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**EVIDENCE**

**Wednesday, May 16, 2012**

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**Chair**

**Mr. Larry Miller**



## Standing Committee on Agriculture and Agri-Food

Wednesday, May 16, 2012

• (1530)

[English]

**The Chair (Mr. Larry Miller (Bruce—Grey—Owen Sound, CPC)):** We'll call our meeting to order.

We have Mr. Clarke and Mr. Beretta with us live. Ms. Gibson, thanks for joining us. Can you hear me okay?

**Ms. Kathleen Gibson (Policy Analyst, BC Food Systems Network):** I can, thank you.

**The Chair:** Okay. Just in case we experience technological problems, Ms. Gibson, if you're ready, we'll start with you for 10 minutes or less, please.

**Ms. Kathleen Gibson:** I have a technician standing by; let me know if you need him.

**The Chair:** Okay. Thank you.

**Ms. Kathleen Gibson:** Thank you for this opportunity to testify.

My name is Kathleen Gibson. I'm a policy analyst in Victoria, British Columbia. I'm here today to represent the BC Food Systems Network.

I've spent the last seven years on contract to the BC Food Processors Association working on provincial licensing and inspection of slaughterhouses in B.C. under the meat inspection regulation of the Food Safety Act.

B.C. has four categories of provincial licence: two require a licensed, inspected abattoir facility; and two permit slaughter and sale of meat at the farm gate. The farm gate licences were developed in 2010 based on a risk assessment undertaken by the Ministry of Health. The Canadian Food Inspection Agency has been providing inspection in provincially licensed abattoirs on contract to the province but will be leaving that role at the end of 2013. B.C. is currently developing its own inspection service.

The BC Food Systems Network, which I'm here to represent, was formed in 1999. Its focus is sustainable food systems. It defines a food system as the resources and processes required to feed a population. The network connects hundreds of participants, indigenous and non-indigenous, and links agriculture, food, fish, health, labour, environment, and social disciplines, and about 50 community-based food security organizations in B.C. This presentation complements a brief submitted to you by the Food Systems Network in December 2011 regarding Growing Forward 2, and a presentation made to you on February 29 of this year by Anna Paskal of Food Secure Canada.

I'd like to introduce you to three fictional people who could be your constituents. I'm introducing them because I hope it will help illustrate what it's like for people who work with livestock and meat systems at the provincial level.

Al raises rare breeds of sheep on an island in the Gulf of Georgia. He has a farm gate licence to slaughter and sell his lamb. A retired electrician, he supplements the family income with meat and wool sales. He's focused on contributing to his community rather than growing a business.

Bert raises cattle on a 225-acre ranch in southwestern B.C. He sells 70 carcasses a year—30 through his farm gate store and 40 to local restaurants. He uses a provincially licensed slaughterhouse 200 kilometres away. He bought the ranch when he retired from 30 years in the gravel business. Income from quota for 10,000 egg layers helps support the red meat side of his operation.

Charlie has been managing a family-owned red meat processing business near a major urban centre for the last 10 years. The abattoir can process around 1,000 hogs a day. The business sells meat products wholesale and through its nearby store. Charlie's key concern is to develop and retain markets, since large retail won't take meat from provincially licensed processors. He doesn't want a federal licence, though, because of the staffing costs needed to manage the CFIA's food safety system. He's also frustrated that he can't have his products go through distribution facilities that handle federally registered products only.

Here are some basic facts about red meat value chains. Red meat includes beef, pork, lamb, goat, and ratites, such as ostrich. Red meat markets are conditioned by and vulnerable to international trade pressures. Livestock and meat production, processing, and retail is a world of the very few very large and the very many very small. There is virtually no middle. Profit in livestock and meat derives from value-added meat products and from by-products, such as tallow, bone meal, and hides. Beef waste by-products shifted from the income to the expense side of the ledger after BSE controls were introduced in 2007. Product that crosses a provincial border must be from a federally licensed facility. Product from a provincially licensed facility can only be sold within the province. It can cost \$150,000 to set up a food safety system, and it will need several full-time staff to operate it for a federally licensed facility.

In the provincial system, it can cost a B.C. producer at least \$2,000 to finish a beef animal for market, and it can cost \$1 million to build a small provincially licensed red meat abattoir. B.C. specifically—to give some idea of scale—had about 260,000 beef animals from beef and dairy operations available for slaughter in 2011. The number actually slaughtered in provincially licensed abattoirs was about 24,000, about 10%. B.C. has one pork-only federally licensed and 33 provincially licensed red meat slaughterhouses. We also have 72 farm gate licences in remote rural areas.

• (1535)

There is strong consumer demand here for local and sustainable food, including meat. Lamb and goat meats are particularly in short supply.

There are four key areas of public policy involved in livestock and meat at federal, provincial, and municipal levels. Two operate throughout the chain—from farm through slaughter to retail. The first is public health, protection against food-borne illness. Concerns include micro-organisms that are resistant to antibiotics. New mutations such as *E. coli* O157:H7 are constantly appearing.

The second is the environment, the handling and disposing of solid waste. In addition, the CFIA's enhanced feed ban requires that all specified risk materials—certain parts of beef carcasses—have to be separated from the solid waste stream and specially handled to control BSE. Disposal options in B.C. are very limited.

Two policy areas operate at the farm and slaughterhouse levels only: animal health for detection of animal-borne diseases—some of which can infect humans—and animal welfare, specifically, humane handling and euthanasia of meat animals.

So, how does this play out for folks in the business at the provincial level? The very big and the very small differ in size, but also in approach. The very big seek economies of scale. The very small tend to be place-based, more holistic, and more diversified. For the last 50 to 60 years, the very small have increasingly been operating in a world framed by government policies and programs designed for the very large. Regulators tend to introduce global-level standards without considering whether or not they are workable. The trouble with this is that the very small find policy requirements, at best, a poor fit, and at worst, functionally unworkable. If they can't make it work, these businesses go broke, or they go underground.

Some of you may be thinking that the big players should simply take over and forget the very small as too insignificant or too much trouble to support or regulate. We don't agree. We believe that ignoring or abandoning our subnational livestock and meat businesses—and Al, Bert, and Charlie—is unwise. There are seven reasons why. One, diversity is key to resilience, and thus to sustainability. Two, consumers want choice. Three, chefs long for a variety of meat products and cuts that they can't get from the big suppliers. Four, community-based meat producer and processor businesses are key participants in community economies. One provincially licensed processor can serve over 100 producers and 10 or more butcher shops as well as restaurants and retailers. Five, the provincial system can be an incubator for businesses that may choose to scale up. Six, smaller, decentralized facilities can rapidly be isolated in case of disease outbreaks. They also have a relatively small environmental footprint and low fossil fuel requirements.

Seven, B.C. geography means that if you try to centralize too much, the activity becomes economically unviable, goes underground, and becomes untraceable, with negative implications for public interests.

We have three high-level recommendations for the federal government, as well as some specifics. First, put food back on social policy radar. Food systems are not only about profit. That's why we have the example of AI in the Gulf Islands. They are about society-wide health and well-being, which are the responsibility of governments. We echo the request of Food Secure Canada and the recommendations to Canada of Olivier De Schutter, United Nations special rapporteur on the right to food, for a national food strategy.

Second, acknowledge, support, and help promote subnational food production, processing, and retailing businesses in meat. This includes five things. It includes policy frameworks and tools that are appropriately scaled—that is, based on an assessment of risks to the public. In B.C. we have examples of that. It includes extension, networking, training, case studies, and pilots for market and value chain development. Some of the tools that the Canadian Agri-Food Policy Institute has developed could come in here. Third is to define “local” at several levels. Don't just say local means Canada. Fourth is research and development support and prototypes for small-scale, efficient, clean technologies for handling slaughter waste; and finally it includes a solution for the distributor cross-docking problem.

Third, our last recommendation is to undertake a formal and thorough review of the four following matters. First, review hazard analysis critical control points as the framework for food safety and meat processing and the approach used by the CFIA in federally licensed facilities, so that our friend Charlie can manage under a federal licence. Does this effectively address food safety priorities?

• (1540)

Second, review CFIA practices. Interactions with industry are often dysfunctional, resulting in poor relationships and costly delays. Implementation of the appeal mechanism is a good step.

Third, the assumption that every bovine carcass is contaminated with BSE needs to be re-examined.

Fourth is supply management, not just the pros and cons of the existing system, but of the potential alternatives. Red meat may offer a picture of what chicken and turkey could become without supply management. Is that good for Canada? Bert's layers, for instance, form a key part of his farm financial plan and support his beef operation.

We look forward to your response on these recommendations and to any questions you may have.

Thank you.

**The Chair:** Thank you very much, Ms. Gibson, and we'll now move to Beretta Organic Farms and Mr. Mike Beretta, for 10 minutes for less, please.

**Mr. Mike Beretta (Chief Executive Officer, Beretta Organic Farms):** Thank you for this opportunity to come. It's my first time. My wife and I are organic farmers north of Toronto in Ontario. We've been asked to come and speak a bit to the organic and natural side of the supply chain. So, more specifically, I'll talk with regard to beef. That's what we know best and we raise a cattle herd at home.

Our business has evolved into covering all the meat species, but primarily beef, which has taken us right across the country. Our supply chain involves four provinces: Alberta, Saskatchewan, Manitoba, and Ontario. We raise beef under two brands, Beretta Organic, which is a certified organic brand of beef, as well as Beretta Ranch, which is a natural version of the organic.

I'll give a little background history. The natural beef is raised without the use of antibiotics, hormone implants, or steroids. It's vegetable and grain fed, and all our cattle are born and raised in Canada. Our business has evolved over the years. We're in our twentieth year now and what started out as a home delivery business has evolved to the degree where we now supply large retailers such as Loblaw's, American companies like Whole Foods, Longo's, and the Chipotle restaurant chain.

Both our organic and natural meat sales, as I said, began with home delivery and have evolved into a much larger scale. So most of the challenges we're facing now are around how we ramp up that scale and try to put a supply chain together that's sustainable both from a profitable standpoint and also from a logistical one.

I'll try to pinpoint a few of the challenges I thought would be most relevant to a group like this. Growing the cattle supply presently is the most challenging. The intricacies of the cattle industry are such that there's a long timeframe involved, and most of the supply chain is broken up into three key areas, which are cow-calf, back-grounding, and feedlot. Those three segments of the industry tend to be somewhat disjointed and are very rarely shared by the same farmer.

Growing the cattle supply tends to be our number one issue, and closely linked to this is the funding of that supply. So on a branded program such as ours, which involves both the organic certification and the natural, we're challenged with having to fund cattle right through that pipeline, because more and more of the smaller farmers are not able to maintain their inventory longer than they need and they tend to have to sell to maintain their cash flow. So we've been put into a situation now where we're trying to build a supply chain on a larger level and finding that the funding tends to be one of the most critical components.

Third would be the Canadian geography. The way the cattle industry is set up, the markets are here in Ontario and Quebec, and most of the cattle are out west. So trying to figure that out, especially when we're competing against a lot of American companies that are moving up here, is quite challenging.

The last one in terms of a challenge, which I do see as an opportunity, is that most of the larger retailers we deal with do their buying based on USDA cutouts, which is a formula based on packer sales in the U.S.. By law, they all have to be entered in and then the USDA publishes a daily cutout. So the Canadian retailers continually put pressure on us to build our pricing models on a USDA-based one, which is not relevant at all to our costs of production or the Canadian beef industry.

In terms of opportunities—and you probably hear this day in and day out—the marketplace needs to be more balanced. I think Canada has an opportunity to develop a USDA equivalent that's relative to our cost of production in Canada and that takes into consideration things like Canadian geography and our costs. I think there needs to be some incentives to support more of the smaller Canadian farmers, something such as a loan guarantee, that would allow them to retain ownership longer in the cattle supply side.

I think there needs to be some incentives to help more of the cattle supply move east. In our situation, we tend to purchase young cattle from out west and then gradually move them across the country until they're finished in Ontario. One of the reasons we've done that on a more gradual scale is to take into consideration animal welfare. It's a huge country and a two- to three-day truck ride with cattle is not something consumers are going to want to hear about in terms of animal welfare.

• (1545)

I think there also needs to be an incentive for Canadian retailers to look at buying more Canadian. I think because of the constant pressures put on by U.S. meat companies and the supply up here, they're very reluctant to celebrate the fact that we do have great Canadian beef. And it should be celebrated, and it should be marketed as such.

Finally, on more of a personal note, I think there's a difficult but not insurmountable challenge, and it has to do with the average age of the Canadian beef farmer. I attend beef meetings—Ontario Cattlemen's, Canadian Cattlemen's—and the average age, as you probably read recently, is well into the fifties. I'd say that's very conservative. I don't recall the last beef meeting that wasn't all grey hairs. We need to try to generate some kind of incentive that will capture the interest of younger people to get into this industry. That's an opportunity as much as it is a challenge.

Thank you for your time.

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

I'll now move to the Canadian Renderers Association and Mr. Graham Clarke for 10 minutes, please.

**Mr. Graham Clarke (Government Affairs, Canadian Renderers Association):** I'd like to thank you for the opportunity to express the views of the rendering industry to this committee.

My name is Graham Clarke. I am an independent consultant who represents the Canadian Renderers Association in Ottawa.

The membership of the Canadian Renderers Association is composed of the three major independent renderers in Canada. They are Sanimax, which has operations in Quebec, Ontario, Alberta, the United States, and Mexico; Rothsay, which is part of Maple Leaf Foods and has operations in Nova Scotia, Quebec, Ontario, and Manitoba; and West Coast Reduction, which is based in Vancouver and has operations in British Columbia, Alberta, and Saskatchewan. Other companies that have large rendering operations in Canada are Cargill, in High River, Alberta; XL Foods, in Brooks, Alberta; and Maple Lodge Farms. These are all sizeable businesses. Rothsay, for example, employs over 500 people in its six plants across the country.

Every year the Canadian rendering industry recycles approximately three billion kilograms of perishable material generated by the livestock and poultry slaughter and processing industry; some fish processing companies; and the food processing, supermarket, and restaurant industries.

The industry produces protein meals, fats, and oils through this recycling process. These are valuable ingredients or raw materials for the animal feed and pet food industry and for the oleochemical industry, where they are used in the manufacture of soap, paint, varnish, cosmetics, pharmaceuticals, leather goods, textiles, lubricants, and many other commodities, including renewable fuels, such as biodiesel.

From an environmental perspective, you should note that biodiesel derived from recycled materials, such as used cooking oil and rendered fats, has a greenhouse gas reduction, versus conventional diesel, of greater than 90%.

The industry is also a major exporter to Asian countries as well as to the U.S., Africa, and Central and South America.

Ultimately, the rendering industry is a service industry. The major customers are the livestock producers and the packing industry. But the industry also collects and recycles material from restaurants, supermarkets, and other food production facilities.

The rendering industry does what it can to service these industries in the best way possible, and it takes very seriously its responsibility to provide a timely and efficient means for its customers to dispose of their waste products. I don't need to explain the impact on stakeholders in the entire red meat value chain that a cessation of service for a couple of days would have.

There are a number of challenges currently being faced by the industry. The first one is in the category of raw material supply. The rendering industry, of course, relies heavily on the domestic slaughtering industry for its raw material. It is very vulnerable to downturns in the domestic livestock and meat processing industry in that the supply becomes reduced when these downturns occur.

Deadstock is another source of raw material. But the increasing cost of pickup, as a side effect of the BSE situation, as you have already heard, has a negative effect on the livestock producers' ability to pay. Consequently, they tend to dispose of the carcasses themselves. This further reduces the raw material supply.

Just for clarification purposes, bovine deadstock, by definition, contains specified risk material. The amount of deadstock being collected has dropped by 30% to 60%, depending on the part of the country we're talking about, from pre-BSE times, meaning prior to 2003.

This raw material, the deadstock, is now being buried on the farm, composted, incinerated, or in some cases, left to decompose in the environment, which is clearly not a satisfactory situation. Economically, it's very unfortunate that the farmers are no longer able to pay for collection.

The other environmental impact of this applies to all deadstock, because when you lose the volume of bovine deadstock, which constitutes a very large volume, it is no longer economical to run trucks along the trucking routes to pick up the material. Consequently, it has an impact on small stock, such as hogs, sheep, and so on.

Another major concern right now is the theft of raw material, in particular grease, which is generated by the restaurant industry. This has become a very serious issue in the past 24 months. In fact, the industry is meeting about this next week to look at anything further that can be done to prevent it. The high market value of fats and oils has led to an increase in the theft of this material, which is now calculated to be in the millions of dollars annually. It's very costly for the industry due to the loss of raw material and damage to containers. They need to supply more expensive and secure ones, along with other preventative measures.

I just need to tell you that an unregulated market in grease poses potential threats of contamination to the whole animal feed chain due to the potential for mixing this material with fats from other sources. This could be extremely costly and would be a threat to animal and public health, and it could generate enormous negative publicity for the entire livestock value chain.

Four major incidents have occurred in Europe in the past 13 years. Two were in Germany, the last one in January 2011, one was in Belgium, and one was in Ireland. Each time fat destined for industrial use ended up in animal feed. The May 1999 incident in Belgium resulted in costs estimated at \$1.5 billion, and the Irish problem with pork, in 2008, cost the industry 100 million pounds.

• (1550)

There's also increasing competition from alternate disposal methods. I personally believe that rendering is still the most efficient and effective recycling process for animal by-products. The industry continues to try to improve efficiency in order to reduce the costs.

Other means of animal by-product disposal, such as biogas, hydrolysis, and composting, are being researched and promoted, which may create competition for raw material. To date, these alternate methods have not seriously impacted the rendering industry, but they might have the ability to do so in the long term.

Another trade issue is the continuing negative impact of BSE on exports. Since Canada had its first case of BSE, some countries have banned the importation of certain rendered products from Canada. Many of these countries banned the importation of not only meat and bone meal but also tallow—a ban which is unscientific and not in compliance with OIE regulations. It has taken many years to negotiate the reopening of markets for tallow, but progress is being made and finally a reopening of the export market to China is hopefully close.

Canada, as you know, is classified as a “controlled risk” country by the OIE. The OIE recommends that importing nations not allow the import of ruminant meat and bone meals from controlled risk countries, which is a major barrier to the export of ruminant protein meals from Canada.

Canada does export ruminant meat and bone meal to Indonesia and the Philippines under bilateral agreements, but would like to have access to additional markets to ensure export stability. Recent problems with the trade to Indonesia have highlighted this as a major issue.

There are a few other issues I'd like to mention in passing, mainly three of them. One is perception, and the others are environmental regulations and energy costs.

The major market for rendered products is the domestic animal feed market. Certain livestock and food companies market their products to the consumer as not being fed animal by-products. This puts some restriction on sales to some feed companies.

As far as the environment goes, increasingly costly environmental standards are being imposed on the industry, which can restrict its ability to build new infrastructure in convenient locations and which raises both the operating and development costs. Rothsay, for example, has invested more than \$50 million in environmental upgrades during the past seven years.

Lastly, there are the energy costs. Rendering is a very cost-effective recycling process, but it is a high user of energy, so increasing energy costs for raw material, collection, operation, the rendering, and transportation all negatively impact the process and may negatively impact overall profitability.

This concludes my presentation. I appreciate the time you've given me. I'll be happy to answer any questions.

• (1555)

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

We'll start with Mr. Allen for five minutes.

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

Ms. Gibson, you went through a myriad of things, and I know that you touched on them quite quickly. It would probably take a few hours to explain some of the things you went through. But if you can, would you explain to me whether there is a future for the small red meat producer in this country? I hear your piece about the geography of B.C. and I think we all understand that. But if you have any expertise around this, is it viable, say in Ontario or Quebec—or east, as we go to New Brunswick, etc.?

Is that possible?

**Ms. Kathleen Gibson:** Thanks for the question.

I really can't speak to the other provinces. I can say, however, and this is the reason I gave you the examples of Bert and Charlie, that when you have tenacious and creative business people like them....

The reason for giving you those three examples was that they are of different sizes. Bert's business is much smaller and more localized than Charlie's.

I think that if you have people who are as tenacious and creative as they are, who work really hard on their product and their consumer and customer loyalty, and also who are active in their industry associations, there's a future.

These folks have a strong sense of their bottom line. They know that they have to comply with regulations, but they're more than capable of speaking to them, if they are concerned that the regulations don't fit. Your earlier speaker alluded to some of those things. They apply at all levels—the difficulties of complying with environmental requirements and others.

So I would say, yes, but only for the tenacious, determined, customer-focused, and vigilant.

**Mr. Malcolm Allen:** Based on that, then, if indeed they are vigilant, are they still under threat, or would they in your view potentially face extinction from a value chain that is increasingly consolidated? I think we saw it the other day with Mr. McAlpine from Maple Leaf Foods, who was talking about the pork industry, in which they produce live pork at one end and basically ready-to-eat pork down at the other end.

Is there a sense that a tenacious individual or individuals can withstand what ostensibly is an economy of scale they have no hope of competing against? Can they stay out of trouble of being swamped by that particular value chain—they are providing a value chain, albeit it's localized in a way—or are they in jeopardy of actually being swallowed up?

•(1600)

**Ms. Kathleen Gibson:** It's interesting. I've talked to people in what I would call the industrial meat system—two people who were involved in beef export, in fact—and asked them what place the provincial-level operations have in the larger scheme of things. They both felt in principle that the world of the very small is important; however, to some extent the world of the very small exists on the sufferance of the very large. What the two people I talked to said was that there is a kind of no man's land in between.

A person like Charlie, when he wants to get a federal licence, is going to go from being a large fish in a small provincial pond to being a much smaller fish in a larger, national pond. He may or may not make it, because if the very large players see him as a threat, they'll make a move to take him out.

Those are the kinds of realities you have in the red meat sector with the very few—and when I say very few, it is because there are two packers in the nation who handle the majority of the red meat.... That's the nature of the situation. I don't think even a Charlie could prevail, if a Maple Leaf decided he was in the way.

**Mr. Malcolm Allen:** If I'm hearing you correctly, then, it really becomes the case that if a large piece of the value chain decides to train its sights on localized small producers/processors, your view is basically that they are doomed to extinction. The farm gate might be a different piece, but in a small localized community....

**Ms. Kathleen Gibson:** If that were to happen, I would say yes.

I think the likelihood of that kind of targeted behaviour to take out all the small is unlikely. The larger companies certainly have the capability of rolling over the smaller ones. There are a variety of methods that they use to make sure that, for instance, mining camps are all supplied by them, because they'll say to a smaller potential provider, if you don't give us every product we need, we won't take anything from you.

There are ways that the larger companies have of controlling most of the activity. But I don't know that a targeting scenario is particularly realistic.

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

We'll now move to Mr. Zimmer for five minutes.

**Mr. Bob Zimmer (Prince George—Peace River, CPC):** Thank you, chair.

Thank you to everybody for coming today.

My first question is for Kathleen. I'm from the B.C. Peace area, where I would argue we have the best beef in the country. I have a few colleagues here who might argue with me, but I will stand by that.

Say that we, as a family, decided to buy a quarter of beef and put it in our own freezer, and it was locally raised and butchered and the rest of it. You spoke about local abattoirs and access to them. Can you explain the concerns?

I've heard back in my riding that they would like more access to a mobile type of abattoir, or something similar. Can you explain your comments on abattoirs?

**Ms. Kathleen Gibson:** There is actually a mobile in your area, but I don't know whether he's still operating. I suspect what you're hearing from producers is that they don't have enough access to abattoirs. Is that correct?

**Mr. Bob Zimmer:** That is correct, but I wanted to know your solution to that. The federal government funded the mobile getting set up and provided some funding for capital and the rest of it, but it was disturbing to me to find out that it was sitting in somebody's yard and not being utilized. The reason was that it was cost-prohibitive.

I would ask you how you would answer that comment. How else can we provide access, if it's just plainly too expensive?

•(1605)

**Ms. Kathleen Gibson:** It depends on the scale and the cost, partly, of setting it up. If you're referring to the red meat mobile in your area, I don't know what problems that person had with the cost.

It's a real challenge to balance the producers' requests for abattoir service—because they want it available the minute they want it, and of course they all tend to want it at the same time—and the processors' requirement for a steady supply of animals. Everybody in the business knows how difficult it is to balance those two things, and there's no sort of meta-level decision-making that would decide exactly the right number of abattoirs.

I don't really know why that red meat mobile in your area has been having difficulties, because I thought there were actually quite a few producers around him, and he's going up to Prespatou and Wonowon, as well as into the Fort St. John area. I would have thought there was enough business to keep him going as well as the outfit Lawrence Meats in Dawson Creek. Finding that balance is really problematic.

**Mr. Bob Zimmer:** Right. A lot of us want access to it, and a lot of us would prefer to have access, even in our local supermarkets. Other issues prevent that from happening and are just beyond what the producer can do.

I would like to ask Graham a question.

You talked about biodiesel, rendering, and the usage of that. We hear about this in the U.S. through the media, but we don't hear a lot about biofuels in Canada. Can you give us a bit of information on where we're at in Canada with that, especially as it relates to the rendering process?

**Mr. Graham Clarke:** Rothsay has a biodiesel plant in Montreal. I don't know the exact volume, but it's substantial. One of the major challenges right now is to export used cooking oil and restaurant grease to Europe for their biodiesel industry. This is quite important because it provides a very good market.



As you know, biodiesel production has a lot of competition from grain-fed fuels, ethanol, and so on. Without government subsidy it's not economical at this time, although with the rising price of energy it's certainly becoming more so. It's a growth industry that the rendering industry is involved in on both sides of the border. Export of this material to Europe is a particular interest, but right now we only have one plant, and that's the one in Montreal.

The theft issue, however, has a lot of ramifications around this. Clearly that's what it's being used for in many instances as well.

**Mr. Bob Zimmer:** Can you explain that?

**Mr. Graham Clarke:** Certainly. The price of fuel, as you know, is very high. With fats and oils you're looking at a price of around \$1,000 per tonne. It's expensive. Grease theft has increased greatly in the last 24 months. In the U.S. last year they estimated that \$39 million of material was being stolen. In Canada it was estimated at around \$250,000, but that has now increased dramatically. They're very sophisticated operations.

The association wrote to the minister about it last year. We recognize there's not much the federal government can do. It's a municipal issue, a police issue, and the police have more interesting things to do, or more responsibility than grease. However, they are now taking a much bigger interest in it because of the scale of this and the possibility that organized crime is becoming involved.

We see this as a major risk, not only from the point of view of loss of raw material, but also with respect to the potential for damage to the whole industry. If you have unscrupulous dealers with this material and they start feeding it to the feed industry and mixing it with sources of oil that are contaminated, there is the potential for a major crisis. This happened and we had to point it out.

So we're meeting about this next week, and the Americans are meeting next Tuesday, to discuss this whole issue and see if there's anything else that can be done.

We've used cameras, GPS tracking, and investigators. Some court cases have been brought, but unfortunately it's very hard to prove whose grease is what. So it's becoming extremely difficult to actually bring people to court.

We haven't asked the government for mandatory licensing of the trade, because it's unregulated to a degree. Of course, some in the feed industry may be buying this material without even realizing it and putting everybody at risk.

• (1610)

**The Chair:** Thank you.

Mr. Valeriote, you have five minutes.

**Mr. Frank Valeriote (Guelph, Lib.):** I want to thank you all for your presentations today. They're extremely helpful toward the advancement of the investigation we're undertaking here at the committee.

Around this table we're all advocates for farmers, but at the same time we're advocates for consumers, as you know, as well as everyone in between. Yesterday, an issue came to the foreground that I think needs some consideration, specifically the amendments to the

meat inspection regulations. I had somebody write me about this yesterday.

Mike, I'm going to ask you first, and then Kathleen, if you could respond.

It says that the proposal to amend the meat inspection regulations, the home-farm slaughtered animals to be processed in federally inspected plants, is misguided. One worry is that international markets will be imperilled by a regulation that diminishes the quality of inspection.

This is according to this letter and I want your opinions on this. It says to consider the conflict of interest the "on-farm veterinarian" is confronting in such situations. As you know, there has to be an ante-mortem prior to the killing of the farm animal. It also says to consider the implications of euthanasia on the farm vis-à-vis what is really going to happen.

There's a suggestion, of course, that the animal wouldn't be properly euthanized. I guess process and protocol is very important here.

The letter goes on to say that someone will have to shoot the animal and cut its throat to achieve the bleed out, and that's best left to plant operators and staff. So they realize that farmers have a unique interest, especially the small farmers who are more likely to have to make use of this.

Could you shed some light on your perception of the impact on trade and the real impact on food safety?

If Michael could go first, and then Kathleen, please.

**Mr. Mike Beretta:** From a beef standpoint, I'd have to concur with the person who wrote to you. Beef animals, by nature, tend to be quite large, obviously, so the sheer logistics of shooting an animal, bleeding it out, and somehow transporting it to a federal facility, if that's what's required, would be quite a strain, I think, especially if you look at environment and distance. Our cattle are all out on pasture. If I were to euthanize an animal that was two or three miles from home, what would I be looking at in terms of the transport of that animal, either ante-mortem or post-mortem?

To your first point, I do think that right now food safety is a very fragile thing. We've noticed that in the beef industry with regard to BSE and everything that's gone on, and all the money that's been spent at slaughterhouses to address the so-called BSE issues for international trade.

I think this runs the risk of simply compounding an existing fragile situation.

**Mr. Frank Valeriote:** Thank you.

Kathleen.

**Ms. Kathleen Gibson:** Perhaps you could clarify for me what we're talking about. Is it a carcass that's been slaughtered on a farm and being taken to a federally registered facility for further processing? Is that what we're talking about?

**Mr. Frank Valeriote:** Right, following the introduction of the changes to the regulations yesterday.

**Ms. Kathleen Gibson:** Okay. I actually haven't seen those changes.

I'm a bit baffled by that constellation, because it's not one that I imagine happening in British Columbia. When we introduced the on-farm slaughter licences provincially, they were only for meat for sale at the farm gate. The carcass was not taken off the farm; it was slaughtered at the farm gate. The whole idea of those farm gate slaughter licences was that the number of animals would be very low—it's restricted—and the sale would be restricted to a very small area.

I'm not familiar in B.C. with the possibility of a farm-slaughtered carcass going to a federally registered facility. I'm racking my brain and I can't think of how that could happen.

• (1615)

**Mr. Frank Valeriote:** That's fine.

**Ms. Kathleen Gibson:** But I agree with the reservations expressed by the writer and the other witness.

**Mr. Frank Valeriote:** Okay, thank you.

**The Chair:** Very brief, you have a few seconds.

**Mr. Frank Valeriote:** Very brief.

Mike, I'd like you to talk to me about the concern that some have about the vertical integration occurring in the red meat sector—the companies controlling several stages of the supply chain from feedlot to processing. Can you talk to me, from your experience, about the negatives and positives of that?

**Mr. Mike Beretta:** Yes, there definitely are both. As I mentioned earlier, the supply chain is so broken up into different stages that there is a real communication issue within the beef industry, which doesn't exist with poultry and pork, and specifically with something like genetics, right?

So you have a cow-calf operator who has been raising young calves for sale and is selling them to a buyer, who then sells them to a feedlot, which then sells them to a packer. There's no discussion point throughout this, so if I'm a cow-calf operator, I'm making decisions on genetics—what kind of bull to use on what kinds of cows—with no understanding of what the end product actually looks like.

To get to your point, vertically integrating this would definitely assist them from a genetic standpoint and would bring all the parties together so that they're working to create a more uniform product, which is something that I think the poultry and the pork businesses have done far better than the beef business. So in that regard, I'm all for it.

On the flip side, of course, like all things that become a monopoly, you run into that risk of price controls and the lack of third-party involvement in terms of how the animals are reared and how they're processing them right through. So I'm giving you an ambiguous answer, but I think there are pros and cons for both. I think the pros would definitely be on the production side. The cons would definitely be anything related to something on that scale and to what Kathleen has been talking about—eliminating the small farmer.

**Mr. Frank Valeriote:** Thank you.

**The Chair:** Thank you.

Mr. Lemieux.

**Mr. Pierre Lemieux (Glengarry—Prescott—Russell, CPC):** Thank you, Chair.

I know that Francis' question kind of touches on the supply chain, and it kind of doesn't. I don't want to use up all my time commenting on it, but I will just make a very brief comment on the changes to the regulations.

Kathleen said.... It's actually the same federally. It's going to be very rare that we would have an animal euthanized on a farm and then have it transported to a federal facility for further processing. This is not going to become a main occurrence. It's under very rare circumstances.

To address Mike's point about when you might have an injured steer three miles in, if that's not safe, it's not going to happen. If he's at the farm gate, he has a broken leg, and you say, listen, why do I have to dispose of this animal when in fact everything is fine if we could just get it to a meat processing plant...?

So the idea is to help you with your business, but the underlying criteria is that it is safe for human consumption. If it's not, it's simply not going to happen. So for your case, where it's off in the distance or you're not able to bleed it out properly, it's just not going to happen. It just will not happen. If it's safe for human consumption, there's an option. That's basically what the regulations are talking about.

But let me move on to the supply chain for a moment.

Graham, I'm really glad you're here, because rendering is something that I think the public really knows very little about, yet it's an important part of the supply chain. Because there are all of these animals that are rendered, it provides a service to the farmer, and it is its own industry that is supported by the farmer.

Let me ask you, first of all, where you source your material from. I know that a very basic answer will be that it's primarily from the farm, but I'd like to know whether you also get animals that need to be rendered from places other than the farm, from a dead animal on the farm.

**Mr. Graham Clarke:** Yes. I mean, the major source of raw material is from the packing industry, such as Cargill, XL, and all the big packers.

**Mr. Pierre Lemieux:** Right.

**Mr. Graham Clarke:** So that's the major source.

Then, of course, in the past, deadstock has been a fairly substantial source. Before BSE, Sanimax alone had 50,000 pickup points in Quebec for deadstock. It was pretty much every farm.

As has been pointed out—not in every province, but depending on the environmental regulations of the province, because some are stricter than others—it has become uneconomic, certainly for bovine. Because of the fact of SRM, or specified risk material, you end up having to basically throw the carcass away, as has been pointed out by Kathleen. Whereas before this they were paying the farmers, now it's the farmers who have to pay to have the animals picked up. So that of course is an issue, and there's the side effect of all the other stock and so on.

The other source of material is restaurants, supermarkets—it's pretty much everything. When you think about it, a certain percentage of everything you eat, as far as the meat supply goes, is rendered. In some species, it's as much as 60%. At other times, it's about 30% by weight. So it's big.

• (1620)

**Mr. Pierre Lemieux:** It's at the tail end of the supply chain, in a sense, but then it feeds into different products again.

**Mr. Graham Clarke:** You talk about the supply chain, but the value chain is actually not a linear chain. It's a circle.

**Mr. Pierre Lemieux:** Yes, right. That's a good way to look at it.

**Mr. Graham Clarke:** A lot of those protein meals are fed as animal feed, pet food, and for domestic animals.

**Mr. Pierre Lemieux:** You were saying it would be nice to be able to export more product to other countries. The question I have is about domestic consumption, particularly since the input has dropped, you were saying, because government programming has ended in some provinces. The carcasses you're seeing have diminished. Are you able to supply the domestic need? Are you saying there's oversupply, and material could be exported under these current conditions, or is that under the older model of a few years ago?

**Mr. Graham Clarke:** It fluctuates. It's a supply and demand situation. The world in general is protein short. The reason for that, of course, is largely aquaculture. Aquaculture in Asia and so on is growing. If you look at the graph of growth, it's almost vertical. There is a huge demand for protein meals for feeding farmed fish and shrimp and so on. Yes, the rendering industry does supply the domestic market for animal feed, and there is sufficient supply.

Ruminant meal, of course, with the situation with BSE, has become an issue, especially SRM. We produce 240,000 tonnes a year of SR material alone. When you render that you will get tallow—which is saleable—60,000 tonnes; you'll get steam, the moisture; and you'll get the protein, 60,000 tonnes, which has to be landfilled, because you cannot sell it, you cannot feed it. You have to dispose of it. It's waste material, so that becomes a cost-negative effect. That would be worth, if saleable, \$400 a tonne. Instead, it costs \$20 a tonne to dispose of, so now it's a negative \$420 a tonne, on 60,000 tonnes of material.

Ruminant meat and bone meal are problems because we have an oversupply, so we like to export that.

**Mr. Pierre Lemieux:** Okay, so that's one product that you would see exporting.

**Mr. Graham Clarke:** Tallow is a major export, of course, to Asia and so on. It's a high-value export, and there's huge demand around

the world for that for soap and so on. So we are a major exporter of tallow, especially into Asia. Ruminant meat and bone meal go to Indonesia and the Philippines, but they are the only two markets we have, and they're very vulnerable. If we couldn't sell it to them, we would end up having to landfill it, and we're talking 15,000 tonnes a month, which is very substantial.

**Mr. Pierre Lemieux:** Thank you, Chair.

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

I'm going to give an example. Pierre did a good job of clarifying the new rules or changes for extreme cases. At one time, I had a healthy young cow slip on the ice and she split herself, as they call it, and she couldn't get up. Anybody who has an agriculture background will know what I'm talking about. Perfectly healthy animal, but under the old rules I could butcher that cow and hang it in my garage and use it for my own. But if you have that situation, you want to be able to take that animal and have it properly processed, and it is saleable meat. They're extreme cases.

To dispose of that cow at that time, I had to load it onto a truck to send it to a local sales barn, which in turn transported it to a larger facility the next day. That cow was obviously injured and was suffering. So if you have a process—which this new rule will do—it allows that animal to be properly euthanized right away, the material used, and the farmer gets something out of it. I hope that helps everybody to understand. It's not putting bad or dead meat into the system, as some people have tried to say. It's not that at all. I think it's another great tool for farmers to recoup when bad things happen.

Anyway, Mr. Atamanenko, you have five minutes.

**Mr. Alex Atamanenko (British Columbia Southern Interior, NDP):** Thanks to all of you for being here.

Ms. Gibson, I'd like to look at the way things happen in British Columbia with the meat inspection regulations. I know at one point in time, I think it was in 2007, the provincial government came in and basically shut down slaughtering at the farm gate, and those folks could no longer sell. We lost a lot of small farmers. People were scrambling. The end result of that has been some mobile abattoirs. People have been adapting.

To comment on what Bob said, maybe one of the problems is the docking. There may be a mobile abattoir, but there aren't enough docking facilities that meet the demand, so people don't move it around. Anyway, we're getting a mobile abattoir in the boundary area that I represent.

However, it's still a bit unclear. The provincial government has backed off a bit and has introduced, I think, class C or D licences, which modify their initial regulations. I wonder if you could clarify that for me, please.

• (1625)

**Ms. Kathleen Gibson:** Sure. I'll also send a website to all of you that will be helpful, because there's a handy diagram.

British Columbia introduced the meat inspection regulation in 2004. At that time the only option was to upgrade or build a class A or B facility. It involved an actual abattoir-type building. Class A does slaughter and further processing. Class B does slaughter only. They both come from an abattoir facility, but the end product of B is a bird in a bag, or a carcass, where in A you get further cutting, wrapping, processing, and other such things, in one facility.

In the period from 2004 to 2010, it became evident that there were producers, especially in remote parts of British Columbia, such as Haida Gwaii, that had no options. They didn't have the volume of animals or the money, because it costs easily hundreds of thousands, if not a million dollars to put together a red meat facility. They didn't have the resources to build an abattoir and that problem wasn't going away.

In 2010, after doing a consultation in three remote sites, the province introduced two new categories of farm gate licence. For those, you don't have to build a facility. You do have to take a training program. The training program teaches you how to develop a food safety plan. The program is taught and the food safety plan is monitored by an environmental health officer from the health authorities. That's distinct from the A and B classes, which are monitored and operated by the B.C. Centre for Disease Control.

For an extra layer of complication, the inspectors used in the A and B facilities are CFIA personnel on contract to the province. The A and B facilities have one system, and the D and E farm gate licences have another. The distinction between the D and the E is that for the E you're limited to 10 animal units a year. An animal unit is 1,000 pounds of live weight. You can translate that into a lot of chickens, a few lambs, and one steer. That's an E licence. A D licence allows you to slaughter and sell other people's animals at the farm gate, as well as your own, up to 25 animal units. You may sell them to local retail and restaurants, but only within your regional district. The Ds and Es are largely restricted to regional districts that do not have an A or B. There are some exceptions, but I think that's enough detail. That change was made in 2010.

**Mr. Alex Atamanenko:** Thank you. I have a few more minutes, and there is another thing I wanted to ask you.

You mentioned a national food strategy. This has been on the radar of many organizations. The question in regard to the red meat sector is, can we have a national food strategy and look at this through the lens of controlling our food supply or food sovereignty, and still respect the trade we have as a trading nation? How can we look at that whole strategy from the point of view of the red meat sector?

**Ms. Kathleen Gibson:** I think that's where you need what we call a "graduated system". I totally understand the level of export activity that Canada's agrifood is engaged in. I know that the federal government has made significant commitments and is seeking others for trade agreements.

It's a question—if you're thinking of Al, Bert, and Charlie—about how they continue to function much more at the ground level. The experience we had with the meat regulation in B.C. is that if you're going to have different levels on scales of activity—and they're going to have them on the regulatory radar, because food safety, animal health, and public health are important—then you have to graduate the requirements so they remain doable.

My belief is that you can have levels of requirement that coexist. Canada can have an export type of requirement under its trade agreements and subnational systems, rather like we have in the meat inspection regulation, that allow a Charlie the possibility of growing and still honour the activities of an Al who's selling at the farm gate. I know that you cannot have Al and Bert, or perhaps even Charlie, function if they're subjected to an export-level requirement.

Also, let me say that this is not about lowering a standard. It's about adapting a methodology so that different levels of business can function.

• (1630)

**The Chair:** Thanks very much.

We'll now move to Mr. Payne.

**Mr. LaVar Payne (Medicine Hat, CPC):** Thank you, Chair, and thanks to the witnesses for coming.

Mike, we hear a lot about organic and natural, so I'm going to have a few questions around that. But first of all, could you describe what organic is and what natural is?

After that, I'd like you to talk about your marketplace, how you manage to get into the marketplace, what the pricing is on that, and then maybe some more after that.

**Mr. Mike Beretta:** I was expecting this type of a question. Organic means "certified organic". The biggest difference between organic and natural has to do with the fact that, first, there is a third party that is hired to authenticate the claims to make it certified, and second, that the feed is certified organic as well. It would be the Cadillac of meat. You have third-party inspection, and all the feed given to the animals has been grown without pesticides, without any chemical fertilizers, following a strict crop rotation.

After that point, organic is the same as natural. Neither natural nor organic uses antibiotics in the animals. There are no growth hormones, steroids, or genetically modified organisms. So the difference between the organic and the natural stems primarily from the feed and from the fact that organic has a strict third-party control.

**Mr. LaVar Payne:** Thanks, that's very helpful.

**Mr. Mike Beretta:** That's quite similar in most of the species. I'm talking beef, but chicken and pork would be the same.

**Mr. LaVar Payne:** How do you manage to separate the product? How do you manage to get it into the market? What's the pricing aspect? How does that work for you in competing with other beef?

**Mr. Mike Beretta:** My wife and I began as certified organic. We didn't make a transition. When we took up farming we jumped right into certified organic and didn't know any better, so we never went through a conversion piece.

What we ended up doing was adding natural afterwards, which is not the logical thing, but we found that with certified organic, because it's at the highest price point, there was a dedicated and loyal following but the growth would be much slower. So that was one challenge, the price point and not being able to grow it.

The second thing was that with certified organic there is a three-year transition for a farm to fall under that. So for three years the land and the animals and the livestock, everything, has to go through that period.

The challenge for us in growing our supply for organic was how do you convince a farmer to convert to organic and follow the organic methodology of farming without any kind of premium? The opportunity lay there to offer something as a premium for what would be considered the natural, which would fall right underneath the organic. We did that with one larger account that we had, thinking that the natural would bridge the gap as we grew our organic supply chain.

What happened instead was that we found there was a large group of consumers who wanted to take one step healthier in terms of their food choices but weren't prepared to go all the way to organic. That's where the natural has met that void.

One of the biggest challenges we've had, then, is that because there isn't a strict third-party control of natural—at least at a government level—we, as a brand and as a company, have said, we'll take ownership of that. We'll put in all the steps that we believe need to be in place, we'll advertise that to the customer, and we'll perform our own self-audits where needed to make sure that natural follows that strict protocol.

That's how we've been able to bridge that gap.

The danger of course is that natural becomes a grey area and can be abused and can create some lack of confidence in the marketplace. That's really where the challenge is with natural, which doesn't exist with organic.

So if you're looking at comparing it to an automobile, you'd have your Ferrari, you'd have your Toyota, and then you'd have your Lada. I don't know if that's politically correct, but that would be the way to distinguish between organic, natural, and what's considered commodity.

• (1635)

**Mr. LaVar Payne:** I also noticed in your presentation you talked about U.S. supply flooding the Canadian market at cheaper prices. Is this strictly on the organic and natural that you were talking about?

**Mr. Mike Beretta:** It happens in all of them, but far less in the organic and the natural because the United States is at a deficit right now in terms of organic supply. So we've been competing with American buyers to lock up organic beef in some of the prairie provinces.

In that regard I'm talking more of the commodity side of things being flooded here. On the organic side it's more that we're competing for a finite supply.

**The Vice-Chair (Mr. Malcolm Allen):** Thank you.

Madam Raynault.

[*Translation*]

**Ms. Francine Raynault (Joliette, NDP):** Thank you.

My question is for Ms. Gibson.

On your website, you define a number of aspects of food security. One of the statements you make is that food dependence carries both economic and political dangers, and that any government that cannot feed its people is at the mercy of whoever can.

Do you think that, in a free trade context, a government may be at the mercy of an agri-food company operating in its country? Do you think that would be possible?

[*English*]

**Ms. Kathleen Gibson:** I'm thinking about that one. I hadn't thought of it quite that way.

The idea that the country is at the mercy of whoever can provide the food is an extension of the idea that if you rely too much on very few players to provide the food the population needs, and something goes wrong with the very few players, the population's health is in jeopardy. That's the concept.

Or if you rely on other countries to provide your food, if you extend the core competency argument too far and give away your ability to produce food at all and rely on other jurisdictions to provide it, you are arguably putting the population at risk.

We're not saying that anyone is proposing that the nation go that far, but if you see the nation losing an ability to provide food and feed its own people, you start to ask those sorts of questions.

[*Translation*]

**Ms. Francine Raynault:** Could you tell me about a concrete way to achieve food independence and explain what makes that issue strategic for ensuring our food independence?

[English]

**Ms. Kathleen Gibson:** I don't believe that you can assert total food sovereignty in a world of globalized trade, but it does seem to me that there should be opportunities protected, to some extent, for Canadian food and agrifood businesses that can stand beside export arrangements.

Supply management is a good case in point. It's very challenging, I understand, to have—or even try to maintain—a program like supply management in an increasingly globalized world. I know that supply management has been put on the table for the Trans-Pacific Partnership, and I've read the arguments in favour of amending or getting rid of it, many of which I agree with.

In a case such as supply management, I don't know how much you can adapt it. I don't know how far you can go towards saying that the health and the sustainability of food for the population is important, but I think it would be remiss not to make some statements in that regard.

• (1640)

[Translation]

**Ms. Francine Raynault:** I really liked your document's introduction, which talks about your mission. I agree with you that, when people live better, they live longer and happier. They may be in better shape to look for work, and they live better in our society.

[English]

**The Vice-Chair (Mr. Malcolm Allen):** Let's try again.

[Translation]

**Ms. Francine Raynault:** Your mission is stated in your document. In the second sentence, you say that, when people live better, they live longer and happier. They are in better shape to look for work and to maintain their health level for improved living.

You work in organics. The development of the organic industry meets a clear consumer demand. In the age of free trade, should this demand be sufficient indication of an industry trend? When you were developing your organic company, did you feel that the government provided you with support that was proportional to the demand for organic products? Did the government provide you with assistance when you were starting your business?

[English]

**Mr. Mike Beretta:** Thanks for the question.

That's a tough one for me to answer just because I'm not particularly one to go out looking for assistance—and many farmers are probably in a similar boat—so we've never really gone out to look for assistance. My proposal here has been more to mention and to bring to light the challenges that we have for organic and natural meat within Canada. At this point, even the concept of exporting is foreign because we don't have enough supply here to even meet our present needs. I think the challenges now are to get Canadian retailers excited, interested, and willing to celebrate the fact that there are alternative meats out there, such as organic and natural.

I think what needs to happen is for the government to step up and assist people like us trying to build Canadian supply chains. Once they're robust and sustainable, then we could maybe look at moving

them into an export. But right now it's all about building a supply chain for Canada alone.

Does that answer your question?

[Translation]

**Ms. Francine Raynault:** Yes, that answers my question.

[English]

**The Vice-Chair (Mr. Malcolm Allen):** Mr. Lobb, you have the floor.

**Mr. Ben Lobb (Huron—Bruce, CPC):** Thanks, Mr. Chair. My first question is for Mr. Clarke.

Mr. Clarke, could you tell us approximately what the price of liquid fats were, say, three years ago?

**Mr. Graham Clarke:** Commodity prices go up and down substantially, so three years ago.... Well, you know, they can be quite unstable, but they were still in a fairly high range. I would estimate, I don't know for sure, but probably around \$900 a tonne. It has gone up recently to around \$1,200, so there has been a substantial increase. But, as I say, the commodity prices—

**Mr. Ben Lobb:** For quite a length of time it was in the \$500 and \$600 a tonne range, and even lower than that if you head back into 2008 and 2009. I think everybody in the industry would agree that it serves a tremendous purpose to feedmills. If you look at the poultry industry alone, it provides fat in the diet to put the gain on chickens. Do you see a risk with the increased price in fats caused by biodiesel policy and demand for biodiesel?

**Mr. Graham Clarke:** I would say the bigger risk is the huge demand in Asia for animal fats. Recently a company in Singapore has been buying up fat in huge quantities worldwide. They were at meetings with the North American rendering associations, lobbying all the companies. So the rendering industry looks at the margins, and they look for sources of income where they get the highest price. Clearly they have a responsibility to the domestic industry to provide material for domestic animal feed and so on, but clearly there's a huge worldwide demand for tallow, animal fats, and I would suggest that's probably a much bigger risk than biodiesel.

• (1645)

**Mr. Ben Lobb:** Fair enough. I don't think anybody is going to argue with that. If you look at companies that process liquid fat and get it into a condition where they can sell it to an Asian market or into a feedmill or wherever they're going to sell it, you're talking about processors that have had decades worth of relationships with feedmills that are now not dealing with feedmills because of the increased price and putting the feedmills out on a limb.

What can we do to help out here, to get ahead of this before it gets away? Obviously at the end of the day this is going to increase the price of food on consumers' tables.

**Mr. Graham Clarke:** It's a global problem because the increase in consumption in Asian countries, for example, or in central South America where the middle-income groups are becoming more dependent on a meat diet, you're seeing this demand for both protein meals and fat going up. As I say, the global demand for soap in China, believe it or not, is huge. Proctor & Gamble and so on are buying up the stocks. I don't know what the solution is, quite frankly, but it certainly is a problem.

The supply simply cannot meet the demand right now, and these materials are going to the highest bidder. I would point out of course that the higher prices for the rendered material get fed back through the production chain on the value chain. So theoretically producers all the way down the value chain in Canada benefit from higher prices in by-products because those increased prices get fed down to a certain extent. As for where these products will go in the future, it's very hard to say, but there's a huge demand globally and a lot of competition.

**Mr. Ben Lobb:** I don't think anybody would argue with that either. I guess at the end of the day someone does have to pay for the extreme increase in the price.

Mr. Beretta, I just want to be clear, whom do you send your finished cattle to for processing?

**Mr. Mike Beretta:** We use two federal facilities in Toronto.

**Mr. Ben Lobb:** The reality with the organic market today is the ability to meet consumer demand and to try to convince traditional farmers that it's financially advantageous and worth their time to switch over. At the end of the day, what's the financial advantage to switch from traditional to organic?

**Mr. Mike Beretta:** It's what you just said, as well as convincing the retailer to pay for the true value of that meat. So we're working on two things in conjunction. If the retailer were aware and willing to share in the added costs of growing, I think he'd be looking at somewhere between 20% and 30% more. That's the rule of thumb.

**Mr. Ben Lobb:** What's the price per pound today for a fat cattle beast that's finished organically?

**Mr. Mike Beretta:** We're looking at about \$3.00 or \$3.05 a pound on the hanging weight, and a commodity animal would be around \$2.05 to \$2.10, depending on premiums, etc. In that regard it's a substantial increased cost.

**Mr. Ben Lobb:** Obviously, convincing someone to grow it is one challenge. Convincing somebody else to pay for it is another challenge.

What about getting it on grocery store shelves? What kind of battle have you had to take on to get your Beretta products on grocery store shelves?

**Mr. Mike Beretta:** Lately we've been dealing more with bigger companies, so it has been all about learning about scale and learning how to play something like this on this scale. The challenges primarily tend to be, getting back to my earlier notes, about pricing and about the comparison with the U.S. The larger retailers that are used to buying throughout North America base their pricing on models and formulas that are USDA driven. We're facing this constant battle of trying to direct them back to the cost of production,

saying that this is what it costs, and this is what we think is a fair premium for it.

• (1650)

**Mr. Ben Lobb:** If you don't want to answer this you don't have to. Do you have to pay for shelf space at a grocery store?

**Mr. Mike Beretta:** No, we've never had to.

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

We'll go to Ms. Brosseau, for five minutes.

**Ms. Ruth Ellen Brosseau (Berthier—Maskinongé, NDP):** I'd like to thank you all for being here.

Mr. Clarke, I had a few questions about the rendering aspect. I'm just really interested. I tried to find a website. You don't have a website, do you?

**Mr. Graham Clarke:** No, the CRA doesn't. The website you would go to is the National Renderers Association—nationalrenderers.org—in the U.S. Each individual company has a very comprehensive website. West Coast Reduction, Rothsay, and Sanimax all have websites with a lot of information.

**Ms. Ruth Ellen Brosseau:** What three companies do you represent?

**Mr. Graham Clarke:** The CRA has three members. Sanimax is based in Quebec City, where they have big plants, and has its head office in Montreal. Rothsay, which is part of Maple Leaf Foods, has its head office in Guelph and its main plant in Dundas, Ontario. West Coast Reduction is in Vancouver. That's where their head office is. They have plants in Nanaimo, Calgary, Edmonton, Lethbridge, Saskatoon, and so on.

**Ms. Ruth Ellen Brosseau:** In 2003 there was the BSE crisis. Through the research I quickly did online, I saw that you received \$130,000 last year to kind of re-establish work outside the country and to develop the industry again to rebuild the relationship. How is that going?

**Mr. Graham Clarke:** Are you referring to the AgriMarketing program?

**Ms. Ruth Ellen Brosseau:** Yes, it's the AgriMarketing program.

**Mr. Graham Clarke:** It's actually \$40,000 a year. That money is used primarily for export development and incoming missions and so on. The industry receives that money generally for two reasons. One is to use it for incoming missions and outgoing missions. But it also raises the profile of the industry with government. When government is giving you a small amount of money, the government takes an interest.

This may sound a bit bizarre, but one of the reasons the rendering industry is not well known is that it has a fairly low profile. It was recognized over the last few years that it's important to be at the table when CFIA, Health Canada, and government agencies are making decisions. This is one of the reasons for being part of that program.

The answer to your question is, yes. One of the main priorities lately has been opening the market for tallow in China. Now, that has been opened in theory. In practice, it actually isn't open, because the Chinese have found means to.... They haven't blocked it, but there are still some restrictions in place.

These are major export markets, mainly for fats and oils. Certainly the industry likes to export as much as possible and has opened as many markets as possible, because it gives you some export stability and also the best prices, which are passed down through the chain.

**Ms. Ruth Ellen Brosseau:** I imagine that in the last few years, the process and the technology has changed quite dramatically. Is there a lot invested in research and development?

**Mr. Graham Clarke:** Actually, the rendering industry in North America acts as one industry. The CRA works with the NRA in the U.S. We have major contracts with Clemson University in the U.S. to do research looking for alternative uses for protein meals. Examples are biodegradable flower pots and car parts. All kinds of things can be made out of blood meal and protein meals. Currently a lot of these things cannot compete economically with plastics and so on, but this is the kind of research that's going on.

There's also a lot of research done at the University of Guelph on using protein meals in the aquaculture industry, such as using poultry meal for fish feed and things like that, to get the best return on investment.

Again, the rendering industry also goes into other alternative technologies, such as biogas incineration and so on, looking, as I say, to maximize returns and to recycle the materials in the most efficient way possible.

**Ms. Ruth Ellen Brosseau:** Mike, I just have a quick question. I notice you said that one of your challenges was that you wanted a definition for natural and organic in the U.S. versus Canada, those need to be established. That's something you'd like to see for sure.

**Mr. Mike Beretta:** Yes.

**Ms. Ruth Ellen Brosseau:** So the commercial grade needs to be marked "contains growth hormones, antibiotics, etc., that would be harmful to your health," just like cigarettes. I don't know if that's possible, but could you elaborate on that a little bit?

**Mr. Mike Beretta:** I think years ago that statement in terms of cigarettes would have probably met with the same reaction, and now it's common knowledge. I'm just throwing that out and trying to be ahead of the curve here. I don't think we're going to be that far off. There will be research done that will reach the average consumer and their awareness about what's going into their meat supply, and the effects on health will become apparent. Yes, that was just a comment.

• (1655)

**Ms. Ruth Ellen Brosseau:** Kind of to look forward to....

**Mr. Mike Beretta:** Yes, and regarding the definition, a case in point under natural claims is that there's a very well-known product in the cattle industry called Rumensin, which is considered an ionophore in Canada. It's also considered an ionophore in the United States. However, ionophores are considered antibiotics in Canada and not in the U.S.

So in terms of natural programs, there are a few very large companies that have brought meat into Canada and are able to make antibiotic-free claims and still use a product called Rumensin, which we're not allowed to use in Canada. I wouldn't want to use it, but it's not allowed. So that would be a clear-cut example of why I think there needs to be a definition.

**Ms. Ruth Ellen Brosseau:** It's kind of like horses being slaughtered in Canada and the meat...that's kind of the same.

I know you worked a lot on that, Alex.

**The Chair:** Thank you.

I'd just ask for a clarification, Mr. Beretta.

Rumensin is just not allowed to be used under the organic banner, correct?

**Mr. Mike Beretta:** No, under the natural as well in Canada.

**The Chair:** I wasn't aware that ban was out there on that.

**Mr. Mike Beretta:** With what we had to submit to CFIA to maintain our natural claims, Rumensin can never be used because it's considered an antibiotic.

**The Chair:** That's my point, you can't use it in order to keep your natural—

**Mr. Mike Beretta:** Yes.

**The Chair:** Yes, but it is a legal use for a beef producer.

**Mr. Mike Beretta:** Yes. I'm just specifying natural and organic, and more than anything else, in comparison to the U.S. market.

**The Chair:** I just wanted to clarify that.

Mr. Lemieux, five minutes.

**Mr. Pierre Lemieux:** Thank you, Chair.

Mike, what kind of organic products are you selling?

**Mr. Mike Beretta:** Mostly meat. Beef is our main one and chicken, pork. We do a little bit of lamb and a little bit of turkey as well.

**Mr. Pierre Lemieux:** Is that right? Okay.

The question I wanted to ask is again related to supply management. Are you able to explain some of the special processes that you need to follow to maintain your organic status? These would be things that might be in addition to what a non-organic farmer would have to adhere to. Could you just to give us a feeling for what goes into the organic side of your business, and then we can look at how that impacts the consumer.

**Mr. Mike Beretta:** With regard to the difference I think the inspection and the auditing process is probably the first big hurdle. Most farmers tend to be somewhat private, if you will, and the notion of having someone come in and walk through their farm and assess it tends to be a shock. So that's often the initial hurdle that we need to somehow overcome. Part of that then involves paperwork, which of course nobody really likes. With regard to the paperwork, a lot of the requests are things like pasture rotation, crop rotation, planning ahead. So farmers who are involved in the organic and the natural world tend to have to put down in writing—

**Mr. Pierre Lemieux:** Forward plan.



**Mr. Mike Beretta:** Yes, they forward plan, whereas I think a lot of commodity-based farmers tend to be a little...they're flexible, but it might be more with regard to weather or market conditions as to what you're going to grow on a given year. Crop rotation is so big, because we can't use pesticides in growing the crops. There's a need for rotation to try to limit weed pressure and insect pressure. So those are all things that basically indicate to the inspector that you have a plan in place to try to continue this method of growing without resorting to use chemicals.

**Mr. Pierre Lemieux:** What about on the slaughtering side? You have cattle being slaughtered. Who does this so it doesn't get mixed up with non-organic?

**Mr. Mike Beretta:** Even the slaughterhouses have to be inspected. One of the critical points for slaughter is that our animals are always done first thing in the morning. The slaughterhouse has to be able to provide us the facility to kill first thing in the morning. They are very stringent in their cleaning procedures and everything else, but by having ours done first, whether it's organic or natural—

**Mr. Pierre Lemieux:** Beef, turkey, chicken, meat products.

**Mr. Mike Beretta:** Yes. Most of the poultry plants are small, and they might be able to dedicate a whole day to them. The two plants we use for beef are larger, and they'll have their own production following ours, but ours has to be done first to ensure that—

**Mr. Pierre Lemieux:** There's not a price penalty to that, really. It's not two separate lines. It's more a scheduling event for the slaughterhouse.

• (1700)

**Mr. Mike Beretta:** There is some added cost to the processor. Both of our slaughterhouses do further processing for us, breakdown of carcass.

**Mr. Pierre Lemieux:** Fine.

**Mr. Mike Beretta:** There will be a break in the line there, so that adds an extra cost.

**Mr. Pierre Lemieux:** If there is an additional process, a separate line that has to be established, that's where—

**Mr. Mike Beretta:** It's not so much a separate line as more a break when the last of our animals is done. The last pound of beef has to be completely through the process—

**Mr. Pierre Lemieux:** Oh, completely cleared. I understand.

**Mr. Mike Beretta:** —before the next, so that there's no chance of mingling.

**Mr. Pierre Lemieux:** Okay. The other....

**Mr. Mike Beretta:** The other thing I've noticed is that organic and natural consumers are becoming more aware of animal welfare. We've incorporated a series of audits, in both our natural and organic rearing, that involve animal welfare. We look at transport times, the handling of the animals—all the truckers have to be properly licensed to be able to handle animals and emergency situations that might occur.

**Mr. Pierre Lemieux:** Who sells your product to whom? For example, it goes through the slaughtering process. Are you selling your product to retailers and to restaurants? Would those be your two main supply points, or is the slaughterhouse looking after that?

**Mr. Mike Beretta:** We manage all of that ourselves, in large part, to ensure authenticity and also the controls required in working with both small customers like home delivery, which we do a lot of, or larger customers like a Loblaw's.

**Mr. Pierre Lemieux:** Who does the packaging on the meat? I'm wondering about the certified organic branding. Is that something you do, or is that something Loblaw's now does because you delivered bulk meat? It's been processed certainly, but it doesn't have your brand name on it, perhaps. Or does it have your brand name on it?

**Mr. Mike Beretta:** There's a bit of both. There's also some private branding now being done. We have customers buy our product and then brand it themselves, which always adds an extra challenge—to make sure that authenticity is there because ultimately we're responsible for what's inside.

With our certified organic, we have only our brand on it. We don't allow any private labelling. We will be—

**Mr. Pierre Lemieux:** I'm sorry. So if it says “certified organic”, and it has your branding on it.

**Mr. Mike Beretta:** Yes.

**Mr. Pierre Lemieux:** If it is generic branding, then “certified organic” does not go on there.

**Mr. Mike Beretta:** No. Our natural brand—which is the Toyota in my car example, as it were—that's where we do allow private labelling. We'll work with a company like Loblaw's who will have their own line of natural, but it'll be our meat.

**Mr. Pierre Lemieux:** You fit into that.

**Mr. Mike Beretta:** Yes. Generally, we deliver to the end user.

**Mr. Pierre Lemieux:** The retailers purchasing the product are willing to pay a premium price for the product you're offering them, and the consumer, I'm guessing, is also willing to pay a premium price to the retailer for the product you're offering.

**Mr. Mike Beretta:** In a perfect world, yes. That's always the challenge.

**Mr. Pierre Lemieux:** Is it sometimes not perfect?

**Mr. Mike Beretta:** Of course not. You set up a pricing model and then inevitably you're pushed into a situation where you're trying to drive your costs down to ensure that, which is a challenge especially when we're dealing with a market like this and one that's so related to the U.S. and the fluctuations.

Our costs tend to be the same. There's very little variability there, but what we're being compared against is quite a roller coaster.

**Mr. Pierre Lemieux:** Okay, good. Thank you.

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

Mr. Lobb, you have the last question.

**Mr. Ben Lobb:** One question, Mr. Beretta, is on your operation. Obviously in a traditional farm operation where you have a feedlot or a cow-calf or whatever, you're going to treat your animals for foot rot, mange, and pink eye, and all the things that are part of being a farmer.

How do you treat illnesses and ailments such as those?

**Mr. Mike Beretta:** The first thing we do is to try to prevent them, which is probably a cliché answer, but we do everything we can to avoid them.

For example, right now at our home farm we have 300 stocker cattle, and we practise what's called intensive grazing. The animals are moved every two or three days, depending on the size of the fields. That helps us avoid having to use any kind of dewormers; the parasite pressure is diminished by constantly moving the cattle into new pastures. That's an example of a step we would take to try to ensure we don't have to.

Inevitably there will be animals that get sick, one way or the other. If we have to treat them, they're segregated from the program, they have to be tagged differently and kept separate. What we generally do is, if we think they're getting sick or we're going to have to treat them, we ship them off to a stockyard and sell them on the commodity market.

•(1705)

**Mr. Ben Lobb:** That makes sense, I guess, doesn't it?

When you finish cattle in your feedlot, do you finish them with organic corn or organic grains? Perhaps you can tell us how that works.

**Mr. Mike Beretta:** For certified organic beef production, all the feed has to be certified organic. We will use whatever is available at a given time, whether it's corn, or barley, or oats. It will always be certified organic.

We're working on a separate line, which is our grass-fed line. That's certified organic as well, but those animals will never have received grain at all during their lives. It's something we're getting more and more requests for from consumers, who are becoming more educated and aware that as ruminants, those animals really are not made to eat grain. We're trying to develop something that's seasonal. The animals would be harvested right from pasture—that is completely grass finished.

**Mr. Ben Lobb:** How heavy can you take a steer up to finishing it organically?

**Mr. Mike Beretta:** With grass or with grain?

**Mr. Ben Lobb:** I would say with grass.

**Mr. Mike Beretta:** With grass they're much smaller. We tend to use more of what are considered the British breeds—the Hereford, Angus, Shorthorn breeds—which finish well on grass and are a smaller carcass size.

The ones that go through a feedlot and are fed organic grains will be about 1,300 pounds when they die, and they'll dress out anywhere from 700 pounds to 800 pounds.

**Mr. Ben Lobb:** How long does it take to finish one on grass?

**Mr. Mike Beretta:** It takes a little longer. Then the challenges we run into, of course, are with the SRM now. We have to be very careful we don't exceed 30 months. I'd say, on average, we're looking at about two years.

**Mr. Ben Lobb:** If a farmer today has 50 cows in a cow-calf operation and thought this is something he'd like to get into, can he take his 50 cows and over the three years certify his stock as organic? Is that how that works when you're certifying?

**Mr. Mike Beretta:** Yes. The cows would never be considered organic. You can't make organic an animal that's already been treated with an antibiotic, hormone, or something just by letting it sit for three years.

Generally the cow herd would not be considered organic, unless you could prove that during its whole life it had never received any kind of a treatment, but the offspring could be. The animals born could go through that period and then be slaughtered as organic, depending, of course, on the feed and the land they're being raised on. It's quite a challenge.

**Mr. Ben Lobb:** I have one last question.

Mr. Clarke, bone meal certainly would be considered an organic fertilizer for cropland. Could you tell this committee, is that something allowed currently under Agriculture and Agri-food Canada?

**Mr. Graham Clarke:** Do you mean as an organic input?

**Mr. Ben Lobb:** Correct.

**Mr. Graham Clarke:** Not that I'm aware of, primarily because under the organic regulations, if you're producing organic bone meal, you would have to have third-party certification, as Mike has mentioned. The organic regulations on the food require third-party certification.

The rendering industry obviously has HACCP, and it's under CFIA inspection, and so on, but as far as using bone meal as organic, I'm not aware of that.

**Mr. Ben Lobb:** Looking at it objectively, even if you could get to the point where bone meal would be acceptable to use as a fertilizer, does it matter really if it came from an organic beast or a traditional beast?

**Mr. Mike Beretta:** Bone meal? I've never used it. I don't know. I would hesitate because that's what's been identified as causing a lot of the food safety issues we have today. I'd be much more apt to promote proper composting of manure and use that as a fertilizer, or use crop rotation.

**The Chair:** Mr. Clarke, in one of your comments you talked about third party. Was it third-party regulation?

**Mr. Graham Clarke:** Certification.

**The Chair:** Certification. Could you explain what that third-party certification is?

**Mr. Graham Clarke:** I used that term in the context of organic.

**The Chair:** Yes, I realize that.

**Mr. Graham Clarke:** If you're a certified organic producer, you have to be under third-party certification through a certification body.

The rendering industry, of course, would not have that because they're taking inputs from the conventional industry. These rendering plants are large. Their throughput is 24 tonnes an hour, so the organic industry per se could not provide that kind of raw material.

Third-party certification was simply in the context of the organic industry.

•(1710)

**Mr. Frank Valeriote:** Could I ask a quick question?

**The Chair:** Is it for clarification?

**Mr. Frank Valeriote:** It's on the SRM he spoke of earlier.

I want to ask him what a renderer would charge a packer or processor per pound to get rid of their SRM.

**Mr. Graham Clarke:** The answer to your question is that I don't know the answer to your question.

They have contracts. For example, Rothsay would take all the SR material from the Cargill plant in Guelph. That would be an individual contract based on volume. I don't have access to that information.

**The Chair:** Okay.

Thank you, Ms. Gibson, for joining us by video conference.

Mr. Clarke and Mr. Beretta, thanks for being here in person.

This is going to be a long study. At some point, we will have it. We really appreciate your participation. Thanks very much.

We have a bit of committee business to deal with. We will excuse the witnesses.

Thank you very much.

We have had a request. We are going to be moving, when we're done the red meat part of our study.... The indication before was that we would go into the poultry side of it. Although I don't have the information and details with me, we have had an invitation to go out, right close to Ottawa here, to see an egg-laying operation. I thought I would bring it up.

I don't know whether the committee would like to spend.... Basically, we could get a small van to take us out, or we could maybe get some cabs, or a couple of you may even have vehicles. We could use a meeting day for that and still be back in to Ottawa for votes that night. Would you like to use a meeting for that? I'd like some input.

Mr. Lemieux.

**Mr. Pierre Lemieux:** I'd like to say that I think it's a good idea. I don't know how many people here have seen an egg-laying operation. It is something to see. This gives us the opportunity to witness it first-hand and ask the many questions that many of us might have.

As well, it's not very far, as you mentioned. There are no plane flights involved; it's simply down the highway a little bit. The area, I believe, is St. Isidore.

I'll tell you, one encouraging thing about egg farmers—

**The Chair:** How far is that?

**Mr. Pierre Lemieux:** St. Isidore from here is probably an hour, tops—maybe 45 minutes.

One nice thing about egg farming in this area is that there is quite a centre of it in St. Isidore. A good many of the farmers are young; they are probably in their early to mid-30s. It's very encouraging to see.

**The Chair:** The only thing I would point out is that if it's an hour there and an hour back, we would probably have to arrange with our

whips, because we would have to miss question period. If we happen to hit a day when there are no votes, that's fine—when we get back is probably irrelevant, unless somebody has a previous commitment. I just remind you of that.

If the committee has a will that you would like me to look into this, I will bring back the details and a possible date. It sounds as though there's a willingness to do it.

There's one other thing concerning the committee itself. Including the trip to Guelph, the return of the three witnesses who were here last week, and one other meeting with the pork producers, the cattle producers, the Canadian Trucking Alliance, and what have you, we could have the red meat portion of this study done on June 4 and be ready to move into the poultry section.

Is that where we want to go? Is that enough meetings? I think, looking at the witness list, that it's a very good cross-section. I don't think we've really missed any part of it. I'd like some input so that we can plan.

Are there any comments?

Does that seem good?

I have talked to our analyst Frédéric. If we had our last meeting on the red meat on June 4, we would go into the poultry part of it on June 6. Whether that was the day we went to visit an egg barn or we actually had a meeting here, what we would do is probably have two or three meetings on that.

By that time, Frédéric and his staff would be able to have the report ready to consider. If we kept recommendations out of that portion of it and dealt with recommendations at the end, when we've added together the whole food chain and the red meat sector, the poultry, and whatever else we want to consider, it should be very easy and simple to have the report done and tabled in the House before we break in June.

Frank.

• (1715)

**Mr. Frank Valeriote:** I'm okay with all the scheduling, but I have a question.

Our analysts have a great deal of understanding, experience, and knowledge in this industry. I have never known a committee to ask the analysts, "Is there anything we're missing? Is there a gap that we might cover?" I think it would be worthwhile to ask them whether there is something we may have missed in looking, for instance, at this issue on meat.

**The Chair:** That's a good point, Frank. I'll let Frédéric speak to it, but they do have input. I know they talk with David concerning some of the witnesses and what have you.

Is there anything further to add to that, Frédéric?

**Mr. Frédéric Forge (Committee Researcher):** No.

**The Chair:** I think Frédéric is usually not shy about offering, if he has to, and I appreciate hearing it as chair.

By all means, Frédéric, don't be afraid to mention something, okay?

Is there any more on that part of it?

Alex, you had something you wanted to discuss.

**Mr. Alex Atamanenko:** You are aware of it. It's the motion on the honeybee that Pierre and I have been discussing. There has been some back and forth. It's a simple motion that, in the opinion of the committee, the government should recognize May 29 as the National Day of the Honeybee, and that this be reported to the House.

We talked about this a few months ago. We initially thought we might get agreement in the House and do a kind of unanimous consent, but there are different... I guess the House leader has a different way of doing things. He doesn't want to do that with this kind of motion.

I guess Pierre has talked with the minister, and he seems to be in favour of the idea. I have a request—and you have seen the letter—that we declare this the National Day of the Honeybee. There are a lot of provinces—we have the information—and communities that have done this. It's one of these feel-good motions for which it would be good if all of us got together and supported it.

I think we could probably get something done in the House once it was presented. We will have to leave that to the leaders.

That's my request—to pass the motion at this committee. I leave it to my colleagues.

**The Chair:** Okay. I didn't really hear you read the motion in.

**Mr. Alex Atamanenko:** I did.

**The Chair:** You did read it? You have my apology. I was conversing with the clerk, so I missed it. I'm sorry.

He is passing it around.

Mr. Lemieux.

**Mr. Pierre Lemieux:** Chair, thank you very much.

First, let me say that I think all MPs—certainly those of us on the government side—understand the issues facing the honeybee and those people who depend on the honeybee for their livelihood. I think it's important to note that the committee has passed a motion

similar to this and reported it to the House. I think we did that in the last Parliament. It's still valid.

The second thing, though, is that Alex and I have had a number of conversations on how best to proceed with a national day of either the honeybee or anything else. The accepted protocol, Chair, is not for it to pass through committee and then somehow be reported to the House, and then the House does something with a kind of unanimous consent. The accepted practice is that a member of Parliament, if this is really important to them, use their private member's bill opportunity to advance a national day and that this be debated and voted on properly in the House.

To be fair, today I think we're voting on one from Geoff Regan, a Liberal MP, concerning a national day recognizing philanthropists. He has done exactly that. It's tabled in the House as a private member's bill, it is debated in the House, and it is voted on in the House.

In the last Parliament, or it might have been in this Parliament, Mr. Galipeau, one of our MPs, proposed a national tree day. It was exactly the same process.

It's important to respect these processes. For this reason, I would say that's the process my colleague should follow, rather than trying to move it through the agriculture committee and into the House, when we know it really isn't going to go anywhere in the House because it's not following the accepted process.

● (1720)

**The Chair:** We have the lights flashing to signal that the bells are ringing. I guess we have two choices, either Alex, you withdraw your motion and follow that suggestion, or because the lights are flashing I'm going to call the vote.

**Mr. Alex Atamanenko:** Let's call the vote, Larry.

**The Chair:** All in favour of Alex's motion please signify.

All opposed please signify.

(Motion negatived)

**The Chair:** The meeting is adjourned.







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