in days gone by—to the U.S. market. That's the way they get around that.

Would I like to see it different in Canada? Definitely. Let's face it, it's the farmers that really should own the cattle, right? We had a really good example of how they can control price, because they're huge corporations.

I hope that answers your question.

Mr. Alex Atamanenko: Thank you.

I guess in this day and age we seem to believe that the only way to get out of this impasse is to open up new markets. The government is doing that, and that's a good thing, but at the same time, if folks are losing money, we can start doing something. Perhaps we should be going in that direction in regard to captive supply, especially if our trading partners are doing that. Hopefully, as a committee, we'll have a chance to look at that and study that issue in the fall.

Food sovereignty is a topic that's coming up a lot these days. I'm in the process of doing this tour across the country as we try to put together a report that my party will present to our government in regard to a national food policy. It's the whole idea of control over food versus trade, how we do both, and how we can still be a trading nation and yet have control over our food supply. As an example, I spent some time in Atlantic Canada just a few weeks ago, and the beef producers there are not producing enough to feed Atlantic Canada. They're losing money, but we can't sort of captivate that market there because of the free flow of beef.

Dwight, you and I talked a bit about this thing called supply management and whether it is applicable to the beef industry. As we look at being able to feed ourselves, we have to look at this whole idea of whether we can have control of our feed supply. So I'd like some comments on that.

Third, as we work towards this, we're now faced with the possibility of having genetically modified alfalfa released into the environment. It has been approved by Health Canada and Environment Canada, and it's just awaiting registration. We have the push by the biotech industry to bring in genetically modified wheat. I'm being told that if we do that, for example, our markets will suffer, because there won't be as many buyers for Canadian wheat. There's the problem of contamination with alfalfa. The Saskatchewan Organic Directorate, for example, came out strongly against this. Should we be putting a stop to further genetically modified organisms in our country to protect our markets and also to protect the organic food industry?

Those are my questions. Maybe we can just start and see if we have time to answer them in seven minutes.

Thank you.

• (1150)

Ms. Colleen Ross: There doesn't appear to be any other takers, so I'll jump in.

I was in Mali in 2007, when the first international food sovereignty forum was held in a place called Sélingué, about three hours outside of Bamako. I was a part of that forum and I was on the drafting committee for the final international declaration. There were over 500 people there from about 120 countries, and this was an international consensus document. That in itself is quite a feat, to get consensus when you have 500 people there who are fisherfolk,

peasants, big farmers, small farmers, and women, and youth, altogether speaking so many languages. To come up with a consensus document is a wonderful testament to a civilized process in determining what our food systems need to look like.

I would say that a country that is not food sovereign is not a sovereign country and is not a safe country. As a farmer and a consumer, I think we all need to be concerned. I'm certainly concerned about food sovereignty in this country.

I'm one of those people who go into a grocery store and look at where food has come from. It dismays me to see the way we have strawberries from California in February and sweet corn from California in February and March. Before we can even cut our asparagus, we have it from Mexico and Guatemala. We've lost our food culture. We've lost waiting for that first flush of seasonal produce to come into our markets. Our grocery store shelves are laden with peaches and nectarines already, coming from southern U.S.A., instead of waiting for our season. When it comes from Niagara or the Okanagan, it's not special anymore. I think it is of real concern.

Do we need more innovation and technology in our food? I've never heard anybody say, "Boy, I wish this was genetically modified", or "I wish this were another food with novel traits". I have to ask again, who is paying and who is profiting? We already have glyphosate resistance in the countryside, where I farm today, and I know Glenn grows GE canola and it works for him in his rotation. But do we need more of it?

There is a three-way rotation in my community and many parts of Ontario. Dwight might find this too. We grow wheat. We grow winter wheat and spring wheat. We grow soybeans. We don't grow corn anymore; we've taken another rotation. I'm an organic farmer, but for my conventional neighbours, are they going to grow Roundup Ready corn, then Roundup Ready soybeans, then Roundup Ready wheat? How do they get rid of the volunteers? You can't get rid of volunteer Roundup Ready corn using Roundup. You have to use another herbicide, and whether you're a conventional farmer or an organic farmer, there is no place in our rotations for another glyphosate-resistant crop.

I am not in favour of it, and it's hard. What I'm asking you to do today I know is a challenge, because we've gone so far down the road in our high-technology globalized industrial food system that we need to ratchet back. For instance, Mr. Valeriote, you mentioned that we're going to have fewer farmers in this country with bigger farms, more industrialized, but there is a movement in this country of young people who are starting to farm again. They're recognizing the opportunity that we have in this country from people in this country who are saying they don't want any more of this crap, that they want to buy food that is grown in their community, or at least in our province or in our country, and they want to know how it's grown and they want to know who those farmers are. There is a movement of young people coming back to the land.

I encourage you to look into something called the Collaborative Regional Alliance for Farmer Training, CRAFT. It is farmers like me who are opening up our farms to young people. I have a young master's of engineering fellow who is working for an engineering firm here in Ottawa who spends two days on my farm—he's there today working on my farm—because he wants to learn how to farm. He wants to be a farmer.

• (1155)

The Chair: Thank you, Ms. Ross. We can come back to that.

Thank you, Mr. Atamanenko.

Mr. Hoback, for seven minutes.

Mr. Randy Hoback (Prince Albert, CPC): Thank you, Chair.

It's very interesting to listen to you, Ms. Ross and Mr. Tait, and I want to welcome you here today. I'm glad you showed up.

I'm going to pick up on what you were saying about how consumers want to be in contact with the farmers. They want to know what's going on in their operations. They want to be able to touch, or at least to have an idea where the stuff comes from.

I get confused with NFU on their stance on the Canadian Wheat Board then, because we had a group of farmers in southern Saskatchewan a few years ago trying to get together to do that. They actually tried to create their own durum milling plant, so they could actually produce their own durum and sell it directly. Of course, that agency got in the way.

I assume then, if you're all in favour of getting that close connection to the farmer, you must be willing to ask that marketing regulatory board we have, that noose around our necks, to allow some flexibility or at least some guidance so that we can do that, would you not?

Mr. Glenn Tait: Randy, it's good to see you again.

I don't know if you remember the CIGI tour in Winnipeg. It was a wonderful tour of the Wheat Board offices, the Canadian International Grains Institute. We were there for four or five days. Unfortunately, while most of us were learning about what the Canadian Wheat Board does all over the world for the farmers of western Canada, Mr. Hoback was down in the boardroom somewhere trying to get those guys to commit suicide.

Mr. Randy Hoback: Actually, Mr. Chair, I take exception to that. I would like to point out that at that CIGI meeting, I was asked by the CWB to give the closing remarks, and I did compliment them on CIGI and the role they serve in the marketplace, and for him to suggest something else is not fair. I wish he'd retract that.

Mr. Glenn Tait: I'm sorry, I was not at those meetings. I understood that was your intention, to try to open up the Wheat Board to get it to back off its regulations that protect Canadian farmers.

Mr. Randy Hoback: What I'm asking you here is this. When farmers in Canada—and your colleague above you, Nettie Wiebe, was saying the same thing—want to get connected to the end-user, how can you have something like the Canadian Wheat Board, this big barrier that wants to dump it all in one big pit, and do that? How can you do that? I can't do that right now. It's impossible for me to do

that. If I wanted to get together with you and say we're going to offer Randy and Glenn canola, we can do that. But if I wanted to get together and offer Randy and Glenn bread or flour, I can't do that.

So how do I accomplish what you want us to do with that in place?

Mr. Glenn Tait: The Canadian Wheat Board works in the best interests of all farmers, not just separate little bits and pieces, and they will not fraction up their accounts to make farmers compete against each other. This is basically why we're here today, to talk about competitiveness. I don't want to compete with other farmers. I want to compete as a nation, as a whole. When those products are pooled, we hold the rest of the world at ransom. We've got the best bread wheat in the world. We trade most of the durum in the world. If that's all in one pile, you have to come through the Canadian Wheat Board to get it, and we get more money.

Mr. Randy Hoback: Actually, I disagree with that, and there are many reports that disagree with it, but that's just one question I had with the NFU on this.

You talked about corporate gouging. Can you present proof? You go around and you talk about it, and you accuse it, so give us proof, because we're looking for it.

Mr. Glenn Tait: It's pretty damn easy to find. The most obvious proof is in the fertilizer industry. The price of fertilizer should be one reasonable margin of profit above the price of your inputs—natural gas and...well, air is free, but that's another constituent of nitrogen fertilizer. But if you look at the history of the price of fertilizer over time, you'll see that it does follow the price of inputs for a while, until the price of grain goes up. It immediately follows the price of grain. We've got quotes in this report—I guess you didn't read it—from Agrium and from Yara, the self-described world's largest fertilizer company, that say "Nitrogen prices follow grain prices" and "Fertilizer prices [are] linked to grain prices", not the costs of the inputs. They charge the maximum that the market will bear.

Mr. Randy Hoback: Yes. Actually, we've had Agrium, and we've actually had the fertilizer industry there, and we're asking the Competition Bureau to investigate that. I'm not sure if you're aware of that.

But you make accusations against Monsanto, against Dow, against all these other big corporate farmers. Give us the proof, please.

• (1200)

Mr. Glenn Tait: Monsanto, okay. I use Roundup Ready canola from Monsanto. It used to be a \$15-an-acre technology use agreement, now it's a little higher than that if I want to follow the recommended seed rates, because they moved off a per-acre basis onto a per-pound basis, so I'm paying closer to \$18 an acre, I think. The price was arbitrarily set at \$15 per acre, so that it is just marginally cheaper than using a different method, using regular canola with your other types of herbicide to control weeds in the canola. You've got that \$1 or \$2 per acre profit margin that wants to make you choose their variety of canola over the other ones. That's why it was set at \$15. It's not to make their money back for their research. They did that many years ago.

Mr. Randy Hoback: But you've also got InVigor varieties; you've got other varieties you can choose. InVigor is another variety that's getting tremendously high yields. In fact, in a lot of the studies it showed higher yields than the Monsanto varieties. Again, there's competition there, and you can choose whether you want to utilize this technology.

You also have to appreciate the fact that this technology costs money to bring to the marketplace. Who pays for that? If you don't want to use the technology—

Mr. Glenn Tait: I've addressed that. They've made that research money back on Roundup Ready varieties years ago. Yes, we've got some choice, but the world is getting closer to a contractual obligation system rather than free enterprise and free choice. Everything is getting linked together. You must pick our seed, and if you do pick our seed, you have to use our chemical, you have to sell it back to this fertilizer company, and we will sell to that particular producer.

Mr. Randy Hoback: Again, that's not correct. I know there are lines, value-added chains, that you can decide to be involved with if you want. Cargill has a product. If you want to be involved in growing their canola, they have a value-added chain where you buy their inputs and they give you a premium to do that. But I just grew a Monsanto variety that I bought through Pioneer, and I actually bought my Roundup—

Mr. Glenn Tait: Do you still farm?

Mr. Randy Hoback: Yes, I do.

Mr. Glenn Tait: I saw your auction sale bill not long after we met—

Mr. Randy Hoback: Yes, a few years ago. I bought an air drill and a tractor back last year and my brother moved back to the farm this year, so we're still farming. We never did quit farming.

Mr. Glenn Tait: I saw your sale bill. I thought you did.

Mr. Randy Hoback: No, that's not correct.

So I guess what I'm saying is that I have experience. I'm buying my chemical from one retailer, Greenspring Ag in Debden, which is a really good retailer. I'm buying my seed from another retailer. Again, that's a choice I make personally, and you can make that choice. The farmer can also make the choice if he says, "You know what, I want to grow a high erucic acid canola", and he wants to get in that chain. He's going to get a premium of an extra buck a bushel, but there are some conditions they want to see in order for him to get that. Again, the choice is there.

So for you to say that Monsanto is gouging or other big companies are gouging.... I hope he brings proof, because if he can't give something that we can go after.... I'm sure that in this committee—I know Mr. Easter would back me on this and I'll back him on it to the wall—if you can give us some proof to go after him, we'll go after him. But nobody has been able to present proof outside of hearsay.

Mr. Glenn Tait: The simplest basic proof, which I don't have to explain to anybody, is a 0.4% return to farmers and record profits for these ag input companies—not just record production and record sales, but record profits. They are making money. We're not. We are basically employees of the government, supplying food for people.

Mr. Randy Hoback: [*Inaudible—Editor*]

The Chair: I think it's a fair request by Mr. Hoback, Mr. Tait. It's one thing to make.... We all know, whether it's the banking industry or whatever, that there's always a much higher profit level and what have you. I don't think anybody is disputing that. But proof or allegations of what you're making.... I think it's only fair. I'd love to see them as a farmer too.

Mr. Glenn Tait: Fair enough. Let the National Farmers Union have access to Monsanto's books and we'll—

The Chair: I'm not getting into that.

I have just one question that I would like you to answer. You don't have to necessarily answer it today. You could get back to us. We talked about it. I'm not sure who brought it up. It may have been Mr. Foster or Ms. Ross. It's about packing plants owning cattle and what have you.

We all know that's not illegal, but what I think you said, Mr. Tait, was about how they can pull the cattle in, whether it's deliberately controlling the price or not. There's something that I've been tossing around. Again, as I said, while it's not illegal for packers to own cattle, I'd like to see some ideas and some suggestions—and I've talked to farm groups in my own riding—for coming up with a litmus test that would qualify you as a farmer. My idea in doing this is to basically make it so that you would have to pass this litmus test, if I could call it that, in order to access government programs.

Do you have any ideas or comments? I spoke to representatives from your organization in my own riding. We can come back to that at one point.

We'll now turn it over to Mr. Easter for five minutes.

• (1205)

Hon. Wayne Easter (Malpeque, Lib.): Thank you, Mr. Chair.

On the gouging, there's no question that when the \$550 million BSE payment went out, the meat packers gouged it all. They basically stole \$500 million of that money. We've said that at this committee. We had a report on it, and that's gouging if there ever was gouging.

I don't want to get into the Wheat Board, other than to say that in terms of the facts about processing plants, if we compare the midwestern United States with western Canada, there are more processing plants under the Wheat Board than there are under the open market. Those are the facts.

In terms of captive supply, we have the bill that the U.S. is putting forward. It seems, Dwight, that you may be in favour of that approach. I'm sure the Canadian Cattlemen's Association will be opposed, and I don't know why. Can you provide us with some more information on that? I think that breaking the link between the slaughter plants and the producers is an avenue we should pursue. We've tried to do that in the potato industry in the past and we weren't successful.

I guarantee that in the potato industry this year, when fertilizer prices are so high and the same companies that buy potatoes provide the fertilizer, some of the producers have told me that those companies are basically saying to them, "If you don't buy our fertilizer, then we'll not buy your product." It's tied selling, and that's serious, but nobody is willing to come forward on the record and say it, because they won't have their market.

On that issue, can you provide us with anything more that we could use? You can think about that.

The recommendations here, Ms. Gravel, are excellent, and I think we should try to accommodate you on those recommendations, but I have two questions.

You request "that organic products exported from Canada be certified to Canadian standards by a certification body...". Can you give us a name for that body? We need to be more specific.

Then you request "that article 29(2) of the draft regulations be replaced by an article that will allow the import of an organic product only if this product is certified...". Can you give us an idea on the article?

Organic is the fastest-growing sector of the agriculture industry. We should be moving on that now. I'm absolutely amazed by Ms. Belzile's statement that you're not even getting any answers from the centre. Who did you send this letter to, and to what agency? Maybe we can write a letter and ask why this issue is not being dealt with.

The questions, then, are on captive supply and organic. Go ahead.
[Translation]

Mrs. France Gravel: I am just going to answer your first question.

We don't name any particular certification organization. There can be several certification bodies, but we ask that they be accredited by the CFIA.

I'll now give the floor to Julie, so that she can give you some explanations on section 29.

[English]

Mrs. Julie Belzile: Article 29(2) is on the equivalency agreement. Article 29(1) is what we are negotiating with the U.S. right now. Article 29(1) in the regulations says that if we have an equivalency agreement then we can export to the U.S. according to the agreement. Article 29(2) says that if we have an equivalency agreement with the U.S. but we don't have one with, say, Costa Rica, and the United States agrees to oversee all imports from anywhere in the world, then we would be allowed to import products from everywhere in the world. Basically, the United States is becoming the authority that will control our imports.

When the negotiations started, the rumour was that the U.S. would agree to this, which would mean we would not have many problems importing products. Our concern would have been more on what kind of agreement you can have with the United States. We know their standards are lower. There's a great fear in the organic community that we would sign anything in front of us, because that would be the only way we could import products.

The new rumour is that the United States won't agree to oversee imports from everywhere in the world into Canada. We'll know next week what kind of equivalency agreement we're going to get. Instead of delegating our import mechanisms, we are asking that article 29(2) be changed to say that Canada will unilaterally evaluate standards and use an accreditation system. This way, if we feel that they're equivalent, we can accept products on that basis. We would need it for the EU, which has a much better system than the United States. If the latest rumours are true, we will not be able to import organic products from the EU after June 30.

● (1210)

Hon. Wayne Easter: Who did you write the letter to?

Mrs. Julie Belzile: We wrote letters to the minister. We started with the Canada organic office. We went up to the CFIA president. We wrote letters to the vice-president of policy and programs, and then we wrote letters to Minister Ritz. We wrote several letters, which Mr. Blackburn got carbon-copied. This took a tremendous amount of resources from this little organization, and we got no results.

The Chair: Mr. Bezan.

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

I want to thank all the witnesses for appearing today and making their presentation.

I think it is very timely that we are discussing where we are headed as a country and what the future holds for us. One thing that's constant in agriculture is that it's always changing. We've experienced over the last number of years, probably, really the last 25 years, that the pendulum has been swinging into these mergers and acquisitions and the consolidation in the processing industry, which has had a dramatic impact on us. It's something that's happening not just in Canada; it's also happening around the world.

Looking at our long-term profitability from the standpoint of being farmers and looking at how we fit into what's happening on a global scale, we still have to be competitive. In western Canada we are major exporters of food grains, of livestock, and we have to have open markets to access those opportunities for increased revenues and increased profitability.

I'm a cattle producer and my father is an organic farmer on his crop side. The livestock side isn't, but the crop side is, and it works quite well with the forage rotation that we operate. By choice, I decided to enter public life, not for the off-farm income, that's for sure, because being up here in Ottawa is not conducive to running a good farm operation. It was about coming here to help influence public policy and legislation for the betterment of agriculture.

The one thing, I think, that has been touched on is the whole idea of captive supply in the cattle industry. I'm a cow-calf operator. I'm concerned about what's happening there. I also realize the fact that the packers are also buyers of my calves, so I'm following quite closely what is happening in the States with the discussion that Congress is going through. I think we need to make a differentiation between what the packers own versus what they contract, though. I think we still want to have the opportunity of cattle producers to have those risk management tools that are available commercially, whether it's through contracts or otherwise, and I'm sure the same is true for other commodities. But it's nice to have that contract and to know what you're going to get at the end of the growing season rather than rolling the dice and seeing what happens.

I want to get some ideas from the witnesses.

How do we do this so that we still have the risk management capabilities that are available commercially to us and improve the competitive position that we want to have as farmers, the increased profitability? I know one of the comments that the NFU made is to block mergers. The XL Beef Inc. one is a good example. If we were to block that merger, Tyson would have just walked away from Brooks. Then we're down to one player, really, and we're losing major capacity in the industry. So the question becomes, what do we do in those situations? Where do we find new players and people to come in to pick up the slack that's going to occur in the marketplace?

I just throw that open. Perhaps, Mr. Foster, you want to kick off first, and then the NFU and our friends from the organic industry. I'd be interested to hear what happened.

• (1215)

Mr. Dwight Foster: The issue is that livestock production is moving all over the place. It used to be in the seventies that Ontario was the major livestock feedlot industry in Canada. Then it shifted more to the west and the big facilities that are out there are handling a lot of cattle out of Alberta. What's happening is that in Quebec, government stabilization...they have it wrong. What's happening is that they're stabilizing livestock producers in that province, and then those same cattle are coming into Ontario's market, and it's fine that they come to the slaughter facility here. What I have an issue with is the fact that the farmers in Quebec are being stabilized and then those cattle are coming into Ontario's market, which is going to pot, and it's the same with Alberta cattle. They're coming into this market in Ontario, where we're no longer producing enough cattle for our own demand.

If you want to stabilize your cattle in your province, that's fine if you stabilize to your own demand. When your stabilization causes grief for other provinces, then I have a huge issue with that. So we need to draw the line somewhere. Is government support going to start skewing the whole industry or is government support going to help the industry? It's fine if you can stabilize to your own production requirements. If you want to encourage livestock production in your province, I think that's a great thing, if that's what you have to do in order to have production in your province. But they come into eastern Ontario and they buy calves because they can afford to pay more for them, and I can't compete with that. So what do I end up doing? I feed cattle for a guy from Quebec. That's how bad it is.

The Chair: Mr. Bezan, your time has expired.

Mr. James Bezan: We were just getting rolling, Mr. Chair.

The Chair: I know you were, but everyone must have a chance.

Mr. Bellavance, go ahead for five minutes.

[Translation]

Mr. André Bellavance: Thank you.

Ms. Gravel and Ms. Belzile, let us continue in the same vein. You spoke of exports and imports, but there is another phenomenon, or another problem directly linked to this new regulation that also concerns the interprovincial market. Tell me if my understanding is correct. A producer of organic food in Quebec who wants to export to other provinces and who wants to sell his products there must follow Canadian standards to get the organic certification, and these standards are fairly strict, fairly precise, etc.

Earlier, we discussed a product coming from India or from Korea that is not necessarily subject to the same rules. Am I wrong in saying that this creates unfair competition? The product could be certified in the foreign country, it will not have to follow the same standards as ours, because we have accepted that. Am I wrong in saying this?

Mrs. Julie Belzile: That is not quite accurate. In fact, product import regulations include mechanisms for acceptance. Products must be in compliance with Canadian standards or standards that are deemed equivalent to them. However, a big problem remains. As I explained earlier, we do not have the option of unilaterally accepting a product because we are a small country. The regulation only allows us to discuss or to accept other standards through equivalency agreements. If a country does not have any regulations, no equivalency agreement can be reached. Some Latin American countries have no regulations. Therefore, we cannot discuss things with their governments. Consequently, we need a mechanism to be able to do this. They apply certain standards, they have a certain system. Is it to our satisfaction? If it is, we can accept the product.

Due to this lack of flexibility, the U.S.A. is the only country speaking to us at this time. The Canadian organic industry is unanimous with regard to this: the American standards create problems for certain products. Since we have to negotiate with the Americans, we are in a weak position. They offer whatever they want to offer to us, and if we refuse, we cannot import anything. If we accept, there is a problem caused by the disparity between what our local producers are subjected to and what we have to accept. In fact, the regulations do not provide the mechanisms and tools that we need to import products on an equal basis with what is expected from Canadian producers.

●(1220)

Mr. André Bellavance: Could this also have an influence on product quality? If I understand properly, in the case of the United States, the lowest common denominator will be used in these agreements. The Americans are wielding the big end of the stick. Perhaps standards that are not as strict as ours will be used for organic certification, but this does not mean that the product will be a health hazard. You are specialists. However, such products will not always necessarily be what we consider to be a true organic product. In a way, we are cornered. The product will be labelled as organic, but not according to our standards.

Mrs. France Gravel: Let's take a very simple example: maple syrup. In Quebec, the maple syrup industry has a very high profile, and we have developed a fairly complete set of specifications. It is about 15 pages long and contains criteria which determine whether Quebec's maple syrup can be considered organic. The U.S. regulations are one paragraph long. So with regard to maple syrup, we will negotiate an agreement with the United States because we don't have a choice. American maple syrup will enter Canada. The U.S. syrup will meet two criteria, whereas Quebec's maple syrup already meets 15 pages of criteria. That's what we mean when we say that we will not be able to compete. We won't be on a level playing field; there will be unfair competition.

Mr. André Bellavance: Normally, we would buy maple syrup produced here, but the consumer will see two different products, both certified organic. He will not see the specifications, not at all; the consumer is not aware of the specifications and so will not be able to tell the difference between the two products.

Mrs. France Gravel: I would like to add that we will not only be importing U.S. organic products, but we will also be importing their scandals. In the United States, there are problems with regard to access to pastureland for dairy production. There are also serious issues with regard to access to foreign markets in the poultry sector. That's why we indicate in our report that the European market is much bigger and more stable than the American one, which is very much in flux. There are always media reports about issues concerning production in the United States which do not occur elsewhere. We do not want to import this kind of problem because it might have negative repercussions on the long-term viability of the industry.

[English]

The Chair: Thank you very much. We'll have Mr. Shipley for five minutes.

Mr. Bev Shipley: Thank you, Mr. Chair, and thank you, witnesses, for coming out.

I think a good point was made by my colleague Mr. Easter regarding BSE and the \$500 million. We're looking at how we can be competitive. The \$500 million that went out particularly and supposedly to the beef producers was lost in terms of the beef producers. That's why ad hoc programs don't work. Also, that raises the question of why it didn't get stopped when they knew it was happening. However, that's another issue.

When we were talking, first of all—this is more to Mr. Foster and certainly Ms. Ross and Mr. Tait—in terms of partnering with technology, we talked about GM commodities. Each of you

obviously uses those except if you're in the organic sector, likely. The comment was made that there needs to be a larger public component. If you look back, in terms of research and development technology, we also believe there needs to be a larger public component to it.

Do you believe it should be all public? Do you believe there needs to be a partner with a technology, with the private companies so that the products you're growing that have a genetically modified component to them are actually available? Do you believe that government is the best place to be doing all that research?

Mr. Foster.

●(1225)

Mr. Dwight Foster: It's clear that they spend millions and millions of dollars to develop this technology. Yesterday I sat in Guelph at the soybean board meeting, and we addressed issues, such as whether we are going to support this research. At the end of the day, the answer was yes. We want to support research. Research is innovation, and innovation is a good thing. You understand that, Randy. You agree with that.

The problem is that we want to see research scientists work together, but on the other side of the coin, they come up with a new technology, and they spend millions of dollars doing it.

It's like the Iogen plant right next door here. We spent millions of dollars on that technology, and then they say that they're going to the U.S. They're going to move somewhere else, that they won't use Canadian straw in that plant. That was risk, wasn't it? That was very real. That almost happened. Now I understand they're going to build a facility right in your back door, Randy. I think you're happy about that.

What do I have to say about that? I would like to see the research. It's going to be partnered together with federal and provincial dollars, but at the end of the day, it's Monsanto's technology. Are we prepared to spend dollars and allow that to go there? If they're going to put dollars into it, they get the right to the technology. I firmly believe that.

Mr. Bev Shipley: Be quick, because I do want to follow up with a question after that on it. Go ahead.

Mr. Glenn Tait: The research dollar should be largely public. Funding should direct research to the betterment of farmers and to the betterment of consumers. However, I can't stop private investment as well. They can develop whatever they want to develop, except—getting back to what Mr. Atamanenko said—it should not go into GM wheat. No, it should not. We should stop it before Monsanto Canada has a coronary. We could start it again eventually, but we should be sure of what we're doing. Both sources of funding should operate with some restrictions based on the public good. Should we invest in GM wheat? No, we're going to lose markets, and it's going to increase my costs as a farmer.

But all research is not going to be stopped.

Mr. Bev Shipley: I think that sort of leads to my next question. I'm not so sure that everybody wants government to be making these decisions in isolation. I think that's why when, Dwight, you were talking at the soybean board, we actually need firm, supported documentation from the users, from the growers, from the industry to help us. Nothing's ever just black and white, so there are always things that are positive about it and things that are negative.

From my perspective, to make informed decisions, we as legislators need to have the feedback from those organizations that are either going to benefit or that are going to be seen as a detriment for us. I leave that as a comment as a farmer, or at least a past farmer now, since I lease it out to my neighbour.

The Chair: Thank you, Mr. Shipley. Your time has expired.

Our time for this meeting allotment has expired as well. I'd like to thank our witnesses for participating in our competitiveness study. I appreciate your being here. Thank you very much.

We'll recess for about five minutes, and we have another panel of witnesses coming in. Thank you.

• (1225) _____ (Pause) _____

• (1235)

The Chair: Welcome to our witnesses.

We're going to start off with testimony. I'll ask that you keep your opening remarks to 10 minutes or less, and then we'll go to questions.

First on the list, from the Empire Meat Company, is Mr. Kevin Soady-Easton.

Go ahead, Kevin.

Mr. Kevin Soady-Easton (Butcher, Empire Meat Company): Thank you very much, Mr. Miller. And thank you very much to the other members here for inviting me, and to the clerk for making this visit to Ottawa very enjoyable.

My name is Kevin Soady-Easton. I was a retail butcher in the town of Durham in the county of Grey. I have been a retail butcher for approximately 31 years. And I ran into problems with OMAFRA and the new regulations it has put into effect, which closed down my shop.

I don't know how to go about this, because this is all new to me. But maybe I should just read a letter to give you some information. This letter is from the West Grey Chamber of Commerce, from the village I worked in. It was sent out to all the chamber members. It's dated March 2, 2009:

Hello Members;

This newsletter is to catch you up on what has been going on "at the office". Most of you know our Past President Kevin Easton of Empire Meat Co. has been trying to deal with new regulations that have classified his business as a free standing meat processing operation, causing it to fall under new regulations. These new regulations are next to impossible to comply with financially.

Kevin informed me today that he will be holding an auction of his equipment sometime in March, and in a few weeks he and his wife Hazel will be moving to the Grimsby area. We not only lose a good Chamber member, a business and residential taxpayer from our community, but also a volunteer, who has served on a number of committees, during his time as a resident of our community.

Kevin made the decision to close the butcher shop due to receiving a formal letter from OMAFRA Food Inspection Branch dated January 23 2009 quoting the

Ontario Regulation 31/05 from the Food Safety and Quality Act 2001. His operation is no longer an allowed practice under the new regulation. The letter continues to say, "that should he continue in producing blood pudding and wholesaling, the business will be in non-compliance, and OMAFRA will take enforcement actions up to and including the laying of charges under the Act and detention of product and equipment". Further it states that the premises will continue to be subject to the Food Premises Regulation under the Health Protection and Promotion Act and inspectors from the local Health Unit and OMAFRA will be monitoring the business for compliance.

To be perfectly clear, Kevin's shop and all provincially inspected meat facilities are handled through the local health unit, in Empire's case that is the Grey Bruce Health Unit. The Health Unit carries out regular inspections and in no time in the past twelve years have they had any concerns, nor public complaint regarding his shop or operation.

This matter stems from **new regulations under the jurisdiction of OMAFRA** which do not allow a butcher to cook; smoke (make bacon or ham), or prepare an item (like haggis or blood pudding) in the same room that he has meat. Nor do they allow transport or retail of finished product to other shops. Regardless, if he accepted the new regulation and paid a license fee of \$300.00 and then spent upwards of \$150,000.00 to do the required upgrade of equipment, he still would not be allowed to make and retail his haggis and blood pudding at his shop, which comprises roughly 30% of his annual business.

OMAFRA does have grant/funding option of up to \$25,000.00 for eligible businesses—key words here are eligible and up to—and technical and business assistance is available through the Ontario Independent Meat Processors (OIMP) to assist businesses in transition. Following a thorough review of his situation and upon receiving the latest letter from OMAFRA Kevin made the decision to close rather than go bankrupt.

• (1240)

In recent weeks Kevin has appealed to customers and others to write to the MPP on his behalf to express concerns that forcing businesses to close their doors in difficult economic times is not a good idea for Ontario's rural communities. Some of the people who wrote to our MPP and MP have received a letter from OMAFRA in response, citing the above regulations and the Act that they fall from. The letters also stated the funding available to businesses wishing to continue in business. If anyone would like to see either letter, I have them on file and would gladly share them with you. It seems our Ontario Ministry doesn't have a grasp on the fact that small places have small businesses with a limited number of customers and cannot afford to continue in business with these impractical regulations. It doesn't seem right that businesses that have met former requirements for years, passed inspections and with no public complaints, should be forced to closed, because they can't finance the compliance.

Small abattoirs are closing at an alarming rate (my information is that over 100 have closed recently) apparently due to not being able to finance the new requirements. This has resulted in some farmers butchering animals on the farm, as inspected facilities are not available, and distances to facilities are too great. If this continues our "fresh?" local meat will no longer be available. What impact will these new regulations have on the farm gate sale of meat?

No one seems to be able to ascertain if these new regulations were based on science alone, or were the result of a series of public consultations. No one argues with the proper food safety practices or regular inspections to ensure compliance in any sector of our food industry. Curiously, the serious health issues that have arisen seem to have stemmed from the large packing plants.

Why should this concern us?

Rural Ontario depends heavily on agriculture, and all the businesses and purchasing power that fall from farming activity. Closely linked with Tourism, a very important facet of our economy, here in Grey Bruce anything that affects the very basic industry of agriculture is a threat to our prosperity.

Ironically, in 2008 a partnership of the Counties of Grey and Bruce, Saugeen First Nation, the Municipality of Kincardine and the 100 Mile Market group, working with local producers developed an excellent Culinary and Agricultural Map of Grey and Bruce Counties directing people to locally sourced and grown food, (including meat) stating that the project would enhance local economies and the viability of rural communities. These stringent rules will no doubt affect other small food processors that handle food on a daily basis.

I will be forwarding this letter to MPP Bill Murdoch; MP Larry Miller; OMAFRA; The Ontario Chamber of Commerce; The Counties of Grey and Bruce, the Municipality of West Grey and the Ontario Federation of Agriculture in an effort to bring this matter to their attention.

It's signed Greta Kennedy, Secretary Treasurer, West Grey Chamber of Commerce.

● (1245)

The Chair: You have about half a minute left.

I thought I should point out, for any the members who don't know, that OMAFRA is the Ontario Ministry of Agriculture, Food and Rural Affairs.

You have a few seconds left, unless you want to move on.

Mr. Kevin Soady-Easton: This may take just a few seconds.

This is from an abattoir owner in our county, Steve Lantz. He couldn't make it today, but he was supposed to come with me. There's a letter, and I won't read it because it will take too long, but I'll cut it down.

In 1995-96 his abattoir was a customs-exempt abattoir, which meant he didn't have to go under certain regulations because he only brought in the farmer's beef, slaughtered it, and then returned it to the farmer. It wasn't sold to the public. At that time there were 350 plants. There are fewer than 175 now, because of OMAFRA.

I'll leave it at that.

The Chair: Very good, then.

Mr. Kevin Soady-Easton: Thank you very much for the opportunity to be here.

The Chair: You're very welcome. Thanks.

Mr. Louis Roesch, I understand you're in the meat business as well. You have 10 minutes, please.

Mr. Louis Roesch (Owner, Roesch Meats and More): I'll do the best I can. A lot of what he's saying is exactly where we're at too.

I'm going to start with risk management programs.

Thank you for allowing me the opportunity to appear before you today. We operate in several fields, as farmers, as abattoir processors, caterers, and we also do agri-tourism.

Ontario has put a risk management program into operation for Ontario grain farmers. This was designed by farmers for farmers, to be affordable, bankable, and at a cost of production level, with a premium to be paid that is basically green to the U.S. for trade.

There has also been work on this for the red meat sector. The pork industry needs help immediately. The loss per animal has ranged from \$30 to \$80 for the last three years. The government has responded with loans, then a stay of default on these loans. Instead of a stay of default on these loans, which simply extends the repayment from APP loans to September 2010, these existing loans should have been forgiven. We could then start with new loans, from now until September 2010, to see where the industry is.

The loan was already a band-aid for a bad situation that needed to be properly addressed, because the lending institutions could not continue to offer support with the constant loss of revenue. So

adding another year just makes it four years. I don't think it's going to be any easier to get out of it at that time. This has to be addressed before the House rises, or a significant portion of the estimated 70,000 jobs that the industry contributes to the Canadian economy will not be there when the House returns.

To add to this, the COOL program in the States, the country-of-origin program, and the badly named flu outbreaks that we had—that was not correct in the first place, calling it swine flu—have also dumped our prices by about another 20%.

The federal government has chosen not to work with the Ontario risk management plan, nor to support the hog industry in its per head ask, yet it has decided to support the ethanol industry with a safety net guarantee on a per litre basis. The Chatham ethanol plant was given a safety net guarantee by Prime Minister Stephen Harper, as announced by Dave Van Kesteren, our federal member of Parliament, in April for \$72.7 million to guarantee the plant's profitability for the next 10 years. It was set at 10¢ per litre of production, and it comes to them in the form of a grant. How is this different from a per head basis payment for the hog industry?

We as farmers, as the primary producers, are still stuck with programs that don't work for most producers. No offence to the ethanol industry, but we as primary producers have never seen a workable program or relationship with a government that lasted 10 years, with a guarantee of profit from the government. Farmers could set goals and actual directions for such a program. We get three-year programs that take two years to get up and running; or very rarely, we get a five-year program that also takes two years to get rolling. Other hurdles include the qualifications to enrol, paying your fees, and finding out you can't qualify. The funds run out before the fifth year is complete anyway.

With that being said, grain and oilseed prices are down 30% from last year, and all of our input costs are up. I know that was discussed here this morning. Nitrogen production was stopped in Alberta in January, potash in February in Saskatchewan, and it forced our prices to stay at 35% to 45% higher than last year. The commodity prices are now drifting lower. The weak Canadian dollar is positive to Canadian agriculture and it's negative if it's strong. It would make sense to offer AgriFlex funding as a companion program to our risk management plan in Ontario and allow more flexibility to the province to deliver it to us.

By your own studies, it has been proven that every dollar put into primary agriculture at the producer level returns \$7 within the fiscal year. There's more than \$700 million unspent surplus in the agriculture budget. An immediate \$800 million injected into the hog industry would give a return of approximately \$6 billion. If you had a better stimulus plan than this, considering the economic downturn and agriculture being the second-largest gross return and employer in Canada, then we need to hear about it. If not, agriculture—in particular, the hog industry at this point—deserves another immediate hard look.

On the labelling, new labelling regulations are worse than we had before. Ninety-eight per cent is a level that's almost impossible to reach if any processing is to take place. For example, using cane sugar, sea salt, or oriental spices changes the ground rules. It now becomes made in Canada, which only requires 2% Canadian content, with no indication of where these food products were grown. Now you have made-in-Canada, and you don't know where it came from, how it's produced, what chemicals, pesticide, or herbicide regulations were in effect, or what the federal inspection standards were in the country of origin. Fewer than 2% of these products will actually be inspected upon entering our country. This, in turn, makes it almost impossible to compete on a level playing field. Our regulations have many banned herbicides and pesticides that cannot be used here. This is an extreme health risk. If not, all the research done here by our government is a huge waste of our tax dollars and these data are completely inaccurate.

• (1250)

If this is correct, the products with these banned substances should not be allowed to be imported into this country, especially with a made-in-Canada label, which tells you nothing about the packaged contents or where it was produced, leaving the consumer totally uninformed, with potentially false or distorted information.

The 85% Canadian content that was put forward by the KFA, OFA, and CFA was fair and accepted by CFIA after many discussions and negotiations. All parties felt it was a great accomplishment, was doable, and would enhance agriculture in Canada. It would give consumers the ability to read clear, easy-to-understand labels, and it would not be misleading. It would allow the consumer to choose a local or Canadian product.

How could 98% Canadian content come about when our negotiators were told that the Canadian content, as presented, would be 85%? We were told it was a done deal. This needs to be acted on immediately for the sake of saving money, jobs, and the further processing of real Canadian agricultural products in this country. This will keep agriculture more profitable, with a tax that stays here and does not end up in a foreign country's pocket.

This has nothing to do with trade barriers or sanctions. We need to be fair to our grassroots producers. How can our consumers believe that they have clean, safe food products under the made-in-Canada label when they have no clue where these products actually came from? This is totally unfair to our consumers. We've all seen and heard plenty of food scares and recalls of tainted products, whether accidental or intentional for profit. The consumers must be able to choose where their products were grown and further processed for consumption.

We cannot compete with other countries' low or non-existent wages and poor labour regulations while our minimum wage continues to increase. There is an unfair imbalance in inspection, food safety, labour laws, production, labelling, and red tape. Our Canadian producers deserve to be able to compete fairly and stay in business. We can compete with the world's best and safest foods if they all have to comply with our regulations.

We're overburdened with regulations and paperwork that create jobs having little to do with food safety. The statement has been made that all processing plants should have one set of regulations. This is an irresponsible statement when you consider the paperwork of a business with two or three employees making and processing 10-kg batches of product at a time compared with metric tonne batches with 500 or more people on the floor. It takes the same amount of time for the employee to do the paperwork, but the economic ratio won't allow payment of a full-time employee for a small business. I'm not saying that we don't need any paperwork; I'm saying that it's unrealistic to expect the same paperwork and compliance from large and small operations.

How many recorded health problems have occurred in small plants? A small operation would not survive a food-related illness such as listeria—we'd be done. As the new regulations have been put forward and enforced, we have gone from 420 active abattoirs to 175 in the past five years. This is mainly in Ontario. A number of the existing 175 are frustrated enough that they want to quit. We can never comply with the regulations, because they are continually changing and our cashflow doesn't allow us to keep up. This, in turn, has turned lending institutions against us, and we cannot sell our operations because it's not affordable to take them over.

We are in a paper war with other potential trade partners who continually raise the paper bar to restrict trade. We go to all the expense of complying with new regulations that are supposed to open the door to exports—only to find out that there is yet another new set of regulations. Those same countries for which you have created a new bureaucracy new paperwork, in the hope of securing export rights, have just changed the rules. Are you in the door yet? The answer is no. How far ahead are you going to look to push this paper war forward while our boy scout mentality continues to put us competitively behind?

Thank you.

• (1255)

The Chair: Thank you.

Mr. Carl Norg of Carl's Choice Meats.

Mr. Carl Norg (Micro Meat Processor, Carl's Choice Meats):

Just so you all know, I've never met these gentlemen before this afternoon. They're reading off the same book and I don't know why I should speak. I have 10 minutes and I'm going to use all of it, so get ready.

Good afternoon to you all. Thank you for providing me the opportunity to present my concerns before this committee. I stand before you representing the many small meat businesses that are dealing with similar detrimental regulations that limit our competitiveness in the retail sector.

I'm Carl Norg, the owner of Carl's Choice Meats in Brantford. We opened our small family business in 1986. It is approximately 2,400 square feet in size, with 720 square feet used for our store, and approximately 500 square feet used for production. We employ three full-time people besides me. We also have a stall at two farmers' markets.

For the past 22 years we have provided many good, wholesome, and high-quality products to our constantly growing customer base. We have consistently passed the welcome scrutiny of our health units. We are now severely challenged by the new regulations since the inspections have been taken over by the Ontario Ministry of Agriculture, Food and Rural Affairs.

Today I'd like to speak to you about unfair competition with respect to income and profitability, and therefore the eventual demise of the local country butcher shop. In my remarks today I'd like to cover two areas of concern. One is the unnecessary paper burden required to complete the work day. Two is structural requirements needed to meet new regulations.

Large companies with 10 employees or more need written procedures to ensure that all employees are able to follow the same guidelines. This method of communication is essential when the number of employees exceeds the ability to communicate with them easily. These protocols are also in place so that when an inspector arrives to do their job they have a way of confirming that everyone is doing what is necessary to meet a consistent standard.

The joy of owning and managing a small meat shop such as ours comes from the variety of work that takes place each day. Though each week resembles the week before, small companies must be ready to make quick adjustments resulting from changes in customer flow, product availability, holiday demands, and even what we have in stock. Because we are customer focused, what we plan to do each day largely depends on the needs of our customers. In a small business, the owner generally sets the standard and sees to it that the employees meet those requirements. If the standards are low, the customer flow will likely diminish, while a business with high standards is more likely to keep the customers happy and healthy, in the case of the meat business.

Adherence to strict and unreasonable protocols is burdensome, difficult, and a waste of precious employee time. The reason for writing protocols is to follow them. In a small business such as ours, working with them is cumbersome and inefficient, which therefore makes them subject to misuse. Most of us have been in business long enough to know how to get the flavourful and safe results we wish to achieve, and the process by which to get there.

With written protocols also come checklists to be filled out each time a task is completed. As with written protocols, in a small meat operation there is very little sense in doing all the checklists that are required—again because of man hours. The multiple checklists alone, which are to be filled out each time a task is completed,

interrupt the flow of work in a small business. Inefficiency equals loss in production and decreased revenue. Because of the ease with which this can be manipulated to fool the inspection system, experts at deception are created rather than master butchers. Currently most of us spend a good part of a 40-hour work week completing all the required paperwork. If the paperwork is easy to manipulate—and it is—or if it isn't completed properly, why bother doing it at all?

The paper burden puts a severe strain on the budget because people need to be paid for these hours. This in turn necessitates an increase in our prices, decreases our available revenue, and reduces our competitiveness in the marketplace. This means less profit and subsequently less flexibility to make changes to improve our facility, hire new help, or increase the wages of our present employees. The current reality is that if a family-run meat business is no longer profitable and unable to support raising a family, it will cause the local country butcher shops to cease existing.

We need to convince our industry that we can be cleaner, safer, and healthier in the meat products we process and produce. This is not done by adding or redirecting employee time with the burden of more paperwork. The government has already realized that with their own paper burden reduction initiative, launched in 2005.

● (1300)

How to resolve this problem: I am convinced the best way to resolve this issue without unduly burdening the small meat business owners with wasted costly paid hours, while still satisfying the intent of the government for food safety, is best done by sampling of services and products. Inspectors should have the jurisdiction to arrive unannounced on any day to take samples of products and swab the surfaces at random. If samples returned clean, there would be no issue. But if one or more tests came back with unfavourable results beyond acceptable ratios, then corrective measures would have to be taken. If too many positive or problem samples were returned with an unacceptable test result, or if this were an occurring problem, then a fine, restricted production, or loss of licence grade could be the result. Licence results could be posted, so the consumer would be informed and therefore be able to make their own decision as to whether to continue to purchase their products at that store or to find another location to supply their needs.

Number two, structural requirements needed to meet new regulations: As stated previously, our building at Carl's Choice Meats is approximately 2,400 square feet, with approximately 500 square feet of production space. We are a small business with room enough to employ a maximum of five or six people. Because we are a small country butcher shop, our busiest time is the weekends at market. We do not have enough customer traffic flow during the week to hire a full-time sales clerk. Customers are seldom lined up to be served, but rather, drop by sporadically throughout the day. This means that there is no need for someone to be present behind the service counter on a constant basis.

When customers do come in, someone leaves the cutting production area to serve them. Now, there's a problem, as the person who has served the customer may now not re-enter the production area without a complete change of head covering, protective coat, and sanitized foot gear. The new regulations also state that we must have a separate room for our fresh cutting area, a separate room for our ready-to-eat production, a specific and separate area to keep our spices and plastic bags, and a passageway that encloses and separates these areas from the store.

Because of our small size, we do not have a designated receiving area. Our receiving area is a common area through which we enter the building, enter a cooler, and it's also a walkway from the cutting room to the cooler or to the store, machine room, or the smokehouse area. In order to meet regulations, we must separate these areas completely. This would entail a reconfiguration of our building to accommodate the perceived requirements and would cost in the neighbourhood of \$300,000.

We had a consultant and an engineer assess what was needed to satisfy these regulations and draw up plans. They quoted \$300,000. All these changes were within the present structure with no additional square footage added. We see nothing wrong with that kind of spending of money if a business plan were to show that it would be financially feasible. Unfortunately, all business plans showed it would not create any more profits or business to pay off the loan needed to fund such a project.

The other consideration would be that if we were to create more rooms or areas, these little crowded spaces would see little constant use. Rooms with low traffic flow have a tendency not to be maintained as well as rooms that see more work. This then would lead to a less sanitary condition and so become hazardous rather than healthful. In an open concept work environment, not only is everyone safer but also cleanup is frequent and sanitation is much easier and timely to accomplish.

As stated previously, \$300,000 is an unacceptable cost to our business, because this is a cost that cannot be recovered.

• (1305)

The Chair: Mr. Norg, one minute left.

Mr. Carl Norg: We might get there.

The decision we're wrestling with currently, even though we enjoy our work and had hoped to pass it on to our son, is either to change the nature of our business or simply close it altogether. If this happens, there would be one less butcher shop on the map. To close our butcher shop would mean four full-time and six part-time

employees would be unemployed. Ten families would be affected, and although this number may be considered small, please remember that I speak not only for our own family business but many others in the province.

In conversation with other small meat shop owners who are in the same predicament as we are, their thoughts are the same. If there's no return to their investment, there's no money to invest in costly regulations.

To summarize, I have presented you with two main issues that restrict us as small butcher shops and, consequently, our competitiveness with large meat plants in the grocery chains: first, the unnecessary paper burden that eats away at our time and therefore our profitability, and secondly, the structural criteria that require a large capital expense that we will never recoup.

Yes, we need to have appropriate risk management regulations. Canadians have every right to trust in the safety of the food they eat. However, the regulations need to be outcome-based and not process-driven, and not something that can be easily manipulated to fool the inspection system.

Please take into consideration the financial plight of the hundreds of small and culturally diverse meat shops in this province and help us to pass them down to the next generation.

The Chair: Thank you very much, gentlemen. We'll now open it up to questions.

Mr. Eyking, you have seven minutes.

• (1310)

Hon. Mark Eyking: Thank you, Mr. Chair, and thank you, guests, for coming here.

Is five minutes okay?

The Chair: If everybody's willing, that's fine with me.

Hon. Mark Eyking: Your stories remind me of our farm. We had a beef operation and we used to do our own killing and retail hamburger. The bottom line is that we were driven out by inspections and things like that.

I think what's really amazing is that 12 hours ago our committee just finished a report on listeriosis. One of the findings is that there were not enough inspectors. Here you have a situation where the big corporate killing plants do not have enough inspectors. In your case, there are too many inspectors visiting your place, pretty well running you out of business. It just doesn't make sense.

What most consumers want is local safe product. Local is number one; safe, of course, is number two. The bureaucrats have a problem here too. A lot of times they're doing the regulations, and they're sitting in their ivory towers coming up with things they think are right and then turning around and trying to implement them with no real understanding of what it's going to cost the butcher.

Does the system need to be turned upside-down a bit, where you should have the ministers of agriculture, federally and provincially, sitting in a room discussing where we are going and what we are really doing? Are we really servicing, number one, the consumers to their best interests? Are we really servicing the local chambers of commerce and small butcher shops? Or are we on some sort of trip here that's totally out of reality? Maybe some of these ministers get into these portfolios—and they change these ministers every couple of years—and the bureaucrats are already on this spin cycle, and they have no chance of changing some of the programs.

Would you suggest there has to be an overall reality check to look at what's happening in the whole inspection system, especially when you've got both federal and provincial systems going down the track? Does there have to be an investigation or reality check on where we're going with this?

Mr. Louis Roesch: A statement that is in Ontario right now is that OMAFRA has higher standards and is trying to continue to go higher than what CFIA is. We can't compete with that. The reality is that our food is just as safe. They started the listeria checks in early January, and they told us at our place that we didn't have to worry about it; it would be at least 18 months to two years because they were starting at the top and working down. We're pretty small. Well, we had ours on February 4, and they couldn't find anything, so there's nothing to complain about there.

But that is the reality. For some reason, Ontario wants to get out of meat inspection. It was already tried once to turn it over to CFIA, and it failed. Now I think what they're trying to do is set the standards higher, so that next time they want to try to turn it back to them, which is shortly I think, CFIA can't deny our entrance, because now we're higher. When you look at the statistics that I pulled up on their own website, it was 420 five years ago, and that's when they really started to push on these regulations. We are now down to 175.

Ontario Independent Meat Processors is boasting an increase in membership, and it's true, but that's because of the new regulations that have been enforced. All the free-standing plants, which we are, have come under these new regulations.

There are certainly some things I would like to say, but I will not.

Hon. Mark Eyking: Are you suggesting that maybe because of Walkerton and listeriosis, the Ontario bureaucracy is to a certain extent paranoid about the whole thing, about getting a problem somewhere, and the easiest target is the small guys?

Mr. Louis Roesch: Absolutely. What I will add to that—which is probably going to get me in trouble, but I'm going to do it anyway—is that we are one of the last plants left that are still on well water. I'm fighting it right to the end, because we've been tested for 12 years, every two weeks, and we've never had a problem, but they're still saying I have to put in a system that's equal or superior to a municipal system. Of course, the statement I made to that was, “Then I must have something go wrong at least twice a year so I have to boil water”, and that didn't go over very well.

There's nothing wrong with the water. Who's going to pay for that expense? It doesn't do anything. Their suggestion is to put it in and then put another system in to take the chlorine out. If you don't have a problem in the first place, why would you go through that cost? About 60% of the customers we have come because we do not have

chlorine in the water, and we also do a lot of specialty products for people who have allergies. They'd be very upset if we had to close, because they've finally found a place where they can get products that don't cause them health problems.

• (1315)

The Chair: Thank you very much.

That's a good example, Mr. Roesch, of what I think Mr. Eyking was referring to. It's bureaucracy overkill when you haven't had a bad test. I've heard that kind of horror story before.

Ms. Bonsant, you have five minutes.

[Translation]

Ms. France Bonsant (Compton—Stanstead, BQ): Thank you, gentlemen.

Please excuse my ignorance: I am familiar with the regulations in Quebec, but not in Ontario. When I was young, a butcher delivered meat to our house from his truck. I really liked that. He cut the meat right in front of us. He was a real village butcher. And as you can see, I did not die from eating that meat.

I also have to admit that I rarely buy meat in supermarkets because their products come from Alberta. I know that mad cow disease originated in Alberta, and that is why I am reluctant to buy meat products from that province. I always buy my meat from a farm woman who produces organic meat. I'm not afraid to say that the meat she sells is really delicious and of good quality. However, she never mentions paperwork. But at some point an inspector will show up on her farm and inspect her facilities. I don't think that will result in her having to fill out paperwork which would keep her busy for three days.

Do you believe, as the gentleman said earlier, that the government has abandoned its responsibilities in terms of hiring qualified inspectors, and that you have to make up for the government's lack of long-term vision in the area of meat inspection? Do you think that to ensure the safety of your products, it is more effective for the government to let you hire an inspector rather than hiring certified inspectors itself?

Each of you may respond.

[English]

Mr. Kevin Soady-Easton: I'll start with coming to the house with the meat. In Ontario, for as long as I've been a butcher, that's always been against the law. You cannot come away from your premises unless you have a store on wheels. In other words, you have to be fully equipped with the four sinks and the couple of coolers in order to come to serve the customer.

I don't think the Ontario government is trying to put us out of business and trying to make us pay for inspectors. I don't think that's the case. I understand that they're trying to make Ontario food safe, and it is. Excluding the listeriosis at Maple Leaf Foods, I can't recall a problem with meat. It has always been with vegetables or with improper handling of food. As I say, I can't recall.

What I have a problem with is the way they bring these rules down from the corporations and the grocery stores and try to force them onto the small artisans like me. As I say, I'm a wee person. I operate by myself. My sons no longer help me at work; they're off on their own now, so I am a one-man operation.

As I say, I'm a wee artisan. I call myself "wee" because I'm of British descent, so I only focus on the British community in my area. They stopped me from packaging my sausage and taking it to another British store, where they can sell it to their customers. They say that my shop is not set up to package properly, to have the proper labelling on it, to transport in a refrigerated vehicle, even though I know that's not necessary. As long as the product gets there at the right temperature, that's the key, but they force you to have a refrigerated vehicle.

[Translation]

Ms. France Bonsant: Do you think that, rather than the quality of your products being at issue, the large supermarket chains simply want to put you out of business?

• (1320)

[English]

Mr. Kevin Soady-Easton: Yes, that's the understanding I get from a lot of the people in my industry. I mean, who made up these rules? It was the University of Guelph, the corporations, and the independent federation of meat packers. None of the people in my situation belong to any of those organizations.

[Translation]

Ms. France Bonsant: I think that the principle is to think big.

And you, Mr. Roesch, do you have the same problem?

[English]

Mr. Louis Roesch: Yes, we definitely experience the same problems; there's no question about that. Part of this is on competition and how you survive. You might as well say we're all farmers here too, when we get right down to that, and we have to learn how to agree to disagree.

One of the things I disagree with is his statement that the inspectors should be allowed to just walk straight in the door, take a swab, and go. I don't have a problem with that; the problem I have is why do the grocery stores, which don't have to have the same type of set-up as we do in order to sell meats, have to be notified a full month in advance that they're going to come and do an inspection? I don't consider that a clear playing field.

Mr. Kevin Soady-Easton: I never saw one inspector, and they closed me down.

The Chair: You're out of time, Ms. Bonsant.

That's an interesting comment, Mr. Roesch.

Mr. Atamanenko, for five minutes.

Mr. Alex Atamanenko: I think this is a very appropriate way to end; we're finishing up our study on competitiveness. What you gentlemen are illustrating is what I would call—I just made some notes here—the tragedy of our Canadian agriculture. You were talking earlier on about sovereignty and trade and how we balance

this, but what's happening is that we've basically written a process of killing a localized meat industry in our country. It's as simple as that.

We've had the same problem in British Columbia with our meat inspection regulations that came in a few years ago. People are scrambling. People are killing off their lambs. They're not able to conform to the rules. At the same time, we have this grassroots movement, which is talking about local food and sovereignty and getting control of our food supply. Something is clearly out of step here.

Do you believe there is a role for the federal government to lay some guidelines so we can reintroduce some flexibility in our system? It's my understanding that the reason this inflexibility exists is that there has been pressure on the federal government from the CFIA and from large conglomerates to standardize this in the name of food safety. Is it time now for the federal government to play a role with its provincial partners to reintroduce a certain amount of flexibility so businesses such as yours, Mr. Soady-Easton, and yours, Mr. Roesch, and yours, Mr. Norg, can survive and give us good-quality food?

Maybe we could start with you, Mr. Norg.

Mr. Carl Norg: I think, if you look back, you'll find that small meat shops such as ours have always provided top-quality food. What's happening here is that, you're right, the CFIA starts it, and it's gone down the line; everybody needs to meet the same requirements. How do we do that? I think that's where the issue is.

Mr. Alex Atamanenko: We have a system with health unit inspectors that has worked to ensure that you folks are able to supply us with good-quality food. All of a sudden we now have a dysfunctional system where we've become so top-down centralized.

We don't have much time but, Mr. Soady-Easton, do you have any comments on that?

Mr. Kevin Soady-Easton: I'm glad you brought up the part about the health inspectors.

The Friday before I closed on Saturday, my local health inspector came into the store. I looked at him and laughed. I said, "I guess I have a big target on me." He asked why. I said, "Well, they're shutting me down." He said, "Oh well, you don't need me then." I said, "No, I'm clean. I'd like to have my shop inspected again, as it always has been when you come by every month or every two months." And it was perfect—a perfect inspection, and I'm being shut down.

Mr. Alex Atamanenko: Mr. Roesch, any comments?

• (1325)

Mr. Louis Roesch: One of the comments I have on that is OMAF in particular in our province is picking up all the standards from CFIA, but they're adding to them as they go. I turned over the list of things I have to somebody in CFIA. Of the 21 things they want changed, they said there are only three that are actually in regulation, that need to be changed.

The one that is a major problem to me is the water. The CFIA regulation is that it has to be potable water. They even made the statement to me that if you're out in the mountains some place and you're taking stream water, as long as it's potable water, it's safe; there's no reason you have to go to that expense.

Mr. Alex Atamanenko: This will be my last question.

We've heard in this committee the theme that we have Canadian standards, we have other standards, and ours are usually higher in regard to pesticides and herbicides. We've heard that from the organic folks who were here. And yet we allow products to come into our country that do not meet our standards.

Should our committee be recommending to our government that we institute a standard whereby we do not allow produce or other commodities to come into our country that do not meet our standards? In other words, we bring the standards of others who want to compete with our producers up to our standards. Is that a viable solution, do you think, anybody?

Mr. Kevin Soady-Easton: It makes sense to me.

Mr. Louis Roesch: I have no problem with that, because there is no way CFIA standards at this time are going to hurt us in Ontario, as far as I am concerned, as long as they don't try to make our plants exactly the same as the large federal plants. It can't be done. We don't have that...

The other thing I have also been told, which has been mentioned here, concerns the inflow of products. According to some of the people I have talked to, there is no such thing as being able to put a plant together that has a 100% perfect flow. When you get down to the smaller plants, as you said, if we're working in the back and a customer comes to the front, we're totally out of whack. It can't be done. As you say, you can't hire somebody to stay at the front all the time, and you can't tell the customers to help themselves and just throw the cash in the till. It doesn't work.

The Chair: Mr. Atamanenko, your time is up.

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

Mr. Bev Shipley: Thank you, witnesses.

I apologize. I have another meeting at 1:30, so I'll get through my five minutes.

I want to reiterate a little bit what Mr. Eyking said. He talked about people wanting to use local food and safe food. Having gone through the subcommittee hearings, I've heard that safety comes first and local comes second. It doesn't matter where it comes from; consumers want to know that they have safe food.

I want to thank all of you for helping to emphasize to all of us the significance of the fact that the local abattoirs out there are producing safe products. I don't think that has ever been an issue. We've had a lot of discussion, and I would submit to you that if you were to go around this table, you would get 100% support for having the systems you have in our local communities, because we recognize the significance to your customers and our communities of your actually providing safe, quality food for us.

We've had a lot of discussion about whether there should be one licensing standard for processing in abattoirs or the two we have

right now. Could I have quick comments, because I have about three or four questions?

Mr. Carl Norg: Basically, I would suggest that there be a different set of licences for different operations. If you're just selling out of your own location, you'd probably be dealt with totally differently from how you'd be dealt with if you were shipping all over the province. And somewhere in between, that has to be broken up. How exactly I have no idea, but that can be done through dialogue.

Mr. Kevin Soady-Easton: Right now there are three systems, and it seems to have worked fine for years and years and years. If you ship outside your province, you are federally inspected under the restrictions of the United States, basically. If you do it within your province, it's done provincially. And if you just stay within your shop, you're municipal. It seems to work fine.

● (1330)

Mr. Louis Roesch: I'm in agreement with what they say.

I have a little bit more entertainment in my place. I have the Department of Health, I have OMAFRA, and I have CFIA. I have all three of them, even though we are contained. The regulations stipulate that as each one goes through, they're supposed to look for different things. So I kind of get hammered all the time. I've not had a poor or bad report yet, as far as that goes. But that's what happens.

Mr. Bev Shipley: I think members need to know that this is truly a full-service business Mr. Roesch has. You talk about farm to fork; that's clearly the business they're in.

Basically, the regulations you're under, and I'll maybe touch a little more on that, are all provincial right now, except for you, and you have CFIA. Have you been invited to meet, or have you met, with the provincial agriculture committee to raise your issues?

Mr. Louis Roesch: They don't want to touch it.

Mr. Bev Shipley: You may want to watch what they're doing and make the request, because—and this isn't a pick on anyone—we're doing a competitive issue right now. This is one of the issues that have come up, and so I'm glad you've been a part of the discussion.

You mentioned the paperwork. You talk about the regulations. I can't speak provincially, but federally we've said we want to reduce it by 20%. I don't know how they measure that. I'm hoping that when we actually do it, it's not just something we do here, that it actually translates down to people who work with our agencies and ministries, to know that the forms, the applications, or whatever are not as burdensome or onerous as they've been. What you're saying right now is that in fact there seems to be a directive, but actually it hasn't happened with what you're seeing in terms of a reduction in the burden.

Mr. Louis Roesch: No.

Mr. Carl Norg: I think that's maybe on the federal level, but at our level it's only increasing.

Mr. Bev Shipley: I guess we've done it too, but it may be happening provincially. But I don't want us to say we're doing it and not see it follow through. I think what you're talking about is provincial. This is about lessons learned, too, for us.

Mr. Kevin Soady-Easton: For me, there was no provincial. I'd never heard of them before.

Mr. Bev Shipley: But you're on your provincial licence.

Mr. Kevin Soady-Easton: I've never had a licence, never heard of provincial—

Mr. Bev Shipley: But you must have been certified as a provincial—

Mr. Kevin Soady-Easton: Never certified, nothing. I was municipal. Mine was the store where you went to buy your steaks.

Mr. Louis Roesch: This all came about with the stand-alones now under the same regulations as abattoirs.

Mr. Carl Norg: That took place about a year and a half or two years ago.

Mr. Louis Roesch: I'll give you a simple example of paperwork. At the end of the day when I wash my saw, I have to fill out a form that I washed a saw. Before I walk out and turn the lights off, I have to go back and check that saw and write on that paper that I checked it. When I come back in the morning, I have to take a form and check that saw again and fill it out that I checked it and made sure it was clean before I assemble that saw again. You have to do it with every piece of equipment.

Mr. Bev Shipley: Mr. Chair, I'll just leave it now. I think I've run out of time.

Thank you so much. I apologize for having to leave.

The Chair: Just before we go to the next round, just briefly, grocery stores in Ontario here have a policy in their own stores, plus the independent stores that they supply with wholesale products. They have a policy that none of their stores—and including the independent ones that I mentioned—can sell provincially inspected meat. It's all federally inspected. That always baffles me. It ticked me off as a beef farmer. It seemed we were almost excluding a market that was pretty reputable, when we know our Ontario-inspected meat is safe.

But my question would be, do you agree with that policy? Has it affected any of your businesses in any way or other businesses similar to yours? What could or should we do about it? Can I hear some comments on that?

Mr. Kevin Soady-Easton: I think that is the corporations turning the screws. We have that same problem in the bottom end of Grey County with West Grey Premium Beef, a brand new company that just opened up maybe five years ago.

The Chair: One of the owners of that, as you probably know, has his own independent grocery store and is not even allowed to sell his own product in his own store.

● (1335)

Mr. Kevin Soady-Easton: That's right, and unfortunately they've sunk a pile of money into that place. They have had some grants from the government. When the BSE came by, they gave them \$1 million or \$1.5 million so that they would slaughter cows, because nobody wanted to touch cows anymore because of BSE.

I've always wondered why that had an effect on the beef industry, because a cow has never crossed the door of my shop or any shop I've ever worked in. We sell beef; we don't sell cows.

They were a regular, full-standing abattoir and they've been cut down to a part-time operation now. They're allowed to work three days a week.

The reason for that was that the inspector from OMAFRA came in and said they had done well all these years and had slowly met their regulations.... And that's how it is: you can be compliant this year, but next year you are not in compliance, because now they are focusing on the receiving doors, or now they're focusing on the brand of detergent you're using, or focusing on whether you have enough sinks in your shop—you need four here, and now, if you are cooking, you need four over there.

The inspector told them he needed an office. They told him he could take the corner of the trailer they used, and they supplied a brand new phone and computer that they said they were not using because they were not busy enough. The inspector told them he needed a private office. He also told them he needed a private washroom. There are four washrooms in the plant, but he needed a private washroom. And just in case there was a female inspector the next week, if he was on holidays, a private washroom was needed for her; it can't be coed.

He also told them he needed a lunch room. Now, this plant has 20 people, and they eat lunch in a certain place. He told them he could not eat lunch there; he needed his own lunch room. He also told them that he might want to get washed up at the end of the day, so he needed a shower. It couldn't be just one shower, in case that woman was there the next week when he was on holidays; they needed two showers.

They figured out that it would cost about \$75,000 to build this extra building for them, and so they said they had had enough and couldn't do it; they were not doing any more. So they were told, okay, now you are working just part-time. And they laid off two-thirds of their staff.

The Chair: It's that kind of thing.... I've long been of the belief that the grocery chains are using that policy of selling only federally inspected beef as a way of eliminating the competition, which is businesses like yours and the one you just described.

I won't use up any more of our time with that.

Mr. Valeriote, you have five minutes.

Mr. Francis Valeriote: Following on Chairman Miller's question, is the standard that you have to follow in your own shop different from that of a grocery store because they sell federally inspected meat? Is there is a difference in standards that have to be met and in protocols and paperwork between you and a grocery store?

Mr. Kevin Soady-Easton: I've never had to do paperwork. These are new tasks they are forcing me to do. I've never had to do paperwork before.

Mr. Francis Valeriote: Mr. Norg, you spoke of paperwork—a lot of it.

Mr. Carl Norg: Yes, I did. The difference isn't because one buys federal or provincial. The difference really comes in with the fact that small butcher shops such as ours—and from what I hear, the one belonging to the gentleman beside me as well—do curing, smoking, and cooking. Once you get into those three areas, you are now to be regulated. The grocery store doesn't do any of those; they just buy it and sell it, so their criteria are different.

We want to do the cooking, curing, and smoking. That becomes a high-risk thing, as OMAFRA sees it, and so we need a licence for it; we need to be controlled.

Mr. Francis Valeriote: I'm sharing my time with Mr. Easter, so I have just one more question.

Mr. Easton, you said an inspector came in and inspected your premises and everything was fine. Where did that inspector come from, from what department?

Mr. Kevin Soady-Easton: It was the local health board. That would be the municipality or the county.

Mr. Francis Valeriote: Finally, would each of you please share a copy of your submission with the clerk so that we can each have a copy?

Finally—I'm sorry, another question—you went to your MPP, and only one of you answered: did either of you, Mr. Easton or Mr. Norg, go to your MPP and get your statement or complaint to the minister in Toronto? And what was the response?

• (1340)

Mr. Carl Norg: I went to our local MPP, and we have put together a petition and a letter-writing campaign that is going to Leona Dombrowski, the Minister of Agriculture, Food and Rural Affairs. That has been on the go now for about two months, and we have very good support from our MPP, Dave Levac.

Mr. Kevin Soady-Easton: I have letters back from the minister. I've sent many letters to her, and my customers.

The Chair: You have just shy of three minutes, two and a half.

Hon. Wayne Easter: Thanks to all for forthright and direct presentations. I think it just goes to show that we've got a system in

this country that doesn't have much common sense in it. It just doesn't.

And I think Alex is right. If you're down from 420 abattoirs to 175 at the provincial level—they are providing local jobs, local markets, and local food supply, and we're losing them—it's bureaucracy out of control, in my view. The difficulty for us is that this is mainly provincial, but I think, Mr. Chair, we have to do something. We don't want to involve ourselves in provincial affairs necessarily, but we have to do something here to try to get a message through to the provincial minister to have a look at this. We all know how bureaucracies work in this system, and they try to push the chain a little too far.

Anyway, I have a couple of questions.

Louis, you mentioned the pork situation. You said in your remarks that it has to be addressed before Parliament closes, that the program that is in place doesn't work for producers. I know the minister, this week—I think it was this week, or it might have been last—basically rejected the \$30-per-hog request by the Canada Pork Council, and I maintain that the hog industry won't survive if they don't get an ad hoc payment. What were you thinking of?

Mr. Louis Roesch: Yesterday I was going to drive up, but I ended up getting heavily delayed because a couple of farmers right beside us, two cousins who work together and had 850 sows, were starting to euthanize after this statement was made. They cannot survive.

We feel in Ontario that least 50% are due to go bankrupt in the next three weeks. The truth is that since that statement was made, the banks have had enough, Farm Credit has had enough, and feed suppliers are not going to extend any more credit. Stuff is starting to have to go out on a cash basis.

We all know what happened with the auto industry, and that's a major problem too, but the reality is that, you know, you shut the doors, you turn the lights off, and we get this thing all ironed out. The auto industry is going to start back up again, but you cannot do this with the hog industry or any other livestock sector, for that matter. When those doors get shut, you have a major problem, because you can't feed them, so you're going to jail one way or the other. If you walk away from the operation, somebody's going to run you down because you didn't look after your financial obligations, or you're going to have the Humane Society on you because you're not looking after the animals. But if you've got no funds and no way of looking after it, nothing to do with it, it's all out of your hands, it's a major problem.

Hon. Wayne Easter: Are you saying current programming won't cut it?

Mr. Louis Roesch: No.

The Chair: Your time is up, Wayne.

Thank you, Mr. Roesch.

Mr. Lemieux, five minutes.

Mr. Pierre Lemieux: Thank you, Chair.

Thank you again for being here.

I have a comment on the ad hoc payment.

One of the challenges the federal government faces is that if it does something like an ad hoc payment, a per head payment, it's trade-actionable. This is detrimental to the country; it's detrimental to the agricultural sector. Other countries would absolutely take trade action against Canada. We're in the process right now of taking trade action against other countries, like the U.S., for things they have done. So as for any kind of per head payment, the minister's been clear that we just cannot do it.

Sometimes provinces can get away with it because it's not national, it's provincial. When other countries look, they say, "Oh, it's a province." Is it worth their time and effort to take on a province as another country?

And Mr. Easter knows this, so he's playing both ends of the middle—

Hon. Wayne Easter: No, I'm not.

Mr. Pierre Lemieux: —when he says, "Well, listen, I'm calling on the federal minister to do this." I mean, Mr. Easter, when the Liberals were in government.... He knows what the federal government can and cannot do and what is trade-actionable and what is not. He's just posturing himself right now

Hon. Wayne Easter: I have a point of order, Mr. Chairman.

● (1345)

Mr. Pierre Lemieux: I'm allowed to comment on that.

The Chair: Is it a point of order?

Hon. Wayne Easter: Yes, it is. The Liberals put out over \$2 billion to the beef industry, which saved the beef industry, and it was ad hoc.

Mr. Pierre Lemieux: There are other things this government can do, and is doing. I would, for example, like to point out, particularly for the hog sector, that we are challenging the United States on COOL. It's trade-actionable through WTO. We have launched this process to reopen the markets in the United States for the pork sector.

Minister Ritz has made 11 trips internationally to open foreign markets. Actually, he was supposed to travel again, but the opposition wouldn't travel with him. He wanted to go to an international conference to open markets, but he can't travel right now—we're in a minority government—unless an opposition member travels with him. Mr. Easter refused to travel with him, so the minister can't go.

So the minister is doing everything possible to open international markets. He's being obstructed to some degree by the opposition. The point I'm trying to make, I think, is that we're doing what we can do, and what Mr. Easter is suggesting is trade-actionable.

Mr. Louis Roesch: What are you suggesting that these guys do? This is right now. This is not a light switch. Something has to happen.

If you look at what has happened in the last four to five months, at the number of hogs going into the States right now, the trade action doesn't amount to anything. My wife told me today that the Erb truck was at our door this morning, and she asked the trucker how things were going. He said, "We are so busy going empty into the U.S. and hauling back products that I know are dumping prices." There's something really wrong with this system.

Mr. Pierre Lemieux: You're asking about what we're doing, and I'm telling you. As a government, we're launching a trade action against the United States to let them and the international community know that what they've done is unacceptable. As an agriculture committee, just three days ago we were down in the United States meeting with their legislators, telling them about the impact this is having, and that this is trade-actionable, and that we are taking trade action. So we are putting as much pressure as possible to reopen the U.S. market. That will help our hog producers.

And we don't just want the U.S. market open again; we want the international market open again. That's where Minister Ritz has been travelling. Every time he's travelled, he's been travelling during a week when Parliament has not been sitting, therefore, he has not had to travel with an opposition member. This one time he has asked an opposition member to travel with him to an extremely important international trade meeting—

Hon. Wayne Easter: I have a point of order again, Mr. Chair.

Mr. Pierre Lemieux: —and the opposition has refused to do so.

Hon. Wayne Easter: On a point of order, maybe Mr. Lemieux doesn't know this. Yes, he asked me, and I said, "No, we're doing the food safety study." But the Liberal Party offered Bob Rae to pair, so he could go to Sri Lanka and other places, and your party refused. It did not have to be me or Pierre or the NDP. Bob Rae was offered and your party refused.

Mr. Pierre Lemieux: Chair, this is inconvenient, because I don't believe Sri Lanka is where the international meeting is on agriculture. It's nice of Bob Rae to want to take Minister Ritz to Sri Lanka, but that has no impact on the agriculture industry.

Hon. Wayne Easter: All that was required was pairing. You didn't have to be in the same location as Ritz.

The Chair: Okay, fair enough.

Mr. Pierre Lemieux: Let's get back to business. You have to stop Mr. Easter interrupting here.

Mr. Louis Roesch: What we need to know is, what are you going to do to help these guys right now?

Mr. Pierre Lemieux: We've done things like the advance payment program. We have put in place mechanisms for farmers.... It's better access to credit, but it's meant to get them through this difficult time that they find themselves in now.

Mr. Louis Roesch: They've run out. They've run out.

In one of the statements that just came out this week—and you have to think about this—they said our income was up 27% from a year ago, and this came from Ritz. Well, that's pretty good, because a year ago we were losing \$70 to \$80 and now we're only losing \$50 to \$60. There's no cashflow. Somebody has to do something immediately. This is moving into the fourth year of negative margins, \$30 to \$80.

Mr. Pierre Lemieux: I guess what I'm telling you is that we are taking all the action we are able to take right now, and it's substantial action. Some of it takes time to bear fruit, but some of it that looks like an immediate solution is not actually an immediate solution, because if it's trade-actionable it will be detrimental to the country, to the agriculture sector in general, and certainly to pork producers, and Wayne Easter knows that.

Mr. Louis Roesch: If you let 50% of the hog production in Canada go down, what are you going to do to the tax base of this country, because you're also going to lose about another 20% to 25% of your tax base on land, because those prices are all going to come crashing down.

Mr. Pierre Lemieux: These are challenging times. No one is arguing that these are very challenging times.

• (1350)

Hon. Wayne Easter: We want the leadership.

Mr. Pierre Lemieux: You're getting leadership.

Some hon. members: No, we're not.

The Chair: Your time has expired.

Let's have some order here.

On this topic here, Mr. Roesch, let me ask you a quick question.

As a farmer, before I got involved in federal politics, I remember every time I'd read or hear about U.S. beef or Argentinian beef or Australian beef coming into the country, because I'm a beef farmer, it used to tick me off. I'd think, what the heck, this just doesn't seem right. But once you get in government and you get to the realization and fully look at it.... Quite often, as farmers, we get out there and we're into the everyday work, which is what we love, and sometimes we're our own worst enemy when it comes to marketing. Normally we're not known as good marketers. But when you get to see the actual percentage of beef and pork production—particularly those two, and lamb to a lesser degree—in the livestock sector, we export huge amounts of it, and you soon come to the realization that because we produce so much here and we have a small population base in relation to the size of our country, we have that.... If you want to send products around the world and into other countries, the last thing you do is start closing your borders and what have you.

The bottom line is that we have to compete. I guess the simple question is this: do you think the taxpayers should subsidize overproduction? In essence, when you can't compete and you can't get a fair value on the world market for that, basically, you're putting a product out there, and if you're not getting enough, all of a sudden you're in trouble. It's akin to gambling. Sometimes you win, sometimes you don't.

I'm not trying to be factitious on this, because the issue is that if we want to export, we have to compete out there. Right now we have the Canadian dollar rising, which we all know is the worst damn thing for agriculture. That 75¢ dollar is perfect. Could you comment on that a bit?

Mr. Louis Roesch: Yes. I don't disagree with that at all, everybody's in the same bind at the same time. But the livestock industry is a little different from manufacturing. You can't just shut it off, so somewhere along the line somebody has to take the initiative

to say, this is what has to be done, and then you have to work it through.

At the same time, as far as I know, ethanol can be exported, can it not? They gave them \$72.7 million at the Chatham plant, and the rest of them got some too. They guarantee them a profitability for 10 years with the \$72 million at 10¢ a litre. I relate that as pretty close to the same thing as a hog walking on four feet.

The Chair: Perhaps I could just point out that, not to beat you on it, there's a big difference. They have that guarantee for those 10 years, but we don't have that in livestock. I wish we could get that guarantee. If you know where we can get that, I'd sure like to know, because I have a younger brother who's not just farming his own land, he's farming my land right now and having a hell of a time to survive. I wish we could get that kind of 10-year agreement.

Anyway, we have about five minutes left of the time, actually. If we go to more questioning, we're going to have to go to both sides of the table. I would suggest that we thank our witnesses at this time. We really appreciate your input. This competitiveness study is something that we're...I can tell you that all the parties realize there are some problems in it, and we truly want to try to fix them and recommend some things to the government in a report.

So thank you very much for being here, gentlemen.

Mr. Lemieux.

Mr. Pierre Lemieux: I just wanted to raise a point before you gavel the meeting.

When we were down in the United States, Mr. Easter and I had a conversation that I think would be worth pursuing. We had met with representatives from the slaughterhouse and packing industry. The message we got from them regarding COOL and the implementation of COOL, and the impact it was having on their sector, what was driving their sector, was completely different from what we had received from other sources. On the one hand, they were saying that their slaughterhouses and packers were not going to implement the voluntary requirements of COOL. They left us with the impression that they had no intention of doing so. We had heard that, no, they were, but there was confusion, and the confusion was actually driving down the costs they were paying for our cattle. It was turning off our exportation of pork. Both Mr. Easter and I were saying that these were two very different messages we were getting.

We're wrapping up here before we get to the end of the year, and I think it would be worthwhile having witnesses come in so we can explore this before we break for the summer. We picked up what I would call a significant discrepancy here, and I think it would be useful to get packers back in here before the summer so that we can explore this in more depth and find out what is going on, and what is driving down the price they're paying for our red meat, if in fact they're not implementing the voluntary letter of COOL.

• (1355)

The Chair: Mr. Bellavance.

[Translation]

Mr. André Bellavance: As for our time frame, don't forget that the Subcommittee on Food Safety will present its report to the main committee.

[English]

Mr. Pierre Lemieux: Mr. Chair, if I may, I would suggest that we do that. That's a priority. That's just coming out of the food subcommittee now. We've an agreement in place. If that's going to be tabled before the summer, then absolutely, yes. But I'm worried that we're going to run out of time. I think maybe we should do the report first, but after that, we should have a look at this major discrepancy that we uncovered. I think it's important.

The Chair: I'll go through what we have here.

We are committed right now to dealing with the subcommittee report on Tuesday, André. I think if we get as much willingness as we had last night, we could probably finish that report that day. I'm suggesting that in order to go along with what Pierre and Wayne have talked about, we get some of these packing industry people that they're talking about to be here for Thursday.

Hon. Wayne Easter: I agree with that, Mr. Chair.

I guess it's impossible to do. There are some things coming out of this competitiveness study about which the chair or somebody needs to write letters to someone. I've been keeping notes while we've been going along. For example, the issue of organics came up today. There needs to be a push, and the fact of the matter is—this not a criticism of the government—that if Agriculture and Agri-Food Canada have not responded, they mustn't take that issue too seriously. I don't blame the minister in this. The letter might have gone to the minister, but somebody else in that department.... The minister probably has not even seen the letter yet. That's unacceptable.

The fastest-growing industry in agriculture is the organic sector, and they're not getting a response out of the department because the department probably doesn't see it as a priority. The minister may, but he doesn't know what's in the bowels of that department. There are a couple of things like that, I think, that we also need to maybe have you write a letter on in order to push the issue.

I agree. I think we should tune up these packers. I'd be in agreement with their coming in. I think we can finish the report.

The Chair: Mr. Easter, would you or somebody on the committee be willing to draft a notice of motion to try to get it in so that we can deal with it on Tuesday? Something else you can include in that, if you can, is the issue we had—I believe it was last week—about trade embargoes being put on equipment manufacturers by Russia. They're asking that we write a letter to the trade minister on that.

I'm willing to do that, but I want instructions to do that on behalf of the committee, if you would include them.

Mr. Atamanenko.

Mr. Alex Atamanenko: I'm not quite sure what's happening here.

I thought that once we heard all the people, we would be doing a report and going through the report and making recommendations. As usual, if we don't agree with something, we do a dissenting report. There are a lot of issues that I'm taking note of that I think need to be addressed. I'm wondering about the time. It's possible that we're not going to be here after the 19th or so. That's next week.

That means that we're here on Tuesday looking at the subcommittee on safety, and then on Thursday it's possible we'll be here. Who knows? We have to look at this realistically.

The Chair: I think we'll be here on the 23rd, unless we go to an election next Friday. I think that's a pretty fair statement.

Mr. Alex Atamanenko: Can I quote you on that, Larry? We'll be here on the 23rd.

The Chair: That's just my own opinion.

Hon. Wayne Easter: There had better not be an election, because after the fibs the Prime Minister told today in Cambridge, he really shouldn't—

Some hon. members: Oh, oh!

• (1400)

The Chair: It is two o'clock, but I think this is an important discussion, so let's stick to the topic.

Mr. Alex Atamanenko: We obviously all need time to look at that draft report before we come here to go through it. I'm wondering maybe if Isabelle can tell us when that would be available so that we can have enough time to go through this report we're doing, in addition to going through the one on food safety.

The Chair: Mr. Lemieux and then Mr. Hoback.

Mr. Pierre Lemieux: Chair, I just want to highlight that the food safety report is scheduled for Tuesday. I don't think anyone's suggesting that it move.

In terms of the other report, we have a matter here that actually impacts the report. We've done a lot of work. We've had a lot of good committee meetings, a lot of good testimony, but there's a huge discrepancy here that we need to look at.

I think we should take the time to look at it. That's what I'm suggesting—that we take the time to look at it before we break for the summer. This is something we found out about three days ago. It shows good responsiveness and attentiveness on the part of this committee.

The Chair: I think that's what we're hearing. From my own side, I personally haven't been happy with them all the time that we've.... I'd like to see the Competition Bureau back here.

On the fertilizer industry, I've heard from different members on all sides, and I won't use the words “they'd like another crack at them”, but I think a number of issues seem to be outstanding, Alex, that I'm hearing from around the table. Maybe we should take the time, include them, and study them a little further before we do the report.

Mr. Randy Hoback: Mr. Chair, I'd really like to question them about an answer to Mr. Valeriote's question in the last meeting on where this margin is. Are the packers actually using COOL as an excuse to discount cattle without any justification? I think we need time to do that.

An hon. member: Yes. That's excellent.

The Chair: Are you talking about the U.S. packers?

Mr. Randy Hoback: Yes, and this is...[Inaudible—Editor]

The Chair: Yes, we will be.

For the last comment, Mr. Atamanenko.

Mr. Alex Atamanenko: So it's possible that we will not have the report to go through and complete before the summer. That's what I'm hearing.

The Chair: That's what I'm hearing, Alex—that we should continue our study on it.

Do we have a willingness, then, to bring somebody in for Thursday if possible?

Some hon. members: Yes.

The Chair: Thank you.

Thanks again to our witnesses.

The meeting is adjourned.

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