

Kathleen Gibson for the BC Food Systems Network to the
House of Commons Select Standing Committee on Agriculture and Agri-Food
On the matter of red meat sector supply chains
May 16, 2012 * 1230-1430 PDT * by videoconference

PRESENTATION TRANSCRIPT

Good afternoon. My name is Kathleen Gibson. I am a policy analyst in Victoria BC, here today to represent the BC Food Systems Network. We are very grateful for your invitation to testify.

I've spent the last seven years on contract to the BC Food Processors Association working on provincial licensing and inspection of slaughterhouses in BC under the Meat Inspection Regulation of BC's Food Safety Act.

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

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

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

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

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

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

Here are some basic facts about red meat value chains:

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

In the provincial system:

8. It can cost a BC producer at least \$2,000 to finish a beef animal for market.
9. It can cost \$1 million to build a small provincially licensed red meat abattoir.

In BC:

10. To give some idea of scale, BC had about 267,000 beef animals (from beef and dairy operations) available for slaughter in 2011. The number actually slaughtered in provincially licensed abattoirs was about 24,000.
11. BC has one (pork only) federally licensed and 33 provincially licensed red meat slaughterhouses.ⁱⁱⁱ We also have 72 farmgate licences in remote rural areas.
12. There is strong consumer demand for local and sustainable food, including meat (lamb and goat meats are in short supply).

Four key areas of public policy are involved at federal, provincial and municipal levels^{iv}. Two operate throughout the chain (from farm through slaughterhouse to retail):

1. *Public health.* Protection against food-borne illness. Concerns include micro-organisms that are resistant to antibiotics. New mutations (such as E.coli 0157:H7) are constantly appearing.
2. *Environment.* Handling and disposing of solid waste. In addition, the CFIA's Enhanced Feed Ban requires all Specified Risk Materials (certain parts of beef carcasses) to be separated from the solid waste stream and specially handled, to control BSE^v. Disposal options are very limited.^{vi}

Two policy areas operate at the farm and slaughterhouse levels only:

3. *Animal health.* Detection of animal-borne diseases (some of which can infect humans).
4. *Animal welfare.* Humane handling and euthanasia of meat animals.

So how does this play out for folks in the business at the provincial level?

- The very big and the very small differ by size and also by approach: the very big seek economies of scale; the very small tend to be place-based, more holistic and more diversified.

- For the last 50-60 years, the very small have increasingly been operating in a world framed by government policies and programs designed for the very large.
- Regulators tend to introduce global-level standards without considering whether or not they are workable.^{vii}
- The trouble with this is that the very small find policy requirements (at best) a poor fit and (at worst) functionally unworkable. If they can't make it work, these businesses go broke, or they go underground.

Some of you may be thinking the big players should simply take over, and forget the very small as too insignificant and too much trouble to support or regulate. We don't agree. We believe that ignoring or abandoning our sub-national livestock and meat businesses (and Al, Bert and Charlie) is unwise. There are seven reasons why:

1. Diversity is key to resilience and thus to sustainability.
2. Consumers want choice.
3. Chefs long for a variety of meat products and cuts that they can't get from the big suppliers.
4. Community-based meat producer and processor businesses are key participants in community economies. One provincially licensed processor can serve over 100 producers and 10 or more butcher shops, as well as restaurants and retailers.
5. The provincial system can be an incubator for businesses that may choose to scale up.
6. Smaller, decentralized facilities can rapidly be isolated in case of disease outbreaks. They also have a relatively small environmental footprint and low fossil fuel requirements.
7. BC geography means that if you try to centralize too much, the activity becomes economically unviable, goes underground and becomes untraceable, with negative implications for public interests.

We have three high-level recommendations for the federal government, with some specifics.

1. **Put food back on social policy radar.** Food systems are not only about profit. They are about society-wide health and well-being, which are the responsibility of governments. We echo the request of Food Secure Canada, and the recommendations of Olivier de Schutter, the UN Special Rapporteur to Canada on the Right to Food, for a national food strategy.^{viii}
2. **Acknowledge, support and help promote sub-national food production, processing and retailing businesses.** This includes five things:
 - a) Policy frameworks and tools that are appropriately scaled, that is, based on assessment of risks to the public (BC has examples)
 - b) Extension, networking, training, case studies and pilots for market and value chain development
 - c) Definition of "local" at several levels (not just local = Canada)
 - d) R&D support and prototype(s) for small-scale, efficient, clean technologies for handling slaughter waste
 - e) Solution for the distributor cross-docking problem
3. **Undertake a formal and thorough review of the following four matters:**
 - a) HACCP (Hazard Analysis Critical Control Points) as the framework for food safety in meat processing, and the approach used by CFIA in federally licensed facilities (so Charlie can manage under a federal licence): does it effectively address food safety priorities?^{ix}
 - b) CFIA practices. Interactions with industry are often dysfunctional, resulting in poor relationships and costly delays. Implementation of the appeal mechanism is a good step.

- c) The assumption that every bovine carcass is contaminated with BSE.^x
- d) Supply management – not just the pro’s and con’s of the existing system, but of the potential alternatives. Red meat may offer a picture of what chicken and turkey could become without supply management. Is that good for Canada? Bert’s layers are a key part of his farm financial plan and support his beef operation.^{xi}

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

Thank you.

ⁱ More information about the BC licensing and inspection system is available at www.health.gov.bc.ca/protect/meat-regulation/

ⁱⁱ More information about the BC Food Systems Network is available at www.fooddemocracy.org

ⁱⁱⁱ The fact that BC currently has no federally licensed beef processor is a problem for businesses in BC like a successful Indian restaurant that now can’t use BC beef in the prepared meals it ships out of the province.

^{iv} Applicable federal legislation includes the Meat Inspection Act, Food and Drug Act and Health of Animals Act, as well as the Feeds Act, Fertilizers Act and Fisheries Act.

^v BSE (Bovine Spongiform Encephalopathy) is a bovine brain-wasting disease. Consumption of infected meat can cause a related brain-wasting disease in humans. BSE is thought to be caused by a prion, a malformed protein that accumulates over time in various tissues in bovines that are classified as SRM. BSE is one of a family of Transmissible Spongiform Encephalopathies: other TSEs include scrapie in sheep and chronic wasting disease in deer and elk.

^{vi} In BC, many landfills will not take SRM; there are no viable incineration options and no rendering plants in the province. Waste can be trucked to a rendering plant in Calgary, but even this option is not available everywhere.

^{vii} Because federal CFIA inspectors are contracted by the Province to advise on slaughterhouse construction (as well as to inspect), and the BC regulation is “outcomes based” (non-specific), the inspectors, when questioned, default to federal construction and equipment requirements. As the gatekeepers to licensing approval, they indirectly call the shots on what the proponent has to spend. On account of the CFIA’s concerns about liability, inspectors refuse to put their verbal requests in writing. Industry has difficulty with this level of intervention without accountability. The construction process is delayed for months while proponents guess their way towards what inspectors will approve. At the provincial level, the BC Ministry of Environment in 2007 introduced a Slaughter and Poultry Processing Industries Code of Practice. It provides a Technical Guidance Document to assist Qualified Professionals to assist proponents in interpretation of the Code. I asked a QP, as an exercise, to apply the requirements at a licensed abattoir site and estimate the cost for compliance. He estimated that upgrades costing \$250,000 would be required. The behaviour we want to address from these two examples is the requirement by a regulator for world-class equipment regardless of cost and without adequate justification in terms of the public interest (protecting food safety, preventing pollution).

^{viii} More information available at <http://foodsecurecanada.org/media#PRESS%20RELEASE%203>

^{ix} HACCP is the basis of the food safety system meat processors use. It has seven steps and at the provincial level we currently use the first five. Our concerns are that food safety is not necessarily served by an emphasis on record-keeping and that food safety is a matter of the whole chain where HACCP is better suited to processing. Food safety systems need to be more responsive, adaptable and workable. Further references, including peer-reviewed papers, are available on request.

^x Enormous cost has been imposed on beef producers and processors to separate SRM. The federal and provincial governments did provide some capital cost support for facility construction, but now the industry is left with an ongoing problem of disposal. For most the only option is trucking to West Coast Reduction in Alberta, at significant cost. What we need is small, CFIA-approved disposal options in BC, especially rural remote BC. The Feed Ban is predicated on the assumption that every beef carcass is contaminated. It is high time this assumption was questioned, in light of the cost and effort involved in SRM separation and disposal.

^{xi} Supply management is not without its problems (chiefly the valuation of quota) but if it is gone, those commodities will most likely evolve to oligopoly like red meat, where two large packers dominate the whole chain. This does not augur well for local and sustainable food businesses. It’s complicated. There are significant vested interests and a lot for some to lose if supply management is taken away. And once it’s gone, it won’t be coming back.