



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

Standing Committee on Health

HESA



NUMBER 003



1st SESSION



41st PARLIAMENT

EVIDENCE

Monday, June 20, 2011



Chair

Mrs. Joy Smith

Standing Committee on Health

Monday, June 20, 2011

• (1530)

[English]

The Chair (Mrs. Joy Smith (Kildonan—St. Paul, CPC)): I call the meeting to order.

Good afternoon, ladies and gentlemen. Welcome to the health committee. I'm glad that we're going to be able to re-examine and quantify all the data and everything that we've talked about over the last session.

Pursuant to Standing Order 108(2), we have the study and review of the proposed tobacco regulations, which we will address in just a moment, but before we do, we have witnesses coming in and we have to address other issues around budgets.

I would like to get the budget issue out of the road before we start, so I'm going to read you a motion:

That the proposed budget in the amount of \$7,050 for the committee's review of the proposed tobacco regulations be adopted.

Can I have someone do that?

Mr. Colin Carrie (Oshawa, CPC): I so move.

The Chair: Okay, Dr. Carrie.

Will someone second it?

Mr. Fin Donnelly (New Westminster—Coquitlam, NDP): I second the motion.

The Chair: Thank you, Mr. Donnelly.

(Motion agreed to)

The Chair: Don't you wish we could get those budgets through that fast on regular time? This is great.

Having taken care of that, I want to welcome to our committee, from the Canadian Cancer Society, Rob Cunningham, senior policy analyst. Welcome, Mr. Cunningham. We're pleased to see you back here again.

From Imperial Tobacco Canada, we have John Clayton, vice-president of corporate affairs, and Caroline Ferland, general counsel. Welcome. We're glad to have you here.

From Southern Graphic Systems Canada, we have David Haslam, regional senior vice-president of manufacturing.

We're pleased to have you here as witnesses until about a quarter to five, at which time we will go to our second panel. I will give each of you 10 minutes.

Let's begin with Imperial Tobacco Canada.

Mr. John Clayton (Vice-President, Corporate Affairs, Imperial Tobacco Canada Limited): Good afternoon, everyone. My name is John Clayton, and I'm vice-president of corporate and regulatory affairs at Imperial Tobacco Canada. Thank you for the opportunity to appear today to provide the following comments on the proposed tobacco product labelling regulations for cigarettes and little cigars.

I'm joined by my colleague Caroline Ferland, associate general counsel at Imperial Tobacco Canada.

At the outset I would like to say that we recognize the health risks associated with smoking. We support the placement of health warnings on cigarette packages. We do not object to the notion that health warnings could be occasionally updated. However, we continue to maintain that the increase from 50% to 75% in the proposed regulations constitutes an unjustified infringement on a manufacturer's right to communicate with its consumers and with consumers' freedom to receive information about the products they buy.

Having said that, we would like to share three specific concerns with the text of the proposed regulations as submitted to this committee today.

First, it is our view that the proposed six-month implementation date is too short. Based on information provided by the industry's supplier of rotogravure cylinders, Southern Graphics Systems, who will address you in a moment, we believe that a 12-month transition period is required in order to be completely compliant with the more than 600 different packaging materials we have. It is important to note that similar legislation in the United States requiring new graphic health warnings on cigarette packages will provide 15 months for manufacturers to be compliant.

As you consider the important issue of the implementation date, we also believe that the only approach that is competitively neutral is a single fixed date of application for all manufacturers, whether it be six, twelve, or nine months. Please remember that the Government of Canada's cabinet directive on streamlining regulations sets out the important principle that regulations must be designed to mitigate adverse impacts on competitiveness. Only by applying a single date of compliance will the regulations affect all manufacturers equally.

Our second point of concern is a specific change made between the February version and the one before this committee today. That change is the addition of the words "at least" in section 13 of the proposed regulations. With that change, section 13 now reads as follows: "The portion of a display area of a package on which a health warning must be displayed is at least 75% of each display area".

The addition of those two words brings with it a vagueness with respect to current and future requirements on the size of the health warnings. Could this change have been introduced as a way to provide Health Canada with the authority to unilaterally increase the size of the warnings beyond 75% in the future, without parliamentary review and scrutiny? If that is the case, then this committee should reject this change.

As you know, subsection 42.1 of the Tobacco Act was designed specifically to ensure that any and all changes to the regulations proposed under the act are reviewed by the health committee and vetted by Parliament. This very unique legislative feature is in place to give you, the elected officials, direct authority to approve, amend, and reject any proposed changes to these regulations. Providing Health Canada with the ability to change the source documents and increase the size of the warning labels beyond 75% without consultation with this committee will frustrate the intent of the statute and allow Health Canada to make changes without the oversight of elected members of Parliament.

Our third and last concern with the proposed draft of the regulations has to do with the qualification of wholesalers under section 32. Section 32 is the section that contains the transition provisions. It specifies that manufacturers have 180 days to comply, and retailers have 270 days. Because of what appears to be merely a drafting oversight, section 32 does not address the question of what transition period is applicable to wholesalers.

• (1535)

Members of this committee have already been made aware of the issue. I would simply refer you to the correspondence sent last week that invites Health Canada to make a very simple change to section 32 to clarify this matter.

I will not expand further on this, but we'd be happy to answer any of your questions.

There is an easy solution that would address two of the issues we have raised here today, the implementation date and the role of the wholesaler. The solution would be to have a single compliance date for all. This solution would not impact the consumer, and it would allow flexibility for the manufacturer to manage the particularities of their own supply chain.

Before we conclude, it is impossible to appear before this committee and not remind all the members that the federal government has still done very little to address Canada's contraband tobacco crisis. According to the RCMP, there are now as many as 50 illegal cigarette factories operating on first nations lands and over 300 smoke shacks selling tobacco outside of any legal or regulatory framework. The transparent plastic baggies of 200 cigarettes sell for as little as \$5, carry no health warnings at all, and comply with none of the current regulations around tobacco. As a result, as much as

33% of the yearly Canadian tobacco market has been made up of contraband since 2006. We would urge the health committee to hold hearings on this issue as soon as possible.

In conclusion, I respectfully ask that committee members amend the regulations and/or seek clarifications from Health Canada about the three concerns we have raised here today.

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

The Chair: Thank you.

We'll now go to Southern Graphic Systems Canada and Mr. Haslam.

Mr. David Haslam (Regional Senior Vice-President, Manufacturing, Southern Graphic Systems Canada, Manufacturing): Good afternoon, everybody. My name is David Haslam. I'm senior vice-president of operations for Southern Graphic Systems Canada.

I'll give you a brief introduction to what we are as a company, what we do, and how we fit into this.

SGS has 375 employees in Canada. We're deployed in the packaging graphics business. We don't work just for tobacco companies; it's about 25% of our business. SGS serves printers and consumer product companies, and we supply the graphic plates, tooling, file manipulation, photography, and branding. That is our business.

SGS has sales of \$70 million a year in Canada and \$350 million a year globally. In 2010 SGS Canada engraved 10,000 cylinders, which are the rotogravure cylinders used for actually printing most packaging, predominantly tobacco packaging. SGS is the recognized market leader in the gravure process. We engraved 75,000 cylinders in North America last year, which is probably three-quarters of the total of the North American market.

The rotogravure process is predominant in the tobacco packaging business globally because of the high quality, the difficulty of reproducing or copying its images, and the fact that in-line processes can be used with it, such as embosses, specialized ink, and security features that can be put into that print process to maintain the integrity of the packaging.

We have the broadest colour gamut in printing in the gravure process, and it is, as I alluded to earlier, the most difficult process to counterfeit and forge.

It is a capital-intensive, high-speed, high-volume business in manufacturing. We need our volumes to stay alive. The in-line capability to die cut, emboss, and enhance the packaging allows it to be as difficult as possible to reproduce.

On the execution of the proposed health warnings, there's an estimation that anywhere between 4,800 and 6,000 cylinders would need to be engraved for printing by the end of the year. I just told you that we did 10,000 in a year.

Our typical annual tobacco volume is about 2,500 cylinders. When we get the files for the new health warnings—we still don't have them yet—we have to build those files, we have to separate them, and we have to build graphics. We have to put all that together, build the layouts, and build everything before we can proceed to manufacturing cylinders, which can then go on to print.

With that, new printing layouts need to be built, new dies need to be formed, and new embosses need to be formed. We estimate that probably about 2,000 new cylinders would need to be purchased. Most cylinders can be repurposed—you can engrave a new design on the old one—but while there's this overlap period, there's going to be a demand for another 2,000 cylinders for that. That has a lead time as well.

All embossed tooling will change because of the position of the health warnings and the position of everything in there. All the embossed tooling will have to be changed, and you're saying we have six months.

On the proposed timeline of 180 days that's in the legislation, the health warnings need to be released to us. We haven't got them. We have draft copies, but we still don't have the final files. We can't even start work. We need to build the master layouts, and we can't do that until we have the final files. Then the health warning masters need to be stripped and implemented into every single layout and print layout available out there.

I talked about the new steel that needs to be ordered and the lead time that's going to come with that requirement. There will be new embossed tooling. Then we have to engrave all the cylinders. We engrave about 1,000 cylinders a month. If we take it in the middle, we have to engrave 5,500 in less than five months. That means abandoning every other customer we have. It's commercial suicide.

Then all the packaging has to be printed. Then it has to be packaged, and then it has to be distributed, so in reality, even if I walked out of here today with the final files, we would only have 120 days to execute what really will take me 360 days. The risk that poses to our business is that we cannot manage that volume of business within this timeline.

Business will leave Canada. People will work hard to be compliant, but business will leave Canada. Typically, when it leaves, it doesn't come back. Volume may go to competing processes, which then allows the risk of counterfeiting and copying. Then when you go to digital printing or offset printing, which you can do in any backyard shop, you're going to have a bigger risk of counterfeiting, which is counterproductive, I think, to the direction of the warnings.

It also impacts the future sustainability of the Canadian printers working in my sphere of packaging, because if they lose 20% of their business—nobody's running on more than 20% margins—it's going to impact sustainability of at least two companies in Quebec and three of my customers in Ontario.

• (1540)

There will be an impact on Canadian jobs. It won't be just within my organization; we will lose business, we will lose size, and therefore we will need fewer employees to do what we have with

what is left, but it's also going to have an impact on our printer customers as well.

In closing, I'd just like to ask this. We were engaged in this process at the beginning and we were asked as the industry experts to give you an opinion. We gave you an opinion, we gave you a timeline, and to date you haven't listened. I'm here to appeal to you one more time and say that we need this time to keep this work in Canada and keep these jobs in Canada. Our debate is not with the efficacy of the warnings or how effective they are going to be or where they are going to be placed. We don't really care about that. Our goal is to make sure we maintain as many employees in Canada and maintain the business volume in Canada.

Thank you.

• (1545)

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

We'll now go to the Canadian Cancer Society. Go ahead, Mr. Cunningham.

Mr. Rob Cunningham (Senior Policy Analyst, Canadian Cancer Society): Chair and committee members, my name is Rob Cunningham. I am a lawyer and senior policy analyst with the Canadian Cancer Society.

[Translation]

Thank you for the opportunity to testify today.

[English]

Regarding the proposed regulations being considered by the committee, it is the recommendation of the Canadian Cancer Society and many other health organizations that these regulations be approved as is, without amendment, and that they be approved as soon as possible.

These regulations will reduce tobacco use, increase awareness of the health effects, and reduce package deception. These regulations will reduce youth addiction and will save lives. Clearly, delays in the coming into force of the regulations, as urged by Imperial Tobacco, must be avoided.

Minister Aglukkaq and Health Canada deserve praise for the work they have completed. The regulations are outstanding as a source document and in the new warnings. Indeed, all political parties deserve praise for their support of the enhanced picture warnings to be required by the regulations.

I note that this committee has previously studied this issue.

The tobacco industry has argued that there is insufficient evidence that the 75% warning size will be more effective than a smaller size. In fact, there is overwhelming evidence, and it is precisely because the industry knows that the enhanced warnings will reduce sales that the industry is opposed.

I have with me the cover of a compilation of evidence that the Canadian Cancer Society has already provided to all parties and to the committee's research staff. This evidence is available for consideration by MPs during Parliament's consideration of these regulations.

The Canadian Cancer Society itself has conducted four studies—three among adults and one among youth—to assess the increase in warning size to 75%. The studies, which complement Health Canada's research, were online studies conducted nationwide by Environics Research Group in which respondents were shown mock-ups of the new warnings in different sizes. These studies were conducted in 2011, after release of the proposed new warnings.

The results were overwhelming. When Canadians were shown a heart disease warning, for example, in a 75% size and a 50% size, and asked which would be more effective at discouraging smoking among Canadians, 72% selected the 75% warning size, and only 7% selected the smaller 50% warning size. Among youth 12 to 17 years old, the results were similarly powerful: 81% selected the 75% warning size, and only 6% selected the 50% warning size.

Further, as part of the material we have forwarded to committee members, there are 22 opinions from experts in Canada and internationally that the effectiveness of health warnings increases with size, and that the 75% health warning size is more effective than smaller sizes.

We've heard the industry comments with respect to the implementation date of six months. I would suggest that the industry has no credibility on this issue.

In 2000, when picture warning regulations were being considered by this committee, the industry argued that it was technically impossible in Canada for Canadian printers to print colour picture health warnings to comply with the regulations. They said it was impossible, but when the regulations were finalized, the industry was able to comply within the stipulated transition period. The industry also went before Quebec Superior Court to argue that it was impossible to meet the regulatory requirements to print colour picture warnings in time. The court dismissed the argument, and the regulations were enforced.

The industry made all changes last time in nine months, so it's interesting that today Imperial Tobacco is asking for twelve months. The regulations last time said twelve months, but they did nothing for the first three because they attempted to get an application in court to block the regulations from coming into force. They made all the changes in nine months. They also made changes for other tobacco products that are not covered by the current regulations, such as roll-your-own tobacco, pipe tobacco, and large cigars. This time they are already set up to do colour pictures. Last time they were not; it was a new thing. The industry always argues that it doesn't have enough time. The industry is very sophisticated. The industry can do it.

In 1993, for that particular round of regulations, the industry argued before the Supreme Court of Canada that it could actually make changes to all cigarette packages within three months, provided the format of the existing warnings did not change. When industry wants to move quickly, it can.

It is very interesting. I have with me a letter from JTI-Macdonald, submitted to Health Canada on December 3, 2009, as part of this regulatory development process. It recommended to Health Canada that the implementation period at the manufacturing level be six months—exactly what it is in the regulations now, so it's quite

surprising to see Imperial Tobacco arguing for a longer period of 12 months—and Health Canada acted on the recommendations of JTI-Macdonald.

● (1550)

It's also interesting to note that a bunch of other countries have transition periods at the manufacturer reporting level of six months or less: Singapore, Bolivia, India, Uruguay. If these other countries that are less sophisticated than Canada can do it, certainly our very sophisticated manufacturers can meet similar deadlines in Canada. I believe there are others. I would have to verify, but I believe that Brazil had nine months at the retailer level, which is the same as in these regulations. Turkey had six months or less. There are a lot of countries.

Imperial Tobacco raised three particular arguments. I disagree with these three particular points in terms of interpretation of the regulation. Let me quickly indicate them.

I've dealt with the first one, the six-month transition period. Second, they expressed a concern with respect to the words "at least 75%". This was a change compared to the draft published February 19, but these exact words appear in the current regulations, the Tobacco Products Information Regulations in place for the last 10 years. There's nothing new or unusual here, and I think it's important that these words at least be here. If tobacco companies wanted to have a warning larger than 75%, they should be free to do that. We should not indirectly have 75% as a maximum, and that change to the regulations is appropriate. It's clear. It has been in place for 10 years, in terms of similar wording.

Finally, with respect to the reference to wholesalers, I do not think that there's any problem practically. The regulations have a date for manufacturers. There's a date for retailers. Wholesalers actually don't have an obligation to comply with a particular date. There's an obligation on manufacturers and importers and retailers. As a lawyer, I do not think there's a problem with that.

In conclusion, please allow me to reiterate our recommendation that the regulations be approved without amendment.

Let me add a further point on something raised by Imperial Tobacco. They said that they admit the health risks, but they use very careful wording. They don't say "cause and effect"; for them, "health risk" means statistical association, and in Quebec Superior Court, where there is currently a class action suit, they have refused to admit that smoking has a causal relationship with cancer. This is in 2011.

So when the testimony of Imperial Tobacco is being considered, let's consider the entire context of this particular company's credibility.

Thank you once again for the opportunity to appear before the committee.

I look forward to your questions.

The Chair: Thank you, Mr. Cunningham.

We'll now go into our first round of questions and answers. We will have seven minutes per party for the questions and answers.

Ms. Davies, would you begin?

Ms. Libby Davies (Vancouver East, NDP): Thank you very much, Chairperson.

First of all, thank you to the witnesses for coming today. I know it was in a bit of a hurry. This is our first meeting, and in fact a number of us are very new on this committee.

We're getting to know all the issues, but in terms of what's before us today in the proposed three sets of regulations and hearing the testimony and reading the material, it's very clear that this is something that has been ongoing. The fact that these regulations were gazetted back in February is a clear indication that things were afoot and that these proposals were being outlined and put forward in a formal process, so frankly I'm a bit surprised to hear representation today that we need more time to study this or deal with this or respond to how we address the labelling and so on. It seems to me that it has been very obvious that this was on its way in. In fact, I think we have an opportunity here to keep to the deadline and timeline that were established, and I think that if we delayed this process today, it would be very unfortunate. That's certainly not anything we want to do.

I would like to ask Mr. Haslam to respond. There has been a clear indication all along that this was going to happen. That's one question.

Second, to Mr. Cunningham from the Canadian Cancer Society, I was particularly interested in what you said about youth addiction. I think it would be very interesting for you to spell out what it will mean in real terms if we don't go ahead with these measures that are aimed to prevent addiction and save lives, particularly among young people.

I don't know the statistics for smoking among young people, but I know that it has been rising. That's a particular concern all of us should have for the younger generation.

Could you outline a little more on what it means if we don't go ahead with these regulations? What are we actually saying to young people in terms of their health and their ability to be productive members of society in good health?

• (1555)

The Chair: Go ahead, Mr. Cunningham.

Mr. Rob Cunningham: Thank you.

The overwhelming proportion of smokers begin as teenagers or pre-teens. The smoking rate for youths 15 to 19 is 13%, which is unacceptably high. Every month that there's a delay in these new warnings coming into force, there will be a delay in preventing kids from starting. Some may experiment, but for some these messages are going to prevent them from becoming regular smokers, addicted smokers.

We know that they have worked. There's an abundant number of studies, and we've seen that the current round of picture warnings is associated with a reduction in youth smoking. There have also been restrictions on advertising and higher tobacco taxes, but the warnings

have been an important factor. Once you're addicted, it's very difficult to quit, and a person could step on a treadmill to disease and death.

Ms. Libby Davies: Could you comment on whether any suggestions have been made about how to use social media in a more effective way? We have to recognize that sometimes traditional forms of advertising don't get the message across. I noted that there was some information about the use of social media, particularly with regard to sending an important educational and health message to young smokers.

Mr. Rob Cunningham: Minister Aglukkaq has announced that Health Canada is going to have a social media campaign in association with these new warnings on the packages. We support that. These messages can be complementary with the warnings on the packages; they could be interactive. We know that the package has incredible reach because it reaches every smoker every day, and it's very cost-effective, but the social media campaign is to be commended, and it's going to be forthcoming.

Ms. Libby Davies: Thank you.

Mr. Haslam, could you explain further your assertion that these regulations can't be put into effect in a timely way? Have you not been aware of the gazetting process and what was involved?

Mr. David Haslam: It's not a surprise, but I don't have the working materials, and until I have the working materials I can't do anything. We don't have any of the art files, anything to actually start the process with, so I can't start. I can prepare, and I have prepared, and we have ramped up because we know this is coming.

To Mr. Cunningham's point earlier, I lived through the 2001 legislation change as well. If you talk to the residents of Brockville, Ontario, who lost a big printing plant because that business went south, or if you talk to the residents in Toronto who lost another big printing plant because that work went south, you will learn that it did get done and compliance came in, but with compliance there are timelines, and timelines mean that business moves.

Ms. Libby Davies: We just heard about this letter of December 2009 that clearly laid out that it could be accomplished in six months.

• (1600)

Mr. David Haslam: That's not my opinion. I didn't write it. I'm here to give you my professional opinion, and that's my professional opinion.

The Chair: Thanks.

We'll now go to Dr. Carrie.

Mr. Colin Carrie: Thank you, Madam Chair.

I want to thank the witnesses for being here for this incredibly important topic.

Mr. Haslam, I find your opinion very credible. A good friend of mine in Oshawa was in the printing business. He had a family business for decades and decades, but with the changes in technology, it went under. I am interested in what you have to say because we've just gone through this economic action plan and we're trying to create jobs, and I see you as very credible because you're not making money directly from the sale of the cigarettes, but from the printing part of it, a spinoff.

I wanted to ask you about a timeline. You were saying that you thought about 12 months would be more realistic. Are there other options that could get this done?

Mr. David Haslam: Twelve months is what I'm looking for to keep the print business in Canada. The health warning change is happening in the U.S., so capacity in the U.S. isn't going to be there.

Mr. Colin Carrie: You're thinking that a lot of that would end up going to the U.S. because the American companies are so much bigger and can get the job done.

Mr. David Haslam: No. The American companies are putting their legislative changes in place. They are following Canada's lead and putting graphic packages on there, but the capacity is going to be built up in the U.S., and there's going to be no extra capacity.

As I mentioned, it's a capital-intensive business. I can't go to a bus queue and get another 30 guys who know how to run our equipment, and neither can our customers, nor can they buy a new press in three months.

Mr. Colin Carrie: Thank you very much for that.

I come from Oshawa, and we have a lot of convenience stores. They're small businesses. Whether or not you like cigarettes as a product, they are a legal product. These businesses make a significant amount of money from their cigarettes and pop.

Do you have a plan in place for managing old packages that have already been purchased by convenience stores? I know some smokers, and they always like the freshest product. When the new labels start to come in, what's going to be done with the old product that some of these small businessmen have just sitting on their shelves?

Ms. Caroline Ferland (General Counsel, Corporate, Imperial Tobacco Canada Limited): We do not have a plan in place at this point. We will come to one when the time comes in the implementation, which is 270 days in the current scenario.

Every company might act differently as to how this is operated at retail, but typically the way we would operate is that around the time of the deadline by which they have to stop selling products with the old warnings, we would first have our sales representatives go into their stores and package up the products with the old warnings. We would take those back as what we call "unsaleable returns". The retailers would be credited, basically, for those products.

Mr. Colin Carrie: Is the extra expense for the small convenience store owners to hire people to maybe take things off the shelves or to repackage, as well as the cost of sending things back and forth, something your companies are going to be absorbing, or is it something that the small business is going to have to take out of its own pocket?

Ms. Caroline Ferland: In the case of our own company, typically our own salesperson would take care of that. It is difficult for me to assess whether or not they would be faced with those costs for the products of other companies.

Mr. Colin Carrie: Thank you very much.

Mr. Cunningham, we're looking at the international stage right now with the implementation of these new regulations. Could you let the committee know how Canada will compare internationally for tobacco control?

Mr. Rob Cunningham: With respect to package warnings, Canada will be in a position of world leadership. Canada will not have the biggest warnings in the world. Australia is soon to have about 82.5%, with 75% on the front and 90% on the back; Uruguay already has 80%; there are some other countries, such as tiny Mauritius, which has 65% on average on the front and back.

These regulations are outstanding and will put Canada in a position of world leadership. One thing to note is that Canada will be the only country to have warning requirements and message requirements inside the package. Taken as a whole, that must be assessed in terms of the quality of the Canadian regulations.

Mr. Colin Carrie: Do you also have statistics you can give the committee on what we have seen happening with the rates of smoking in Canada since we originally implemented tobacco warning labels?

• (1605)

Mr. Rob Cunningham: Prior to the previous regulations for picture warnings coming into force, the smoking rate was 24% among Canadian adults; it has fallen to 18%. Among youth 15 to 19 years, the rate has fallen from 28% to 13% in the same time period. There has been a tremendous decline while the picture warnings have been in force. Other measures, of course, were implemented as well.

The Chair: Thank you, Mr. Cunningham.

We'll now go to Dr. Fry.

Hon. Hedy Fry (Vancouver Centre, Lib.): Thank you very much, and thank you all for coming.

I want to ask a simple question, because again I am new to the committee. I haven't been here before. There is one little confusing point that I want to clear up.

The Tobacco Products Information Regulations talk in subsection 8(1) about the test methods for obtaining information under seven categories. Those categories have now been cut to four for the Tobacco Reporting Regulations, and only for constituent parts of the cigarette, but not with regard to emissions.

Is that change going to affect anything, in your opinion? If so, what, and how will companies be required to report emissions in the future?

Mr. Rob Cunningham: I don't think there is anything problematic with that change. It will not directly affect what's going to be on the label. There will be a change to the label, so that instead of having tar and nicotine numbers—which we now know are misleading, because humans don't smoke like machines—there will be a qualitative descriptive statement with respect to toxic emissions. We support that. It's consistent with international guidelines.

There'll be ongoing reporting regulations whereby companies will have to report information to Health Canada that Health Canada can use to assess subsequent steps with respect to future regulations, initiatives, company representations, and so on, but in terms of these regulations, the same testing will not be required for the side panel.

Hon. Hedy Fry: You're saying you don't think there's going to be any difference in the ability to report. I was concerned about emissions as opposed to constituent components.

Mr. Rob Cunningham: Any company that does import will have to comply with the regulations, just as if they were a domestic manufacturer. They have an ongoing ability to import, and companies will still be able to import, but yes, regulations have to be complied with.

Hon. Hedy Fry: Thank you.

I'm also very interested in the inability to meet the target deadline, which Mr. Haslam has been speaking about. You said that you won't be able to get the machinery in time and that obviously you cannot walk up to a bus queue and find people who could run your machinery. I accept both of those statements as being fairly valid.

If you knew that these were coming down, why didn't you get the machinery? At least you could have that. You didn't need to know what is to be put on the packaging before you got the machine. Could you not have gone around looking for people to potentially hire once the legislation was passed, people who have the ability and the technical experience to do it?

Mr. David Haslam: Typically it takes 10 years to amortize a piece of machinery. You're talking about six months' volume, and then there's no work to come in afterwards, so no, we're not going to go out and invest in that. It's not a smart investment.

To train people, we run a three-year apprenticeship program. We can't bring those people in and then just have them stand there waiting. We can't lay them off; that's not fair to the people either.

What we want to try to do is manage it with the resources we have at hand and make sure that our employees.... They will be very busy over the next 12 months, and they will enjoy that, but no, we can't hire people from bus lineups, I'm afraid.

Hon. Hedy Fry: I am very confident in your ability to meet the deadlines because I know you're inventive and innovative.

Mr. David Haslam: I'm flattered.

The Chair: Thank you, Dr. Fry.

We will now go to Mrs. Block.

Mrs. Kelly Block (Saskatoon—Rosetown—Biggar, CPC): Thank you very much, Madam Chair.

I'd like to thank each of our witnesses for joining us here today. I appreciated the opening comments you made.

I'm a new member of this committee, but I'm aware, as my colleague from across the way mentioned, that this is a process that has been ongoing for quite some time. In fact, we heard from Health Canada that health warnings on packaging should not be a stand-alone approach but rather should be part of an overall tobacco reduction strategy.

My question is for you, Mr. Cunningham. Can you tell me what level of participation you had in the development of this strategy with Health Canada?

• (1610)

Mr. Rob Cunningham: I was involved through the Canadian Cancer Society. They and other health organizations were actively consulted during the regulatory development process. I know that tobacco manufacturers were also consulted as part of that process, which is Health Canada's approach. I believe that our considerations were taken into account.

Mrs. Kelly Block: In the tobacco products labeling regulations, sections 12 to 16 set out the proposed requirements for health warnings on tobacco products. Is it your view that these requirements adequately respond to the concerns raised by the stakeholder groups that participated in designing the strategy?

Mr. Rob Cunningham: I think that taken as a whole, the regulations are outstanding. The 75% size is especially important for improving the impact. The images are far better, as a whole, than the current images on packages. There's been improvement. There's been learning. It's always possible to identify things that you could do better, but these regulations are outstanding as is.

Mrs. Kelly Block: Okay. You just mentioned that there's been improvement in terms of the images that have been put on packages and the warnings.

Can you tell us what evidence there is that the increased warning messages are effective?

Mr. Rob Cunningham: There's enormous evidence. Of course, in 2000 this committee received considerable evidence, commissioned by Health Canada, that was available otherwise in Canada or internationally. Since then, Canada being the first country to acquire picture warnings, there are now more than 42 jurisdictions and countries that require picture warnings. The evidence in studies continues to grow.

Here beside me you have essentially a mountain of new evidence that has occurred in the last 10 years in Canada and internationally. It's very impressive, and the committee can be assured that these regulations go in the right direction.

Mrs. Kelly Block: Do I have any more time, Madam Chair?

The Chair: You have a couple of minutes more if you'd like to use them, Mrs. Block.

Mrs. Kelly Block: Okay.

I was reading through the different pieces of the regulations that were tabled. I was looking at the promotion of tobacco products and accessories regulations and the prohibited terms.

Could you comment about the terms, “extra”, “ultra”, “light”, and “mild”, and the impact the use of those words might have when an individual is contemplating trying to quit smoking? Are they misleading? Where do they fit in terms of a tobacco strategy?

Mr. Rob Cunningham: The terms “light”, “mild”, “ultra-light”, “extra-light”, “extra-mild” are misleading. They’ve been part of a strategy to reassure smokers, and there’s been a perception created by tobacco industry marketing that these are significantly less harmful than “regular” cigarettes. Unfortunately, many people have switched to these brands instead of quitting altogether.

There is now an international recognition that these terms are deceptive. It’s cited in the international tobacco treaty, the Framework Convention on Tobacco Control. At least 50 countries have prohibited these terms specifically, and three major companies in Canada and a number of smaller ones, following an investigation by the Competition Bureau, have entered legally enforceable settlements to have these terms removed from their brands. These regulations will put this into a regulatory form to cover those companies that are not yet subject to such agreements.

Mrs. Kelly Block: Thank you very much.

The Chair: Thank you, Mrs. Block.

Are you finished your questions? Okay.

With the committee’s permission, can I ask a question of the witnesses? Is that okay with everyone?

Some hon. members: Agreed.

The Chair: Thank you.

Mr. Haslam, I was very interested in what you said about your company. It sounds like a rather gloom-and-doom picture if the six months’ deadline is there. You make \$70 million in sales in Canada?

Mr. David Haslam: Yes.

The Chair: Is labelling cigarettes your only source of income?

Mr. David Haslam: No. I explained before that 25% of our gravure business is through tobacco packaging; 75% is for general packaging—candy and chip packets, beer labels, you name it. We do all the different types of packaging through that process. One part of our business is gravure-intensive, and 25% of that one business is tobacco-related.

•(1615)

The Chair: So you do have other sources of revenue, rather than having your company being forced to go to the U.S. based on this?

Mr. David Haslam: Yes.

The Chair: I just wanted that clarified. Thank you.

We’ll now go into the second round, with five minutes for questions and answers.

We will begin with Madam Quach.

[Translation]

Ms. Anne Minh-Thu Quach (Beauharnois—Salaberry, NDP): Thank you, Madam Chair. I want to thank all our witnesses. My question is for Rob Cunningham.

We know that the tobacco industry produces 40 to 50 billion cigarettes annually. Regarding everything you said about the impact of the words “mild” and “light” on consumers, do you have with you any statistics on the sales of those products? For instance, is it known how many consumers buy products branded “light” or “mild” compared with other product brands available on the market?

Mr. Rob Cunningham: Today, about 2% to 5% of products include the word “light” or “mild” in their name.

There are also issues associated with the colours on cigarette packs. Who uses them? It is somewhat misleading. Some companies have used substitute words. That will not eliminate the misleading element, but it will certainly reduce and eliminate certain misleading words on the packaging. Therefore, we support that regulation.

Ms. Anne Minh-Thu Quach: Do those words have a greater impact on young people or older people?

Mr. Rob Cunningham: I think they have an impact on adults and young people. Many young people are trying to stop smoking. It is difficult for teenagers to reach that goal. Young people are affected by the misleading message of “light” or “mild” cigarettes. Therefore, the regulation will have a positive impact on those two groups.

Ms. Anne Minh-Thu Quach: My next question is still about the words “mild” and “light.”

Mr. Clayton, could you answer it? Have the sales of “mild” and “light” products increased over the last few years?

[English]

Mr. John Clayton: The terms you’re referring to, “mild” and “light”, through an agreement with the Competition Bureau that Mr. Cunningham mentioned just a moment ago, have not been placed on tobacco products in Canada for the last four or five years, so this regulation is merely putting into law what is currently the standard practice in the tobacco industry in Canada today.

I would go on to say, however, that those terms do still appear on a number of contraband products that continue to flow off the first nation reserves and are sold throughout the country today, but in terms of the legal tobacco market, they’re not used on tobacco products today.

[Translation]

Ms. Anne Minh-Thu Quach: Thank you.

I also have a question about the ingredients listed on tobacco product packaging. Figures used to be listed on the packs, and now an attempt is being made to have them removed.

Mr. Cunningham, do you think that people’s health would be further harmed if there was no longer an official method for measuring toxic emissions?

Mr. Rob Cunningham: We now know that those figures are misleading because smoking machines were used to obtain the results. Humans don’t smoke like the smoking machines used in the tests do.

Removing those figures is the current international trend. We see that happening more and more in many countries. There are international guidelines on that recommendation. That trend is the reason amendments are being made to regulations internationally.

Ms. Anne Minh-Thu Quach: Do you think those amendments will enable companies to get around reporting those toxic emissions?

Mr. Rob Cunningham: We can still request that companies conduct tests. They're still obligated to send test results to Health Canada. However, the amendments will eliminate the misleading information currently found on packaging. Companies can still conduct tests, but the information provided on the sides of cigarette packs will change.

• (1620)

[*English*]

The Chair: Thank you, Mr. Cunningham.

We'll now go to Mr. Brown.

Mr. Patrick Brown (Barrie, CPC): Thank you, Madam Chair.

The first general question is this: to what extent have you been working with Health Canada on the development of these labels, and how have you felt that your input has been heard? The question is for any of you four.

Mr. John Clayton: We would probably disagree with Mr. Cunningham's characterization of active participation or contribution. We have contributed a submission as part of the general regulatory process; however, as we stated here in our position today, there have been a number of issues that have not been addressed that are still of great concern to us, which is why we're raising them with the committee today.

Mr. David Haslam: We were asked to give input on the execution and timeline and management of this process. We gave our advice. It's not been heeded to date, but we gave our opinion, and that's why I'm here again today. As I say, our position is not about the efficacy of the warnings or anything to do with that; it's just how we can do it and maintain Canadian jobs.

Mr. Patrick Brown: Mr. Cunningham, would you comment?

Mr. Rob Cunningham: We did participate in terms of consultations, and I believe that our input, and that of other health organizations, was considered. It doesn't mean that everything was taken on board, but it was actively considered, and in many cases changes were made.

Mr. Patrick Brown: I have a follow-up question. What is your impression on how increased warning sizes have affected the overall rates of smoking in Canada? Do you believe they're working? What potential exists for further reductions?

Mr. Rob Cunningham: I think the existing picture warnings have had an effect in reducing smoking among adults and youth. The picture warnings that we're going to see as part of these regulations reduce tobacco use, increase awareness of the health effects, and reduce package deception. The package as an advertisement is impacted. The companies tend to portray sophisticated lifestyle images, but they will not be able to do that as much when the truth is being told with a picture in a larger size.

The problem is that the existing pictures have been on packages for 10 years without being changed. That's why it's essential that they be updated, and these regulations are going to do that. The current images don't have the impact they initially had, and that's why it's great that these warnings are being refreshed and being improved at the same time. The 75% size is extremely important.

Mr. Patrick Brown: When we've talked about this in the past, we talked about what different jurisdictions were doing around the world. In other jurisdictions where they've had more focus on the increased warning sizes, is there evidence that shows that smoking has decreased?

Mr. Rob Cunningham: In Australia there's very good evidence with respect to the success of their picture warnings. There is an international tobacco control study that measures the impact in different countries. Another example is Thailand. When they increased their size and used pictures in particular, compared to a neighbouring country, Malaysia, which did not, there was an increase in the impact of warnings. Just for those two comparator countries, there's lots of evidence that adding pictures—sometimes combined with size, sometimes not—increases the impact.

The evidence is overwhelming. That's why every year the number of countries that require picture warnings grows, and we see this trend growing.

Mr. Patrick Brown: Are there any comments?

Mr. John Clayton: I have a couple of comments.

I'm not here to debate with the committee the efficacy or the effectiveness of the health warnings. I believe that probably the question of my credibility, which has already been raised by Mr. Cunningham, is lingering in your minds regarding that point. I did state in my statement our position on that issue.

What we are asking for is simply a practical implementation period—one that is practical for the supplier who is here today, one that we are able to implement in a timely fashion, and one that does not disrupt the market, which already goes as high as 33% contraband in some areas. I would go to the point that I raised in the statement, which is that you have two implementation periods in the current regulations. We don't understand the rationale behind the one for the manufacturer. Simply have one for the consumer at the end at the point of sale. It doesn't affect the consumer at all. It enables manufacturers to be able to deal with their supply chain as best they can without having any impact on the consumer at the end of the day, and will cause less of a disruption in the total supply chain in the tobacco market in Canada.

• (1625)

The Chair: Thank you, Mr. Clayton.

We'll now go to Dr. Sellah.

[*Translation*]

Mrs. Djaouida Sellah (Saint-Bruno—Saint-Hubert, NDP): I want to thank all the witnesses here today.

My question is simple. John Clayton was talking about the implementation date for the packaging and everything else, but as a health care professional, I know that the nicotine found in cigarettes creates an addiction that makes it difficult to quit smoking. Many smokers experience unpleasant withdrawal symptoms when they try to quit smoking.

Is it easier to stop smoking when using light or mild tobacco products? Do you think that prohibiting the use of the terms “mild” and “light” would have an impact on tobacco users? If so, what kind of an impact do you anticipate?

Thank you.

[*English*]

Mr. John Clayton: I have a couple of points in response.

First of all, as I stated earlier, those terms have not been used on tobacco products in Canada for the last four or five years, so it's difficult for me to comment on that.

Second, we acknowledge the fact that tobacco is addictive, in the sense of the term, and that smoking is certainly hard to quit. I don't have any problem with acknowledging that. That seems to be common knowledge today.

I'm a non-smoker myself. As those products have not been used in Canada in the last four or five years, it's very difficult for me to comment. Consumers aren't smoking tobacco products in Canada today with those terms on them.

[*Translation*]

Mrs. Djaouida Sellah: Thank you.

[*English*]

The Chair: You have a little bit more time, Dr. Sellah. Would you like another question? Are you finished?

[*Translation*]

Mrs. Djaouida Sellah: I'm finished, since the gentleman has answered the question about light and mild product competition.

[*English*]

The Chair: Okay, thank you.

Mr. Morin, do you want to take her extra two minutes to make up time?

[*Translation*]

Mr. Dany Morin (Chicoutimi—Le Fjord, NDP): Yes, please.

Mr. Cunningham, I'm very glad you talked about statistics that indicate that smoking in all age groups has decreased. However, I think that the popularity of little cigars—or cigarillos—has increased, especially among young people, who believe that smoking cigarillos is sort of cool.

Could you give us the information you have on that specific product? Do you have any statistics, especially regarding young people?

Mr. Rob Cunningham: Bill C-32, which was studied by this committee and passed by Parliament, prohibits flavoured little cigars. Prior to the passing of the bill, we noticed a strong increase in the sales of cigarillos in chocolate, mint, peach, vanilla and raspberry

flavours, which were very popular among young people. That's unbelievable considering that it's a harmful and addictive product.

That excellent bill, introduced by the Minister of Health, Ms. Aglukkaq, was supported by all the parties. Under the regulations, the new warnings will apply to little cigars, as set out in Bill C-32—and that is a good thing—even if they aren't flavoured.

In addition, I want to remind you that a Senate committee studied this bill and heard from witnesses who said that, if the bill were passed, the Rothmans, Benson & Hedges plant in Quebec would have to close. The bill was passed, and the plant is still open. So, the sky did not fall. We always hear about how the sky will fall.

Regarding the Shorr Packaging case Mr. Haslam just mentioned, it was well after 2000, when regulations on the new packaging were made.

• (1630)

[*English*]

The Chair: Thank you, Mr. Cunningham and Mr. Morin. I just want to tell you that following Mr. Gill, you are back on again.

Now we'll go to Mr. Gill for five minutes.

Mr. Parm Gill (Brampton—Springdale, CPC): Thank you, Chair. I'd also like to thank the witnesses for taking the time out and being here.

The first question is for Mr. Cunningham. Could please help us understand the impact these labels will have mainly on youth, teens, and preteens? Has there been a study done? Can you give us some details on that?

Mr. Rob Cunningham: There have been studies done by Health Canada on adults and youth and research by the Canadian Cancer Society on adults and youth, and the findings are that the bigger size is more effective than the smaller size.

We know that the cigarette package is a mini-billboard that walks around communities, schoolyards, and homes in the hands of youth. Often the package is what they want to convey as an image to their friends and their peers in their circles. When you have the truth about mouth cancer or other health effects right on that package, that package isn't so cool anymore.

It does discourage youth from smoking. It encourages discussions at school when the subject comes up in health class. It encourages informal discussion among smokers. There is also a toll-free quit line as part of this package, which is very important, because every Canadian, whether in a remote community or a rural community or a city, who finds it inconvenient to get to a smoking cessation program is going to have that number right on the package for the teachable moment when the person is motivated to quit and wants help. They can call for free and get help from a trained specialist. That's available to Canadians across the country.

For a series of reasons, many youth don't think it's going to happen to them. Smoking is going to happen to somebody else. Maybe it's in 50 years, and they are living for the present, but when you have that picture on the package, a picture says a thousand words. It's harder to avoid. Moreover, when it's something to do with image, like the mouth and something like that, it resonates, because image is so important to kids.

It is more difficult for the tobacco companies to convey femininity or masculinity or sophistication or status, which they try to do with all of their attractive packages, when that advertising stock is smaller. I mean, the size is sufficient to convey the brand name and so on. There's no problem there. Other countries, such as Uruguay and so on, have gone bigger, and Australia has required plain packaging in terms of draft legislation they've announced for comment, so other countries have gone further.

These are various mechanisms that help to reduce youth smoking, and that's been the experience in Canada so far. Youth themselves are supportive of these types of messages.

Mr. Parm Gill: Are there any stats available from other countries that may have gone to the bigger version of the labels, especially stats on teenagers and pre-teens? What sort of reduction may there be from their being able to not get addicted to smoking?

Mr. Rob Cunningham: I don't have youth trend data from other countries at my fingertips, but I do know that there has been progress in other countries that have introduced these labels in terms of reduction in youth smoking. New Zealand is another example, apart from countries I've already mentioned. Tobacco companies oppose these for a reason. The companies know that these regulations work to reduce youth smoking. That's why we see more and more governments, health departments, and ministers of health analyzing the international evidence, seeing the experience of other countries, and adopting regulations of this nature.

The experience in other countries in essence is consistent. At the same time, in developing countries you have countervailing pressures, because you still might have advertising on billboards or on television. You may have growing incomes that allow people to afford cigarettes as developing countries improve. You may have much less awareness of the health effects than you have in Canada.

These other incentives contribute to upward pressures in smoking, and it may be that in such a country, warnings of this nature would reduce smoking to levels that otherwise would not be the case. They will slow the growth. Every country has particular circumstances.

• (1635)

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

We will now go to Monsieur Morin.

[*Translation*]

Mr. Dany Morin: My question is for Mr. Clayton.

I understand perfectly that you and Mr. Haslam would have preferred to have a 12-month timeframe to really change your practices.

However, your industry is very lucrative, and your profits are enormous. You surely have the financial resources to invest in the

manufacturing process and thereby accelerate the pace in order to meet the six-month deadline.

Ms. Caroline Ferland: Could I answer instead?

There are two fundamental elements that play a part in the ability to comply with such regulations by the deadline.

First, we must produce and buy the packaging materials that will carry the health warnings. That's what Mr. Haslam is here to testify about. That's an important part of the process for us. The result is greatly affected by the timeframe our suppliers—like Mr. Haslam—can give us.

Second, once we have our packaging materials, we can use them in our plants to produce compliant cigarette packs from then on.

We have already been asked whether we could comply with the regulations in time by investing all our financial resources into that process. Mr. Haslam would be better suited to answer the question, since our ability to meet the deadline greatly depends on when suppliers can provide us with compliant packaging materials.

As he was explaining earlier—and perhaps he would like to add something else—buying the machinery and training employees in order to meet the requirements within a shorter deadline is not a matter of money. As he was explaining, the issue is rather the three-year training period.

Therefore, it is currently more about resources and resource specialization than about money.

Mr. Dany Morin: I have a quick question.

Could I go as far as to say that your failure to anticipate this move is somewhat due to a lack of planning? We know that Canada has been investing increasing amounts of money in tobacco control for many years.

So, should you not take some of the blame owing to a lack of planning?

Ms. Caroline Ferland: Once again, I am going to pick up on the remarks made by Mr. Haslam earlier.

Clearly, we knew that proposed regulations of this nature were being considered. You are asking us whether we started preparing. I will tell you that we tried to start working on it. Faced with a possible six-month timeline, a huge challenge for us, we tried to do as much work as we could.

Your first question was whether it is normal for an industry to start working on something even before the legislation is in place. Let's put that aside for a moment.

It is also important to understand that, even if we do want to start the work, the essential tool we need to manufacture these packaging materials is what we call the source document. It is actually the binder you have in front of you containing the new health warnings.

Not only do we need a hard copy of the document such as the one you have there—which we have already received—but we also need an electronic copy containing highly specialized technical files so that Mr. Haslam can work from it.

So even though we are already doing everything we can to prepare, as long as we do not have the electronic version of the source document, we cannot unfortunately start the most difficult part of the process.

Mr. Dany Morin: I have one last quick question for you. I am trying to find a solution to your problem.

Besides Mr. Haslam, are there other suppliers who could help you meet the deadline in the short term, ideally in Canada but anywhere in the world? Are there new suppliers who could help you with that?

Ms. Caroline Ferland: Mr. Haslam talked about that a number of times today. For him, there are no other Canadian suppliers. For us, we give all of our business to SGS, Mr. Haslam's company. If he wants to be able to deliver the product by the deadline, he has told us that he must outsource part of the work outside Canada. There are no other Canadian suppliers we can work with.

It is also worth mentioning that the company Mr. Haslam is here representing provides these services not only to us, Imperial Tobacco Canada, but also to JTI and RBH. Together, we are Canada's top three tobacco companies. We cover just about all of the legal market.

• (1640)

[English]

The Chair: Thank you very much.

We will end our round by going to Mr. Strahl.

Mr. Mark Strahl (Chilliwack—Fraser Canyon, CPC): Thank you.

My question is for Mr. Haslam. What percentage of the entire cigarette packaging industry in Canada does your company hold? What percentage of the packages would you say that you print?

Mr. David Haslam: We don't print anything. We supply the tooling to the printers, but we do supply probably 98% of the legal tobacco trade.

Mr. Mark Strahl: What the committee should understand, from your point of view, is that there is no other capacity in Canada that could be used in addition to your company to meet the requirement.

Mr. David Haslam: No, there is really no other available capacity. There are four engraving shops in Canada; we're the largest one. We engrave about 90% of the Canadian cylinders. The three other companies specialize either in wall coverings, floor coverings, pool liners, or decorative work. They don't really go into the high-end packaging that we're engaged in.

Mr. Mark Strahl: Mr. Cunningham, to switch gears a little, what has your research shown in terms of the shelf life of these picture warnings? How long are they effective before people start to look past them? How often would your organization think they need to be renewed in order to be effective?

Mr. Rob Cunningham: Ideally you'd see a new set of warnings every two years or so, or some period in that range. There's not a straight answer, because different consumers respond differently. There're always new young people coming along and new Canadians exposed to them for the first time. As well, when you or your wife or your daughter becomes pregnant, you're going to look at an existing warning in a different way. That life-changing event may suddenly

prompt the warning to have a renewed impact for that particular individual.

We're seeing more countries that change warnings after a period of time—12 months, 18 months, two years, two and a half years, and so on.

Mr. Mark Strahl: With regard to the briefing material we received in advance, one of the things that jumped out to me was Imperial Tobacco's statement that the increased size of the warning may drive people to the contraband market. I'd like, first of all, Imperial to discuss that and perhaps help me understand. Are they really saying that smaller warning labels will limit contraband tobacco?

Maybe Mr. Cunningham could address that part of the brief that we received as well.

[Translation]

Ms. Caroline Ferland: In answer to your question, I want to raise two points. The first is what we have been saying. We are currently up against some stiff competition from the Canadian black market. Increasing the size of health warnings means less and less room on our packaging to provide those adults who choose to smoke with information about the cigarettes they want to buy. And in that sense, this may initially lead some of those people to take the view that there is less reason to buy legal cigarettes as opposed to illegal ones.

There is another consequence that may lead people to turn to the black market: the less space we have to be competitive on our packs and encourage consumers to choose our brand over our competitors', the more competitive we have to be with our pricing. But lowering prices goes against one of the policies set out by Health Canada in its tobacco control strategy. Furthermore, no matter how much we reduce the price, we will never be able to compete with the black market. Since consumers who choose that option do not have to pay taxes, the price is really too difficult to touch.

• (1645)

[English]

Mr. Rob Cunningham: Contraband is clearly an important problem. We've had recommendations to have measures to prevent contraband.

I don't accept Imperial Tobacco's argument that the warnings would lead to an increase in contraband.

The problem is one of a source of supply. It's interesting that Ontario and Quebec have the lowest tobacco taxes in Canada, but the biggest contraband problem. Why? It's the proximity to the source of supply, the illegal factories on a handful of first nations in Ontario and Quebec and on the U.S. side, such as Akwesasne near Cornwall. Provinces like Alberta and British Columbia have a comparatively very low level of contraband, but much higher tobacco tax rates. It's quite a complex issue in some respects, but it's associated with source of supply.

The Chair: Thank you, Mr. Cunningham.

We have ended this round. I want to thank the witnesses very much.

Dr. Fry would like to ask a quick question. Although Mr. Williamson was next on the docket, is it the will of the committee to allow Dr. Fry one minute?

Hon. Hedy Fry: No, that's fine.

The Chair: It's okay that we pass?

Hon. Hedy Fry: Yes.

The Chair: Having said that, I want to thank the panel very much for coming and giving us their expert advice. It's very much appreciated.

I will suspend the committee for two minutes, after which I will ask Health Canada to come forward.

- _____ (Pause) _____
-
- (1650)

The Chair: Good afternoon to Health Canada. We welcome you. We're very happy you could make it today to make a presentation and answer some questions.

We have with us Hilary Geller, assistant deputy minister of the healthy environments and consumer safety branch. Welcome.

We also have Cathy Sabiston, director general of the controlled substances and tobacco directorate of the healthy environments and consumer safety branch, and Louis Proulx, acting director of the controlled substances and tobacco directorate of the healthy environments and consumer safety branch. Welcome to you both.

You will have a 10-minute presentation. Who would like to begin? We'll have one representation.

Hilary, go ahead, please.

Ms. Hilary Geller (Assistant Deputy Minister, Healthy Environments and Consumer Safety Branch, Health Canada): I will.

Thank you, Madam Chair.

We appreciate the invitation to speak to the standing committee about Health Canada's tobacco labelling regulations.

Health Canada is committed to helping the five million Canadians who continue to smoke to kick the habit. We know that smoking is responsible for the premature death of 37,000 Canadians a year and causes chronic diseases like lung cancer and cardiovascular disease. We also know that health warning labels on tobacco packaging are one of the most effective ways to warn smokers of the health hazards of smoking. Research has shown, however, that the current messages in place since 2000 have reached their maximum effectiveness.

Last December the Minister of Health announced regulatory changes to introduce new and larger health warning messages that include a toll-free quit line number for all cigarette and little cigar packages. In February of this year the department published the proposed regulations in *Canada Gazette* part 1, and the minister laid the regulations before the House of Commons on June 9. These regulations are entitled, first, Tobacco Products Labelling Regulations (Cigarettes and Little Cigars); second, Regulations Amending the Tobacco Products Information Regulations; and third, Promotion

of Tobacco Products and Accessories Regulations (Prohibited Terms).

- (1655)

[*Translation*]

I am pleased to provide you with a brief overview of the proposed regulations.

[*English*]

Canada was the first country to require pictorial health warnings on tobacco packaging when it adopted the Tobacco Products Information Regulations in 2000. Since then, research has shown that larger warnings with pictures are more likely to be noticed, better communicate health risks, provoke greater emotional response, and further motivate tobacco users to quit.

I will first mention the proposed tobacco products labelling regulations for cigarettes and little cigars. These regulations will increase the size of the health warnings from 50% to 75% of the front and the back of the package. These regulations include 16 new high-impact health warnings that cover a wide variety of messages. For example, there will be warnings about tobacco-related diseases that have not been featured in the past, such as bladder cancer and age-related macular degeneration, and for the first time Canadian health warnings will feature testimonials from individuals affected by tobacco use, such as the late Barb Tarbox.

[*Translation*]

Also included are eight new pictorial health information messages placed in the interior of the pack, and four easier to understand toxic emission statements.

[*English*]

Changes to the design of the health information messages make them more engaging, and they encourage users to read the information. The four text-based toxic emission statements provide clear, concise, and easy-to-understand information about the toxic substances found in tobacco smoke. They will be found on the side of cigarette and little cigar packages. Research indicates that having both positive and negative messages is important in motivating behavioural change. This balanced approach will provide Canadians with information on both the health risks of smoking and the health benefits of quitting.

[*Translation*]

The proposed new labels also feature a pan-Canadian toll-free quit line number and Web portal to inform tobacco users about the availability of smoking cessation services.

[*English*]

Health Canada is working with its provincial and territorial counterparts to establish the quit line and web portal that will seamlessly connect smokers to their local cessation services.

I will just say a word on the issue raised by Mr. Clayton. The inclusion of the words “at least 75%” makes the proposed regulations consistent with the current regulations, which say “at least 50%”. I'd like to assure the committee that this does not alter the requirements set out in the Tobacco Act for all regulations to be laid in front of the House.

Second, Health Canada is also proposing regulations amending the Tobacco Products Information Regulations. These regulations currently establish the requirements for information that must be displayed on tobacco product packaging for retail sale in Canada. The proposed changes will remove their application to cigarettes and little cigars, which will be regulated by the new tobacco products labelling regulations. The amendments will also remove the obligation to list numerical values for toxic emissions, which many smokers found confusing. Other modifications address housekeeping changes in response to issues identified by Parliament's Standing Joint Committee for the Scrutiny of Regulations.

The third set of proposed regulations deals with prohibited terms in the promotion of tobacco products and accessories. These regulations would prohibit the use of the “light” and “mild” descriptors and related terms on various tobacco products; on their packaging, promotions, and retail displays; and on tobacco accessories.

This last set of regulations would reinforce the Competition Bureau's previous agreement made in 2006 and 2007 with nine tobacco companies, representing approximately 98% of the Canadian cigarette market, to voluntarily remove the misleading terms from their products and packaging. These regulatory changes would prohibit these terms from all relevant products.

[Translation]

As part of the regulatory process, Health Canada consulted Canadians on these three regulatory packages.

[English]

Following a 75-day comment period, we received 54 submissions from the tobacco industry, from retailers, from non-governmental health organizations, and from individual Canadians. Health Canada has considered these comments and integrated them, where appropriate, to improve the effectiveness of health messages and to facilitate their implementation. For instance, Health Canada changed some font colours and the layout of the quit line number to improve readability. You'll notice that it's now a yellow font over a black background. Some images were also changed to ensure that health messages were more representative of the diversity in Canadian society. Technical changes, such as the colour processing, were made to facilitate implementation and printing of packages by manufacturers.

Building on the success of the Cracking Down on Tobacco Marketing Aimed at Youth Act, the regulations laid out and referred to you propose changes to tobacco packaging that complement new and existing cessation and prevention initiatives, resulting in a comprehensive and integrated approach to tobacco control.

• (1700)

[Translation]

Thank you. My colleagues and I welcome your questions.

[English]

The Chair: Thank you so very much.

With the permission of the committee, we'll go into one round of questions. I'm understanding that the questions are running out now, and we're being a little redundant.

With the permission of the committee, we'll do one round, which will be representative of all parties. Is that okay with you?

Some hon. members: Agreed.

The Chair: Great. It will be the same, for seven minutes.

Go ahead, Ms. Davies.

Ms. Libby Davies: Thank you to the Health Canada officials for coming today, and thank you for the work you've done on this file, because it is very important. I would note that our former colleague, Ms. Judy Wasylycia-Leis, had a private member's bill on this issue and worked very hard. I know she'd be very pleased today to see these things going through.

I actually ended up with more questions, based on what was said. I wasn't running out at all.

We've heard from Mr. Cunningham that these warnings should be updated with new information every couple of years. The last set was in 2000, so we're already 11 years from what we had before. What is the plan now for the future? Are we going to see regular updates from Health Canada? Is that part of the regulations? Maybe you could address that.

There's another thing that concerns me. Maybe this is crazy, but a lot of teenagers buy these really fancy covers to put on their cellphones. We've heard that the visibility of this information is very important. What if some brilliant entrepreneur comes up with the idea of having some little slipcover to go over a cigarette package? Would it be illegal to manufacture and distribute something like that, because in effect it would cover up a health warning that is being done by regulations? I don't know if anybody has looked at that, but I have a concern about it.

On the manufacturing side, the stuff to come forward, we've heard that there are problems with the timeline. I suppose it's a possibility that if the tobacco companies can't meet the deadline, since they have a whole bunch of brands out there, they could decide to stage it. They could go forward with their most popular brands—if I dare say that—pull others off, and do them later. There's nothing to preclude them from doing that, as I understand it, under the regulations.

Ms. Hilary Geller: Thank you, Madam Chair.

On the first question about the renewal of the health warning messages, once the new warnings are in place, we obviously have a fairly robust system to analyze the effectiveness of those messages. We certainly recognize that 10 or 11 years is not an ideal period of time. Our intention is to try to renew them within four years this time.

On the issue of a slipcover, I'm informed by our counsel that if a cover is sold separately from the tobacco product, it's independent. It's not illegal to sell something to cover up the tobacco package itself.

On the issue of staging, I'm wondering if I could ask my colleague...?

Ms. Libby Davies: That's something we need to really watch out for. If it looks like there's an intent to circumvent the regulations because somebody else has come in with a new product, some fancy little slipcover with some cute design on it, that's a huge undermining of the whole intent of these regulations. Will Health Canada be monitoring that?

• (1705)

Ms. Hilary Geller: We will certainly monitor it. We can also investigate whether it has happened in other jurisdictions, how they've handled it, and what we can potentially do if such a thing happens.

Ms. Cathy A. Sabiston (Director General, Controlled Substances and Tobacco Directorate, Healthy Environments and Consumer Safety Branch, Health Canada): I would add that the tobacco control environment in Canada is more than the health warning messages per se. We are very fortunate to have worked very collaboratively with the provinces and territories, so they also have retail display bans. As you know, tobacco products are hidden from the view of young people.

Those two work together. Packaging is always of interest to Health Canada. We monitor the market and post the health warning message implementation. We're fortunate to have a number of inspectors across the country who can tell us what's happening on the ground. A lot of our colleagues across the country send me letters all the time letting me know about innovations, so that's very good.

Your third question was about the staging. In the last go-around we had more of a process like that for implementation. As Mr. Clayton pointed out earlier, the preferred option for the industry is to have one implementation period so that it's competitively equal for all. There was a difference of views within the industry when they came to us and reported back on the consultation period, and it was felt it would be best for the industry to have one date of implementation.

Ms. Libby Davies: If they had difficulty, voluntarily they could do that. They could pull certain brands until they were ready to go.

Ms. Cathy A. Sabiston: They could work on different brands at different times up to the implementation date.

Ms. Libby Davies: Yes.

Okay.

The Chair: Do you have a comment, Mr. Proulx?

Mr. Louis Proulx (Acting Director, Controlled Substances and Tobacco Directorate, Healthy Environments and Consumer Safety Branch, Health Canada): Just to add to what Cathy said, we don't typically comment, as Health Canada officials, on tobacco company strategies. That is their business.

The Chair: Thank you, Ms. Davis.

We will now go to Mr. Williamson.

Mr. John Williamson (New Brunswick Southwest, CPC): Thank you very much, and thank you to the witnesses for appearing today.

I'll start by asking you what kind of consultation you did with industry over the six-month timeline. Mr. Haslam explained previously that six months will be very difficult. I was unable to question him directly, but it sounds as though these are high-end manufacturing jobs, and I get his point that if the industry is required by government to fulfill their six-month mandate, they're going to do it, but they might go overseas to do it. It sounds like it won't be in the United States and it might be abroad.

I'm curious to know just what you have to say about that, and if there is a solution that you can envision that perhaps wasn't brought up with the previous set of witnesses.

Ms. Cathy A. Sabiston: I'll start and then I'll turn it over to Louis on the number of meetings. I don't want to get that wrong.

It's fairly clear that the original set of regulations proposed the six-month coming into force date for manufacturers, and then an additional three months for retailers. In Canada, our big three companies—JTI-Macdonald, RBH, and Imperial—are associated with some of the largest multinational companies in the world. As international companies they sell 2.3 trillion cigarettes a year, and their sales are \$100 billion. The Canadian market is smaller, but as multinational companies they have expertise in implementing health warning messages in 40 countries around the world. This was factored into our decision-making as well.

Mr. John Williamson: I appreciate that. Of course it's a global economy, so I understand that you didn't specifically come up with a strategy to ask how we could keep these jobs in Canada to ensure we have a process that's going to keep the work here. This government goes on and on, and rightly so, about the economic troubles we face, and here are manufacturing jobs, and the companies are looking at their global market price. It doesn't matter to you if these jobs are in Canada—or in China, for that matter—provided the regulations come in within the allotted time.

Ms. Hilary Geller: When we consulted and proposed six months and nine months, we obviously had to balance our desire to have the health warning messages in place as soon as possible—because the sooner they're in place, the sooner the public health benefits begin to be realized—with what's feasible.

I'll ask my colleague, Mr. Proulx, to elaborate, because he was most directly involved in the regulations. When we looked at what was feasible, we looked at the experience we had most recently had with Bill C-32, The Cracking Down on Tobacco Marketing Aimed at Youth Act, for which we had the same transition period of six months and nine months. Our experience was that it went well and that the compliance was good.

We also looked to the sorts of factors that Cathy just mentioned about large multinational companies with expertise in bringing into place similar issues. They have had to put similar health warning messages in place in close to 40 countries now, so we were balancing what was feasible with what the earliest time was that we thought we could ask them to have the new health warning messages in place.

Mr. Proulx can speak more specifically to the numbers of comments we received, and I think you asked about needing some discussions with the industry itself.

• (1710)

Mr. Louis Proulx: Since the *Canada Gazette* was published on February 19, we have had two meetings with tobacco companies on the specific issue of the implementation period. They raised all the issues that they have raised today. We listened to them intently and, again, had discussions internally to try to balance what was said to us with the health impacts that we're trying to implement through these labelling regulations.

We are aware of the issues that were raised by the Canadian suppliers, but we believe that it's more an issue of the capacity of a single supplier to meet the surge in work rather than an issue of job losses. Tobacco companies are responsible for managing the relationship they have with their suppliers in Canada and across the world, and as was mentioned earlier, these very large companies have been able to meet various labelling requirements across the world in close to 40 countries.

As a last point, I just want to say that this is in line with the Framework Convention on Tobacco Control guidelines on implementation.

Mr. John Williamson: Madam Chair, how much time do I have?

The Chair: You have about a minute.

Mr. John Williamson: I think your announcement was flawed. I think it was a mistake to look at this as a global market when governments around the world are concerned about job creation at home.

For example, you talked about a previous six months, and I am wondering if you went back to look at the job losses that were referenced by Mr. Haslam and whether that formed part of the evaluation of what was successful. Again, I recognize that companies today can outsource, but I think we're trying to avoid that as much as possible in this country, particularly for good manufacturing jobs like these.

Ms. Hilary Geller: Part of the regulatory process requires us to prepare a RIAS, a regulatory impact analysis statement. That RIAS did look at issues of costs and benefits. Mr. Proulx can talk about what the analysis showed in that regard.

Mr. Louis Proulx: In terms of job loss, the RIAS showed it was going to be very minimal, essentially because as the labelling comes into place, there will be a very minimal job loss; four to ten jobs into mind.

Mr. John Williamson: Do you mean four to ten jobs?

Mr. Louis Proulx: It would be four to ten jobs lost over ten years. This mainly would be due to loss in profits. Jobs wouldn't be renewed because of these labelling regulations, essentially because the market would shrink, which is the objective. We are trying to get fewer people to smoke, and to smoke less.

The Chair: Thank you so much.

We'll now go to Dr. Fry.

Hon. Hedy Fry: Thank you very much, Madam Chair.

I think Mr. Proulx ended where I want to start. The objective eventually is to ensure that jobs in the tobacco industry will decrease over time. When you think that 35,000 to 37,000 people a year die from using this particular drug, nicotine, and from using all of the byproducts that come in a cigarette, we don't want this to be a burgeoning industry at all. We don't want it to grow and we don't want people to smoke. That's the bottom line here.

The issue I wanted to ask about is the big question we heard from Mr. Haslam. It was about how long it would take him to do this and his assertion that he wouldn't be able to do it in this period of time. You said that technical changes such as the colour processing were made to facilitate implementation and printing of packages by manufacturers, so obviously you gave thought to the ability to implement in this timeline. I still do not accept that the industry cannot meet this deadline. If it had to outsource it, I think it would be worth outsourcing four to eight jobs to get other companies in Brazil that have done this before to do it. As I said before, you and I agree that this is an industry we want to see end.

This is something that you probably don't want to answer, but as you know, Australia has plain packaging. When I was at the Canadian Medical Association, many of us were looking at the issue of plain packaging as one of the recommendations. Has anyone given any thought to plain packaging?

I know that the Canadian Medical Association has been looking at this for a long time and has recommended it to health committees in the past. Have you given any thought to plain packaging?

• (1715)

Ms. Cathy A. Sabiston: Canada's move forward with 75% is a very important first step. Clearly the Government of Australia has announced that their plain-packaging initiative is going ahead. Plain packaging, as you know, removes all colours and all branding from tobacco packaging.

Recent Canadian labelling research by Créatec in 2009, which was done for Health Canada, suggests that much of what could be accomplished by increasing the visual attention towards health warning messages through plain or generic packaging could be accomplished by requiring a larger health warning message. You will remember that part of the report Rob Cunningham quoted tested health warning messages at 100%.

Canada will closely monitor the Australian experience. We're hoping that they will evaluate their effectiveness and give us the evidence, the research that we would need for us to consider that as a viable option.

Hon. Hedy Fry: I wanted to comment on Ms. Davies' question about a new technology. It's called a cigarette case. People used it a long time ago. People would buy their cigarettes and put them in a cigarette case, so they would need never be reminded by warnings on the package anyway.

I think people will do what they will do, but ensuring that the messaging is there when people buy it off the shelf is extremely important.

I don't have any further questions, Madam Chair.

The Chair: Thank you, Dr. Fry.

We'll now go to Mr. Strahl.

Mr. Mark Strahl: Thank you.

Labelling is obviously a key component. I think Dr. Fry has indicated that the committee and most Canadians want to see this industry shrink. They want to see fewer smokers. How does this fit into some of the other things? I've noted that in the previous discussions around this issue last December there was talk about an integrated approach, about how this was just a part of an overall Health Canada strategy to reduce the number of people starting to smoke and to help people who do smoke to quit.

Could you expand on what the other measures are, in addition to the labelling? We've heard about social media and mass media. What are we doing through Health Canada, in addition to this labelling, to reduce the number of smokers?

Ms. Hilary Geller: Thank you very much for that question.

I'm pleased to be able to point to a number of initiatives that have taken place under the federal tobacco control strategy that have been successful in part. There have been other initiatives, all of which have played a part in reducing prevalence rates from approximately 25% when the strategy came into place to approximately 18% now.

The most recent example was the legislation that Parliament passed to protect youth by banning flavours and additives in little cigars. We are already starting to see the positive impact of that.

Tobacco product advertising is limited to an adult audience and specifically limited to publications provided by mail to a named adult or on signs in places where young persons are not permitted by law.

There are extensive second-hand smoke bans in this country. Canada introduced workplace second-hand smoke regulations in 1987. All provinces and territories have since followed suit. As of 2009, 93% of all Canadians are now working in places with complete restrictions on smoking.

The compliance rates for youths being unable to purchase tobacco products have soared over this period of time. Close to 85% of retailers are now refusing to sell cigarettes to underage Canadians, according to our latest surveys.

Finally, on health warning messages themselves, all the evaluations show that health warning messages are one of the most effective tools we can use. They've been in place in Canada for over 10 years now.

• (1720)

Mr. Mark Strahl: I have another question with regard to the new regulations. Today I was speaking to someone who had the package in his pocket. It wasn't a rectangular box; it had several angles on it to increase the number of visible panels. Do these regulations address those creative methods that might be used to try to circumvent these rules?

Ms. Hilary Geller: Yes. Standard packaging is something that we have looked at and are looking at. Nothing in these regulations specifically deals with standard packaging.

Louis, do you want to add to that?

Mr. Louis Proulx: One of the reasons the document you have before you is so voluminous is that we tried to make sure that the most basic packs are addressed through this particular regulation, so that if modifications need to occur, there are provisions in the regulations that allow for slight modifications to make this fit on packs.

As you can imagine, there are packs that we probably haven't imagined yet, and that could happen in the next four years. They can be modified, but to a very limited extent, to make sure that nothing is covered and that all the messages are there, on 75% of the front and back—so, yes, we have made provisions for these oddly shaped packs.

Mr. Mark Strahl: Thank you.

The Chair: Thank you, Mr. Strahl.

Now, with the permission of the committee, I would like to ask if the committee is ready to adopt the regulations without amendment.

Go ahead, Ms. Davies.

Ms. Libby Davies: Actually, could it be something fairly fast? If so, then maybe we have time for one more question.

The Chair: I think we are actually running out of time, and I need to read it in both....

We only have about seven minutes, with your indulgence, if that's okay.

Is that okay with you, Ms. Davies?

Ms. Libby Davies: I just don't know how long it's going to take to do the next part.

The Chair: Well, I'm going to try the second part in French, so it might take some time. Are you ready to stay for the evening?

Voices: Oh, oh!

Ms. Libby Davies: Sure.

The Chair: Okay.

Can we go ahead with this, then? You won't fall down laughing?

If I say anything bad, just let me know privately.

All right. This is it:

That, pursuant to the Order of Reference of Thursday, June 9, 2011, the Committee, having considered the Proposed Tobacco Regulations, report these regulations without amendment.

[Translation]

In French, it reads as follows:

Que, conformément à l'ordre de renvoi du jeudi 9 juin 2011, le Comité, ayant étudié le Projet de règlement sur le tabac, en fasse rapport, et ce, sans amendement.

[English]

There we go, both in English and in French.

Would it be the will of the committee to accept this motion?

I'm sorry, I need a mover.

Ms. Libby Davies: I so move.

Mr. Patrick Brown: I second the motion.

The Chair: All in favour?

I'm sorry, Ms. Davies.

Ms. Libby Davies: I just have a question. When it says "report it to the House", how quickly will that happen? I ask because we do want to make sure this goes through.

The Chair: That is a very good question.

Ms. Libby Davies: I anticipate that the House may rise on Thursday. It's without amendment; we obviously want to have approval in the House, because otherwise this is going to be for naught.

The Chair: Once we pass this motion, the clerk tells me they'll have everything ready by Wednesday at three o'clock. I will report it to the House, with the consent of the committee.

Ms. Libby Davies: Do we then actually have to vote on it in the House, or is it just accepted?

The Chair: No, I don't think so.

Do we have to vote on it, Dr. Carrie? No, we just report it to the House.

Ms. Libby Davies: You're saying that if it's reported to the House, then it's a done deal and it will go ahead. I just want to make sure that nothing has been left undone and that we don't suddenly realize we've run out of time because somebody didn't factor in whatever.

• (1725)

The Chair: On consultation with the clerk, I find we'll have to ask to get it adopted by unanimous consent in the House.

Ms. Libby Davies: Yes, I had a feeling.

The Chair: Thank you for that very astute question.

Ms. Libby Davies: Can we ask our chair to do that on Wednesday, then, in the House?

The Chair: Absolutely, I will.

Ms. Libby Davies: It's usually done through routine proceedings after question period. If we're able to do that on Wednesday and it's clear that members of the committee have supported it, hopefully it will not be a problem and will go through on unanimous consent.

The Chair: What you have to do is talk to your whips to get agreement. Could you all talk to your whips?

Ms. Libby Davies: Yes, we will.

The Chair: Go ahead, Dr. Fry.

Hon. Hedy Fry: I'd just like to have a backup plan. What if we rise at noon or two o'clock on Wednesday, and we don't have House proceedings of the day? Do we have a backup plan for tomorrow?

The Chair: I'm very happy to do it tomorrow if the clerks can have it ready.

Hon. Hedy Fry: I would like to suggest that if it's possible, we do it tomorrow. I used to work with an extraordinary clerk of committee who used to be able to pull rabbits out of a hat every time. She'd give it to me in 24 hours.

The Chair: Are you into hats and rabbits?

The clerk says tomorrow morning is too early. We would have to do it by unanimous consent.

Can you speak to that, please?

[*Translation*]

Mrs. Marie-France Renaud (Procedural Clerk): Since routine proceedings are at 10 o'clock tomorrow morning, we would need the unanimous consent of the House to table it later in the day, if we want to do it tomorrow. In order to table it at 10 o'clock tomorrow morning, it would be a bit too rushed. However, it could be done tomorrow afternoon, if there is unanimous consent.

[*English*]

The Chair: You're saying it's too soon. I don't know when the House is going to rise, but I believe it's highly unlikely to be Wednesday. We'll do it just as quickly as we can. If we can do it before that, we will, but quite honestly, I think Wednesday at three o'clock is when it will be tabled. If all of you could talk to your whips, I'll follow up on that to get unanimous consent to pass this. I'll make sure that it will be a go.

Can we do that, then? Dr. Carrie, what do you think? It's okay.

All in favour of the motion without amendment, please raise your hands—

Mr. John Williamson: I have a point of order.

Are you seeking unanimous consent at this point, or just a vote on the motion?

The Chair: It's just a vote on the motion.

Mr. John Williamson: It is a motion.

The Chair: I just read it. Do you want me to do my French again, Mr. Williamson?

Mr. John Williamson: No, I got it. I wasn't sure of the process. All right.

The Chair: Okay, good.

Ms. Libby Davies: I'd like to move an amendment to the effect that we approve this motion and that we also seek unanimous consent in the House to have it approved at the earliest opportunity, no later than Wednesday.

The Chair: Is there discussion?

Go ahead, Mr. Hawn.

Hon. Laurie Hawn (Edmonton Centre, CPC): I don't think that's actually an amendment to the motion. The motion stands as it is—

Ms. Libby Davies: We could make it a separate motion. I just want to make sure this is done and that we don't go away from here and suddenly have things go haywire and find ourselves recessed before we know it. If we don't pass this by the time the House recesses, it won't go through by the end of the year and we will have done this for nothing.

Mr. Colin Carrie: We don't need a motion for this. We're going to pass them and we need to discuss it with our whips. As far as we are concerned, we're finished today. We're done, but the whips have to discuss this and decide. We can't make a motion to make our whips do...whatever.

Ms. Libby Davies: The committee can signify its support to do that. We could do that. I'd be happy to move another motion saying that the committee will raise this matter with the whips and seek to have it approved before the House rises.

The Chair: That's a better way of putting it, yes.

Can we work with this motion, first of all? If you want me to read it again, I will.

Hon. Laurie Hawn: Just read the French part.

The Chair: You think I won't do it, Mr. Hawn.

Dr. Carrie, do you have a comment?

Mr. Colin Carrie: Can we hear the exact wording that she is proposing? Did you write it down?

Oh, this is the original motion.

The Chair: Let's do the first one. Let's get it sorted out and passed here.

All in favour of the motion?

(Motion agreed to)

The Chair: Now let's deal with the second motion.

Go ahead, Ms. Davies.

• (1730)

Ms. Libby Davies: Thank you very much, Chairperson.

I would make a second motion that this committee—

Mr. John Williamson: On a point of order again, you are not going to report that as unanimous, are you, without calling for abstentions or opposition?

The Chair: All it was is directly to the motion, and we just voted to—

Mr. John Williamson: I recognize what happened. I'm just saying that there was no call for abstentions or opposition to it. I just want to make sure it's not recorded as unanimous.

The Chair: No. Thank you.

Is there anything else? Are there any other comments? Have I covered everything?

Okay. Can we now have your motion, Ms. Davies?

Ms. Libby Davies: I'd like to move: That the Committee members approach the party whips to seek unanimous consent for the adoption, in the House, of the report before the House adjourns for the summer

The Chair: Do I have a seconder for that? It is Ms. Fry.

Is there discussion?

(Motion agreed to)

The Chair: Thank you. The motion is passed.

I am asking each party to talk to your whip so that we can get this done by Wednesday. I will be reporting it at three o'clock on Wednesday in the House. Thank you very much.

Ms. Libby Davies: Thank you.

The Chair: We did well. The committee is dismissed. I want to congratulate the committee on work well done. It is not often we see all sides of the House agree.

The meeting is adjourned.

MAIL  POSTE

Canada Post Corporation / Société canadienne des postes

Postage paid

Port payé

Lettermail

Poste-lettre

**1782711
Ottawa**

If undelivered, return COVER ONLY to:
Publishing and Depository Services
Public Works and Government Services Canada
Ottawa, Ontario K1A 0S5

*En cas de non-livraison,
retourner cette COUVERTURE SEULEMENT à :*
Les Éditions et Services de dépôt
Travaux publics et Services gouvernementaux Canada
Ottawa (Ontario) K1A 0S5

Published under the authority of the Speaker of
the House of Commons

SPEAKER'S PERMISSION

Reproduction of the proceedings of the House of Commons and its Committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the *Copyright Act*. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a Committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the *Copyright Act*.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its Committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this permission.

Additional copies may be obtained from: Publishing and
Depository Services
Public Works and Government Services Canada
Ottawa, Ontario K1A 0S5
Telephone: 613-941-5995 or 1-800-635-7943
Fax: 613-954-5779 or 1-800-565-7757
publications@tpsgc-pwgsc.gc.ca
http://publications.gc.ca

Also available on the Parliament of Canada Web Site at the
following address: <http://www.parl.gc.ca>

Publié en conformité de l'autorité
du Président de la Chambre des communes

PERMISSION DU PRÉSIDENT

Il est permis de reproduire les délibérations de la Chambre et de ses comités, en tout ou en partie, sur n'importe quel support, pourvu que la reproduction soit exacte et qu'elle ne soit pas présentée comme version officielle. Il n'est toutefois pas permis de reproduire, de distribuer ou d'utiliser les délibérations à des fins commerciales visant la réalisation d'un profit financier. Toute reproduction ou utilisation non permise ou non formellement autorisée peut être considérée comme une violation du droit d'auteur aux termes de la *Loi sur le droit d'auteur*. Une autorisation formelle peut être obtenue sur présentation d'une demande écrite au Bureau du Président de la Chambre.

La reproduction conforme à la présente permission ne constitue pas une publication sous l'autorité de la Chambre. Le privilège absolu qui s'applique aux délibérations de la Chambre ne s'étend pas aux reproductions permises. Lorsqu'une reproduction comprend des mémoires présentés à un comité de la Chambre, il peut être nécessaire d'obtenir de leurs auteurs l'autorisation de les reproduire, conformément à la *Loi sur le droit d'auteur*.

La présente permission ne porte pas atteinte aux privilèges, pouvoirs, immunités et droits de la Chambre et de ses comités. Il est entendu que cette permission ne touche pas l'interdiction de contester ou de mettre en cause les délibérations de la Chambre devant les tribunaux ou autrement. La Chambre conserve le droit et le privilège de déclarer l'utilisateur coupable d'outrage au Parlement lorsque la reproduction ou l'utilisation n'est pas conforme à la présente permission.

On peut obtenir des copies supplémentaires en écrivant à : Les
Éditions et Services de dépôt
Travaux publics et Services gouvernementaux Canada
Ottawa (Ontario) K1A 0S5
Téléphone : 613-941-5995 ou 1-800-635-7943
Télécopieur : 613-954-5779 ou 1-800-565-7757
publications@tpsgc-pwgsc.gc.ca
http://publications.gc.ca

Aussi disponible sur le site Web du Parlement du Canada à
l'adresse suivante : <http://www.parl.gc.ca>