

Good afternoon:

Thank you for the providing me the opportunity to present my concerns before this committee. I stand before you to represent the many small meat businesses that are dealing with similar detrimental regulations that limit our competitiveness in the retail sector.

My name is Carl Norg and I am the owner of Carl's Choice Meats in Brantford Ontario. We opened our small family business in 1986. It is approximately 2400 square feet in size, of that 720 square feet is used for our store and approximately 500 square feet is used for production. We employ 3 full time people besides myself. We also have a stall at two Farmer's Markets. For the past 22 years we have provided many good, wholesome and high quality products to our constantly growing customer base.

We have consistently passed the welcomed scrutiny of our local health units, but are now severally challenged by new regulations (O.reg31/05) since the inspections have been taken over by the Ontario Ministry of Agriculture, Food and Rural Affairs.

Today I would like to speak to you regarding the unfair competition in regards to income and profitability and therefore the eventual demIse of the local country butcher shop.

In my remarks today I would like to cover two areas of concern:

Unnecessary paper burden required to complete a work day

Structural requirements needed to meet new regulations

THE UNNECESSARY PAPER BURDEN

Large companies --I would suggest that of 10 employees or more -- need written procedures to ensure that all employees are able to follow the same guidelines. This method of communication is essential when the number of employees exceeds the ability to communicate with them easily. These protocols are also in place so when an inspector arrives to do their job they have a way of confirming that everyone is doing what is necessary to meet a consistent standard.

The joy of owning and managing a small meat shop such as ours is the variety of work which takes place each day. Though each week resembles the week before – small companies must be ready to make quick adjustments resulting from changes in customer flow, product availability, holiday demands, or even what we have left in stock. Because we are customer focused, what we plan to do each day is largely dependant on serving the needs of our consumers. In a small business the owner generally sets the standard, and sees to it that the employees meet those requirements. If the standards are low the customer flow will likely diminish while a business with high standards is more likely to keep customers happy and in the case of the meat business - healthy. Adherence to strict, unreasonable protocols is burdensome, difficult and a waste of precious employee time.

The reason for writing protocols is to follow them. In a small business such as ours working with them is cumbersome and inefficient and therefore make them subject to misuse. Most of us have been in the business long enough to know how to get the flavorful - and safe results we wish to achieve, and the process by which to get there.

With written protocols also come check lists, to be filled out each time a task is completed. As with written protocols, in a small meat operation, there is very little sense in doing all the check lists that are required, again, because of the man hours this would entail.

The multiple checklists alone, which are to be filled out each time a task is completed, interrupts the flow of work in a small business. Inefficiency equals loss in production and decreased revenue. Because of the ease at which this can be manipulated to fool the inspection system, experts at deception are created, rather than master butchers.

Currently most of us would spend a good part of a 40 hour work week completing all the required paper work properly. If the paperwork is easy to manipulate (and it is) or it isn't completed properly, why bother doing it at all?

The paper burden puts a severe strain on the budget, for these hours will need to be paid. This in turn would necessitate an increase in our prices, decrease our available revenue and reduce our competitiveness in the market place. This means less profits and subsequently less flexibility to make changes to improve our facility, to hire new help or to increase the wages of our present employees.

The current reality that a family-run meat business is no longer profitable, and is unable to support raising a family, will cause the local country butcher shops to cease excising.

What we need to do is to convince our industry that we can be cleaner, safer and healthier in the meat products we process and produce. This is not done by adding to or redirecting employee time with the burden of more paper work. The government has already realized this with their own Paper Burden Reduction Initiative, launched in 2005 in response to the Government of Canada's 2004 Budget commitment to measure the impact of regulatory compliance on businesses, and make measurable reductions in the paperwork burden.

HOW TO RESOLVE THIS PROBLEM

I am convinced that the best way to resolve this issue without unduly burdening the small meat business owner with wasted costly paid hours, while still satisfying the intent of the government for food safety, is by doing test sampling of surfaces and products. Inspectors should have the jurisdiction to arrive unannounced on any day to take samples of products and swabs of surfaces at random.

If samples returned clean, there is no issue, but if one or more tests came back with unfavorable results beyond acceptable ratios, then corrective measures would have to be taken. If too many "positive for problem" samples were returned, with a unacceptable test result or if this was a recurring problem then a fine, restricted production, or a loss of licence grade should be the result. Licence results could be posted, and so the consumer would be informed and therefore be able to make their own decision as to whether to continue to purchase their products at that store or to find another location to supply their needs.

STRUCTURAL REQUIREMENTS NEEDED TO MEET NEW REGULATIONS

As stated previously, our building at "Carl's Choice Meats" is approximately 2400 square feet, with approximately 500 square feet of production space. We are a small business with room enough to employ a maximum of 5 to 6 people. Because we are a small country butcher shop our busiest time is the weekends at market and we do not have enough customer traffic flow during the week to warrant hiring a full time sales clerk. Customers are seldom lined up to be served but rather drop by sporadically through the day. This means that there is no need for someone to be present behind the service counter on a constant basis. When customers do come in, someone leaves the cutting/production room to serve them. Now there is a problem, as the person who has just served the customer may now not re-enter the production area without a complete change of head covering, protective coat and new or sanitized foot gear.

The new regulations also state that we must have a separate room for our fresh meat cutting area, a separate room for our ready-to-eat production, a specific and separate area to keep our spices and plastic bags, and a passage way that encloses and separates these areas from the store.

Because of our small size, we do not have a designated receiving area. Our receiving area is a common area in which we enter the building, enter the cooler, it is also a walkway from the cutting room to the cooler or to the store, machine room or the smokehouse area. In order to meet the regulations, we must separate these areas completely. This would entail a reconfiguration of our building to accommodate the perceived requirements and would cost in the neighborhood of \$300,000.00. We have had a consultant and engineer assess what was needed to satisfy these new regulations and to draw up plans. The quoted price was \$300,000.00. All these changes were within the present structure, with no additional square footage added! We see nothing wrong with spending that kind of money if a business plan would show that it would be financially feasible. Unfortunately all business

plans show that it would not create any more profits or business to pay off the loan needed to fund such a project. The other consideration would be that if we were to create more rooms or areas, these little crowded spaces would see little constant use. Rooms with low traffic flow have a tendency to not be maintained as well as the rooms which see more work. This then would lead to less sanitary conditions and so become hazardous rather than helpful. In an open concept work environment not only is everyone safer, but also clean-up is frequent and sanitation is much easier and timely to accomplish.

As stated previously, \$300,000.00 is an unacceptable cost to our business, because, this is a cost that cannot be recovered. The decision we are wrestling with currently, even though we enjoy our work and had hoped to pass it to our son, is either to change the nature of our business or possibly close it altogether. If this happens there will be one less butcher shop on the map. To close our butcher shop would mean 4 full-time and 6 part-time market employees would be unemployed. Ten families would be affected and although this number may be considered small —please remember I speak not only for our own family business but the many other family owned meat shops across our province who are having to face the same regulations that we are experiencing in Brantford.

In conversation with other small meat shop owners who are in the same predicament as we are in, their thoughts are the same. If there is no return on their investment, it's better not to invest in costly regulations.

For a young entrepreneur to start a new meat shop today, with all the necessary equipment and building requirements to meet the regulations, it is pretty well out of the question now. New businesses build slowly. In the past a butcher could start out small. By integrating a lot of the things he needed in one room, so that the building size would be manageable and that he could do everything on his own. From there he could grow as business dictated. Now, to do everything according to regulation this dream is too cost prohibitive to become a reality.

To summarize, I have presented you with the two main issues that restrict us as small butcher shops and consequently our competitiveness with the large meat plants and the grocery chains. Firstly the unnecessary paper burden that eats away our time and therefore our profitability, and secondly the structural criteria that requires a large capital expense which we will never recoup.

Yes we need appropriate risk management regulations. Canadians have every right to trust in the safety of the food they eat. However, the regulations need to be outcome based not process driven, and not something that can be easily manipulated to fool the inspection system. Please take into consideration the financial plight of the hundreds of small and culturally diverse meat shops in this province and help us to pass them down to the next generation.

I appreciate the time this committee has given me to voice my concern regarding the future of the small meat operation here in Canada. It is my hope that we will work out an equitable system to continue producing wonderfully diverse and safe meat products.

Thank you and I would be pleased to answer any questions you may have.

Petition:

We the undersigned, petition the Legislative Assembly of Ontario to adjust the requirements that have been applied to Carl's Choice Meat's and other small family businesses as having been mandated by the Ministry of Agriculture, Food and Rural Affairs.

We agree that existing small meat businesses having existing quality products and are presently health unit approved, should be grandfathered in and not be burdened by the same regulations that are being exercised on facilities that have much larger production capacity and so request that a more relevant category be established

