



**Minister's Agricultural Roundtable  
Northern Ontario Meat Processing  
May 27, 2019**

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**Q1 - What regulations/red tape make your business less competitive?**

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**Example 1: Inconsistent interpretation of regulations that lack transparency**

Inspectors and auditors are given a guide to help them interpret how the Regulations should be implemented in the Meat Inspection Policy and Procedure Manual (MIPPM) and the Meat Plant Guidelines (MPGs). Only the MPGs are made public. Without knowing what they are being measured by, it is impossible for businesses to predict what inspectors are looking for and are therefore reliant on inspectors to tell them what to do. By relying on inspector's direction, businesses are susceptible to interpretation differences between inspectors, and this often results in increased capital costs to the business.

Recommendation(s):

- Use one set of guidelines and make them equally accessible to industry and government.
- Concentrate inspection to be about the desired outcomes. Allow businesses opportunity to innovate solutions on how to achieve those desired outcomes.

**Example 2: Lack of accessibility to public service procurement**

Current public service procurement guidelines add layers of complications for small and medium sized processors to be able to compete for contracts. The more regulated the system has become, the fewer small and medium sized business (particularly in the food sector) have been able to access those institutions.

Without having intimate knowledge of public institutions and their hierarchy, and even with strong understanding of how decisions are made in the public sector, it is often very difficult to find the appropriate person that makes the decisions on procurement in public sector institutions. The process to do business with the public service is convoluted and difficult to access. Contract processes are next to impossible to find and often too complicated for most businesses to figure out how to apply. Many institutions only contract distributors or large food service contractors. These companies generally only buy from other equally large processors. This practically eliminates opportunities for small and medium sized businesses to enter the market place.

Summary of Barriers:

- Lack of access to appropriate contacts for public institution employees in food service
- Lack of access to when and where procurement documents are released
- Procurement models that make it next to impossible for small and medium sized businesses to compete

Recommendation(s):

- Create an easy to find directory or list to find appropriate procurement contact at each institution
- Create an easy to access and free public directory for BPS food contracts and list of when existing contracts are expiring.

- Create a two-tier procurement process that includes a step to select the products first, and second process to select the distributor who will deliver the products (similar model used by MealSource in the healthcare sector).

**Example 3: Licensing requirements create undue regulatory burden**

Plants must inform OMAFRA a minimum of 30-days in advance of any alterations that fit subsections of the Meat Regulation under the *Food Safety and Quality Act, 2001*.

While we agree that the plant must inform their inspector of any “alterations” that fit subsections 12(2)(a)(b)(c) the minimum 30-day time period to notify OMAFRA of any change must be removed.

The requirement for 30-day notification when “any other significant change to the plant or its premises, facilities or equipment” restricts a plant operator’s ability to respond quickly to issues related to building and property maintenance, especially those noted during compliance audits. For example, a plant operator wants to pave the driveway and shipping and receiving areas before winter but is told he could not because he did not give OMAFRA 30 days notice, leaving the yard unpaved, full of potholes and standing water over the winter.

The 30-day notification when “a significant change in the licensed activities that are carried on at the plant or the manner in which the activities are carried on” stagnates industry innovation, the ability to be nimble, stifles growth and competitiveness and inhibits new business opportunities. For example, if a plant operator wishes to implement a beef carcass intervention, they would be required to give 30 days notice to OMAFRA prior to installation and implementation. This is 30 days of slaughter in which an intervention could have been applied, the risk of contamination reduced if not eliminated.

As well, the requirement for the submission of plans and specifications, similar to what is required for plant seeking licensing, is onerous, time-consuming and expensive for plant operators, especially in circumstances where the inspection authority is requesting changes or additions to blueprints that have no impact on food safety or regulatory compliance. It is our recommendation that blueprints are only required when there is a significant, physical alteration to the building where a building permit is required.

Recommendation(s):

- Only require blueprints when there is a significant, physical alteration to the building where a building permit is required.
- Remove the minimum 30-day notice requirement when alterations are made to a plant.

**Example 4: Adopt the CFIA standard for minimum lighting requirements**

CFIA is no longer prescribing the lux of the lighting (minimum illumination requirements) but have moved towards more outcome-based requirements. If OMAFRA moved to this type of approach the cost of building new plants, or cost of renovating existing plants would be reduced.

Recommendation(s):

- Adopt the CFIA standard for lighting requirements in plants, which states:  
*63 (1) An establishment must be equipped with natural or artificial lighting that is appropriate for the food or the food animal that is intended to be slaughtered, as the case may be, and for the activity being conducted.*

## **Q2 - What are the challenges and opportunities for economic growth in the northern meat processing industry?**

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### **Issue 1: Access to Labour**

Access to skilled and unskilled labour, be that domestic or foreign, is a critical need for the sector. Programs that can assist processors address existing and future labour shortages would be welcomed.

### **Issue 2: Access to Markets**

Provincially inspected meat processing plants are limited to intra-provincial trade. There is opportunity to grow the sector by allowing cross-border access to other provincial markets. For processors close to the border, this could assist processors marketing meat products across provincial boundaries, as well as producers looking for custom processing services.

Recommendation(s):

- Create an inter-provincial processing pilot between Ontario-Quebec, and Ontario-Manitoba among a group of interested facilities in each province.

### **Issue 3: Labour Disruptions**

In 1996, a labour disruption in the public sector had catastrophic effect on the meat processing facilities as they were mandated to shut down for the entire duration of the strike. The loss of business and effect on the industry is still being felt today. Since then, nothing has been done to ensure that provincial meat plants can carry on their business without the threat of government shutting them down because of their own labour disruptions. The Essential Services Agreement dated May 10, 1995 states that "Meat Inspection Service is designated as an essential service." However, the decision goes on to provide that the "Ministry shall not provide any and all meat inspection services at slaughter to licensed plant operators, during the period of a strike or lockout of the Administrative Bargaining Unit. Slaughter operations at provincially licensed premises shall be shut down".

Recommendation(s):

- Ensure that the Essential Services Agreement does not prohibit the function and operation of businesses in Ontario at ANY time.

## **Q3 - How can government and industry best work together to accelerate growth in the provincial meat processing industry?**

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Put an end to funding programs that select winners and losers, and funding projects that have no value other than to the company that receives the funding. Provide funding to groups of companies and organizations working collaboratively to solve an issue. The federal government did this to a small scale with their innovation funding, forcing collaboratives of small, medium and large organizations to work with a non-profit to oversee the project execution.

Funding could be provided to conduct a line-by-line assessment of how to effectively eliminate burdensome regulations. Research time would be required to meet with and interview business owners to identify duplicative regulations, and to identify ways to shift from regulation to outcome-based incentives for the sector. The project would identify training requirements for the sector, financial burden to implement changes, and suggested methods and timelines to implement change.

Funding programs should evolve to include a mix of financing options besides grants, such as revolving loan funds. Risk takers should be supported first, followed by innovators, and finally general supports for those that want to catch up to those that have led the way. Increased contribution percentages can be given to businesses that collaborate with other businesses in their sector. The introduction of revolving loan programs will ensure that there is financing available today and tomorrow for continued support of the sector.

	<b>Start-Ups, Micro Businesses</b>	<b>Small Businesses</b>	<b>Medium Businesses</b>	<b>Large Businesses</b>
<b>Years operation</b>	Up to 2 years	2-5 years	5-15 years	15 +
<b>Sales</b>	\$100,000 - \$1,000,000	\$100,000 – \$2,000,000	\$2,000,000 – \$10,000,000	\$10,000,000 +
<b># Employees</b>	1-5	3-10	11-100	100+
<b>Project Size</b>	Up to \$50,000	Up to \$100,000	Up to \$500,000	\$1,000,000 +
<b>Risk takers</b>	Up to 90%	75% grants	50% grants	25% grants with upper limit
<b>Innovators</b>	Up to 75%	50% grants Loan options	30-50% grants Loan options	10—30% grants
<b>Followers</b>	Up to 30% Loan options	Small grant 25% Loan options	Loan options	NA

Funding programs should be designed to be focused on desired outcomes such as increased self-regulation, reduction of paperwork and streamlined reporting for duplicative approval processes. Businesses could use the program to develop self-monitored food safety programs and modernize operations through the development and implementation of technologies.

At the conclusion of funding programs, an assessment should be conducted on the effectiveness of the programs. The analysis should include a sharing of achievements and a review of gaps that still exist. The program can then decide to conclude, or evolve to focus on remaining gaps, decrease overall project sizes, and/or increase industry’s contributions towards future projects.

#### **Q4 - Were you aware of the recent food safety funding programs available under the Canadian Agricultural Partnership? Did you have any challenges with the application process?**

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Very few processors are attempting to access the current CAP program, and even fewer are successful. Rather than being a catalyst for plant improvements, CAP is increasingly being viewed as a source of red tape, consuming extraordinary amounts of applicant time, and increasingly their money, as the program’s complexity has spawned a new industry of consultants who navigate the paperwork.

Recommendation(s):

- Allow business expansion activities to be included as part of eligible activities or dedicated projects.
- Create a technical industry-government working group to develop solutions to reduce the administrative burden for applicants that apply for CAP funding, while ensuring the evaluation process supports the types of projects deemed valuable by processors, industry and government.

**Q5 - Do you have any recommendations for how we may improve outreach to industry with regards to available food safety supports? This may include your ability to access information about funding programs, Microbial Control Interventions, or Meat Plant Guidelines, etc.**

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We have several concerns with the current microbiological baseline study being conducted in provincially licensed meat plants that slaughter beef and veal. There are many challenges that have been identified with communication, sampling collection, integrity of the samples from collection through transportation, disposition of carcasses etc. which call into question the integrity of the entire study. We are not supportive of the baseline project moving to a Routine Monitoring or Surveillance program within OMAFRA without significant review of the outcomes of the current project and industry consultation.

Recommendation(s):

- Halt plans to implement a Routine Monitoring or Pathogen Surveillance program until a significant review of the outcomes of the current baseline study have been reviewed in consultation with industry.

*The Beef Farmers of Ontario represent 19,000 beef producers in Ontario by advocating in the areas of sustainability, animal health and care, environment, food safety, and domestic and export market development. BFO's vision is help foster a sustainable and profitable beef industry, and have Ontario beef recognized as an outstanding product by our consumers.*

