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Chair

Mr. Larry Miller

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• (1530)

[English]

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

I'd like to welcome our witnesses. Mr. Tierney from Agriculture Canada is here in the first half. In the second half of the meeting, we will have representatives from CFIA.

I'd just remind everybody that I understand bells will go off at about 5:15. Maybe at approximately 4:25 or something like that, we'll recess and let Mr. Tierney leave and let CFIA come in to balance out the time, if that is okay with everyone.

Thank you very much.

Mr. Tierney, go ahead.

Mr. Steve Tierney (Assistant Deputy Minister, Market and Industry Services Branch, Department of Agriculture and Agri-Food): Thank you, Mr. Chair.

Good afternoon, everyone.

I'd like to take this opportunity to thank the committee for inviting me to provide a general overview of the agriculture and agrifood supply chain, and the work the department undertakes to enhance revenues and reduce costs all along the chain.

The agriculture and agrifood system includes the farm input and supplier industries; producers; food and beverage processors; exporters; food distributors; and retail, wholesale, and food service industries. In 2009, it provided one in eight jobs in Canada, employed two million people, and represented 8.2% of GDP. Over 40% of Canadian agricultural products are processed in Canada and supply approximately 77% of all processed food and beverage products available in the country.

The food processing sector is Canada's largest manufacturing sector, with 2011 shipments worth \$92.8 billion. It employs 270,000 Canadians and accounts for 17% of total manufacturing shipments. The key to supply chain success is to enhance the revenue all along the chain with the participation of suppliers, producers, processors, distributors, exporters, and retailers.

The department works with the supply chain primarily through value chain round table processes, often called VCRTs. These were originally put in place to establish international market development strategy for the various sectors, but have taken on the broader mandate of creating overall chain competitiveness.

Since 2008 the number of VCRTs has grown from six to 11. There are now VCRTs for beef, pork, sheep, horticulture, grains, pulses, special crops, seeds, organics, seafood, and food processing. We have prepared information on each of the VCRTs, their members, and co-chairs, which is included in the information package that has been submitted to the clerk.

Included in this package is the overview of the agriculture and agrifood system in 2011, including an economic review. The 2012 version will be released on the department's website on Monday, March 19, 2012. We'll provide the address for that to the clerk.

The development and integration of value chains is part of a fundamental strategy for improving the agribusiness environment through better customer-driven information sharing and analysis; alignment of goals, objectives, and systems; and investment in innovation, which is so important to production and efficiency. Such an agribusiness environment builds trust in business-to-business relationships and helps to overcome competitive barriers and make adjustments according to market dynamics.

As a bit of a background to this, the value chain round tables were launched in 2003 as part of a shared vision between government and industry to enhance Canadian market success by bringing together key industry leaders with the federal and provincial governments.

All VCRTs are organized along commodity lines with two exceptions: organics, which covers all organic crops and livestock; and food processing, which includes all food processors from small to large. Including the critical players of each sector ensures that each round table is capable of responding to the various issues and crises that may arise.

For instance, in 2003 the Canadian and U.S. cattle industries were hit with the first of several BSE cases that shut down international borders. With the help of the beef round table, the beef industry's reputation was restored, and Canada became one of the first nations to which China reopened its borders following that crisis.

In terms of their work and how they work, one of the requirements of a successful round table is the engagement of all the key players, as no one segment of the chain is suited to respond to all demands. That takes a collaborative effort.

For example, the pork round table includes the pig genetics industry, feed companies, producers, processors, exporters, and Canadian retailers. The round tables use an industry-government co-chair model, and the industry co-chair leaders usually own and run their own businesses.

The government co-chairs are senior departmental staff at the director general level. I'm sure the round table co-chairs would be willing to provide you with a view of the value, limitations, and successes so far of these round tables.

Actual round table meetings are held approximately twice per year; however, there are active working groups that are mandated to achieve progress and priorities in between meetings. The round tables have maintained a high level of departmental commitment: Minister Ritz has attended various round tables, and in November 2011, Minister Paradis presided over the food processing round table.

Deputy Minister Knubley meets annually with the round table co-chairs and invites his fellow deputies from departments and agencies that have an impact on the agriculture and food industry.

- (1535)

Health Canada, the Canadian Food Inspection Agency, Transport Canada, Human Resources Development Canada, and other departments are just some of the participants who have attended past meetings. Mr. Knubley also regularly attends select VCRT meetings, as does Associate Deputy Minister Carrière, who is now the government co-chair of the food processing round table.

In terms of its activities, I'll give you just a few examples. The horticulture VCRT is developing a system where producers can post availability of fresh produce online to permit retailers to access more Canadian-produced fresh produce in their stores. The pork VCRT is leading on the implementation of traceability, good animal-care practices, on-farm food safety, and biosecurity measures to position Canadian pork as meeting both foreign and domestic consumer requirements. The seafood VCRT is looking at why exports from other countries of the same species are often able to obtain higher value for their product, and to develop an action plan to enhance the value of Canadian product through modification of harvest, preserving, processing, and marketing.

AAFC, through the AgriMarketing program, and pork and beef legacy funds, provides funds to assist the industry, such as the pork and seafood VCRTs, to put their plans into action to develop markets and expand sales. At the initiation of the beef round table, the industry has added value to the use of the traceability system that was built to manage animal health emergencies. Beef processors are now reporting carcass information back to feedlots and cow-calf producers, so that cattle producers can have an improved view into how their live animals translate into meat. The government has invested in this system, called the beef information exchange system, or BIXS.

The horticulture round table is developing a water strategy to secure access to water, adoption of best practices, and confirmation of sustainable use of water throughout the supply chain. This will cover field and greenhouse production, washing and packaging, processing, and the retail industry.

Pulse producers, through the VCRT, are working with processors to ensure that the product they provide can easily be utilized as an ingredient in processed food products.

The organic round table developed an innovation strategy that was then leveraged to attract business funding into a joint partnership with AAFC through the research cluster program.

The grains round table is currently working on the development of a draft low-level presence policy, which could be used to advocate to other countries as a possible import mechanism.

Lastly, the food processing industry round table was formed in 2008 to examine the challenges affecting the growth of this sector. Although food processors are members of each of the sector-based round tables, there are opportunities and challenges that are common to all food processors, no matter what product they produce. The food processors VCRT is looking at how to deal with a stronger Canadian dollar, rising energy and raw material prices, as well as strategies to foster innovation and productivity. To complement this work, AAFC introduced the AgriProcessing initiative, designed to provide food processors with a source of funds to adopt innovation.

Many AAFC programs provide benefits through the full chain. For example, the Canadian Agricultural Loans Act, CALA, supports the food chain by guaranteeing repayable loans to farmers for the establishment, improvement, and development of farms, but is also open to agricultural cooperatives for the processing, marketing, or distribution of the products of farming.

The department and minister have found that the VCRTs are valuable for purposes that cross the tables themselves. As a result, all of the VCRTs were consulted during the Growing Forward 2 process. We've utilized the VCRTs to develop, implement, and modify the research clusters under the brand initiatives, and we've collaborated with the VCRTs to establish the Agri-Subcommittee on Food Safety, which includes members from the Canadian Food Inspection Agency, Health Canada, the Public Health Agency of Canada, plus a member from each of the VCRTs. More recently, the crop logistics working group was struck to examine a crop logistics system to identify approaches to improve logistics.

In terms of further work, the industry has confirmed that they wish to continue the process of round tables to work on industry-identified competitiveness issues, with one area of priority in the future being regulatory modernization. CFIA has engaged with the beef and horticultural round tables on this issue, and this exercise will be extended to all of the other round tables in the near future.

Biofuels and bioproducts also offer new market opportunities for the agriculture sector, and will require the development of new supply chains with sometimes unfamiliar end-users, in the energy and manufacturing sectors, for example.

● (1540)

Thank you for your time today. I look forward to your questions.

The Chair: Thank you very much.

Before questions, I just want to remind committee members that witnesses from the department can address only implementation of policy and that kind of thing, not how policy is made.

With no further ado, Mr. Allen, five minutes.

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

Thank you, Mr. Tierney, for that enlightening overview.

Clearly this is huge. Supply chain is a mammoth piece. We're talking about starting at the producer level and getting it to my dinner plate. It's a challenge unto itself to actually get good stuff on my dinner plate sometimes, but maybe that's a personal choice rather than what's out in the marketplace.

What I hear locally is that folks are trying to figure out and trying to find a way outside of the local markets, of which we have a lot in the Niagara region. We can go to a market any day in the week in the summer. We're very lucky that way. How do folks in the supply chain recognize what is a local agricultural piece, so they can actually do that?

Let me reference a piece back to a grower who was here—I can't remember if it was last year or the year before—who talked about potatoes because that was his crop. By the time his potatoes came back to the local store, they had actually moved about a thousand kilometres, which doesn't make a lot of sense in a lot of different ways.

If you could speak to the sense of how we help the folks, the consumers out there who are trying to work in this supply chain, which moves in different hands and mysterious ways.... How do we help them help farmers in a lot of ways, and especially Canadian farmers, because the consumers actually want to get Canadian product?

We've had the labelling issue. We all agree that the labelling issue is such that most products can't be labelled product of Canada. So how do you find Canadian product in this supply chain?

Mr. Steve Tierney: Thanks very much for the question.

When it comes to horticultural or fruit and vegetable products, quite frequently provinces have their own branding programs, such as Foodland Ontario, for example. Quebec, I believe, has similar programs. So there are those branding programs that are focused on the regional, local market.

As well, there's the Canada brand program, although domestically it has not been picked up so much by the horticultural sector as it has by the processed food sector. It is possible to label things, such as manufactured in Canada, or manufactured with 100% Canadian strawberries, ignoring the fact that the sugar or parts of the container may have come from elsewhere.

We've been working with the food processing sector on how to make it more clear that their product is Canadian manufactured, or has a high Canadian content of one or more ingredients.

● (1545)

Mr. Malcolm Allen: I hope you are successful. I wish you well in that endeavour. One of the things we hear from processors is that they don't like to have to make up a gazillion labels. They want standardization, etc., so Mr. Tierney, I hope you win that persuasive argument. I think the Canadian consumer would actually be very happy to see that.

Let me throw to you the example of Sobeys. It sells fresh seafood with a traceability piece in it that talks about how it can actually lead you back to the captain, the ship, and the area where the fish was caught, which isn't a regulation that we have in this country, but it's a marketing tool that a store, such as Sobeys, has used, and I think quite effectively, to be honest.

Since that's a voluntary piece, is it something that we should look at in the supply chain? I live in the province of Ontario, and we have the Ontario branding piece. We have some decent retailers that will put pride of local product at the front of their store, but it takes a bit of education.

Is that something that we should be looking at? Rather than a hodgepodge marketing piece, is it something we should look at, not as a regulation per se, but at least as a suggestion to retailers or the processors that this, perhaps, is a good thing to do, and let them run with it?

Mr. Steve Tierney: Far be it from me to suggest what the committee should do, but I would certainly be appreciative of hearing the kinds of ideas, and so on, that the committee came up with, and the kind of example you gave with Sobeys and the fish.

In Alberta, a group of local beef farmers went down to the grocery store. They stood beside the meat rack, and explained to people that the meat came from their animals that they killed. They introduced them to their kids and their family, so it made the meat seem like it was really quite locally produced. That did, supposedly, give an uptake of about 30% in sales for the next month or so. It tailed off afterwards.

There are probably lots of innovative examples that people could share with the committee. This is a great way to get those out there.

The Chair: Thank you very much.

Mr. Zimmer, you have five minutes.

Mr. Bob Zimmer (Prince George—Peace River, CPC): Thank you, witnesses, for coming.

I had a general question. You did talk about the department somewhat but I wanted to know if you could explain, for the benefit of the committee, the specific top marketing priorities of the department.

Mr. Steve Tierney: There are different ways of answering that but I'll take one, the Canada brand initiative that was put in place by the minister a couple of years ago.

In looking at markets where government and industry could best work together, after working with about 42 industry associations it was decided that South Korea, Mexico, Germany, and Japan were the four key markets for using the Canada brand initiative because the opportunity and the potential were maximized for those kinds of commodities and processed food products.

While obviously a key market for us, industry is well entrenched in the United States, so they didn't think that work with government was necessary.

Mr. Bob Zimmer: To follow up on that a little, without sounding too repetitive of a colleague who just asked a question similar to this, my constituents have talked about concerns with the country-of-origin labelling, etc. With this Canada brand in mind, I wanted to know what the department is doing to alleviate the country-of-origin labelling concerns. Can you give us an overview of how that's being rolled out?

Mr. Steve Tierney: One of the problems with the country-of-origin labelling is its mandatory nature. There are a bunch of others, but branding your product as Canadian, American, or Mexican is voluntary. Country-of-origin labelling is typically mandatory and hence the distinction.

Mr. Bob Zimmer: With a lot of new products on shelves now, especially in Walmart, we often don't know where they're coming from. What is the department doing to alleviate those concerns?

Mr. Steve Tierney: I believe those are more inspection type of issues, and probably my colleague who follows me will be better placed to respond.

• (1550)

Mr. Bob Zimmer: That's okay. I have another one for you. You talked about beef producers and traceability. We all know what happened with BSE and we never want to see that happen again. In terms of marketing and the strategy, what is the government doing....

We have beef traceability now, we can trace it right back to the farm. Are we marketing that fact to other countries that want our product, and if so, how?

Mr. Steve Tierney: On the beef side certainly the minister, when he is talking both to other ministers and to industry at round tables, uses that as part of the Canada brand. That's a very powerful thing for getting access.

I believe Canada Beef Inc., the new export marketing arm for the beef and cow industry associations, is also making use of traceability, along with other things like the way our cattle are fed and everything else you guys know about.

Mr. Bob Zimmer: Perfect.

Mr. Steve Tierney: Full traceability is not quite in place across the country.

Mr. Bob Zimmer: Can you explain that?

Mr. Steve Tierney: We have been working with the cattle industry to have a phased-in approach and working with provinces of course, because it's joint jurisdiction. So while we have a good part of traceability, the instant traceability that you think of is not yet in place right across the country.

We can trace animals back, it's just the length of time it takes.

Mr. Bob Zimmer: So it's not something that we can put on an ear tag and scan. My understanding was we could scan that and trace it immediately. You're saying that isn't in place?

Mr. Steve Tierney: Ear tags are in place in the system, but sometimes they fall out and how you take advantage of it afterwards is different.

The Chair: Thank you.

Mr. Valeriote, you have five minutes.

Mr. Frank Valeriote (Guelph, Lib.): Thank you, Mr. Tierney, for your time today.

I'm hoping the questions I ask you are in your jurisdiction to answer. I'm not quite certain.

You talked about the round tables. You said they meet about twice a year, and I guess that is in each of the sections. How long do they meet, and how many people would come to one of these round tables?

Mr. Steve Tierney: It depends on the nature of the round table. I believe the beef round table is probably the largest, there would be 60 people and they would meet for two to three days.

Mr. Frank Valeriote: When they meet, they obviously prepare. Do they prepare recommendations that go directly to the minister or to you?

Mr. Steve Tierney: Depending on the nature of the recommendation, they could go all the way to the minister. Yes, they need to discuss issues and work things out, and their recommendations can either go from the membership individually, from the round table, or through the department.

Mr. Frank Valeriote: Out of curiosity, are you aware whether the issue of food labelling has been discussed at any of them? Particularly labelling of food coming into the country from outside of the country and whether or not....

More specifically, people in Guelph are really concerned. I guess our questions usually arise from our own experience in our own communities, but sometimes, something could be produced in one country, transported to another country for processing, another country for packaging, and then it winds up in Canada and we don't know where the heck it has come from.

Ms. Susie Miller (Director General, Food Value Chain Bureau, Market and Industry Services Branch, Department of Agriculture and Agri-Food): In terms of the issues that come up at the round tables, certainly the whole labelling issue has come up a number of times, because the industry feels it impacts on their business. There is a tendency to focus on trying to resolve strategic actions, but we do use this as an opportunity for discussions with regulators. For example, the Canadian Food Inspection Agency is present at all the round tables, plus we might have Health Canada, Human Resources and Skills Development Canada, whatever federal department impacts on it.

Mr. Frank Valeriote: Okay, Ms. Miller, then can I ask you this: has anything been done about the issue? Because it seems to be an issue out there that's not being dealt with. Is the issue getting to the minister and is it being looked at? I'm not asking you to state what the policy is.

Ms. Susie Miller: All the results of the round tables go directly to the minister, but in terms of action, I'm afraid we'll have to refer you to our colleagues at the Canadian Food Inspection Agency.

• (1555)

Mr. Frank Valeriote: Okay, they're next. I'll raise it with them.

Another question is on organics. You've mentioned there's an organics round table and then there's a grains round table, and they are separate. I thought what a wonderful opportunity if you get the two together to have a conversation about the issues that exist between them, particularly with respect to low-level presence, buffer zones, and those kinds of things.

I'm convinced there can be some solutions for at least certain issues that exist between them. Has anybody thought of bringing them together, and would you bring that back as a recommendation?

Ms. Susie Miller: Certainly that is an interesting concept. In this specific case, several representatives of the organic round table are also members of the grains round table to do exactly what you're talking about. The organics round table does cover horticulture products, grains, processed food, and livestock. So, we try to make the connections among those various tables when they have issues in common.

We'd be very interested in any further recommendations you might have on how....

Mr. Frank Valeriote: Would you take this one back?

Ms. Susie Miller: Certainly.

Mr. Frank Valeriote: All right.

Mr. Tierney, you spoke of successes and you also mentioned the limitations of these round tables. Can tell us about some of the limitations as you see them and how those limitations might be corrected?

Mr. Steve Tierney: Susie probably has a different perspective, but I think the limitations are more just the personal limitations of people. It takes a little bit of time for people to step back and look at the whole supply chain and not just their particular role in it.

We want to reduce costs, make the pie bigger, and increase revenues, so the whole supply chain can grow. That just takes a while. People need to get comfortable. People who are usually adversaries have to get comfortable with each other at the table. That to me is the biggest limitation, but it's one that usually has been overcome in time.

Mr. Frank Valeriote: Okay.

The Chair: Thank you very much.

Mr. Lobb, you have five minutes.

Mr. Ben Lobb (Huron—Bruce, CPC): Thank you, Chair.

The first question is for Mr. Tierney.

Obviously, the round tables are important and a good tool with the food processing industry. One of the parts on the second page, second paragraph says "Stakeholders cite problems with unclear and inconsistent regulatory requirements; slow and non-transparent decision-making...."

It goes on and on.

Probably everyone in the industry understands that's a problem. Pretty well every farmer I've ever spoken with would understand that's a problem. I'm sure a majority of the people in your department understand that's a problem. I'm just trying to understand.

The round table is there. The issue's already known. Obviously, they're tackling this in the meantime. So how do the mechanics of this all work, because there are issues that need to be dealt with here?

Mr. Steve Tierney: Well, a typical discussion—if you would—about an issue would go over the various sides of it. On a lot of issues, although if it's government versus on a regulation.... There's a number of issues where there's a winner and a loser, so there's a balancing discussion that has to go on at the round table, with a bit of give and take.

There are other discussions where, yes, you want to change a regulation, but you want to make sure that you change it in a way that you don't inadvertently hurt someone else. There are a lot of explanations and descriptions going on.

Typically, you then come to a resolution, and that's when we and other colleagues at the Canadian Food Inspection Agency and other places, who have more control over the regulations at Health Canada, have a discussion, but it's not—

Mr. Ben Lobb: So you specifically, would you sit at the processors round table? Is it something that you've done in the past?

Mr. Steve Tierney: I was at the last two food processors working groups—

Mr. Ben Lobb: So just to that one, Ted Johnston from the Alberta Food Processing Association was here three weeks ago or whenever. His comment was that for a mid-level processor, you set your facility up to be federally regulated and inspected by the CFIA. Then you have to start to work with the individual retailers—Loblaws, Sobeys, Metro, and Walmart—and they all have different regulations. Is this the kind of thing that comes up at the round table as to why all these individual retailers do it this way...?

• (1600)

Mr. Steve Tierney: I—

Sorry?

Ms. Susie Miller: I can answer.

Mr. Steve Tierney: Okay.

Ms. Susie Miller: That is one of the most effective benefits of having a round table: we do have the retailers there. Also, we do have the industry, which maybe has developed non-regulated systems, and we have the regulators. A lot of them are looking at how we actually put in place assurance systems that are comfortable for the retailers, that meet the regulatory...but that industry can undertake itself.

So at a number of the round tables, they have selected this mechanism to ensure that the costs are minimized and that what they're putting in place makes sense. For example, in the horticulture round table, they are looking at environmental sustainability, because retailers are saying they want something, so any—

Mr. Ben Lobb: Okay. Sorry, but we're just tailing off a little bit. I'm trying to get right into, say, for example, the red meat sectors and the processing there. Because the whole point is that it's good for the whole system if there are standards, because the processor only has to meet one standard, which should lower his cost of production, lower the cost to the retailer, and ultimately, we hope, lower the cost to the consumer.

Does that occur? Also, is there a public document where a farmer in Huron County can see where these guys are actually having this discussion? Is there something public that you can see at the end of the day for what has come out of these round tables?

Ms. Susie Miller: Yes, the documents are public on our website. They are a summary of the decisions taken and the actions that are committed to.

As well, the various members of the round tables, whether it's the Ontario Cattlemen, for example, or the Canadian Meat Council, are mandated to go back to talk to their members about it. But if you have any suggestions on how we could actually improve the communications and what kinds of communication would be valuable, that would be extremely helpful.

Mr. Ben Lobb: One other issue that I hear about all the time, especially from small to mid-level processors, is the accessibility of shelf space amongst the major retailers. We have the Ontario Dairy Goat Co-operative in Bruce County, in my part of the riding of Huron—Bruce, and there are pretty tough obstacles for them. They produce millions of litres of dairy products every year and yet they have to fight tooth and nail to get a fraction of a space. Is that something that comes up at these discussions? Because obviously that's a huge issue in the processing industry.

Ms. Susie Miller: The food processing round table has recognized that accessibility to retail markets is a major initiative. In fact, we have just established working groups to take a look at it. This is one of the priority areas. Any information that your particular retailer could provide to us would be sent directly to that working group.

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

Ms. Raynault, you have five minutes.

[Translation]

Ms. Francine Raynault (Joliette, NDP): Thank you very much, Mr. Chair.

Just now, I was looking at your document on the Food Processing Industry Roundtable. In 2011, the Food and Agriculture Organization of the United Nations reported that one third of food produced annually is lost or wasted during food preparation.

Do you talk about that issue, those significant losses, at the table?

[English]

Mr. Steve Tierney: There has been some discussion of that, and in fact in terms of wastage, a large part of wastage comes from vegetables and fruit that don't look nice. Consumers like to have product that looks nice. Under one of the programs the minister has put in place, money has been given to a company in the west to take those kinds of misshapen but good-quality foods and turn them into a purée that can be used as an ingredient in other foods. So not only have we been talking about how to deal with some of the wastage,

but the minister has acted as well in support of companies that are actively involved in trying to deal with it.

[Translation]

Ms. Francine Raynault: In that case, would the fruit and vegetables that look nice be less expensive, and could the ones that are not as fresh be used for purée, jam or other products?

• (1605)

[English]

Mr. Steve Tierney: The fruit and vegetables I was talking about would be harvested at the field, but there's often a high percentage of crops coming from the field that cannot go into the retail sector, because they don't look nice. Those would be the product that's going into the purée. So it's perfectly good; it's just that it does not have the consumer-friendly look.

[Translation]

Ms. Francine Raynault: Okay, but that would not bring prices down for the perfect fruit or vegetables, be they apples or strawberries, because the wastage could be used in another way.

[English]

Mr. Steve Tierney: Yes, I guess it would depend on the elasticity of the demand curve. I think in the majority of cases, you would be correct. The economist in me is just hesitating to say 100%.

[Translation]

Ms. Francine Raynault: Under accomplishments, it says that the round table asked the FPCWG to develop an action plan to address issues in the sector. It seems that the industry agreed to that plan, which proposes 36 follow-up measures to address competitiveness in four areas: economy, access to markets, innovation and the regulatory system.

Could you briefly talk about access to markets?

Mr. Steve Tierney: Could you make your question about access to markets a bit clearer?

Ms. Francine Raynault: By taking part in round tables, the industry will have easier access to markets. You must certainly talk a lot about the fact that fruit and vegetables that don't look as nice cannot be served, even if they are good.

Do you talk about access to markets for all those products? Do you talk about how important it is for industries to have access to markets across Canada in order to use all those products, for example?

[English]

Ms. Susie Miller: I think in terms of access to market, it really does have a broad definition that would change from table to table. So for example, on the horticulture, they want more access to Canadian retailers for their product that is produced in season, and so they're undertaking some actions to do that. For other round tables, they're focused on international markets, because that is where their major markets are. They're also interested in how they produce the product that is required by the retailers.

It's all about making money. It's all about ensuring that everybody along the chain gets the best price for their product, and that does include things like how you handle waste product, for example. Organic is one area where they're very interested in replacing imports, because we provide so little of the organic products within Canada.

The Chair: Thank you very much.

Mr. Allen, could you please take the chair?

Mr. Payne, you have five minutes.

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

Welcome to the witnesses for coming today. It's important that we look at the supply chain.

I was interested in some of your comments, Mr. Tierney, in regard to the pork industry. We know the pork industry has gone through some major upheavals in the last couple of years. Were they part of this round table process? Is that how we resolved some of these issues? What came out of that?

Mr. Steve Tierney: The pork industry has been a key part of the round table. There is a round table just for the pork industry. It discussed all aspects of their problems, but also all aspects of how they can get ahead of the game. Most producers feel there is going to be a protein deficit internationally. Pork and beef in Canada are now well positioned to take advantage of it. But it does seem to be one of those things where the deficit is always just ahead of you but never quite here.

• (1610)

Mr. LaVar Payne: I was just looking at your sheet on the chain round table, particularly under your accomplishments. You talked about the modernization of feed regulations and an endorsement of the animal nutrition association policy paper. Is there anything there that would help us understand that a little bit better? I'm not certain about what comes out of that feed nutrition.

Ms. Susie Miller: Again, it's referenced to our colleagues that come behind us, but just where the round table fits in, it is of course something like feed—they're a part of the chain. It makes a big difference on the revenues, the net income of the producers, but also on the outcome of the meat product. For example, if you want omega-3 pork, it was endorsed by the round table because they felt that it was an important piece that didn't necessarily impact them directly, but indirectly it made the chain function better.

Mr. LaVar Payne: As part of the round table, I'm assuming you're looking at all kinds of regulations. I don't know if that includes interprovincial, red tape issues, Canada-U.S., and the harmonization of those regulations. I don't know if you have any input for us on that.

Ms. Susie Miller: Where regulations fit into the round table discussions—for example, the pork has four initiatives. One is on cost competitiveness, another is on market access, a third is on the attributes of the product, and the fourth is on the innovation. There are regulations for good reason that impact on those four. As an example, they're not looking at regulation per se, but if it comes up in the context of what they want to achieve in any of those four areas, then it certainly gets discussed and that's why we have the regulators at the table for that discussion.

Mr. LaVar Payne: How much time do I have left? Two minutes. Fine.

There are quite a number of different round tables here. So I'm just wondering how all of this gets put together. Is it like one super table? How does the department get involved, and the minister? How does that all compile to come out with some very good recommendations?

Mr. Steve Tierney: We have a unit of course, a very small unit, that keeps managing and looking for thematic issues across round tables. In addition, we have the two cross-sector round tables—organic and food processing sectors—which we can bring together. Finally, the deputy minister chairs an annual meeting where all the industry co-chairs of all the round tables, as well as his deputy colleagues from departments like Health Canada, Fisheries and Oceans, and Transport, and so on, are invited. The preparation for that meeting is part of the pulling together.

Then there are our regular briefings for the minister that attempt to pull together, because from our end, it's easier for us to solve a thematic issue all at once rather than trying to solve the same issue individually at different round tables. There is quite an incentive in the department as well to try to bring the issues together.

Mr. LaVar Payne: I have one last question I can probably sneak in here. Are there any other areas of round tables that we should be looking at to get the whole supply chain in place?

Mr. Steve Tierney: There are new uses of agricultural products. That may be an area. As you talk to your industry witnesses.... In large part, the round tables are a really innovative way of engaging with industry. It's one that the minister has been pushing.

Industry has a stake in the game. They have to have a loud voice. How do we engage them? How do we engage them all at once and facilitate their engagement? In that spirit, this is a very good question to put to the industry people who will be coming.

• (1615)

Mr. LaVar Payne: I'm assuming—

The Chair: I hate to be the bearer of bad news, just getting back here, but your time is up, Mr. Payne.

Mr. Malcolm Allen: I would have been a lot nicer to you, LaVar.

Mr. LaVar Payne: I know. I really appreciate that.

Some hon. members: Oh, oh!

The Chair: Mr. Rousseau, you have five minutes.

Mr. Jean Rousseau (Compton—Stanstead, NDP): Thanks, Mr. Chair.

Welcome back, Mr. Tierney.

[Translation]

I would like to go back to my colleague's question.

According to the UN, one third of food production is either lost or wasted along the chain. Several witnesses who appeared before us have confirmed this.

Given that producers are often on the losing end, how can the government or the department help them reduce their losses and maximize their profits?

[English]

Mr. Steve Tierney: My understanding is that, whether in a developed country like Canada or a developing country like many in the world, the percentage of waste is about 30%. The difference is, though, that in a country such as Canada or the United States, most of that waste is on your plate at home, so the farmer has gotten the money. We just put too much on....

In the developing world, it's true about the transportation system, the storage system, and so on. That's my understanding. In that sense, the farmer and the processor have gotten their money, and the restaurateur has gotten his or her money. It's the consumer who has left a fair bit on their plate and has not taken a doggy bag, so to speak.

[Translation]

Mr. Jean Rousseau: So wouldn't producers be the weak link in the chain in terms of losses?

[English]

Mr. Steve Tierney: Generally speaking, a modern Canadian farmer is focused on minimizing waste and being as efficient as possible.

[Translation]

Mr. Jean Rousseau: Are some products more at risk than others?

[English]

Mr. Steve Tierney: I'm not sure this is risky in the sense that you are using the word, sir, but in the case of consumer-friendly products in which the consumer has a role through their choice of purchase, they don't like a carrot that's misshapen because it has a bend to it. That's the area in which these things such as purées and so on.... I don't think that's anything that the producer can deal with. That's nature.

[Translation]

Mr. Jean Rousseau: Thank you.

In Quebec, many small producers represent the whole food supply chain, from beginning to end, to consumers. So they are the producers, processors and retailers. Has this situation been discussed at round tables? At first glance, that does not seem to be the case.

Are there measures that could help them better market their products?

[English]

Mr. Steve Tierney: I'm sorry, I tend to think in specifics. I'm having a hard time pulling out a specific example of what you're talking about.

Susie, maybe you can....

Ms. Susie Miller: I think this is more relevant particularly in the organic industry.

We have many organic producers who are also marketers. We have organic marketers who are also producers.

In the other parts of the industry, we tend to see bigger, commercial producers who are focused and specialized in one area, but food processors constitute another area in which we see this. The round table itself doesn't exclude them, but we find them most frequently in the organic sector.

[Translation]

Mr. Jean Rousseau: On the topic of organic products, we hear that research and innovation are crucial for the progress of the sector. Your report says the following:

The OVCRT has worked with the industry and the federal government to establish the first science cluster for organic products and it has helped direct the work of many researchers to meet the sector's business needs.

The demand for those types of products is increasingly higher. What has the federal government done to address that?

[English]

Ms. Susie Miller: The organic sector, as part of the round table process, developed a strategy that was reflective of the whole chain. They used it to apply to federal government programming, whereby they got 75% funding, with the industry contributing 25%.

In fact, in the process they were the first ones, because the table had provided them with the opportunity to discuss the research.

Also, organic is a bit different from all the other commodities, because they don't have check-offs. They don't have a regular way of funding, because the check-offs at the provincial level are commodity-based. Their money came from processing companies rather than from the producers themselves.

So it was win-win for everybody. It was quite effective.

• (1620)

[Translation]

Mr. Jean Rousseau: Do I still have time?

[English]

The Chair: Your time has expired.

Mr. Hoback, we are getting close to the time when I was going to recess.

Mr. Hoback is just going to waive his time for CFIA.

I have just one question, Mr. Tierney, or Ms. Miller. There were some comments there about product of Canada labelling, and what have you. I've always been a believer that we've given the tools—and it's voluntary—for industry processors to use product of Canada. Short of putting a gun to their heads, which obviously we don't want to do—and keeping it voluntary—what can we do to encourage the value of it? Because the excuses they use are exactly that as to why they don't do it.

Do you have any comments on that at all?

Mr. Steve Tierney: Just to perhaps clarify my earlier comments and elaborate, the product of Canada is a great label. There are other labels that people can use as well. You can say manufactured in Canada. There are some soup products that are going to be using vegetables from another country because you just don't grow them in Canada. There is strawberry jam, and there isn't a year's supply, perhaps, of Canadian strawberries to put into the jam. So there are ways of labelling other than "product of Canada" to help you get around the various restrictions of nature on our capacity to have Canadian product year-round, or mixtures of products that are both Canadian and non-Canadian.

We've been working with the food processing sector doing that, as well as demonstrating to them that when you can get the maple leaf and Canada on the front of your label—not the back, not the side—people seem to be willing to pay a premium price.

A lot of these are very small manufacturers who can't afford that kind of market research capacity, so that's been an area where the government has filled in to provide some information, and then let industry question it, comment on it, critique it, and do what they will with the outcome.

The Chair: Okay, thank you very much.

Mr. Tierney, and Ms. Miller, it's great to have both of you back here. Thanks very much.

We'll just recess to allow CFIA witnesses to come and continue.

Thanks, again, for being here.

• (1620) _____ (Pause) _____

• (1620)

The Chair: We're back.

Ms. Jordan, it's good to see you again.

Mr. Mayers, thanks for being here.

With no further ado, we'll turn it over to you, Mr. Mayers.

Mr. Paul Mayers (Associate Vice-President, Programs, Canadian Food Inspection Agency): Thank you very much, Mr. Chairman.

We extend our appreciation to the committee for the invitation to appear.

As you well know, the Canadian Food Inspection Agency is Canada's largest science-based regulatory agency, and is dedicated to safeguarding food, animals, and plants. This work promotes the health and well-being of Canada's people, environment, and economy.

• (1625)

[Translation]

The activities of the CFIA benefit Canadian farmers, fishers, processors and distributors—including importers and exporters—by promoting confidence in the safety of Canadian food products all along the value chain. This confidence is necessary if Canada is to continue to enjoy market access to foreign markets.

[English]

The success of the CFIA is underpinned by five factors: sound science, an effective regulatory base, effective inspection programs, effective risk management, and strong partnerships. I will relate some recent initiatives in these areas in the course of my remarks.

The agency endeavours to develop policies and regulations that are in keeping with international best practices and sound science. We take a very active role in the work of the international standard-setting bodies: Codex Alimentarius for food standards; the International Plant Protection Convention for plant health; and the World Organisation for Animal Health, the OIE, for animal health.

In this way we seek to ensure that Canadian interests are represented in the development of international standards. In addition, in developing our domestic policies, we seek to dovetail these with the international standards and with those of our trading partners, so as to avoid creating unnecessary trade barriers. Globalization continues to be a driving force for change in both the agriculture and food industries, and these sectors are becoming increasingly complex. Consumer demand and international competition drive innovation. Science and technology are enabling factors in terms of faster go-to-market strategies for new products and processes.

[Translation]

The environment in which we operate has evolved considerably, presenting us with both challenges and opportunities in the context of regulatory frameworks, legislation, and inspection methods that govern all of our activities. All of our current decision-making in these areas is guided by the Red Tape Reduction Commission's specific recommendations for the CFIA.

[English]

To that end, the agency is currently reviewing its regulatory and program frameworks with a view to reduce unnecessary burdens on stakeholders while contributing significantly to the high food safety outcomes that are expected by Canadians and by our trading partners.

The objective of this exercise is to develop modern risk- and outcome-based regulations that are consistent and easy to understand, while keeping pace with science, technology, and innovation.

Some of our guiding principles include enabling modern and consistent inspection approaches for the protection of public safety, while fostering consumer choice and business opportunity to facilitate innovation and competitive advantage. Following through on our commitment to transparency, we will develop policy objectives through engagement with industry, consumers, and other government partners. At the same time, we will strike an appropriate balance between the cost of administering a program and the benefit derived from it.

Within this regulatory modernization initiative, the CFIA has already begun work with stakeholders to review the animal feed and fertilizer regulatory frameworks.

The agriculture and agrifood sectors, as I noted, are highly competitive domestically and internationally. We're aware that we need, as regulators, to be sensitive to what is required to remain successful in the global economy. Current regulations tend to be prescriptive requirements and processes rather than focus on being protective of the outcome itself.

These prescriptive regulations are often seen by industry stakeholders as inflexible and potentially stifling in terms of innovation. In the future, we intend to be more focused on the desired outcome. Those involved in the production and distribution of food will have some latitude on how to get to the outcome, but no latitude on the outcome itself: safe food.

This modernization effort will allow Canada to maintain its alignment with key trading partners who have also begun to review their regulatory approaches.

• (1630)

[Translation]

One area of critical alignment continues to be the Canada-US relationship. The scope of trade between our nations demands the highest levels of efficiency in addressing regulatory requirements in order to enhance regulatory transparency and coordination. This work is taking place under the auspices of the Regulatory Cooperation Council—the RCC—where CFIA is engaged in multiple initiatives aimed at aligning approaches and promoting mutual confidence in the regulatory oversight of the other's system.

[English]

In addition, the Beyond the Border initiative with the United States is also a key Government of Canada initiative that seeks to facilitate legitimate trade and expeditious movement of goods across our shared border while maintaining appropriate security. The CFIA is pleased to also support this initiative through its activities.

For the CFIA, in complement to our regulatory modernization initiative, we also pursue a modernized inspection regime that will align the model of verification and oversight of industry controls in achieving food safety and regulatory compliance under a single system, regardless of commodity.

Modernization will also include enhancements to the recruitment and training of the inspectors of the future for all programs and all commodities. This will allow us to gain efficiencies and improve effectiveness in program delivery by developing uniform, cross-commodity inspector training modules.

On the technology side, our goal is to leverage robust systems that allow for better analysis of our inspection programs and improved transparency for Canadians and our trading partners.

[Translation]

In terms of accountability, we know that producers and stakeholders would like more information about what they can expect when the CFIA inspects their processes and facilities. So the CFIA has developed a statement of rights and service.

[English]

This document outlines what the agency does and what stakeholders can expect when they interact with the agency. It also

provides information on the different ways the agency can be contacted if a stakeholder has a question or an issue that needs to be resolved. It also provides for a more efficient, transparent, and accessible way for businesses to register complaints and concerns on the CFIA's decisions. Prior to this, regulated parties had to seek redress through a federal court, though that option is still available if needed.

Mr. Chairman, the mandate and activities of the CFIA touch on many aspects of the food supply chain. I've tried to outline some of our key modernization initiatives that I hope will give you a sense of our future directions as we pursue continuous improvement of the regulatory system.

I'll pause here and we will be happy to address the questions of the committee.

The Chair: Thank you very much and we'll move right into questioning.

Mr. Allen, you have five minutes.

Mr. Malcolm Allen: Thank you, Mr. Chair.

Thank you, Mr. Mayers, for being back. We may have to get you an extra seat around here, you seem to be here a lot. That's probably because you like us.

Mr. Paul Mayers: Absolutely.

Mr. Malcolm Allen: Let me ask a question. It's on page 4, the second paragraph. It talks about "some latitude on how to get to the outcome, but no latitude on the outcome itself", which is food safety. Obviously, I think we all agree on this statement.

Let me look at the first half of the statement. As part of that "how to get to an outcome" and that "latitude", are we talking about CVS—the compliance verification system—or a component that looks like that?

Mr. Paul Mayers: Actually, no. Compliance verification is really the agency's tool in verifying that the industry has done what it is expected to do.

When we talk about latitude, what we talk about is shifting the regulatory framework to one that focuses on what the expectation of the industry is, rather than telling them how to do it. For example, we had a requirement related to a slaughter facility that they had to have a paved parking lot. Well, the real interest we had was to ensure that dust in the environment didn't enter the plant to contaminate the product.

What we want to shift to in the future is rather than telling a company what it must do, instead let's be clear on what we want in terms of the food safety outcome. That way companies can adapt to the achievement of that outcome in a way that makes the most sense for their particular operating environment. It may be that rather than a paved parking lot, they use dust suppression methods that work better for them.

So when we say latitude—

• (1635)

Mr. Malcolm Allen: Gotcha.

Mr. Paul Mayers: Okay.

Mr. Malcolm Allen: Let's hope they don't use the stuff they do on rural roads, because I wouldn't want that. I'll take the dust in my meat before I'll take that stuff. But let's hope they just pave the parking lot and if they don't like pavement, do grass. Grass can blow, but it's not dusty.

Let me go back to the CVS then, since that's not part of it. But actually it is an integral part of it, because ultimately, at the end of the day, you're still giving them a sense of here's what we want to attain—we're going to allow you some room to attain what we want, which is, in your sense....

There was the dust control stuff. I don't know if you've driven a lot of rural roads like a lot of us do, but I don't think you want that stuff near a slaughterhouse to be honest. But that's only my view.

How far along are we with CVS? I've heard all kinds of things about the sense that there are inspectors out there who still don't really understand what CVS is about, in the sense that they're part-way trained, maybe trained, somewhat trained, fully trained.... So when we look at slaughterhouses and RTE places, are we absolutely assured that, in your mind, all of our inspectors are actually CVS compliant, in the sense that they know what the system is, understand the system, and can actually monitor what they're supposed to be monitoring because someone else is actually doing the work?

Ms. Barbara Jordan (Associate Vice-President, Operations, Canadian Food Inspection Agency): Thank you for that question.

After the Weatherill report and in response to the Weatherill report, there were a number of reviews done of CVS, including an audit. They proposed various things and I would say the overall result of the reviews, one being an audit and one being what we call a front line engagement where we went out and spoke to staff about CVS and maybe some of the challenges they had in implementing CVS.... Overall, the work that was done concluded that CVS was a very useful and appropriate tool for inspection—

Mr. Malcolm Allen: No offence, Ms. Jordan, but it's not actually what I asked. I'm actually looking for a statistic now, and I'd be happy to let you go back and actually send it to the committee through the clerk.

I want to know whether indeed you can assure the committee that everyone out there who's an inspector, whether it be in a slaughterhouse or ready-to-eat plant, can actually verify the CVS system.

I read the KPMG report and your in-line stuff. I read all that stuff.

Ms. Barbara Jordan: And so I'll continue with my response—

Mr. Malcolm Allen: Yes, so if—

Ms. Barbara Jordan: —which was going to say that one of the areas identified by the front line was a need for more training.

There was funding, post-Weatherill, to train meat inspectors in slaughter and processing, which has been carried out. In addition to that, in last year's budget there was more funding made available for all inspectors, beyond meat, for inspector training.

So I don't have a number with me, but I can certainly get those numbers. There has been a training rolled out, post-Weatherill, specifically related to CVS.

Mr. Malcolm Allen: I know, Mr. Chair, you want to cut me off, but I think what I heard from Ms. Jordan was that they can supply a number.

I'd hope that they would actually do that, because they ought to know how many inspectors they have and whether they actually went through the training.

The Chair: That's a fair request, yes.

Please do that.

Okay?

Mr. Malcolm Allen: Thank you, Chair.

The Chair: You're welcome.

Mr. Hoback, you have five minutes.

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

Thank you, witnesses, for being here this afternoon. I apologize that we're going to be short on your committee time because of votes, but we'll get through and....

Actually, I think it's good you're here. You can maybe help us shape what we should be looking at as a committee, as we look at the food supply chain and the overview, and maybe identify areas that the committee should pry into and look at a little closer. I'm going to go in that context with you.

I'll start off with an example. We had Mr. Galen Weston three or four weeks ago talk about a comment off the cuff, which I think he apologized for, about how somebody was going to get killed buying food through a farmers' market.

Is there an issue that you foresee, or is there something...? Is there a fire behind the smoke here in his comments? Is there something we need to be looking at, whether it's looking at the food that goes into these farmers' markets or warning consumers that there is maybe an inherent risk that you wouldn't necessarily have if you bought the food somewhere else?

Is there any advice you'd give to us there?

• (1640)

Mr. Paul Mayers: All foods in Canada are subject to the Food and Drugs Act, which has specific and explicit requirements around their safety. Implementation is a shared responsibility between the federal government and our provincial counterparts.

A farmers' market would normally, first and foremost.... Because that product is typically produced and sold within the same province, it's not subject to federal regulatory requirements that relate to interprovincial trade. It only is subject to the Food and Drugs Act and regulations.

Nonetheless, we work very closely with our provincial counterparts, so there's a significant amount of alignment. That's why I think I can say with confidence that Canadians, whether they're choosing products that are subject to a provincial oversight or a federal oversight, can have confidence that this product is subject to food safety requirements and is subject to an oversight regime that can provide them assurances around its safety.

Now, if an issue arises with respect to a product in, for example, a farmers' market, the CFIA is there to support our provincial colleagues. We exercise recall authority if it is necessary to address products that have the potential to pose risks to Canadians, whether or not they come out of a very large plant exporting across the country and around the world, or whether it's a small facility that's only serving a very local marketplace.

Mr. Randy Hoback: Okay.

Along that same theme of things to look at in this study, we had a situation here about a year ago where we had canola meal that was held up at the border. I think it was E. coli, but I could be wrong; it could have been salmonella. I get those mixed up once in a while.

How do you find the movement of "ingredients", for lack of a better word, and how should we be looking at how those ingredients flow through the supply chain? Are there any issues there that you think we should be identifying, both trade-wise and domestically?

Mr. Paul Mayers: The example you used of the canola, where the U.S. had intercepted a shipment of product where they found a contaminant, I think is an indicator of the interest that both the U.S. and we in Canada have in terms of management across the entire supply chain. That canola meal going into animal feed has the potential to contribute to the presence of those pathogens in the animals, and ultimately into meat. We worked very closely with our U.S. counterparts and the company to resolve that issue.

As the committee reflects on the supply chain, one of the things, certainly from our perspective, that is important is the recognition that it is the whole chain control that is critically important.

That's why we take the approach we take in terms of providing greater latitude. Rather than just focusing on the slaughter plant producing the product and putting all of the requirements on them in terms of safety, extending that safety back through the entire chain maximizes the impact in terms of protection for consumers.

Every step of the supply chain has the potential to improve risk control, and that is the advantage we see when a supply chain approach is taken.

The Chair: Your time is up.

Mr. Valeriote, five minutes.

Mr. Frank Valeriote: Thank you, Ms. Jordan and Mr. Mayers.

I received a note from foodsafetyfirst.ca. I'm sure you're familiar with it.

My questions are going to be threefold. I'll say the questions then you can answer all three.

The first is with respect to imported food. It says:

Stopping unsafe food from reaching grocery shelves is not the purpose of import inspection and less than 2% of food imported into Canada is inspected....

Inspections of products intended for human consumption are conducted primarily to monitor trends and not to prevent dangerous goods from reaching store shelves.

In other words, the majority of import inspections are conducted to protect plant and animal health, not human health.

I want you to respond to that first.

Secondly, it says, "Inspector and consumers have no way of knowing what treatments have been applied to imported raw products" like fruit and vegetables.

As a precaution, therefore, CFIA inspectors wear protective clothing and breathing apparatus "when inspecting these kinds of imports because they have no way of knowing what poisonous or dangerous chemicals have been applied..."

Importers of raw fruits and vegetables declare only those treatments required by Canadian import regulations.

That was the second one.

The third one: CFIA is not able to ensure equivalency with Canadian standards in the food safety systems of countries that export food to Canada.

CFIA has not conducted any periodic foreign country equivalency assessments in 2010 with the exception of the United States....

And this is despite recommendations in the report, "Audit of the Management of Imported Food Safety", dated July 2010. Could you respond to those three comments thoroughly, please?

• (1645)

Mr. Paul Mayers: Thank you very much. I'll speak to the imported food and equivalency, and I'm sure my colleague will speak to some of the specific issues around inspector protection.

First of all, as for the reference to imported food not being inspected for food safety, that's simply not correct. When I appeared on Monday, I made it clear that the level of oversight for various commodities is determined on a risk basis. So, for example, imported meat products are subject to 100% oversight.

Now if you are referring only to physical inspection, which is only one component of an effective oversight regime, then not every lot of product that arrives at our ports is subject to physical inspection. That's certainly true. We did commit at the previous appearance to providing data to the committee with respect to the range of inspection approaches for various commodities.

In relation to equivalency, in fact, over the last year CFIA conducted 10 audits. I also noted this at my appearance on Monday, and we committed to share with the committee the list of countries that had been visited. In fact that list includes Russia, the European Union, Japan, Malaysia, Korea, China, Cuba, Oman, Peru, and again, the European Union.

Equivalency is a critical part of our overall strategy. We work very closely with key trading partners to evaluate their systems. If they can demonstrate to us that their system achieves the outcomes that the Canadian requirements reflect, then after that formal process we may confirm equivalency, and on the basis of that equivalency our approach to oversight may shift with regard to, for example, the certification of products coming from those systems to Canada as an important part of the overall continuum of regulatory oversight.

I'll turn to my colleague regarding the issue of specific oversight as it relates to protection of inspectors. But I will note with regard to the issue of treatments that there is much more to it than simply what happens at the port. As you are probably aware, the Food and Drugs Act and its regulations stipulate maximum residue limits for many compounds and include, as well, a generic limit for those compounds for which a specific limit is not set. In the context of those maximum residue limits, the CFIA operates a national chemical residue monitoring program. So the basis upon which we determine whether products that are exported to Canada meet our requirements is not limited to whether or not the inspector at a port can determine what treatment was provided.

• (1650)

The Chair: Thank you very much.

Did you have something you wanted to add quickly?

Ms. Barbara Jordan: I guess I would add quickly that we have occupational health and safety committees established in all of our areas, and nationally to the extent that issues do arise regarding the safety of our inspectors vis-à-vis chemical residues or anything like that, actions are taken and measures are taken to protect inspectors.

The Chair: Thank you.

Mr. Curly—I mean, Mr. Storseth, you have five minutes.

Mr. Brian Storseth (Westlock—St. Paul, CPC): Thank you very much, Mr. Chair. The fact that you once again make fun of the fact that I'm "follically challenged" is—

The Chair: I just read what is given to me.

Mr. Brian Storseth: Mr. Mayers, that was not a fulsome answer at all. I'm sure Mr. Valeriote has more questions for you.

Mr. Paul Mayers: I'd like that.

Mr. Frank Valeriote: But I don't get to ask them.

Mr. Brian Storseth: No, it was very well done, and quite frankly I'm getting a little worried that my wife's going to get jealous given the number of times I've seen you in the last month.

I'd like to get us back on track to what we're supposed to be talking about here a little bit.

At the end of the day, obviously we're not the only country that is talking about modernization and effectiveness, streamlining, and getting rid of red tape. Can you talk about the importance of this with regard to our relationship with our neighbours in the United States and some of the other countries that we are looking to do international trade with?

Mr. Paul Mayers: Certainly. Thank you.

Our colleagues in the United States have embarked on a very ambitious agenda by working with us through the Regulatory Cooperation Council to look at where greater alignment is possible, as well as to look at where approaches can be more reflective of today's environment.

If we look at the Food and Drugs Act and its regulations, we're talking about a piece of legislation and regulatory framework that's over 50 years old, and it simply didn't envision some of today's business practices. So that very prescriptive model that frankly hampers innovation—innovation that in fact might yield a more effective food safety outcome—is really what we're talking about in working with our partners in how we move forward.

If we look at our colleagues in Australia and New Zealand, who have introduced some very interesting approaches to oversight that really foster a stronger partnership between the regulated parties and the regulator in terms of delivering the outcomes, we're very interested in what we can learn from some of those best practices.

Colleagues in the European Union have embarked on modernization initiatives, so we don't believe that Canada can stand still and be successful in continuing to trade with those markets as they move their regulatory frameworks. We want to work closely with them. We want to learn from their best practices, and we want to share our best practices with them. That's the approach we've taken.

Mr. Brian Storseth: I'm not surprised that the opposition would want to be far more prescriptive. They generally like to believe in social engineering. As it is, I don't see they would be any different on trade or CFIA initiatives.

Are you telling me that you believe it's actually going to be beneficial for us to be less prescriptive, to be more out of the box? That it will help align us better with our trading partners, provide better trade relations, help us be more efficient—less red tape—and at the end of the day also possibly give us better inspection services and better food protection in Canada.

Do you have any examples of this? Is SRM something that we've been working on that would be an example?

• (1655)

Mr. Paul Mayers: Certainly our objective is for continuous improvement in the system. If we use the example of SRM, we've taken very much to heart that the industry has noted that the compliance cost in response to SRM removal is an issue. What they've said to us is that they share the commitment that we have in terms of consumer protection. What we want to do is ensure that the framework enables any innovation that they may be able to bring forward to meet the food safety outcome at a lower cost. If they can do it at a lower cost, then we believe compliance goes up, and that ultimately serves Canadians well. And that's what we want.

Mr. Brian Storseth: Voluntary compliance goes up.

Mr. Paul Mayers: Absolutely.

Mr. Brian Storseth: Thank you very much for your time. I look forward to seeing you next week when they call you back.

The Chair: You have a little bit of time, but not very much. You're okay.

Ms. Raynault, five minutes.

[Translation]

Ms. Francine Raynault: Thank you.

We see that there are several stakeholders in Canada's food supply chain, including the Canada Food Inspection Agency, Health Canada, the provinces and territories, and the Canada Border Services Agency.

Is that to say that our food is really properly inspected and that there is a lot of oversight? Then, does that mean that Canada couldn't experience the health crisis that happened in Europe in 2011, because of this oversight?

[English]

Mr. Paul Mayers: Certainly that's our aim. If, through our actions and our partnership with the various agencies that participate in the regulatory framework, we can prevent the types of situations our German colleagues experienced with contaminated sprouts, then that is exactly what we will do.

We recognize that biological systems are inherently changeable. We work hard to enhance the preventative side of the regulatory system as well as the reactive side. That's why we've invested in strengthening our food safety assessments and recall activities.

If an event arises—and we recognize that we cannot provide assurance of absolute protection—we want to be ready to respond. In collaboration with our provincial partners and the Public Health Agency of Canada, we routinely exercise our system so that we are ready to respond should events emerge. We want to be able to contain emergent events and bring them back under control as quickly as possible. At the same time, we continue to redouble our efforts to improve the preventative part of the system.

[Translation]

Ms. Francine Raynault: I would like to hear what you have to say about the alert system you have in the event of a food crisis. How does it work and who takes responsibility for it?

[English]

Mr. Paul Mayers: It is indeed a combination of partners. Our colleagues in the provincial public health systems are important players when something goes wrong. Quite often, the first signal may be an increase in a type of illness that no particular food is associated with, and our provincial counterparts in public health become the first responders in investigating these situations. When cases of illness of that type arise, the CFIA goes on alert. We support them, but because no particular food has been identified at that point, we're not the first players.

The Public Health Agency of Canada works with the provinces to investigate those situations. If they identify the potential for a food to be linked, that's when the CFIA leaps into action—supporting the investigation, collecting and analyzing samples, and seeking to identify what food might be associated. It's a bit of detective work. If we can identify an associated food, within 24 hours we will be into product recall.

• (1700)

[Translation]

Ms. Francine Raynault: Thank you.

[English]

The Chair: You have time for a question.

[Translation]

Ms. Francine Raynault: You say in your document that “these prescribed requirements are often seen as inflexible and potentially stifling in terms of innovation.”

What are you doing to show that this is not necessarily stifling innovation?

[English]

Mr. Paul Mayers: Our aim in reviewing the frameworks is to provide greater flexibility so that industry can find solutions to the challenges they face without having to fit into a simplistically predictable and prescriptive model. When we look at existing frameworks, we recognize that industry has been innovative where they've had room to innovate. For example, in the aftermath of the listeria tragedy, industry was keenly interested in incorporating bactericidal interventions in the production system.

Our counterparts at Health Canada have been bringing interventions to the front of the line in order to get them into industry's hands and approve them more quickly. We want to encourage this type of flexibility in the control systems that industry employs in its facilities. We believe that this flexibility helps industry to improve food safety. We want our system to be able to accommodate that, to assess it, and to allow it to come into use more quickly.

The Chair: Okay, thank you.

Mr. Lobb, you have five minutes.

Mr. Ben Lobb: Thank you, Mr. Chair.

Mr. Mayers, the last time you were at this committee you were asked a bunch of different questions and provided answers. I believe Mr. Bob Kingston came into the next meeting and he kind of threw out his answers or rebuttals to your answers. So for Canadians out there, where do they cut through both and find out where the real answer is?

Mr. Valeriote had three questions from a website. Does the CFIA have a website that Canadians go and look at, where a lot of these myths are dispelled, so you can kind of get the facts?

Mr. Paul Mayers: There is certainly a tremendous amount of information on the Canadian Food Inspection Agency website. In addition to that, in terms of food safety, healthycanadians.ca is also a great source of information for Canadians wanting to better understand the steps taken by the various partners in protecting them.

Mr. Ben Lobb: Taking that 2% question—that 2% is inspected—is there a good answer on the CFIA website to rebut that claim?

Mr. Paul Mayers: Unfortunately I can't tell you off the top of my head if there's a nice, simple, clear explanation. But I think that's an opportunity, because there's clearly an interest.

Mr. Ben Lobb: It would seem to me, because I know I hear it at every farm meeting I go to, that it would make sense, just once and for all, to make it open and transparent—say this is what we do, this is why we do it, don't be afraid about it, and put it out there. Just lead with it, so it's out there. I think that would help dispel a lot of the myths and answer a lot of the questions we hear time and time again at committee meetings, and time and time again at our local meetings.

Just on that as well, I'll turn to the front-line workers. This is a complaint I get at every meeting I go to, every time I see a local processor, since even way before I was elected. What are we doing here to ensure consistency? I was at a processor one day, a small processor that had been in business for years, and he said, "Ben, honestly, depending on what inspector and the mood they're in today, they shut me down", and he says "You don't dare challenge them; you just say yes ma'am, no ma'am, and you start doing what they say". This was only about a year ago that I was out to see this person. What is the CFIA doing to ensure this kind of stuff doesn't happen?

• (1705)

Ms. Barbara Jordan: Thank you for that question. I think it's a bit of a multi-part answer.

We certainly hear feedback about inconsistency in our inspection activities.

Mr. Ben Lobb: Okay, so when you hear that, what happens?

Ms. Barbara Jordan: On a very specific issue, we will go out to the area and we'll find out what happened in that area. We have a group of specialists who I guess consider inspection activities across

Mr. Ben Lobb: Okay, so just on that little chunk you just mentioned here, what timeframe are we talking about? Is that six months or six hours? If you shut the line down and the processor disagrees, and what they're asking that processor to do is spend \$50,000 to buy some machinery he thinks he shouldn't have to buy, how quickly does he get a response?

Ms. Barbara Jordan: They tend to be responded to in order of priority. When we have a scenario where a line is shut down or a shipment is held up, the response is very quick.

Mr. Ben Lobb: So, very quick is...?

Ms. Barbara Jordan: It can be within 24 hours; it can be shorter than that.

Mr. Ben Lobb: If we had a range, would it be six hours to six weeks?

Ms. Barbara Jordan: You've given me a specific example, and I would say it would never go to six weeks if a line has been shut down.

Mr. Ben Lobb: Okay.

With the new service commitment, this is a big issue. The reason they had to put this in is because of all these issues. So specifically, there's a certain number of staff that are set aside to deal with these issues; and it's not hundreds, but it's a few. How will the department react if they're starting to get flooded with calls from transport companies, farmers, processors? In your department, how is this going to work so that we don't hear, "Well, we're overworked, we

only have this many people, we have 500 calls, and we'll get to you in three years"?

What do you have, to make sure you are able to meet the challenges as they arise?

Ms. Barbara Jordan: We are setting up a separate office and structure internally that will deal with that and ensure there are service standards for responding and acknowledging.

Mr. Ben Lobb: What will that service standard be?

I'm a processor and I've just been shut down. I disagree. I call you. How long will it be until I have somebody on the phone who can come down, take a look, and mediate this issue?

Ms. Barbara Jordan: We are setting this up for April 1. I don't have those service standards with me now. I don't know if Paul has them. We can certainly get them. We will know them in a couple of weeks.

Mr. Ben Lobb: Once they come out, I think it would be great if you folks could come back to flesh this out a little more. I think all my colleagues would be very interested to see how this whole process is going to work so they get results for the processors.

The study we're doing is on the supply chain, and this is one of the cornerstones of making sure our supply chain works effectively for small and medium-sized processors.

Ms. Barbara Jordan: I think the complaints mechanism is a very critical aspect of that. Training is a very critical aspect of consistency in inspectors. Inspection modernization, which my colleague mentioned in his remarks, will also be a very critical piece in improving consistency in inspections.

Mr. Ben Lobb: That's fine, but the key point is that, for a long time, small and medium-sized processors have had to bear the financial burden themselves, to quite a costly amount.

I think of my own riding and the costs, and I hope when the department officials come back in April they will have something really sharp to present to this committee so we can go back into our communities and say, "You know what? CFIA has pulled up their socks, and they're there to serve you instead of giving you a hard time".

The Chair: Thank you.

There's one clarification, Mr. Mayers. One of Ben's questions—and I think it even came up over here earlier—was about the 2%. To me there are people out there like Mr. Kingston and others—and no disrespect to them—who think that every load can realistically be inspected. We all know that isn't practical, necessary, or whatever. You can argue that until the cows come home.

I know that loads going to the United States are not all inspected either. It's kind of a yes or no. Is what we inspect here, coming in from the United States, comparable to what goes from Canada into the United States, inspection-wise on a percentage basis?

• (1710)

Mr. Paul Mayers: I can't say with identity...but it is very similar.

The Chair: That's good enough.

Mr. Paul Mayers: There's equivalence on both sides.

The Chair: I thank you for that.

Mr. Rousseau, you have five minutes.

Mr. Jean Rousseau: Thank you, Mr. Chair.

[Translation]

In your brief document, you say that you want to modernize and improve the current inspection methods, tools, and especially the capacity. In a context where food is increasingly globalized, consumers want to know where their food is coming from. But the origin of some food imported into Canada isn't always indicated.

Can we presume that all products imported into Canada are consistent with the standards? Do you plan to improve methods or tools for inspecting imported foods? I'm not talking just about percentages and ratios; I mainly want to know if the methods will be improved.

[English]

Mr. Paul Mayers: The agency is very committed to continuing to strengthen the oversight with respect to imports. The complexity I mentioned and globalization mean that Canada sees a much more diverse range of products from an ever-increasing number of countries. The importance of strengthening the import controls was recognized.

Under the Food and Consumer Safety action plan, \$223 million was allocated to CFIA to strengthen the overarching approach on import controls. The agency, within the context of that investment, has focused on the regulatory controls. It is our intent to introduce a regulatory approach that will strengthen the awareness of who is importing, what they're importing, and the tools associated with its oversight.

That is certainly an important part of the overall modernization initiative in which the agency is engaged.

[Translation]

Mr. Jean Rousseau: With respect to imports, which come mainly from the United States, I believe that one of the problems has to do primarily with border transportation. Is this the weak link in the chain with respect to imports from the United States?

[English]

Mr. Paul Mayers: No, transportation isn't a weak link. The entire system, frankly, in terms of the Canada-U.S. movement of goods, is a very strong system. Some 58% of the foods Canada imports come from the United States. They come from a system of which we have a very high degree of understanding, and in many sectors we have gone through formal equivalence initiatives. When we look at products from the United States, within the context of that overall volume, it is not to say that problems won't occasionally arise, but there's a very high degree of compliance with Canadian requirements.

[Translation]

Mr. Jean Rousseau: Have you continued to work with the Americans to align safety policies?

[English]

Mr. Paul Mayers: Yes, and the Regulatory Cooperation Council's focus on better alignment recognizes that even though both systems are very strong, there are areas of difference, and those areas of difference....

It's not that they're having a negative impact in terms of food safety. What they're doing is serving as a barrier to trade. Those small differences in terms of goods can result in the border being a thicker border, and by pursuing the work on alignment with the U.S. as we both modernize, what we aim to do is avoid small differences on either side of the border, resulting in products being held up in crossing the border.

The Chair: You have one minute left.

[Translation]

Mr. Jean Rousseau: In your modernization plan, you say that you want to improve the recruitment and training of inspectors. Who is responsible for staffing, human resources? Is it your department or another authority?

Who will provide new training to the inspectors? Who will do the upgrading? Who will determine the training content? Have there been discussions about this at round tables?

• (1715)

[English]

Ms. Barbara Jordan: We are responsible. The Canadian Food Inspection Agency is responsible for recruitment and for the training of the inspectors. In the last budget, in the context of the funding received for modernization, there is a tranche of that funding that will be dedicated to putting together a very systematic, entry-level training for all inspectors. It will be of long duration and will cover all the basics of inspection. It will also have specialization for inspectors who have specialized responsibilities.

[Translation]

Mr. Jean Rousseau: Am I to understand that the various partners in the chain have been consulted—the producers, processors and retailers—about the content of the training, because sometimes problems may vary depending on where you are in the chain?

[English]

Ms. Barbara Jordan: I would say we have not had a consultation specifically on the training that will be rolled out in the context of modernization. That being said, I want to be very clear that the modernization initiative, including how we propose to do changes to our regulations, etc.... There is a big consultation effort around that and also at the round tables. Many specific issues around consistency of inspection—for example, enforcement processes, etc.—are dealt with at those tables.

Mr. Jean Rousseau: Thank you, Mr. Chair.

The Chair: Thank you.

Go ahead, Mr. Zimmer.

Mr. Bob Zimmer: Thanks for coming again. We're getting to see you lots, but that's okay.

I just had a question with regard to the melamine. We all knew what the crisis was, and all of a sudden we realized that food that possibly was unsafe was on our shelves. What I wanted to ask for the benefit of our constituents is this. How do we know when we go into Walmart, or any store for that matter, and look at some of the products that are there...? Drink boxes, for example, are \$2 for 20 of them. I wonder how they can be made in Canada. I'm assuming they are made somewhere offshore. How can we be—

The Chair: Mr. Zimmer, we're being called to vote, so if you have a quick question....

Mr. Bob Zimmer: Sure. How can Canadians be reassured that the product my kids are drinking is safe in terms of CFIA? How can you reassure us it is safe?

Mr. Paul Mayers: First and foremost, the products on our store shelves are subject to the same requirements, whether they are imported or produced domestically. That's first and foremost, it is the same set of requirements for those products.

Second, there's the oversight system I mentioned, which assesses products and takes action, and in fact we see a very high level of compliance. Where we don't have compliance—and many of you will have seen this in the newspapers—the agency is not at all hesitant to recall products from the marketplace if they don't meet those requirements.

Mr. Bob Zimmer: Sorry, but I just want to back up a bit, and I'll use that drink box as an example. Have CFIA eyes seen that prior to

our consuming it, or do we respond if there is an issue with the product? Do we know for sure it is being observed?

The Chair: Sorry, but please answer quickly, Mr. Mayers.

Mr. Paul Mayers: Very quickly, not every lot of product that comes in is subject to direct oversight. It is the confidence in the system, and like any other area of activity, we take a risk-based approach, a science-based approach, to defining what's the appropriate sample that gives us the confidence that the entire suite of products meets requirements.

The Chair: I was under the understanding that we had 15-minute bells, and I was just told they are 30-minute bells, but I think we should call it here anyway, Mr. Zimmer.

Thanks again, Ms. Jordan and Mr. Mayers, for being here.

We'll see everybody in two weeks. The meeting is adjourned.

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