House of Commons
Chambre des communes
Canada

House of Commons Standing Committee on Finance – Pre-budget Consultations 2013

This brief is submitted by:

(●) **an organization** **Organization name:** Canadian Meat Council

or

( ) **an individual** **Name:** _____

Topic: Agriculture, food and fisheries

*Recommendation 1: Please provide a short summary of your recommendation.

Canada should not charge regular time inspection fees to federally registered meat processing establishments.

In fiscal year 2012/13 the Canadian Food Inspection Agency charged over $20.8 million to Canada's federally registered meat processors for import, export, overtime, lab fees, and meat establishment quarterly inspection fees. Regular time meat inspection fees amounted to $8.98 million of that yearly total.

Expected cost or savings: From the pull-down menus, please indicate the expected cost or savings of your recommendation to the federal government and the period of time to which the expected cost or savings is related.

$5 million -$9.9 million

Immediately

Federal funding: Please provide a precise indication of how the federal government could fund your recommendation. For example, indicate what federal spending should be reallocated, what federal tax measure(s) should be introduced, eliminated or changed, etc.

The Canadian Food Inspection Agency could be given an additional $9 million each year by the Government of Canada in its budget. Food safety is a “public good” and just as is the case in the U.S. and other countries, food inspection services deserve full funding from tax revenue.

In addition, under the new Safe Food for Canadians Act, the extension of licensing to all food plants and all importers will provide a fairly significant new revenue stream for the Canadian Food Inspection Agency such that they can eliminate regular inspection user fees charged to meat processing facilities.

Intended beneficiaries: Please indicate the groups of individuals, the sector(s) and/or the regions that would benefit by implementation of your recommendation.

All Canadian meat processing facilities across Canada that are inspected by the Canadian Food Inspection Agency would benefit. Canadian meat processors have no choice. They are required by law to be inspected by the CFIA and have no other options for inspection services. Canadian consumers would benefit by removing any perceived conflict of interest by meat processors paying for meat inspection that is mandated by law.
Meat processors in Canada inspected by Provincial Governments are not charged meat inspection fees- nor are meat processors in the United States of America.

General impacts: Depending on the nature of your recommendation, please indicate how the standard of living of Canadians would be improved, jobs would be created, people would be trained, etc.

The elimination of fees paid by meat processors would allow them to become more competitive. They could reallocate those funds to higher wages, better training, expanded production and the hiring of more workers.
Eliminating the fees would provide the Canadian Food Inspection Agency with complete autonomy and authority to concentrate on compliance verification.
Termination of the regular time meat inspection fee would support investment and jobs on farms and in meat processing facilities by increasing the competitiveness and leveling the playing field for the Canadian industry.

Topic: Agriculture, food and fisheries

Recommendation 2: Please provide a short summary of your recommendation.

Canada should create a new 5-year $50 million Meat Safety Tax Credit for Canada's meat processing industry for a safer food supply for Canadians.

Many new processing technologies including packaging and testing equipment are available to improve food safety.

Expected cost or savings: From the pull-down menus, please indicate the expected cost or savings of your recommendation to the federal government and the period of time to which the expected cost or savings is related.

$10 million-$99.9 million

5 or more years

Federal funding: Please provide a precise indication of how the federal government could fund your recommendation. For example, indicate what federal spending should be reallocated, what federal tax measure(s) should be introduced, eliminated or changed, etc.

The $50 million Meat Safety Tax Credit could be funded through Agriculture Canada's Growing Forward 2 AgriCompetitiveness Program.

This would allow the AgriCompetitiveness Program to make directed investments that will help the sector adapt to rapidly changing and emerging global and domestic opportunities and issues, respond to market trends and enhance business and entrepreneurial capacity.

Intended beneficiaries: Please indicate the groups of individuals, the sector(s) and/or the regions that would benefit by implementation of your recommendation.

Canadian consumers and their confidence in Canada's food safety system.
Canadian livestock producers.
Canadian food processors.
Government food safety inspectors.

General impacts: Depending on the nature of your recommendation, please indicate how the standard of living of Canadians would be improved, jobs would be created, people would be trained, etc.

A 5-year Meat Safety Tax Credit would provide a simple, uniform, national financial incentive for meat processors of all sizes, in all meat commodity sectors and in all regions. It would help stimulate innovation while accelerating regulatory compliance. A tax credit would reduce the cost of investments without constraining the choice of technologies or services. It would also apply regardless of which jurisdiction has regulatory responsibility for the facility being upgraded and would avoid the limiting, bureaucratic, and costly features of previous grant programs.

Topic: Agriculture, food and fisheries

Recommendation 3: Please provide a short summary of your recommendation.

Canada should create a new 5-year $10 million CETA Meat Program to help Canada's Meat Processing Industry comply with the European Union's meat import requirements which are onerous and prescriptive.

With the pending signing of a Canada European Union Comprehensive Economic and Trade Agreement it is estimated that a deal would be worth approximately $500 million per year for Canada's meat processing industry. Unless we can satisfy the EU requirements it will not be possible for Canada's meat industry to take full advantage of the export opportunities.

Expected cost or savings: From the pull-down menus, please indicate the expected cost or savings of your recommendation to the federal government and the period of time to which the expected cost or savings is related.

$10 million-$99.9 million

5 or more years

Federal funding: Please provide a precise indication of how the federal government could fund your recommendation. For example, indicate what federal spending should be reallocated, what federal tax measure(s) should be introduced, eliminated or changed, etc.

The $10 million CETA Meat Program to help Canada's meat processing industry comply with the European Union Third Country Meat Directives could be funded through Agriculture Canada's budget under the Growing Forward 2 Program.

Growing Forward 2 programs will focus on innovation, competitiveness and market development to ensure Canadian producers and processors have the tools and resources they need to continue to innovate and capitalize on emerging market opportunities.

Intended beneficiaries: Please indicate the groups of individuals, the sector(s) and/or the regions that would benefit by implementation of your recommendation.

Canadian livestock producers in all regions of Canada.
Canadian meat processors in all regions of Canada.
The economies of all regions of Canada would benefit from this recommendation.

General impacts: Depending on the nature of your recommendation, please indicate how the standard of living of Canadians would be improved, jobs would be created, people would be trained, etc.

Canada's meat processing industry is the largest component of our food processing sector with annual revenues valued at over $24 billion and total employment of almost 70,000 people. Canada’s meat processors add value to the live animals born and raised on Canadian farms, providing a critical market outlet and supporting the viability of almost 100,000 livestock farmers. A Comprehensive Economic and Trade Agreement with the EU would provide an additional $500 million in annual meat exports from Canada to the EU- adding jobs and economic activity to all regions of Canada.

Please use this page if you wish to provide more explanation about your recommendation(s).

Canada's meat processing industry of beef, pork, poultry, veal and lamb is our largest food processing sector. The industry's annual sales are over $24 billion and it employs almost 70,000 people. Canada's meat processing industry is made up of over 400 federally registered establishments in virtually every part of the country, with major concentrations of firms found in Alberta, Manitoba, Ontario and Québec. Over 95% of Canada's meat processing comes from federally registered facilities.

Canada's meat processors add value to the live animals born and raised on Canadian farms, providing a critical market outlet and supporting the viability of almost 100,000 livestock farmers. In addition, our valued suppliers also employ thousands of Canadians working to produce equipment, packaging, ingredients and provide services like microbiology testing and engineering services.

Canada's federally inspected meat processing industry is by far the most regulated of all the food processing sectors. The Meat Inspection Act and Regulations are extensive and unlike other food sectors meat inspection is regular and mandatory. In fiscal year 2012/13 the Canadian Food Inspection Agency charged over $20.8 million to Canada's federally registered meat processors for import, export, overtime, laboratory testing, and inspection fees. Regular time meat inspection fees were $8.98 million of that total. These fees are in addition to growing staffing costs to deliver programs like the HACCP-based Inspection (HIP) program; the Compliance Verification System; and the significant increase in mandatory pathogen testing requirements such as the new Listeria and E coli 0157:H7 Control Policies. American meat processors and Canadian provincially inspected meat processors do not pay for regular time meat inspection.

Canada's meat processing industry faces constantly rising regulatory and customer expectations for food safety. At the same time food safety risks are constantly evolving as seen in large food recalls. Companies are investing in rigorous new systems of third party food safety certification and investing in equipment, processing technologies and laboratory testing facilities. Investment must be accelerated to prevent meat safety problems. Maintaining access to sophisticated markets like the US, EU and Japan requires world class food safety systems. A "time limited" tax credit would be much more effective than previous small grant programs that were available and avoids the problem of governments picking winners and losers.

International trade is crucial to Canada's meat industry because we produce much more meat than our 35 million citizens can consume. In 2012 Canada exported $4.5 billion of meat to over 145 different countries around the world. With the world's population growing from its current 7.1 billion to an estimated 9 billion people by the year 2050, foreign customers will require significantly more food imports- including meat.

*Please note that at least one recommendation must be provided