



ISSN 1488-9080

Legislative Assembly
of Ontario
Second Session, 37th Parliament

Assemblée législative
de l'Ontario
Deuxième session, 37^e législature

Official Report of Debates (Hansard)

Tuesday 20 November 2001

Journal des débats (Hansard)

Mardi 20 novembre 2001

**Standing committee on
justice and social policy**

**Comité permanent de la
justice et des affaires sociales**

Food Safety
and Quality Act, 2001

Loi de 2001 sur la qualité
et la salubrité des aliments

Chair: Toby Barrett
Clerk: Tom Prins

Président : Toby Barrett
Greffier : Tom Prins

Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

<http://www.ontla.on.ca/>

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 325-3708.

Copies of Hansard

Information regarding purchase of copies of Hansard may be obtained from Publications Ontario, Management Board Secretariat, 50 Grosvenor Street, Toronto, Ontario, M7A 1N8. Phone 416-326-5310, 326-5311 or toll-free 1-800-668-9938.

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 325-3708.

Exemplaires du Journal

Pour des exemplaires, veuillez prendre contact avec Publications Ontario, Secrétariat du Conseil de gestion, 50 rue Grosvenor, Toronto (Ontario) M7A 1N8. Par téléphone : 416-326-5310, 326-5311, ou sans frais : 1-800-668-9938.

Hansard Reporting and Interpretation Services
3330 Whitney Block, 99 Wellesley St W
Toronto ON M7A 1A2
Telephone 416-325-7400; fax 416-325-7430
Published by the Legislative Assembly of Ontario



Service du Journal des débats et d'interprétation
3330 Édifice Whitney ; 99, rue Wellesley ouest
Toronto ON M7A 1A2
Téléphone, 416-325-7400 ; télécopieur, 416-325-7430
Publié par l'Assemblée législative de l'Ontario

LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON
JUSTICE AND SOCIAL POLICY

Tuesday 20 November 2001

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DE LA JUSTICE
ET DES AFFAIRES SOCIALES

Mardi 20 novembre 2001

*The committee met at 1546 in room 151.*FOOD SAFETY
AND QUALITY ACT, 2001
LOI DE 2001 SUR LA QUALITÉ
ET LA SALUBRITÉ DES ALIMENTS

Consideration of Bill 87, An Act to regulate food quality and safety and to make complementary amendments and repeals to other Acts / Projet de loi 87, Loi visant à réglementer la qualité et la salubrité des aliments, à apporter des modifications complémentaires à d'autres lois et à en abroger d'autres.

The Chair (Mr Toby Barrett): Good afternoon, everyone. Welcome to this regular meeting of the standing committee on justice and social policy for November 20. If you were wondering, we had to wait for the conclusion of routine proceedings in the Legislature. We are conducting the second day of two days of hearings on Bill 87, An Act to regulate food quality and safety and to make complementary amendments and repeals to other Acts.

UNILEVER CANADA LTD

The Chair: I wish to call forward our first delegation, Unilever Canada Ltd. Good afternoon, everyone. We have 15 minutes. I wonder if you could give us your names for the purposes of Hansard.

Mr Sean McPhee: Good afternoon. I'm Sean McPhee of Sean McPhee and Associates, representing Unilever Canada. With me today are Bruce Mactaggart, vice-president of Unilever Canada, and Jan Mollenhauer, director of marketing.

Unilever Canada, a subsidiary of Unilever PLC, is a diversified consumer products company headquartered in Toronto. Unilever's Canadian interests include foods, food service, ice cream, home and personal care, and cosmetics. In 2000, Unilever Canada had annual sales of \$1.4 billion and employed 3,300 people across Canada. The bulk of Unilever Canada's operations are in Ontario, including facilities in Oakville, London, Simcoe, Woodbridge, Rexdale, Toronto, Richmond Hill, Brampton, Peterborough and Belleville.

In Canada, Unilever is best known by brands such as Lipton, Red Rose Tea, Breyer's, Popsicle, Bertolli olive oil, Sunlight, Vaseline and Dove. Leading margarine

brands manufactured in Unilever's Rexdale, Ontario, facility include becel, Imperial, Blue Bonnet and Fleischmann's.

Unilever Canada supports the repeal of the Edible Oil Products Act, an act which is discriminatory and protectionist and stands in the way of consumer choice. In 1994, Ontario and other Canadian governments signed the agreement on internal trade, which came into force in July 1995. Edible oil products and imitation dairy products were included in the scope and coverage of the agreement on internal trade effective September 1, 1997. As such, the Edible Oil Products Act, which restricts the movement of edible oil products into Ontario, creates an obstacle to internal trade and therefore violates the agreement on internal trade.

Furthermore, last year the Federal/Provincial/Territorial Agri-Food Inspection Committee recommended that "provinces should deregulate products that imitate or resemble dairy products, whether or not they contain dairy ingredients, and defer to existing federal regulatory processes that address the consumer information and fraud issues." The province of Ontario consulted with stakeholders on this recommendation, and the Ontario Soybean Growers as well as the Edible Oil Foods Association of Canada responded favourably.

Apart from the obligation to repeal due to Ontario's trade commitments, consumers in Ontario and Canada have expressed an interest in alternatives to dairy products for cultural, medical, religious and health reasons.

Opening up the market to blends will lead to new consumer and food service products that borrow the best qualities from dairy and edible oil products. The result will be new market opportunities for both dairy and edible oil producers. For example, by blending butter with edible oil, the resulting product will deliver the taste desired by many consumers and the texture desired by industrial bakers, but it will have a lower level of saturated fat that today's consumers demand. In other jurisdictions, for example, Unilever markets Brummel and Brown, a margarine and yogourt blend, which is a spread low in saturated fat offering a unique taste experience.

These products also represent new market opportunities for Ontario's soybean and canola growers. It is important to note that Canadian canola and Ontario soybeans are the main ingredients in Canadian margarine and would be the principal edible oil ingredients in new blended products.

The edible oils industry makes a significant contribution to the Canadian economy, accounting for \$570 million in total sales and employing approximately 11,000 people. The margarine industry accounts for just over half of the total edible oils market, with total sales of \$308 million, and employs approximately 6,000 people.

The majority of all economic activity related to the margarine industry in Canada occurs in the province of Ontario. The majority of soybeans used in margarine for the Canadian market are grown in Ontario. More than 70% of all soybeans grown in Canada for all uses are crushed in Ontario. More than 90% of all members of the Edible Oil Foods Association of Canada have their processing facilities in Ontario. More than 85% of branded margarine produced for the Canadian market is indeed manufactured in Ontario.

Based on the market share in other jurisdictions—blends have 3% of the global dairy and edible oil market—the immediate market potential for blends in Canada in terms of direct sales is \$226 million, including both retail and food service sales, with the corresponding direct employment of 2,200 new jobs, the majority of which will be created in Ontario. In Ontario alone, we estimate total direct sales potential for the blends market at \$66 million.

In addition to the creation of a third market for edible-oil/dairy blends, repeal of the act will create a market for dairy ingredients demanded by edible oil food producers who are developing blended products. With innovation and consumer education over time, it is estimated that the market for blends in Ontario and Canada could grow to 5% to 10% and would more than offset an estimated initial 3% to 4% loss of market share for dairy products.

In addition, Ontario companies which develop unique dairy and edible oil blended products for the Canadian market will now benefit from national economies of scale that will provide a basis to seize export opportunities in other markets such as the United States.

Other indirect economic benefits include investment in new technologies by Ontario companies to produce innovative blend products, with attendant multiplier effects in related industries such as equipment suppliers, packaging, marketing etc.

In addition to these economic benefits, numerous studies have demonstrated the health benefits of lowering the level of saturated fat derived from animal sources in the diet and substituting plant-based unsaturated fats. More than 40% of Canadians are believed to have elevated cholesterol levels. Almost one half of Canadian adults on a diet do so because of concerns about elevated cholesterol. On a population basis, lower levels of saturated fat in the diet have been conclusively linked to lower levels of cardiovascular disease. The benefits to individuals of reducing saturated fat in their diets are obvious in terms of personal health. In addition, Canadian society as a whole stands to benefit in terms of reduced health care costs and strain on the health care system due to reduced incidence of heart disease.

I want to say directly that the claims of a significant loss of market share for dairy products as a result of the act's repeal are unfounded. There is no evidence from any jurisdiction to substantiate such claims. Consumers are simply not going to walk away from such staples as cheese, butter and milk. Such claims of significant market share loss were made in December 1994, when the government of Ontario announced its intention to repeal the Oleomargarine Act, which required margarine to be a different colour than butter. In fact, butter sales remained unchanged in 1995 from 1994, at about 42 million pounds. That's A.C. Nielsen data. Conversely, and interestingly, butter sales in the province of Quebec, where margarine must be coloured white, declined by about 6% in 1995 over 1994.

Current federal and provincial legislation provides the framework to ensure that consumers will be able to tell the difference between a dairy product, an edible oil product and a blended dairy-edible oil product. The labeling and advertising of blended products are regulated in the same manner as any other unstandardized food product. Section 5 of the Food and Drugs Act prohibits selling or advertising any food in a manner that is false, misleading or deceptive.

Other federal and provincial laws, including the federal Competition Act and Consumer Packaging and Labelling Act and certain provincial business practice and consumer protection laws, prohibit misleading or deceptive advertising and labeling and would prohibit, for example, the labeling or advertising of edible oil products in a way which would suggest to consumers that the products are in fact dairy products.

Additional principles to ensure clear communication with consumers are as follows: neither product should purport to be a substitute or imitation of the other; all food products shall declare all ingredients; the name of either product should be distinct and not imply it is a substitute for the other; blends of two or more distinct products should have unique names, yet clearly indicate the nature and proportion of the contributing products.

In conclusion, in addition to meeting Ontario's trade commitments under the agreement on internal trade, the repeal of the Edible Oil Products Act will lead to the introduction of a greater array of healthy products, provide Ontario consumers with product selection choices enjoyed by the majority of North Americans, and provide direct benefits to the Ontario edible oil industry and indirect benefits to canola and Ontario soybean growers.

Unilever Canada applauds the Ontario government for its initiative to repeal the Edible Oil Products Act as part of Bill 87.

Thank you. We'd be happy to take any questions.

The Chair: Thank you, Mr McPhee. We have a little over a minute for each party for questions or comments. We'll begin with the Liberal Party.

Mr Steve Peters (Elgin-Middlesex-London): I just want to make the comment that I'd like to see some substantiation of some of the numbers, because certainly

some of the comments I've seen from the dairy industry are that their market share losses could be substantially higher than 3%; they're looking more at a 10% potential there.

The comment you made about new opportunities for canola and soybean growers is interesting. It's my understanding that most often the products used are of cheaper offshore oils, such things as coconut and palm oil, the rationale being that the hydrogenation process is less with coconut and palm oils. Can you give us some idea right now, with some of the products you are producing, what percentages are soya, canola, coconut and palm oils?

Ms Jan Mollenhauer: You have asked a number of questions there. Let me start with the proportion of the product that would be derived from soybean or canola oils specifically. I would suggest that over 80% to 85% of the formulations of good-quality margarines with most of the branded manufacturers who would supply to Canadian consumers are indeed derived from soybean or canola oils. As you quote, offshore oils are very high in saturated fat and in fact would not be an ingredient that most manufacturers would look to include in a formula that would be healthful for consumers, to any high degree.

1600

Mr Peter Kormos (Niagara Centre): The readings I've got here indicate that the dairy farmers are disinclined to agree with you. Having said that, they're going to say their piece here today. You're not suggesting that a margarine product that perhaps, if the bill passes, would be dairy-enhanced would be called anything other than margarine, are you?

Mr McPhee: It would not be called butter. I think that is the point and the sensitive issue, as I understand the dairy farmers' concerns.

Mr Kormos: Similarly, you're not advocating that a soybean-based cheese be called cheese, because cheese is clearly a dairy product, right?

Mr McPhee: Right.

Mr Kormos: So it's imperative, if this bill passes, that once we get to the regulations, people know they're still fundamentally buying margarine.

Mr McPhee: Absolutely.

Mr Kormos: And it's imperative that people fundamentally know they're buying a soybean product that resembles cheese.

Mr McPhee: We're very firm and passionate advocates of clear communication to the consumer about what products they're getting, and we believe that the federal legislation currently in place provides for clarity of communication to ensure that people know what they're buying.

Mr Kormos: OK, because I didn't see any of the plastic cheese companies in your list here. Holy cow, I didn't know the same company makes Imperial margarine as makes Hellmann's as makes Vaseline and laundry detergent.

Ms Mollenhauer: Not at the same factory.

Mr Kormos: Thank goodness. It made me nervous.

Mr Doug Galt (Northumberland): Thank you for your presentation. We've heard before from some of the soybean people that there are federal regulations to deal with the composition. I'm a little concerned about that. Maybe you could walk us through some of that explanation. Also, what kinds of tests, how complicated and how expensive, would it take to know that soybean is at a certain percentage versus butterfat—butterfat's pretty straightforward—versus some of the other oils, for inspectors to go out and monitor that the composition stated on the label really is in fact in that container?

Ms Mollenhauer: There are certainly good manufacturing practices in place to make sure that products are meeting the specifications identified on the labels. Most food technologists would have very standard practice procedures for being able to quickly evaluate a product against its label.

Mr Galt: That's how you put it in, but when an inspector goes in and picks up a container to check it to see if it has what you say it has on the label—

Ms Mollenhauer: There are standard practice procedures that any food technologist and inspector would be able to evaluate what's in a product.

Mr Galt: And how expensive would that be?

Ms Mollenhauer: To actually go out and execute that type of thing?

Mr Galt: To actually carry out a test and check, is it in fact 50% soybean versus 50% a dairy product, or 40-60?

Ms Mollenhauer: I wouldn't anticipate, since that isn't a normal practice of good food manufacturing process, at least for our own internal standards, to do that.

Mr Galt: But you can't tell me what kind of cost it would be.

Ms Mollenhauer: I can't imagine that's burdensome.

Mr McPhee: I should point out that there are compositional standards for margarine federally, as there are for many other products, so it's not a new thing we would be dealing with.

Mr Galt: It's if you follow up the test with monitoring by an inspector to make sure it's what you say it is. That was my concern.

The Chair: On behalf of the committee, I wish to thank Unilever for coming forward and testifying.

ONTARIO PORK

ONTARIO CATTLEMEN'S ASSOCIATION

The Chair: From the agenda, our next delegation is a joint presentation from Ontario Pork and the Ontario Cattlemen's Association. Good afternoon, everyone. Could we have your names briefly at the beginning?

Mr Dick van der Byl: Dick van der Byl, president of the Ontario Cattlemen's Association.

Mr Clare Schlegel: Clare Schlegel, chair of Ontario Pork.

Ms Kelly Daynard: Kelly Daynard, communications manager for Ontario Cattlemen's.

Ms Lilian Schaer: Lilian Schaer, communications officer with Ontario Pork.

Mr van der Byl: Good afternoon. We are proud to be here today to speak on behalf of our organizations, as well as the Ontario Cattle Feeders' Association, the Ontario Sheep Marketing Agency and the Ontario Veal Association. Our presentation today, as well as our written submission, was developed in partnership and consultation with these groups.

Food safety is a key priority of the agri-food industry. We're pleased with the introduction of this legislation and supportive of its principles, which will help reinforce consumers' confidence in our products. We do have some concerns regarding details of the legislation and have various recommendations and considerations we'll be sharing with you this afternoon. Following our brief presentation, we look forward to addressing any questions or comments you may have.

Who we are: Together, the commodity groups represented here this afternoon comprise mostly 34,000 red meat producers in Ontario. We have an impressive combined total of almost \$2 billion in farm cash receipts per year.

What Bill 87 means to producers: We have participated in extensive consultations and discussions with the government for over a year on various components of food safety legislation. Commodity groups look forward to continuing to work with legislators and government officials as part of this ongoing process. Bill 87 recognizes the high safety standards and strong regulatory environment that have characterized Ontario's agri-food sector. The act will provide a modernized approach to ensuring the highest food quality and maximum safety.

Support and congratulations: As an industry, food safety and quality is a key priority at the producer level and has been in terms of official industry programs for over a decade. We want to be certain we are meeting consumers' expectations and take pride in producing wholesome products. By harmonizing food safety programs both locally and across the country, the Food Safety and Quality Act will be the foundation for ensuring that safety measures are applied from farm to fork. We support this legislation and congratulate the government on its introduction.

Considerations and recommendations: We have identified eight recommendations for the committee's consideration.

Overlap and existing on-farm food safety programs: Protecting the quality of our food supply involves policy and standards from both the provincial and federal levels of government. In addition to the provincial government, the federal Canadian Food Inspection Agency and Agri-Food Canada play key roles in ensuring food safety. We support the intention that regulations stemming from this legislation harmonize with existing federal legislation and programs to prevent overlap and unnecessary costs.

The integrity of our food safety system is also dependent on the activities of both producers and pro-

cessors. Commodity groups have developed and are implementing HACCP-based on-farm food safety programs that are proving to be very effective in improving food safety. The beef, pork, veal and sheep industries all have on-farm HACCP-based programs to proactively and scientifically address food safety issues. These programs are detailed in our written submission to the committee. We recommend that the government make HACCP and HACCP-based programs the basis of Ontario's food safety initiative.

Mr Schlegel: Licensing of farms: There are currently numerous certificates and plans required of farmers to address various environmental and safety concerns. Farmers must be able to reasonably manage the number of government and industry requirements to which they must adhere. Given this consideration, and our success thus far with HACCP-based programs, we feel there are alternatives other than licensing to ensure farmers meet food safety standards. We recommend making HACCP-based on-farm food safety programs the basis for ensuring that consumers have a safe food supply. Using an industry- and market-driven approach to certify farmers is preferable. We recommend that licensing should only be pursued by request from a commodity organization. We would look forward to playing a role in the development of regulations and standards relative to licensing if this policy is pursued.

Effective enforcement: The cornerstone of effective enforcement is based on consistency, availability of resources and qualified inspectors. We recommend that OMAFRA, given its expertise and familiarity with normal farm animal practices, should be responsible for enforcing the legislation.

The act provides inspectors with sweeping powers to enter premises, bringing to mind the need to maintain the integrity of on-farm biosecurity measures and precautions. We recommend that any inspector who enters a farm should adhere to existing biosecurity measures and be trained accordingly. Training must be specialized to reflect the nature of the inspections, as related to meat processing plants or on farms.

1610

Penalties: The majority of farms operate within modest margins. When farmers are limited in the number of animals they can ship or have to close down their business for a period of time due to an investigation at another level, there are significant negative financial implications. We recommend that the committee give consideration to compensation for lost product value when farmers cannot ship animals due to investigations in the processing sector. We recommend for consideration that if a farmer is found innocent of a charge, they should be compensated for lost business. Finally, given the importance of timeliness in our business and that every day is a business day for farmers, we recommend specific guidelines for an efficient and timely investigation and appeal process.

Training requirements and education: Given the differences in the work and expertise required for the farming

sector versus the meat processing sector, we believe that there are also significant differences in the training required.

Further, given these sectoral differences, there is concern regarding the need for distinctions in the qualifications for licensees and the ability of commodity organizations to absorb the cost of related training. We recommend that commodity organizations be involved in determining the training necessary for each sector and the ability of organizations to implement and sustain such training programs.

Part III, "Quality and Safety Standards" of the legislation, addresses the issue that only individuals with the necessary qualifications, education, training and certification are permitted to carry out regulatable activities.

Livestock farmers have a variety of education and training backgrounds, including university or college degrees, industry training and on-the-job experience. Further, farmers are constantly upgrading and expanding their education through industry programs. Therefore, we recommend that various types of educational backgrounds and the industry's commitment to ongoing and specialized training programs be recognized with regard to part III, clause 11(f) of the legislation.

Need for farm intelligence database: We believe that a key component of successfully implementing on-farm food safety programs is a database for the agriculture sector to provide for the tracking of farm products. At this time, only some commodity groups have comprehensive databases of their producers. We recommend the committee give consideration to an amendment to provide for the establishment of appropriate funding to create, compile and maintain a database of farms for all commodity groups.

Development of regulations: We understand the importance of this legislation and its impact on the establishment of future regulations. However, with regard to the development of regulations, expectations must be managed in terms of what is possible and realistic for the industry to accomplish. We recommend that regulations focus on risk reduction as opposed to risk elimination, as this may be impossible to achieve in the agribusiness industry. We also recommend economic and food safety impact analysis during the development of the regulations to calculate potential industry costs and the need for compensation where necessary.

Level playing field: There is concern among the commodity groups about ensuring a level playing field in the national and international markets. Maintaining our domestic and international competitiveness is an industry priority. We recommend that the committee give consideration to ensuring that the cost of compliance is not so high that it creates a price disadvantage for Ontario producers relative to domestic and international competition.

Some conclusions: In addressing a priority as critical as food safety, we believe that this issue should be considered in the broader context of food security. Food security is a holistic concept that includes environ-

mentally sustainable food production, food safety measures and industry prosperity to ensure a constant national food supply.

With specific regard to provincial food safety measures, we urge the use of HACCP and HACCP-based preventive programs as opposed to the use of intensive inspections. Balancing the HACCP approach with clear regulations governing inspection and enforcement will allow for decisive action in a time of crisis.

Agriculture is a significant part of the Ontario economy. Producers are proud of their products and want to be sure of their future in the rural landscape.

We urge you to examine our written submission and want to assure you of our commitment to work with legislators and the government to making Bill 87 a success.

Thank you. We'd be pleased to answer questions.

The Chair: Thank you for that presentation. You pretty well used up the time allotted, unless there's a compelling reason for a comment.

Mr Kormos: Referring to page 6, where you recommend that OMAFRA be the responsibility of enforcing the legislation: are you stating that you want OMAFRA and its staff rather than, let's say, a private sector company, rather than inspectors for hire, to be doing these inspections?

Ms Schaer: Yes, that is what we're recommending. OMAFRA and its staff have a clear background knowledge of agriculture and what constitutes normal farm practices. We believe that would be very important for any inspector to have.

DAIRY FARMERS OF ONTARIO

The Chair: Referring to our agenda, the next presentation is the Dairy Farmers of Ontario. We have 15 minutes. If we could ask for your names for Hansard first, please.

Mr Gordon Coukell: Gordon Coukell, chairman, Dairy Farmers of Ontario.

Mr Bob Bishop: Bob Bishop, general manager.

Mr Coukell: I believe you have a copy of our presentation in front of you. I won't go into a lot of the details about who we are. I'll leave that for your perusal.

In Canada, the gross income from dairy is the third-largest sector in the agricultural field and represents \$4.7 billion. Here in Ontario we market 2.5 billion litres of milk a year and return to producers, to the rural economy here in Ontario, something over \$1.4 billion. So the dairy industry is a significant player in the economic aspects of this province.

From a food safety and quality standpoint, the dairy industry has been a leader in those areas for many years. In 1998, Dairy Farmers of Ontario accepted the responsibility for the raw milk quality program and inspection of farms in a download of a previous government function from OMAFRA. Under this program, DFO field service representatives inspect each farm on a regular basis to

ensure that the farm premises and milking facilities are up to acceptable standards.

In a recent letter from our Minister of Agriculture to myself, he praised DFO for its efforts in carrying out raw milk quality programs and indicated, "The DFO is to be commended on the excellent way in which it has assumed the responsibilities under this agreement and the professional manner in which this organization has consistently carried out those functions."

As mentioned by the previous presenters as well, the dairy industry is in the process of formalizing a quality assurance program, not only in this province, but it will be national. It will be in place in the next few months. The dairy industry is very much in favour of food safety and quality and has worked very diligently to ensure that.

When it comes to the specifics of Bill 87, we hope the foregoing explains some of the frustrations we are facing today. We are committed to the principles of better and more comprehensive food safety and quality legislation for the agriculture and food industry in Ontario. We feel we have been leaders in this field, as exemplified by what we have done in the past and what we are about to bring in for our industry in the future.

We were involved in several consultation exercises with OMAFRA, leading up to the introduction of Bill 87. We were pleased that the government saw fit to leave our well-developed quality regulations intact within the context of the Milk Act. However, we were surprised to see that when the bill was introduced, it included the intention to repeal the Edible Oil Products Act. We contend that the Edible Oil Products Act is not a food safety or quality issue and, as such, should not be part of Bill 87. In fact, we will provide some information to suggest that repealing the act, without due consideration of what is needed to protect the identity of dairy products, could lead to an increased health risk for Canadian consumers.

The Edible Oil Products Act prohibits the blending of dairy products and non-dairy products and restricts how edible oil products are marketed and displayed. Dairy Farmers of Ontario believe that repealing the Edible Oil Products Act would first of all create a vacuum in regulations protecting the identity of dairy products here in this province and do nothing to create uniformity across the country. The federal legislation that is in place is not adequate, in our view, to take the place of the regulations in the edible oils act here in this province. That is an extremely important issue which will be dealt with by Dairy Farmers of Canada representatives who will be making a presentation later.

1620

It could have a significant impact on the dairy markets in Ontario and Canada. It's very difficult to speculate what that would be, but if you look at the experience in the UK, where there was a vacuum in regulations, there was somewhere between a 10% and 15% impact on the dairy industry in that country. A 10% impact of \$4.7 billion would be significant. In this province, it would mean the loss of approximately 600 dairy farms and \$140 million in farm receipts at the farm gate.

We do not believe that it would bring any net benefit to agriculture in Ontario. While we have heard that there could be an increased use of soybeans, unfortunately the price of soybeans is set in Chicago, it's not set here, and I don't think there would be any increase in income to Ontario agriculture. If we were to lose 600 dairy farms, there would be a significant loss to the soybean industry in the amount of products fed to our dairy cattle.

Our analysis of the current situation: Seven of nine provinces have some type of legislation in place prohibiting or regulating blends and imitation of dairy products. We have not included Newfoundland in this analysis as they have just recently joined the dairy management program nationally. These seven provinces generate 89% of the dairy cash receipts in this country.

Our point here is that it doesn't make sense to repeal the Edible Oil Products Act in Ontario and create a vacuum in the legislative framework around blends and imitation dairy products when the majority of the other provinces recognize the need for legislation in this area. It is probably fair to say they also recognize the inadequacy of the federal legislation in this area.

One of the reasons cited by the government for wanting to repeal the Edible Oil Products Act is to create uniformity across the country. We contend that repealing this act will do nothing to achieve this goal unless there is adequate federal legislation in place.

Within the context of Ontario agriculture, we do not see any significant benefit for oilseed growers, as I mentioned earlier. I accept the argument that there may be products out there that will increase some uses, but I have here a label, and I would pass these around for your perusal, that indicates the problem we have with current products in the marketplace. This is a label from a spread manufactured in Halifax, Nova Scotia. It's called a "20/80 spread, made from a blend of vegetable oil and butter." When I look at this, directly under "20/80 spread" is "made from a blend of vegetable oil and butter." You would naturally expect that because vegetable oil is named first, it would be 20%, and 80% butter. In fact, when you look at the list of ingredients, 20% of the product is butter and 64% is hydrogenated vegetable oil, which has been identified as a concern in the Canadian diet by the health and stroke people. The representative from Dairy Farmers of Canada, who is a dietitian, will speak more to this issue later. This is the type of product that's in provinces within Canada and, in our view, improperly labelled, so that consumers do not really understand what they're buying.

Without the adequate regulations in place of either the Edible Oil Products Act as we have it here in Ontario today or proper national regulations, this kind of confusion and consumer deception would continue.

The simple solution from Dairy Farmers of Ontario's perspective would be to delete all reference to the Edible Oil Products Act in Bill 87. It does not need to be included with Bill 87, as its retention is clearly not a food safety and quality issue. If this action were taken, Dairy Farmers of Ontario would be in a position to whole-

heartedly and enthusiastically support the passing of Bill 87 and the government's goal respecting this bill could still be achieved.

Dairy Farmers of Ontario strongly urges this committee to support deleting the reference to the Edible Oil Products Act, especially the intention to repeal it for the reasons stated within this submission.

In the event that, for whatever reason, the government still decides to proceed with Bill 87 and retain the intention to repeal the Edible Oil Products Act, then Dairy Farmers of Ontario is requesting that it not be repealed until there has been time to develop and implement satisfactory standards at the national level by appropriate groups such as Dairy Farmers of Canada and the Canadian Food Inspection Agency. We think there needs to be a certain strengthening of those rules at the national level to protect the name of dairy products and the proper labeling of products.

One issue that's just been brought to my attention, and it's not in the presentation, Mr Chairman, is that the food safety risk component aspect regarding dairy products should be included in the act. It has not been mentioned in the proposed act, and we would be in favour of that. The government should have the ability to assess food safety risks and act accordingly. That, to me, is an omission that has just come to our attention. Thank you very much, Mr Chairman, for your time.

The Chair: Thank you. We really just have about half a minute for each party for a quick comment.

Mr Galt: I'd like to ask just a very quick question, if I may. Yesterday, the opposition was very enthused that milk is milk and that all mammalian milk should come under the Milk Act. I'm just wondering if supply management, if you people, are prepared to take on responsibility such as the opposition is suggesting.

Mr Coukell: It hasn't been raised with me but we'd be prepared to look at the milk from other species being included in the Milk Act, yes. It hasn't been raised with me before but we would look at it.

Mr Galt: So you'd be prepared to manage it and oversee it and look after it—

Mr Coukell: I would have to know what was being talked about, but we'd certainly look at it.

Mr Peters: On a similar line, there were presentations made yesterday from the Goat Milk Producers' Association, the sheep milk producers' association, expressing some concern over the definition in the legislation that milk means milk from cows. The comments from the goat and sheep producers are taking some exception to this definition, and I take it from the comments that you just made to Dr Galt that you would be prepared to sit down and talk and have some discussions in that regard?

Mr Coukell: Absolutely. Goats are included in the Milk Act at the present time. It was the government's suggestion that they would be removed; it wasn't our request.

Mr Peters: It wasn't your request.

Mr Kormos: I wish I had heard your comments before I had a chance to talk to the Unilever company.

You know what I was getting at when I was talking to them, right? I wanted some reassurance that they weren't going to try to pass off what they were making as dairy products. You're not as convinced as they are that that will be the lay of the land if this bill passes. Is that what you're telling us?

Mr Coukell: That's right. The national regulations at this point in time are not adequate to protect—

Mr Kormos: But you're prepared to participate in amending the EOPA in due course?

Mr Coukell: Yes, absolutely.

Mr Kormos: That's interesting.

The Chair: I wish to thank the DFO for coming forward. Thanks again.

1630

WOOLWICH DAIRY

The Chair: The next delegation on your agenda is Woolwich Dairy. Good afternoon. Could we have your names for Hansard, and we have 15 minutes, if you could leave a few minutes for any comments or questions from the committee.

Mr Tony Dutra: My name is Tony Dutra. I'm CEO of Woolwich Dairy.

Ms Joanne MacNeill: Joanne MacNeill.

Mr Dutra: I'd like to thank you for the opportunity to share my opinion on this new regulation. I'd like to state that Woolwich Dairy supports Bill 87 and the Food Safety and Quality Act.

Just very quickly on who Woolwich Dairy is, for those who don't know about us, Woolwich Dairy has been in business for 15 years. We are recognized as the largest goat cheese producer in Canada. We are just a goat cheese producer.

In 1997 we moved to our present location in Orangeville. At that point in time we had invested approximately \$6 million into our facility and equipment. Last year Woolwich Dairy processed approximately 10 million litres of goat milk. This represents approximately 75% to 85% of all goat milk in Ontario. We employ approximately 60 people and purchase milk from as many as 175 to 200 farms throughout Ontario.

Our annual growth over the last five years represents approximately 35%. So our growth in the industry has been significant and we continue to work hard on that. That's a little bit about Woolwich Dairy.

Some of the concerns that Woolwich has are in relation to:

Regulations under the current Milk Act are inadequate. I say the word "inadequate"; the reason is that it does not meet the needs of the goat milk industry in today's time. They were developed primarily with the cow milk industry in mind. At that point in time there were very few goat milk producers and even fewer goat cheese producers. So perhaps they were fine 30 years ago, but times have changed.

Specifically, regulation 761 of the Milk Act in regard to raw milk sampling and testing programs, which were designed with the cow milk industry in mind through the

Dairy Farmers of Ontario to be able to collect the samples, do the testing and do the reporting system. That testing and system does not apply to our industry. As you can see, the Milk Act is fine for the cow milk industry and I can appreciate that, but it doesn't seem to be working for our industry. That is why we are supporting this new bill.

Some of the challenges that we are facing: Our customers, our consumers, are demanding safe and high quality products. We in turn must demand the same from our producers. Woolwich Dairy continues to improve its quality, its safety of all its products and continues to work with producers to improve the quality of our milk. We are also prepared to assist in the task force to develop regulations under the Food Safety and Quality Act. We truly want to be a part of what this regulation has to do, seeing that we have such a large stake. Woolwich Dairy understands that with some new regulations there opens a door for change, and unfortunately we do not know what that change will entail. Therefore we will support this legislation, provided that we are allowed to be part of the process with our industry, with our producers. There could be some costs incurred to the industry, both from a manufacturing and from a milk processing point of view. Therefore I really appreciate the time to be able to speak on that behalf at a later date.

Just to finish off, food safety: the main reason that Woolwich Dairy believes the Food Safety and Quality Act is important is, I believe, that it meets the new demands on the global industry, not just Ontario. The global industry demands high-quality food and safe food. I think if you look at all the challenges of the world, this act will fulfill that.

One of the problems we have come across was when we were recently audited by the FDA. It was an audit that we weren't counting on, but as an exporter to the US, we were audited by the FDA. Luckily we did manage to breeze through that. The only challenge we had was when we had to explain to them how we control the raw milk. They were quite surprised at the lack of legislation and lack of control of the raw milk by the time it got to our door. We're currently under HACCP, going through HACCP recognition, and as to date, the one stumbling block we are trying to overcome is the fact that our raw milk is not under control. There seems to be a common problem there.

Woolwich Dairy supplies the US, we supply all of Canada and we supply other countries. The common question that is asked of us is, "Are you HACCP-recognized?" and we would like to say so. But based on what we are hearing now from the HACCP auditors, we are finding it difficult to say that. This bill will definitely go a long way to assist us with that.

There are many points above this as well. I've handed out some leaflets that I would appreciate if you would look at, understand, and I'm glad to answer any of your questions.

The Chair: Thank you, Mr Dutra. That leaves a few minutes for each party. We'll begin with the Liberal Party.

Mr Peters: I commend the Minister of Agriculture for the commitment he made when we embarked on Bill 81, that unprecedented commitment to have comments on the regulations and standards. It's something that I wish would happen more often and it didn't happen here. It's very obvious, in listening to presentations and reading the presentations yesterday, that there's a lot of concern out there for some comment into the development of the standards and regulations. I know the minister's staff is here. I hope that some of the government members will take the message back, that he make the same commitment here in dealing with the changes with food safety as the commitment he made in dealing with Bill 81. It would be nice to have that commitment made for every piece of legislation, but we'll just deal with the agricultural ones today.

There have been presentations made, in particular yesterday from the goat producers and sheep producers, from their milk marketing standpoint. What would you prefer to see, as somebody who's in the business, for the processing of cheese? Would you prefer to see goats and sheep included under the Milk Act, left under Bill 87, or would you like to see a goat milk act and a sheep milk act?

Mr Dutra: I don't see the current Milk Act, as it stands, working for the goat milk industry. I think the act is outdated. If you look at the concerns of consumers around the world, it's the safety and the quality. The Milk Act was designed primarily with marketing in mind. We have to understand that. The act may work for the cow milk industry. I think we can go ahead and do something that reflects today's industry, which is food and safety and quality. So I would say that being part of the Milk Act is not what I would want. I'm proposing being under the Food Safety and Quality Act, and in there writing legislation and regulations that deal with our industry.

1640

Mr Kormos: Thank you kindly. I've got your submission here and I'm looking at a letter from Gar-Mar Farms. I don't know if you know him: Garry Claassen. He's in Teeswater, Ontario. He has written here that he's proposing, as a goat dairy farmer, that the issue be split, that the management and marketing of his milk or dairy product be left under the Milk Act but that the food safety issue be dealt with by Bill 87. Then I've got the Ontario Goat Milk Producers' Association, and I hope I'm interpreting their position correctly, because they're saying, "No, don't confuse us or involve us with Bill 87. Leave us under the Milk Act. Then you're here, and again, not discounting your submission, saying, "No. Forget the Milk Act. We're going to go 100% with Bill 87." Wow, what's going on? And what's going on with the Ontario Goat Milk Producers' Association? Don't you belong to them?

Mr Dutra: I can't speak on behalf of any other organization except ourselves. The goat milk association is producers. They supply us with milk.

Mr Kormos: You make the cheese.

Mr Dutra: We make the cheese with that milk. Their views and opinions are pretty much their own. I tend to always look at what the market demands are on me. When I sell cheese to a major supermarket with several hundred stores throughout Canada and the US, the demands they put on me are basically the demands I have to put back on my producers.

Mr Kormos: So you're the cheese industry, you're the processor, but you're here addressing the matter where goat milk people should be under, right?

Mr Dutra: I'm here addressing where they should be under because it has a direct impact on what I do. I buy the milk, and if the milk does not meet the new food safety quality standards that the world expects, I in return have to take that, do something with it and supply my customers. If my customers are not comfortable with the raw milk supply, I'm out of business.

Mr Kormos: I'm starting to get a better handle on it.

Mr Galt: Thank you for your presentation. It's interesting to hear the goat milk processors from your experience. Certainly what we were hearing from the sheep milk producers, and it would appear to me that the perception is in their mind rather than in the consumer's mind, is that they're concerned about having a safe product to be able to purchase. When it comes to marketing, we're talking about a supply management group of cow's milk that's very specific, and that's not there for other mammalian species, at least at this point in time. So it really doesn't blend in to that particular act as I understand it.

I know you're expressing concern about consultation, and so is Mr Peters, but there's just no question, as regulations are developed, that there will be extensive consultations with you people, with various people. Extensive consultations on all bills and regulations have been a hallmark of our government.

If I have a few more minutes—I guess I do, Chair. This perception was coming from the sheep milk producers. They were really concerned yesterday, and you're not concerned about that perception and you're a processor putting that cheese out there. Why are you less concerned than the dairy sheep producers? Down the road we may have camels or water buffalo or deer knows what else, horses, that produce milk. As a matter of fact, as I understand it, after cow's milk, in the world, water buffalo milk is the most common milk consumed. As we move down the road, how do you see this changing?

Mr Dutra: The only way that any industry can survive in the new world is by producing a very high quality, safe product and everything we do has to reflect that. When we designed systems years ago, that wasn't necessarily what was in mind; it was marketing, be it the Milk Act or many other acts. The future is based on food safety and food quality and the confidence of consumers, so I have to embrace this type of change because it is the change that the world is going through. The current system does not offer that, even though there are some doors that are not open and perhaps can be very scary when you open those. I'm confident that if we're

allowed, ourselves and the producers, to have enough input and explain to the politicians what this industry needs to survive and to continue to grow—it's an industry that's been growing on its own.

Mr Galt: That's tremendous.

Mr Dutra: We can continue to do that but we cannot ignore what our consumers are saying, not just in Canada and the US. So I can appreciate the concern of certain producers in the sheep and in the goat, and unfortunately farmers always work in very tight margins. That's why I say you cannot exclude them from this discussion. We have to do something to make sure they supply us with milk, or else we have nothing to produce.

The Chair: Thank you very much. We appreciate Woolwich Dairy coming forward.

SOYFOODS CANADA

The Chair: The next delegation on our agenda is Soyfoods Canada. I would ask them to come forward, please. Good afternoon. I would ask for your names, please. We have 15 minutes, and if you could leave some time at the end for questions.

Mr Ron MacDougall: I'm Ron MacDougall, a director with Soyfoods Canada.

Mr Eric Hart: I'm Eric Hart, a director at Soyfoods Canada.

Mr MacDougall: To start with, I'm a soybean farmer in Ontario, representing the Ontario soybean growers on the Soyfoods Canada board of directors. Eric represents Galaxy Foods and is also a director on the board.

Soyfoods Canada is an industry association committed to encouraging growth, integrity and sustainability in the Canadian soy food industry. Food safety is very important to the soy food industry, as our customers demand the utmost quality from us. Bill 87 is an important piece of legislation that will give consumers increased assurance that we are supplying a safe product. In particular, we applaud the repeal of the Edible Oil Products Act.

The Edible Oil Products Act was passed over 50 years ago, when adequate labelling regulations to prevent consumer fraud and misrepresentation of products were not in place. Now, however, these regulations, which were meant to protect consumers, are instead denying consumer choice. This outdated act also limits marketing opportunities for Ontario soybean growers and food processors and stifles innovation. In addition, the Edible Oil Products Act is no longer necessary to prevent perceived labelling fraud and contravenes Ontario's commitment to the Agreement on Internal Trade.

Consumer choice: Ontario has changed significantly since the 1940s. The province's demographics have changed and technology has advanced, resulting in the development of quality new foods that were not contemplated when the act was created. These oil-based products are now mainstream, not simply dairy alternatives. Ontario consumers are demanding vegetable oil-based products for health, religious, cultural and personal reasons. Unfortunately, the choice in products to meet

their needs is currently very limited due to the Edible Oil Products Act.

Soyfoods Canada believes that making soy products available to these consumers will not reduce dairy market share but rather create a whole new market. Consumers should determine whether products have a place on grocery shelves, not the government.

Opportunities for food processors: The edible oil-based products industry currently makes a significant contribution to the Canadian economy, accounting for \$570 million in total sales and employing approximately 11,000 people according to A.C. Nielsen in 2000. Based on the market share for edible oil/butter blends in other jurisdictions, the immediate potential for blends in Canada, in direct sales, is \$226 million, with corresponding direct employment of 2,260 new jobs. In Ontario alone, total direct sales potential for the blends market is \$66 million, with corresponding direct employment of 660 new jobs.

Ontario businesses are currently denied the opportunity to compete in the emerging market for innovative blended products because of this outdated Edible Oil Products Act. Unfortunately, since the Edible Oil Products Act prohibits Ontario from servicing the blended product market, our competitors have an advantage.

In addition, opportunities exist for both the dairy industry and the edible oils industry to enhance their products with the reciprocal use of ingredients. The production of new, innovative products will be possible in a less regulated market. Repealing the Edible Oil Products Act will enhance the industry's ability to adapt to a changing marketplace and remain competitive in a global economy.

Opportunities for Ontario soybean growers: Soybean growers who produce specialty quality food grade soybeans receive a premium price for their crop. The repeal of the Edible Oil Products Act will allow growers the opportunity to market more of these varieties domestically, thereby increasing the demand and increasing the premiums paid to Ontario's 24,000 soybean growers. Currently, over 95% of these premium soybeans are exported. A domestic market would mean that instead of shipping soybeans out of Ontario, value-added products can be exported, including use in the domestic market.

1650

Federal regulations address product labelling: federal regulations prohibit the use of terms such as "butter," "cheese," "milk," "ice cream," and "cream cheese" on products that are not made with cow's milk. The Food and Drugs Act, the Canada Agricultural Products Act, and the Guide to Food Labelling and Advertising are in place to address product labelling and prevent fraud. Any vegetable oil products have to be named with appropriate non-dairy terms. In other provinces where these products are allowed to be produced and marketed, federal authorities review the labels to confirm they comply with the requirements of relevant regulations.

In 2000, the Federal/Provincial/Territorial Agri-Food Inspection Committee working group recommended,

"Provinces should deregulate products that imitate or resemble dairy products, whether or not they contain dairy ingredients, and defer to existing federal regulatory processes that address the consumer information and fraud issues." The Edible Oil Products Act is challengeable under the Agreement on Internal Trade and contravenes Canada's international trade commitments under NAFTA and the WTO.

If I may conclude with some written comments that aren't in the presentation: We have not given very much data on the impact to the soyfood industry. You can find studies on the impact for our industry and also for the dairy industry. Each sector will provide the data that would be most beneficial to them in their presentation. We feel the OMAFRA data, which is done and which you've most likely seen, is the most unbiased and therefore the most credible.

This is not a vegetable oil versus dairy issue. This is a consumer choice issue. It's a product development issue. It's a market development issue. It's a trade issue. This is an opportunity.

Thank you for the opportunity to make this presentation.

The Acting Chair (Mr O'Toole): Thank you for your presentation. That leaves about three minutes per caucus, and this round starts with the NDP.

Mr Kormos: I don't know a whole lot about this: Ontario consumers demand vegetable oil-based products for religious reasons, and the EOPA prohibits or prevents the manufacturing of a vegetable oil-based product for religious reasons. What would that be?

Mr Hart: The Edible Oil Products Act prohibits the production of it, period.

Mr Kormos: What? Give me the type of product that one's religion would dictate one should eat that the EOPA prohibits the production of?

Mr Hart: OK. Let's give an example of, say, a cheese alternative using soy. If there is no cheese alternative right now—for example, one made with soy—people who come from eastern religions, or something, who don't eat products made with milk, things like that, don't have an alternative right now.

Mr Kormos: OK. I read in one of the newspaper articles a reference to soybean cheese. What do you call soybean cheese if you don't call it cheese?

Mr Hart: It's just called a slice. That's basically what it's called.

Mr Kormos: OK, a soybean slice.

Mr Hart: That's correct, a soy slice.

Mr Kormos: But there's nothing in the EOPA that prohibits the manufacture of a soybean slice.

Mr Hart: That's correct.

Mr Kormos: So, I still don't understand where the problem occurs, then, where the prohibition occurs.

Mr Hart: It's the mixture. The EOPA prevents the mixture of—

Mr Kormos: Quite right. So what religion requires a blend of oil and dairy products?

Mr Hart: I'm not saying any religion—are you saying “prevents?”

Mr Kormos: No, “requires.”

Mr Hart: Requires? No religion requires that. What I'm saying is, they're saying they want a product that has no dairy in it. That's basically what I'm saying.

Mr Kormos: Quite right. But there's nothing in the current act that prohibits you from manufacturing a product with no dairy.

Mr Hart: But it also prevents you from making a product that resembles anything that looks like dairy.

Mr Kormos: Ah, OK. You mean in terms of colouring?

Mr Hart: No.

Mr Kormos: Shape?

Mr Hart: The shape, the size, the presentation—whatever it is.

Mr Kormos: So the same argument applies for cultural, because I looked at the cultural. I understand the personal reasons issue.

So all you want, then, is the opportunity to make products that look like the equivalent dairy product and you'll still call them soybean slices.

You see, what I'm confused about is that I know the argument from Lever, and I understand their argument. They want an opportunity to mix the two products. They said they weren't going to try to pull the wool over anybody's eyes, like this 20/80 vegetable butter spread. I agree; I've looked at it. It should be called 80/20 or 20/80 butter vegetable.

Anyway, I'm confused because I can't understand where the argument comes from that says religion dictates a blend, or dictates a vegetable base, because you're telling me you already can make the vegetable-based product. So that's where I'm left confused.

Mr Hart: Again, what you're saying is that the act prohibits the manufacture of any product that resembles or looks like it, basically. So that's why we're asking for it to be removed as well.

Mr Kormos: But that's not it.

The Acting Chair: Thank you for that question. It would now turn to the government side.

Mr Marcel Beaubien (Lambton-Kent-Middlesex): Thank you, Ron. Welcome to Queen's Park. It's always nice to have somebody from the riding making a presentation.

You were here when some of the previous presenters spoke about edible oil, and they had some concerns with regard to the health and safety of the consumers. They also mentioned the price of oilseed being set in Chicago. I don't know where the price of milk is set. Yesterday, we had a presentation from a milk farmer who lives on St Joseph Island. I was quite sensitive to his presentation, because he does live on an island. He mentioned that the cost of feed is 30% greater because of transportation. The critical mass is not in the area, so there's only one implement dealer, there's only one of everything, so it's very difficult to compete over there.

When we look at statements stating that products made from soybeans may impact on the health and safety

of people, I remember as a kid hearing about polyunsaturated and saturated fat in advertisements. Well, fat is fat to me. I don't know what it is. We heard from one presenter that there's a 3% to 5% impact on the industry; another presenter mentioned anywhere from 10% to 15%. Have you got any studies as to what impact it may have on the dairy industry?

Mr MacDougall: It's interesting that they see a great impact on the dairy industry but not a great advantage to the vegetable oil industry. As I said in my presentation, you can pick out any study you want. That's why I feel the job OMAFRA has done is probably the one you should look at, because it's an unbiased presentation. I believe that's where the 3% to 4% loss in butter consumption might come from. It also mentions the advantage of, I think, a 5% increase with a blended product, which would include butter in it, so that would be an increase there that would offset that.

Mr Beaubien: So you buy into the 3% to 4% impact?

Mr MacDougall: Yes.

Mr Beaubien: I agree. The act is 50 years old. I think I would look at it in a positive manner, that there is all kinds of potential for a new product, as you point out. So, as opposed to maybe a 5% loss, there could be maybe a 5% gain.

Mr MacDougall: Yes. The other thing is that we have a very innovative agri-food industry in Ontario, and they're going to look at products that consumers want and develop them. Those new products may contain both dairy and vegetable oil.

Mr Peters: I have two questions. Under your “Opportunities for Food Processors,” when you say there's potential for a blends market of \$66 million with direct employment of 660 new jobs, when you had these figures put together for you or compiled for you, did you do any corresponding work on the impact? You're talking new jobs and new opportunities. Was there any work done on impact on other sectors, on job losses or potential cuts in other areas?

Mr MacDougall: I'm not sure, but I'll go back to the OMAFRA study. It said there could be an impact of maybe 3% to 4% on butter consumption in the province, if I'm correct on those numbers, but also an increase in the consumption of butter through blends. So if you look at those two issues, they basically offset one another, so the impact on the dairy industry, I think, would be very small.

Mr Peters: So that means the dairy industry loses \$66 million and 660 jobs?

Mr MacDougall: Not necessarily, because when you develop butter, there's a job there. When you develop vegetable oil, there's a job there. When you put the two together and develop blends, you're going to increase jobs there.

Mr Peters: What assurances do you have or what studies have you done from Soyfoods Canada? You're talking about new opportunities for Ontario soybean growers, but what studies have you done to look at it? With the repeal of the edible oils act, how much of that

are the soy producers going to get? How much are palm oil, coconut oil and canola going to get? Are you confident that soybean is going to get the bulk of these new opportunities, or have you looked at the potential impact of opening this up, of letting coconut, palm and canola in?

1700

Mr MacDougall: I'll let Eric tell us how much more he's going to pay the grower for the soybeans, but in Ontario vegetable oils are different than palm oil. They have to be listed differently. I think in the presentation by Unilever they said that well over 85% of the edible oil products used in Ontario are vegetable oils, and most of them soybeans. The majority of oil produced in Ontario is soybean oil from Canadian soybeans, Ontario soybeans; 80% to 85% of the soybean production is in Ontario, and that is important. Have we done any studies on what it's going to be, how much they're going to pay? No, we haven't. But Eric's going to tell you how much more he going to pay me for my soybeans.

The Acting Chair: Quickly; you have half a minute.

Mr Hart: Well, basically in answer to your question about if we've done any research, we've done research among our members, and what we've been told by our members is that this is an opportunity for them to invest in new products, develop new products and things like that. It hasn't been quantified as such, but right now we have between 30 and 40 members, and more than 80% have said they are interested in developing new products if this act is repealed.

The Acting Chair: That concludes your presentation, and I thank you for that.

DAIRY FARMERS OF CANADA

The Acting Chair: We'll call forward the next group, the Dairy Farmers of Canada. Welcome. You have 15 minutes to make your presentation, which would include, if you wish to leave time, questions from members. If you could give your name for the Hansard record, thank you.

Ms Sara Waterton: My name is Sara Waterton.

Ms Helen Bishop MacDonald: My name is Helen Bishop MacDonald.

Mr Archie MacDonald: Archie MacDonald.

Ms Waterton: I'd like to thank the committee for this opportunity to speak to Bill 87. I'm the assistant director of policy and government relations with the Dairy Farmers of Canada. Today I would like to speak about the important labelling requirements that would be lost if the Edible Oil Products Act were repealed at the time that Bill 87 is passed.

The Edible Oil Products Act sets out labelling restrictions on imitations. The act forbids imitations from implying that these products have any relation to a dairy product. It forbids using a dairy term or expression on a food label, and it forbids an imitation from depicting a dairy scene. Because of these restrictions, the Edible Oil Products Act provides important guarantees to con-

sumers. The food labels on the packages of foods being passed around the committee right now violate the Edible Oil Products Act. These foods were all bought at a store in Ottawa. Today, dairy producers and consumers can seek recourse for the mislabelling of these products through the Edible Oil Products Act. If the Edible Oil Products Act were repealed at the time that Bill 87 is passed, this recourse and protection of dairy terms would be lost. This is because imitations would become regulated by the scheme that is currently in place at the federal level, and no federal legislation regulates the labelling of imitation dairy products adequately at this time.

The federal Food and Drugs Act establishes a general prohibition on labelling food in a manner that would mislead or deceive consumers as to the character, value, quantity, composition, merit or safety of the product. The federal Consumer Packaging and Labelling Act prohibits labels on prepackaged products from displaying false or misleading representations relating to the product. However, the problem with these acts is that the prohibition sections are too vague. They do not specify, like the Edible Oil Products Act does, what would constitute confusing or misleading labels with respect to imitation dairy products.

In order to be adequate, federal legislation would have to explicitly state that implying that an imitation is a dairy product, using dairy terms in conjunction with an imitation or depicting dairy scenes with an imitation product would be false, misleading or deceptive.

Another piece of federal legislation is the dairy products regulations made pursuant to the Canada Agricultural Products Act. However, these regulations, which do include labelling requirements, only kick in once a food meets the dairy standard. They do not deal with imitations or blends that do not meet the standard. The result is that labelling restrictions exist for dairy products but not for imitation dairy products.

Finally, the Guide to Food Labelling and Advertising published by the Canadian Food Inspection Agency is the only regulatory instrument at the federal level that gives examples of acceptable and unacceptable labels on imitation dairy products. However, Dairy Farmers of Canada went to court and relied on the guide as authority for the proper use of dairy terms and the registrar of the Trade-marks Opposition Board, which was the organization hearing the case, ruled that the guide is of no legal effect because it is not mandatory under any piece of provincial or federal legislation. In addition, the section dealing with dairy terms is vague and has to be reworked. This is the problem with the guide.

Taken together, existing federal legislation and the Guide to Food Labelling and Advertising are not adequate to ensure the proper labelling of imitation dairy products. Last year a Federal/Provincial/Territorial Agri-Food Inspection Committee working group recommended that provinces should deregulate products that imitate or resemble dairy products, whether or not they contain dairy ingredients, and defer to existing federal

regulatory processes that address the consumer information and fraud issues. Repealing the Edible Oil Products Act at the time that Bill 87 is passed would be Ontario's contribution to this process. However, the same federal/provincial/territorial recommendation also called for reviewing and modifying existing federal regulations and guidelines if such a review is required.

Dairy Farmers of Canada is committed to working towards improving the federal legislative system to ensure that imitations are adequately regulated. We are working closely with the Canadian Food Inspection Agency to come to a mutually acceptable way of addressing our labelling concerns while still allowing consumers to have access to new products and to allow the marketplace to embrace new food technologies.

At this time, however, discussions are still ongoing and we ask that this committee consider holding off on repealing the Edible Oil Products Act until changes are made to the federal regulatory system.

Ms Bishop Macdonald: My name is Helen Bishop Macdonald and I'm director of nutrition for Dairy Farmers of Canada. I would like to point out that I'm speaking today as a dietitian with 30 years' experience teaching med students, nurses and dietitians. I'm a charter fellow of the Dietitians of Canada and, as a dietitian, I'm greatly alarmed by the possibility of a repeal of the Edible Oil Products Act. Vegetable oil is a good thing, but where I grew up in Cape Breton they had an expression that I'll tidy up, and it was that "there's a difference between scratching your head and tearing it all to pieces." What we are risking with the repeal of this act is that Canadians and Ontarians will be wallowing in vegetable oil.

So what, you might ask, is the problem with vegetable oil? Vegetable oil's main component is linoleic acid. It has been established absolutely that linoleic acid, in large amounts, is carcinogenic. So that's point one. Point two, there are many studies showing a link between a high intake of vegetable oil—polyunsaturated fatty acids—and asthma in children and eczema. Also, because linoleic acid is highly oxidative, there can be an increased risk of atherosclerosis. More than that, most vegetable oils, as they are consumed today, are consumed in a hydrogenated manner, and the hydrogenation of vegetable oils produces trans-fatty acids. Trans-fatty acids not only raise the bad cholesterol, the LDL, but they lower the good cholesterol, the HDL. Then, there has been a link between excess linoleic acid and certain types of cancer: prostate cancer, breast cancer and colon cancer. So that's the problem with excess linoleic acid. Again, it's not that vegetable oil in and of itself is bad, but when we consume too much of it we run the risk.

Yesterday, apparently the Canadian association of consumers suggested that Canadians want to reduce their intake of saturated fats, the implication being of course that all animal fats or all saturated fats are bad. Not true. Saturated fats or animal fats are made up of a variety of saturated fatty acids. True, some of them do raise the bad cholesterol but others raise the good cholesterol, the

HDL. As noted a nutritionist as Walter Willett from the Harvard school of medicine has said that animal fats are most likely neutral in terms of heart disease because one offsets the other.

1710

Then, we have the fact that the fats of ruminant animals contain a substance called conjugated linoleic acid that has been shown absolutely to be anti-carcinogenic. So what we're doing now and what has been done for the past 50 years is that the intake of the carcinogen has increased and the intake of the anti-carcinogen in the animal fats has gone down.

Since 1900, consumption of linoleic acid and vegetable oils has gone up 400%. We are wallowing in the stuff. So yes, again, vegetable oils are good, we need them, but animal fats have their place as well. If this act goes through, we will be filling milk with polyunsaturates, and the result for Ontarians will be really bad.

I just want to throw in that no recognized religion in the world prohibits the consumption of dairy. Thank you.

Mr MacDonald: My name is Archie MacDonald. I'm director of economics and market research for Dairy Farmers of Canada. I'm currently chairman of the standing committee on policy and economics for the International Dairy Federation, which represents about 80 countries worldwide, and I might say in passing that I spent about 12 years as a member of the board of the Consumers' Association of Canada, Ontario branch, in various capacities.

The issue that I want to address here today is the economic impact of the removal of the Edible Oil Products Act under Bill 87. There are several elements of economic impact, including the effect on economic activity in Ontario and in Canada. There have been various estimates made, albeit many of them old, including some from the Treasury and economics department in Ontario, that show that dairying has one of the highest multiplier effects in terms of economic activity of any industry in Ontario and/or in Canada. This has been substantiated by further work done at the national level using input-output analysis.

The negative impact of the introduction of blends alone was estimated by a Laval University study as 15% of total butterfat consumption in Canada, a market that's currently worth nearly \$2 billion. In addition to blends, of course, the repeal of the Edible Oil Products Act would allow for substitution of fat in milks, in cream, in cheese, in ice cream and yogourt—basically, all the dairy products. Losses upwards of \$1 billion are possible in dairy industry sales, with an economic impact through the multiplier effect of somewhere between \$5 billion and \$6 billion.

Little or none of this may be offset, provided the edible oils or the products made thereof are sourced offshore. I might say that with my work internationally I've seen the operation of multinational firms like Unilever and Nestlé, and their tendency is to source products wherever they can get them cheapest. As far as loyalty is concerned, to the consumers, yes, to a certain extent, but

by and large the only loyalty these multinational firms have is to their shareholders. So anybody who puts stock in there replacing what might be lost in Canada is putting their money at risk.

Dairy production is essential to the rural economy of many parts of Canada. Dairying is labour-intensive and so is the processing of many of the industry products. Cheese is a good example. In Canada, the industry is estimated to directly or indirectly provide full-time employment equivalent for nearly 100,000 people, with nearly 40% in Ontario. Retail sales of milk and milk products are valued at nearly \$8 billion. The farm component of that, as mentioned in other documents, is in the neighbourhood of \$4.7 billion to \$5 billion.

Another area that Helen referred to in terms of potential impact of this legislative change is the cost to society of the dietary change that would be result form the repeal of the bill. I can say that this is not a trivial economic impact.

Given the results of previous studies and new information, it would be appropriate at least to have a new look at the economic impact of this bill and its effect on the Ontario and Canadian economies, on rural Ontario and Canada, and on health costs before proceeding with any rescinding of the Edible Oil Products Act. From our assessment of the impact, it is apparent that the gain for the few who want these changes is outweighed mightily by both the specific losses to the dairy industry and the general losses to society, in both economic and social terms.

Insofar as the studies are concerned, I want to say that the reference that was made by a previous presenter to an OMAFRA study is news to us in the dairy industry. We have not been provided with that information, and therefore it seems a little unfair that someone would be and the dairy industry would not.

The Chair: Thank you, sir. That pretty well uses up our 15 minutes. I wish to thank the Dairy Farmers of Canada for coming forward.

Mr Kormos: Mr Chair, are we on time? Ahead of time?

The Chair: We're 15 minutes behind schedule.

Mr Kormos: There goes the foundation for my suggestion.

The Chair: I wish to thank the presenters.

Mr Howard Cornwell: Mr Chair, I'm up next and I won't be using all of my 15 minutes, so if five minutes could be used for questions, I would give it.

Mr Kormos: I seek unanimous consent for that, Chair.

The Chair: With unanimous consent I think we could do that. I'll begin with the PCs, if you wish to do so.

Mr Galt: Thanks very much. Looking at some of the packages you brought in, maybe we can start understanding now why the federal legislation isn't necessarily going to handle the labelling and the composition issue that has been brought up before.

You did mention about holding off repealing this piece of legislation; therefore, you must have a time frame in

mind when it might be brought in. What would that time frame be that you were thinking of?

Ms Waterton: Right now, the Dairy Farmers of Canada is working with the CFIA on this issue and we're trying to come to some sort of agreement. They're currently opening up the Food and Drugs Act and the dairy products regulations for amendment and they've given a timeline. They don't think it will be done within a year.

Mr Galt: So somewhere between one and two years, then.

Ms Waterton: Over a year.

Mr Galt: It being the federal government, that could be 10.

Ms Waterton: Yes, but they have said that it will take more than a year.

Mr Galt: Just one more, if I quickly can. I'm wondering, how many gallons of linoleic acid would one have to consume per day to be carcinogenic, to start producing carcinomas? Is this based on rats, or where does this information come from?

Ms Bishop MacDonald: The initial studies were based on rats, in which they established that linoleic acid was an absolute carcinogen.

Mr Kormos: In that case, I'd rely on it, Doug.

Ms Bishop MacDonald: In terms of humans, they haven't arrived at an amount, but they did establish many, many years ago that not more than 10% of energy should come from polyunsaturated fatty acids. But health professionals and the public alike have forgotten that, and the mantra is that more vegetable oil is automatically better, and that's not the case.

Mr Galt: But you don't have an actual figure.

Ms Bishop MacDonald: I don't have an actual figure.

Mr Galt: Maybe we need healthier rats to be put on the experiment.

Ms Bishop MacDonald: The humans fared poorly too.

The Chair: Thank you, Dr Galt.

Mr Peters: I guess if the Minister of Agriculture wanted to split a couple of agricultural commodities, you've just done it with this legislation, because it has been pretty obvious as we listen to the presentations here that there's a lot of division out there. That's something the minister can deal with.

The question I have is, we've heard from the soy people and we've heard about canola, palm oil, coconut oil. If I remember right from my days in the grocery store, you start at the beginning and it works down from there as to what's in it. Palm oil seems to come farther up the list than other products. We're hearing the argument that this is going to be good for agriculture in Ontario, that this is going to help the soybean industry in Ontario. How does the inclusion of such items as coconut and palm oil—I'm trying to understand how that helps the industry in Ontario. In your review of products, what do you find most often in the products? Is it soy and canola or is it flipped, and do we see more coconut and palm oils in products?

1720

Mr MacDonald: Obviously when you look at a lot of these products, what tends to appear there is the oil or oil product that tends to be least expensive at the time. You hear these stories about how we're going to use canola or we're going to use soybeans, but if in fact the formulation will allow other, cheaper oils to be used, then they will be. Some of the very so-called finest margarines contain palm kernel oil. Why? To help it harden up, I suppose, but also because it's cheap.

In the gains that are being talked about in terms of products, basically what we're seeing in these is that a lot of the products just try to present themselves as dairy products and gain that way, not because they're presenting themselves in true fashion as to what they really are—you know, "butter" in big letters, and then way down at the bottom it says "flavour," and there's absolutely butter in it whatsoever; "cream," with no cream; "cheese" or "cheesy," and it's actually some sort of flavour. These people are taking advantage of another industry. That's the long and the short of it.

Mr Kormos: Yes, that stuff really ticks me off too, you know, the Orville Redenbacher especially, because it should say "popcorn with oil," of any number of sources.

I'm trying to listen very carefully. I'm inclined to agree that the EOPA should be stand-alone. The sense I'm getting is that you're prepared to talk about amendments to the EOPA and changes to it; is that correct? That's my understanding, that you're prepared to contemplate changes to the EOPA.

Mr MacDonald: Yes.

Ms Waterton: I think from the perspective of Dairy Farmers of Canada, we would like to see a strong federal system in place, but that hasn't happened yet. We are asking that the provinces not deregulate until that federal standard is put into place, because until that happens—

Mr Kormos: Sure. But having said that, are you prepared to contemplate changes to the EOPA were it treated as a stand-alone bill; to wit, amendments?

Ms Waterton: As long as it protects dairy terms for the labels from our perspective.

Mr Kormos: Because the last folks who were up here—and this was what I was trying to get from him, because my sense is there are some religious diets that prohibit milk combined with something else, but that wasn't what they were saying they were concerned about. They were concerned about manufacturing a pure oil product because that's what those religious faiths would require, so that the people practising their faith could eat what appeared to be a grilled cheese sandwich without it really being cheese. Is that particularly objectionable as long as the labelling clearly identified it in such a way that it said you're getting sliced soybean product? Would that in and of itself be particularly offensive?

Ms Bishop MacDonald: From a nutritional point of view it would be offensive, but—

Mr Kormos: So that's a different perspective.

Ms Bishop MacDonald: It's different, yes.

Mr Kormos: Are you asking the opposition parties to vote against this bill if the EOPA repeal is not in effect repealed?

Mr MacDonald: Yes.

Mr Kormos: Otherwise there's nothing about the bill the opposition parties should support?

Mr MacDonald: I think Ontario made the point that they support the basic food safety aspects of this. They are our members and we support them.

Mr Kormos: To be fair, Mr Peters should be here, but I'll tell him what you said. You bet your boots I will. Go ahead, please.

Mr MacDonald: As the Dairy Farmers of Ontario said, they support the health and food safety aspects of the bill, but they're objecting to having the Edible Oil Products Act repeal included in it. We support that—

Mr Kormos: Would you like to see the bill killed if it in fact continues to have the EOPA reference in it? Would you go that far?

Mr MacDonald: That's my understanding of their position, and it would be our position as well.

The Chair: I wish to thank the Dairy Farmers of Canada.

OXFORD COUNTY

DAIRY PRODUCERS COMMITTEE

The Chair: I will call our next delegation, Oxford County Dairy Producers Committee. Welcome, sir. You have given up a fair bit of time, so we have about four minutes.

Mr Howard Cornwell: My name is Howard Cornwell. I represent the Oxford county dairy producers group. I am a dairy farmer. I'll just read my speech. I'm not used to reading speeches. I'm not used to writing them either, but whatever.

I farm with my family on our farm near Norwich in Oxford county. Our family came to Norwich as pioneers in 1811. They cleared the land to grow crops. I think today we would call this "slash and burn," because that's what happened to the trees in the area that I come from. Two cows were brought with these pioneers from New York state, and I expect there have been milking cows on our farm ever since. Now, seven generations later, our workforce consists of myself, three of my brothers, my son and one full-time employee. That's six families that are making a living from our farm.

Our farm is larger than most in Ontario, as we crop over 800 acres of land and we milk usually around 200 cows three times a day. Including dry cows and young stock, we have about 450 head of dairy cattle in total. We are there when most of those cows calve. We raise the calves as replacements for our milking herd. We look after them when they are sick as well as when they are healthy. Being a dairy farmer means essentially having a very large extended family. It's a very technical as well as a very caring profession. It's a big responsibility and it is a lot of work.

New technology has not bypassed dairy farms. We have several computers on our farm that not only allow us to collect, store and utilize large amounts of information but help us work more efficiently. I'm sure we would need at least one more full-time employee if we were to do without the services of the PCs we have on our farm.

As chair of the Oxford County Dairy Producers Committee, I represent the 450 producers in our county. In total, there is about \$140 million in gross milk sales annually coming to our farms. This is easily the most important farm product that Oxford produces.

We have been informed that as a result of the changes that would follow implementation of Bill 87 as it now stands, including the withdrawal of the Edible Oil Products Act, we could see a potential loss of 10% of our market. Although our farm is more efficient than average, we still do not make a 10% return on our investment. In other words, a 10% loss of our market, even over a few years, will have a huge impact on our farm and every dairy farm in this province. That's why I am here. Why should this happen?

Just a short discussion on edible oils. What are they? I guess they come from either plant or animal sources. There is a huge difference. They are not interchangeable. Milk and dairy products derived from milk are not just animal-origin fats, but they come from mammals and are a renewable resource. As I said, we milk our cows three times a day. They are also the standard that imitation products measure themselves by. Dairy products have been used by our ancestors for thousands of years. They require few, if any, additives. The dairy cow has often been referred to as the foster mother of mankind.

The Edible Oil Products Act currently prohibits adulterating dairy products with non-dairy edible oils. Thus, withdrawal of this act would allow adulteration or dilution of our dairy products. There is not a need to dilute our products with cheaper sources of fat. There may be a desire by some food processors to save a few cents and turn those cents into dollars through large-scale production using what may be foreign-sourced oil products. I feel that consumers need to be protected from the confusion this dilution and poor labelling would bring. Again, there is no need to dilute our dairy products. Dairy products may be slightly more expensive than plant-sourced oils, but they are still not expensive. Everyone can and should use real dairy products every day. If you ask a nutritionist or a dietitian, plant-based fats and dairy product fats are not the same and are not interchangeable. Nutrition means more than counting calories.

1730

If the Edible Oil Products Act is withdrawn, then we need something in place ahead of time to recognize and protect the dairy industry. Consumers also need to be treated with respect and not be misled or confused. Milk is a very unique food, and the food products made from milk need some sort of patent protection, you might say, to keep the health and quality of our product intact.

In summary, dilution is not the solution and dilution will not make Ontario a better place to live.

I have a couple of comments I jotted down listening to some of the other speakers. I'd just like to say that as well as being a dairy producer, we also grow 150 acres of soybeans every year. Virtually all of those soybeans are fed to our cows. If 10% of our cows left, there would be quite a few more beans going back into the soy market, and I don't see that there's any possible net gain to Ontario farmers by allowing dilution of dairy products. Any gain is going to come through those processors who can substitute real dairy product with cheaper sourced fats from wherever. That's where dollars are going to be made with the removal of the Edible Oil Products Act.

The Chair: Thank you, Mr Cornwell. You've pretty well used up the time that was left.

Mr Peters: Mr Chairman, we're pretty close to being on time. Is there an opportunity for us to ask a quick question each?

The Chair: The bells will start ringing at 10 to 6, so we have a deficit of about 10 minutes. I have to be fair to the two remaining presenters.

Mr Peters: He represents the dairy capital of Canada, though.

The Chair: Thank you, sir.

NIAGARA NORTH DAIRY PRODUCERS

The Chair: I call forward Niagara North Dairy Producers.

Mr Kormos: While this group is seating themselves, perhaps, to research, on the whole discussion by this last presenter of production of soybeans coexistent with dairy cattle—I'm wondering if we could get some sense, for instance, of what an acre of soybeans is in economic terms versus comparable acreage, if that's not an inappropriate way to describe dairy cattle, and the economic viability of the two in terms of job creation. There's the sense that the dairy cow industry is far more labour-intensive than growing soybeans; to wit, it creates more jobs than growing soybeans. I don't know, but I'd like to find out.

The Chair: I'll welcome the Niagara North Dairy Producers. I will mention we have Perth county following you, and the bells will ring at 10 to 6. So you're going to lose your audience for the last minute.

Do we have a video?

Ms Cathy Mous: Good evening. My name is Cathy Mous. I'm a dairy producer in north Niagara. The Niagara North Dairy Producers would like to take this opportunity to thank you for listening to our presentation. Niagara North has chosen to take a different route with our presentation. We would like to show you a short children's video produced in Niagara. The faces you see in this video are the faces of dairy farmers in Niagara. The children are children of those dairy farmers, and they are the future of our dairy industry in Niagara.

It's only a couple of minutes. Please don't be offended by its simplicity. It is a children's video.

Mr Kormos: That will be highly suitable.

Video presentation.

Mr Rick Attema: My name is Rick Attema, and I'm chair of the Niagara North Dairy Producers committee. We're here representing 111 dairy producers in Niagara. In 1999 we produced 40 million litres of milk, with an approximate farm gate value of \$24 million. Dairy producers in Niagara in the last nine years have decreased by 34%. In 1990 we had 197 dairy producers, compared to the 111 we have now. That's a 34% decrease, compared with a provincial decrease of about 25% in producers. My point is that Niagara is already losing more producers than the provincial average. We don't like to see the impact of this bill involving more dairy farmers leaving.

Farm numbers are declining for various reasons. Some are leaving for other types of farming. This is unfortunate, because the land in Niagara suits dairy farmers well. We are not blessed with the best soil in the province. However, we have been able to produce favourable crops with good crop rotations, manure application and other solid land stewardship practices. These practices are most easily adapted by dairy farmers.

1740

Also, farmers in Niagara face challenges of scattered urban development, and with the proposed peninsula highway coming our way in the next eight years, industrial development will also be a challenge to deal with. Direct access to our biggest trading partner with land at \$1,500 an acre—I think industry will be quick to jump on that. So those are some of the challenges that face Niagara dairy farmers. I think we have enough challenges without having to deal with the potential impact of some aspects of this bill.

As was stated by some other counties, of course we are in favour of food safety. Some of the programs we have implemented in the dairy industry to ensure that safe, high-quality dairy products reach the consumer have already been mentioned. However, we feel that repealing the Edible Oil Products Act will have a negative impact on an otherwise stable industry that provides fair returns to its producers, an industry that does not come to the government for handouts when commodity prices drop.

In closing, I have recently spoken to some of the area veterinarians, as well as some local agricultural business owners, and they are already concerned about decreasing dairy producer numbers. A further 10% reduction, as we have been told this will cause, would have serious economic implications for our county. We need to keep dairy farming strong in Niagara and cannot afford to lose the potential of \$2.4 million in lost revenue for our area agribusinesses.

Mr Albert Fledders: Hello. My name is Albert Fledders. I'm a 36-year-old dairy producer from Niagara. I'm currently the third-generation dairy farmer on our farm. I'm married with six young children. It's not just a job for us; it's a way of life, as for most farmers in Ontario. We take pride in the quality of the product that we produce, and we're very concerned about the re-

pealing of the Edible Oil Products Act. We're especially concerned about the confusion that it might cause to the consumer.

Right now, butter is 100% dairy product; it's 100% made from milk, as are cheese, yogourt and ice cream. There's no confusion there. If edible oils are allowed to be blended with milk, there's no standard as to what percentage has to be milk product in order to be considered milk, butter, yogourt or ice cream. What percentage would there need to be in order to be displayed in the dairy case with pure dairy products?

If a dairy product doesn't taste good to a consumer right now, we as the producers of that product are willing to hold direct responsibility for that because we're responsible for all the ingredients. But once it's blended, who's going to blame whom for what? Is it the edible oils that make it taste different, or is it the dairy product that makes it taste different?

In closing, we as dairy producers are very supportive of the need for the food safety act and have a long history of co-operation with the government, especially the Ontario government. We are certainly in favour of legislation that reflects the current state of the industry and appreciate the opportunity to change it. However, we would ask that the Ontario government offer to delay the repeal of the Edible Oil Products Act until OMAFRA and our provincial organization, whom you heard from today—the Dairy Farmers of Ontario—have had time to address the issues that we have raised and satisfactory solutions can be found. We can make this a win-win situation for all of Ontario's rural economies.

The Chair: I wish to thank the Niagara North dairy Producers for that presentation. We need to go to our last delegation. Thank you very much.

Mr Kormos: The bells aren't going to ring until five minutes to 6, Chair.

PERTH COUNTY DAIRY PRODUCER COMMITTEE

The Chair: I wish to call forward the next delegation, the Perth County Dairy Producer Committee. We'd ask you to give the committee your names, please, for the purposes of Hansard.

Mr David Murray: My name is David Murray.

Mr Ray White: My name is Ray White.

Ms Debbie Little: My name is Debbie Little.

Mr Henry Koskamp: I'm Henry Koskamp.

The Chair: Do you wish to proceed?

Mr Murray: Yes. The Perth Dairy Producer Committee would like to welcome this opportunity to provide input to this committee. There are actually five dairy producers who came from Perth county today, and we are not just dairy producers. Four of the five of us also grew soybeans on our farms this year.

We represent 509 dairy farms in Perth county, which produced 219 million litres of milk. The sales from that milk would generate \$130 million. We provide direct employment for nearly 717 dairy families and support

total employment of 2,100 workers. To replace Perth's income from milk, experts estimate that major manufacturing plants employing 2,300 workers, each making \$30,000, would have to locate in our county.

I'm going to skip some of the presentation, but we have included a section on raw milk quality and food safety. We've included this to impress upon this committee that we as grassroots dairy farmers are extremely supportive of food safety and quality standards to protect the reputation and integrity of milk and milk products.

Under the section of Bill 87 concerns, of course we do not believe that the Edible Oil Products Act should be repealed. I want to highlight some of my concerns, and I have made it somewhat personal. On a recent shopping outing with my wife, I was very amazed to see what kinds of products were in the dairy case in the supermarket. Notable was that there was more margarine than butter, there was a soya beverage in a carton looking exactly like a milk carton and there was a product called "flavoured coffee whitener," in very lovely cartons, but the same kind of cartons that cream would come in. The list of ingredients was a chemical cocktail that included hydrogenated vegetable oil but no dairy products. All of these products were packaged to make it seem that they really belonged in the dairy case. I believe that the processors of these products are trying to use the natural and wholesome image of dairy products to sell their not-so-natural, not-so-wholesome products.

I have a deep concern about any action that the government would take that threatens the viability of my farm and my industry. I would like to use the farm that my wife and I operate near Mitchell, Ontario, as an example. We both happen to be about the average age of the dairy producer in Ontario, and we hold about the average amount of quota of an average dairy farmer in Ontario. If we were to lose 10% of the dairy market in Ontario, we would immediately lose \$80,000 worth of assets—that's the quota—which are not yet fully paid for; we would lose \$25,000 a year in gross income. This is at a time when all four of our children are approaching post-secondary education. Our spending on non-essential consumer items would stop immediately, general maintenance around the farm would suffer and we certainly wouldn't be purchasing any new equipment from anywhere. We might be able to stay in business, but we would be searching our souls as to whether we could. If the negative impact were greater than 10%, there's no question we would be out, because the banks would be calling our loans.

Dairy farming is one of the more stable and viable options for agriculture in many parts of Ontario. We receive 100% of our income from the marketplace and do not rely on government financial support. What we ask from governments is that they allow us to operate our unique Canadian system within a strong and consultative legislative framework.

We take exception to the repeal of the Edible Oil Products Act being tied to the Food Safety and Quality Act. It is an issue that does not directly relate to food

safety and in our view does not need to be repealed as part of this new act. Our provincial organization, Dairy Farmers of Ontario, believes there are ways to deal with the matter, but not within the context of Bill 87.

We thank you for affording us this opportunity to come to the committee and wish to leave you with the message that any actions that negatively impact the dairy industry will directly impact upon the quality of life in rural Ontario.

The Chair: Thank you for the presentation. We have a couple of minutes for questions. We'll begin with the Liberal Party.

Mr Peters: It's not so much a question to the Perth people who are here; it's more of a comment, and I guess it's something I'd like to put back to research. We've heard a number of comments made that the hallmark of this government has been consultation. Were you consulted on the repeal of the Edible Oil Products Act?

Mr Murray: Personally? No.

Mr Peters: I'd like to know, Mr Chairman, who was consulted. We've heard this comment made. I received a letter over a year and a half ago asking for my support for the repeal of the Edible Oil Products Act, and it was obvious at that time that somebody was being consulted. I would like to know and have it provided to us who was consulted in the lead-up to this legislation. I just asked a question of the Dairy Farmers of Ontario; they weren't consulted in advance of this. It's obvious that some people within the soy industry had some information that this was being considered. Why was one group consulted and the other group wasn't consulted? I'd like to know from OMAFRA officials who was part of this pre-consultation and where the suggestion of the repeal of the Edible Oil Products Act came from.

Mr Kormos: Very quickly, in terms of the EOPA, you clearly believe that it should stand alone and not be a part of this bill. Are there things about the EOPA that warrant debate and perhaps some discussion in terms of amendments to meet perhaps some of the interests that you heard expressed today by the oil-based industry, if that's not unfair? Is there room there, perhaps, for some debate around amendments to the EOPA, as compared to its total repeal?

Mr Murray: Absolutely, but not within the food safety—

Mr Kormos: As you know, this bill doesn't contain a whole lot in and of itself, because it refers most things to regulation, except for the privatization of inspection, I suppose. We've heard already what farmers feel about that. So what are you saying to opposition parties? If the government doesn't accept that it should withdraw the EOPA repeal section, are you saying opposition parties should oppose the whole bill?

Mr Murray: Yes.

Mr Galt: As it relates to withdrawal of the bill, some are saying it should never be withdrawn. At least, that was a feeling I've been getting from some; others are saying not until there's a certain amount of other activity, such as federal legislation, coming in to cover that area.

Certainly, we've seen some of the labelling, and obviously that's not being dealt with very well at this point in time.

Would you be comfortable with a time frame or possibly at the time that the federal government might bring in proper legislation to control such activity?

Mr Murray: I think that would be an appropriate time to—

Mr Galt: Withdraw it.

Mr Murray: Withdraw or rework.

Mr Beaubien: I have a request to research. I'd like to know what the impact of foot-and-mouth disease was on the dairy industry in Europe.

The Chair: Seeing no further comments or questions, I wish to thank the Perth County Dairy Producer Committee. Seeing no further business, these hearings are adjourned.

The committee adjourned at 1753.

STANDING COMMITTEE ON JUSTICE AND SOCIAL POLICY

Chair / Président

Mr Toby Barrett (Haldimand-Norfolk-Brant PC)

Vice-Chair / Vice-Président

Mr Carl DeFaria (Mississauga East / -Est PC)

Mr Toby Barrett (Haldimand-Norfolk-Brant PC)

Mr Marcel Beaubien (Lambton-Kent-Middlesex PC)

Mr Michael Bryant (St Paul's L)

Mr Carl DeFaria (Mississauga East / -Est PC)

Mr Garry J. Guzzo (Ottawa West-Nepean / Ottawa-Ouest-Nepean PC)

Mr Peter Kormos (Niagara Centre / -Centre ND)

Mrs Lyn McLeod (Thunder Bay-Atikokan L)

Mrs Tina R. Molinari (Thornhill PC)

Substitutions / Membres remplaçants

Mr Sean G. Conway (Renfrew-Nipissing-Pembroke L)

Mr Doug Galt (Northumberland PC)

Mr John O'Toole (Durham PC)

Mr Steve Peters (Elgin-Middlesex-London L)

Also taking part / Autres participants et participantes

Mr Bert Johnson (Perth-Middlesex PC)

Clerk / Greffier

Mr Tom Prins

Staff / Personnel

Mr Avrum Fenson, research officer,
Research and Information Services

CONTENTS

Tuesday 20 November 2001

Food Safety and Quality Act, 2001, Bill 87, <i>Mr Coburn</i> / Loi de 2001 sur la qualité et la salubrité des aliments, projet de loi 87, <i>M. Coburn</i>	J-625
Unilever Canada Ltd	J-625
Mr Sean McPhee	
Ms Jan Mollenhauer	
Ontario Pork; Ontario Cattlemen's Association	J-627
Mr Dick van der Byl	
Mr Clare Schlegel	
Ms Lilian Schaer	
Dairy Farmers of Ontario	J-629
Mr Gordon Coukell	
Woolwich Dairy	J-631
Mr Tony Dutra	
Soyfoods Canada	J-633
Mr Ron MacDougall	
Mr Eric Hart	
Dairy Farmers of Canada	J-636
Ms Sara Waterton	
Ms Helen Bishop MacDonald	
Mr Archie MacDonald	
Oxford County Dairy Producers Committee	J-639
Mr Howard Cornwell	
Niagara North Dairy Producers	J-640
Ms Cathy Mous	
Mr Rick Attema	
Mr Albert Fledders	
Perth County Dairy Producer Committee	J-642
Mr David Murray	