

HEAL COMMITTEE MEETING

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Notice of Meeting		Minutes		Evidence

Meetings (HEAL)

STANDING COMMITTEE ON HEALTH

COMITÉ PERMANENT DE LA SANTÉ

EVIDENCE

[Recorded by Electronic Apparatus]

Tuesday, June 6, 2000



[English]

The Chair (Mr. Lynn Myers (Waterloo—Wellington, Lib.)): I call this meeting of the health committee to order. As you know, under Standing Order 32(5), we are considering the proposed tobacco regulations.

Ms. Yates is with us today as a witness. Thank you very much for appearing. She is the health and safety coordinator with the United Food and Commercial Workers International Union.

• 1530 ≽

I understand, Ms. Yates, you have a plane to catch, and we're trying to accommodate that. So with your permission and with the permission of the members, I think we'll begin on time. We would be very grateful for your presentation at this point.

Mr. Réal Ménard (Hochelaga-Maisonneuve, BQ): I have a point of order.

The Chair: Yes, Mr. Ménard.

[Translation]

Mr. Réal Ménard: I apologize to the witness, but before going any further, I would like a few points to be established clearly and also that the chairman and the clerk give me correct information to prepare tomorrow morning's meeting.

According to some checking up I did last night, it is not possible for this committee to make amendments, stricto sensu. Draft regulations, contrary to bills, must be passed or defeated; they can't be amended. We can make recommendations to have additional information added on one or more aspects. I don't know if you were a member at that time, Mr. Chair, but the same question arose in the House concerning the regulations on firearms.

It has to be clear both for the members and the witnesses. In that respect, I would have liked this to have been explained when we started our discussions. This is a friendly remonstrance uttered with the utmost delicacy you know I am capable of, Mr. Chair. I would have liked to have heared it said, at the very beginning of the process, that this committee cannot amend regulations for the pure and simple reason that that is a royal prerogative; they were passed by an order in council.

Is my reading of reality the proper one, Mr. Chair?

[English]

The Chair: Monsieur Ménard and members of the committee, my suspicion is that you are right. I believe, however, in fairness to all members of the committee, that we will verify that position. In any event, it seems to me that we would, as you indicate, make recommendations only with respect to the report. As you know, we can recommend to accept it as is, without any amendments or changes, or we can in fact recommend that there be changes.

To the substance of your point, the salient point, which is, I believe, whether or not this committee has the prerogative to actually make amendments as opposed to propose amendments, I suspect you're right, but we'll verify that.

[Translation]

Mr. Réal Ménard: I will carry on quickly on a second point, Mr. Chair. On Monday, you were supposed to answer two requests I tabled before the committee. The first is that we were to see with our own eyes the printing process in an industry. Secondly, I had asked for a formal answer to a request for information sent to us by the small tobacco manufacturers. Am I to believe that this will soon be done by Health Canada? As for my request to visit a printing plant, am I to believe that you just totally forgot about it or that it is not part of this committee's plans?

[English]

The Chair: Monsieur Ménard, we'll make sure we get a response to the Small Guys...I think the quote was from the Small Guys people, as well as the others. I think we have that, and we'll hand that out.

Second, with respect to an on-site visit, because of the functioning of the House there was not ample opportunity to make the request to get it into the process in terms of making the money available. So time ran out on us on that one. I think it was a very good suggestion, and certainly in other circumstances we would have attended on-site. However, time worked against us.

Mr. Mills.

Mr. Bob Mills (Red Deer, Canadian Alliance): Mr. Chair, I did say I would check with the RCMP in my local community and report back to the committee.

The Chair: Yes, you did.

Mr. Bob Mills: My staff did check with the RCMP, and it appears that what happened was they've been sponsoring a celebrity old-timers game for a number of years. Because of the cutback in funding and so on, they were proposing to drop that. However, a donor came forth for the old-timers RCMP hockey, and it happened to be the tobacco industry. So they accepted the money for autographed sweaters for the kids who attended and in return they agreed to support the program.

In fact what that gentleman said was true, and that's how they got to that point. It was a matter of having this fundraising for kids or cancelling that, and they chose to go ahead with that. But there was a price.

The Chair: I think your experience was that that had not been the case, and I think-

Mr. Bob Mills: The RCMP were on side with the rest of the community. However, as of March that's what has happened. In checking with most of the rest of the community, they still believe that you don't put a fox in the henhouse. But the RCMP, again, who we work closely with and respect.... But that's the reason, and they just felt that was the only way their event could carry on.

The Chair: Thank you very much.

Mr. Bob Mills: It does show a little bit of how things work.

• 1535 📡

The Chair: Yes. That's very good, Mr. Mills. Thanks for getting back to us. You indicated you would check and verify, and we appreciate that you took the time to do that.

Madam Yates, please.

Ms. Sue Yates (Health and Safety Coordinator, United Food and Commercial Workers International Union): Thank you, Mr. Chairperson and members of the House of Commons Standing Committee on Health, for allowing me to speak to you today. I appreciate the

opportunity to appear before you to discuss changes to the Tobacco Products Control Act proposed by Minister Rock.

My name is Sue Yates and I am an international representative and national health and safety coordinator for UFCW Canada. UFCW Canada represents over 215,000 members, and over 65% of them work in the retail and service sector.

UFCW Canada appears before you today because we believe the packaging proposal under consideration, as well as the proposed restrictions on shelf displays and product sponsorship signs put forward earlier by Minister Rock, are a direct threat to the jobs of our members employed in retail sales.

Our specific concern with Mr. Rock's packaging proposal is that it will likely lead to less legal and less legitimate adult sales of tobacco products at outlets employing our members. We believe that many consumers will seek alternative sources for the tobacco products and packages they desire but will no longer be able to find at traditional Canadian retail outlets in Canada. This could include the Internet, U.S. outlets, or the black market. We do not believe consumption patterns will change, but purchasing patterns will, and retailers will suffer.

We are also very concerned about the proposals for new regulations affecting shelf displays and sponsorship signs. Shelf display allowances and product sponsorship signs are a significant source of revenue for many of our employers. Severely restricting or banning shelf displays and product signs will have a significant adverse financial impact on many of the employers, and in turn will jeopardize the jobs of our members.

It is our understanding that Minister Rock plans to move on the retail display and advertising proposals later this year. We urge the committee to scrutinize these proposals very carefully and give due consideration to the impact they'll have on the economic health and employment levels in the retail sales industry.

Once again, these types of retail regulations will not have any significant impact on the use of tobacco products by adults or minors. They will, however, cause revenue loss for legitimate retailers and potential job loss for their employees.

We recognize the government's interest in reducing underage use of tobacco products. UFCW Canada shares the government's interest. Our members are on the front lines of this issue, as they are the workers closest to the point of sale. Our members and this union take this responsibility very seriously. In conjunction with employers, we have consistently worked toward eliminating sales of tobacco products to minors.

Our experience and good common sense tells us that severe graphics will have no meaningful impact on teens. We urge the committee to focus on approaches that will be effective in addressing the serious health issues of underage use of tobacco products. This includes comprehensive education programs in our public schools, beginning at early ages.

UFCW Canada would also like to take this opportunity to echo the concerns expressed by other trade unions regarding the process by which these proposals have been developed and effected. There was little, if any, real consultation with organized labour by the health minister's office. There was no meaningful effort to determine the actual effect these proposals would have on workers and their families. Promises, yes; action, no.

For these reasons, we urge the committee to delay the implementation of the graphics proposal, as well as any other components of Minister Rock's controversial program, until a thorough job impact assessment can be completed. It is a serious mistake to implement a major new public policy without doing all of the appropriate research and analysis. Our members will pay the price with their jobs if Minister Rock's experiment is a failure.

• 1540 ≽

Finally, I want to address an issue that is directly related to the development and implementation of the government's plan to dramatically increase the cigarette excise tax. We believe it is an even greater threat to our members' jobs than the packaging and retail proposals. It will also increase our members' risk of violent crime that this action will generate, as has been experienced in the past in Ontario, thus putting their health and safety at risk.

Tobacco consumption will not change appreciably, but legal sales will be hit hard. The government will lose revenue and our members will lose their jobs. The UFCW Canada urges the members of this committee to take a strong stand against the tobacco tax increase.

Thank you for your time. We appreciate the opportunity to comment on this important issue. I'll be glad to answer any questions.

The Chair: Ms. Yates, thank you very much for your fine presentation.

We'll have a round of questions now, if that's agreeable. We'll start with Mr. Mills.

Mr. Bob Mills: I have just a couple of questions.

We talk about education in the schools being the answer. Education has been tried in a lot of different areas like this, I don't believe with a lot of great success. These packages seem to be another way to try to educate young people, which is what we're most concerned about.

If there were proof that they would work, would you agree with them? Would you think they were a good idea?

Ms. Sue Yates: You mean with the changes in the packages?

Mr. Bob Mills: Yes.

Ms. Sue Yates: I'd rather see posters and ads in magazines.

Mr. Bob Mills: But we've tried those.

Ms. Sue Yates: I remember going to public school and seeing the smoking lung and the filter that showed the amount of tar and nicotine. I don't ever remember seeing a cigarette package before I had my first cigarette. So I don't think actually changing the cigarette packages is going to decrease the number of young people who will start to smoke.

Mr. Bob Mills: Having cigarette packages next to gum and chocolate bars and so on seems to me a kind of abuse of something that everybody agrees is harmful to your health. Why won't merchants move them somewhere else?

Ms. Sue Yates: Unfortunately, I come from a merchant that did not keep the gum and tobacco in the same area. I worked at a grocery store, and the courtesy bar where you bought your lottery tickets and cigarettes was away from the check-out stand, where all the candy, gum and everything were located. As for smaller convenience stores—and I can't really speak on their behalf—their space is quite limited, therefore it might be a little more difficult to separate the two.

Mr. Bob Mills: The other issue of jobs that has come up before committee is the printing business. It seems to me the solution for that is rather easy. If we simply go to plain packaging with a picture on it, we'll solve all those printing problems. Your people would keep their jobs because if the pictures aren't going to work anyway, plain packages shouldn't make much of a difference. What do you think about that issue?

Ms. Sue Yates: It's not so much the packaging or how they're distributed; the fact is that we put the excise tax on them if we make this graphic packaging.... If we had members who maybe lived in Smith Falls and worked at some of the grocery stores and small outlets, and their husbands or some of their family members worked at some of those graphic printing companies to produce that packaging, that would have an effect on our membership. Some of their family members might be out of jobs.

I don't think it's so much how you package them. We have to start early with the education part of it and train our young people on the risks. When they get to legal age and decide to take that risk for themselves, then they can do it.

Mr. Bob Mills: Many of your members must be dying of cancer as well, which must be a major concern to them—emphysema, cancer, all those other conditions.

Ms. Sue Yates: We don't have the statistics on whether our members are dying of cancer.

• 1545 ≽

Mr. Bob Mills: But 45,000 Canadians die every year from it, so some of them must be your members.

Ms. Sue Yates: I wouldn't say that's all from tobacco smoke. I would say that's also from workplace toxins that have been known to be carcinogenic too.

The Chair: Thank you very much, Mr. Mills.

[Translation]

Mr. Ménard, if you please.

Mr. Réal Ménard: Good afternoon. Basically, you would like the Minister of Health and the government to delay the coming into force of the regulation. You say the consultation process was not as rigorous and exhaustive as you would have liked. On page 5 of your brief, you state:

[English]

It is a serious mistake to implement a major new public policy without doing all of the appropriate research and analysis.

[Translation]

Would you be in a position to inform the members of the committee about the research and analyses you have done concerning the failure of the government policies you anticipate?

[English]

Ms. Sue Yates: The only example I can use at the moment is in the province of Ontario, where they took tobacco sales out of the drugstores. Normally that was two or three full-time positions who would do the ordering, who would set up the displays, who would make sure the product was rotated, and who would be put on that particular counter just to sell that product.

Having that out of that type of establishment now, at least two or three full-time jobs have been lost. Mind you, there have been some part-time jobs, but they have been different from the actual ordering, setting up, and making sure everything was rotated on a proper basis.

That's the research I have, but I think the research I speak to in my brief is the fact that we all know tobacco smoke can be harmful.

[Translation]

Mr. Réal Ménard: Just so we understand one another clearly, I would say that we are talking about two distinct phenomena, although they are linked in a way. You say you don't see why the government should propose a public health policy where cigarette packages would be used to convey 16 rotating messages, as they intend to do, because that will lead to job losses. The dilemma we have, as members of the committee, is having to choose between jobs, because we all represent people who have to earn a living, and public health must also be a concern of ours.

To date, there is not a single witness who has managed to eloquently demonstrate how the policy the government is proposing... I am not here to promote the government project, but to work at improving the government's action. So I have to criticize it. That's full-time work, and I guess you can easily understand that.

In your brief, you did not establish the relation that has to be made between maintaining jobs and the regulatory framework being proposed. Remember that in Quebec, Jean Coutu, the owner of the well-known chain of pharmacies, stated that it was not clear that it was a good choice, socially speaking, to sell tobacco products in pharmacies. However, that is a whole other debate.

As the representative of the workers, could you give us more information on the number of jobs you fear will be lost and, especially, tell us on what concrete basis your affirmation rests?

[English]

Ms. Sue Yates: Where we come into the picture isn't in the initial implementation of the legislation or the proposed legislation. We will fall in as the last link in the chain, so to speak, because we're the ones who will be not necessarily marketing it, but displaying it and selling it.

There's the display and the shelving, and the money that has been allotted to the retailers for the shelf space and for displays; and depending on the type of cutback in the displays, the type of cutback in the advertising that would be up in the stores, that would create concern about the possibility of not being able to bring in the sales for cigarettes and tobacco products.

The Chair: Okay, thank you. Merci beaucoup.

Ms. Wasylycia-Leis.

• 1550 ≽

Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP): Thank you, Mr. Chairperson. Just to make sure you, Mr. Chairperson, appreciate the fact that I will always be consistent, let me ask the same question I asked yesterday, which is touched on in this brief by Sue Yates on behalf of the United Food and Commercial Workers. That is the need for a comprehensive program in terms of dealing with smoking among all citizens, but particularly young people.

In your brief on page 4, you touch in particular on the need for comprehensive education programs. I wanted to ask you, since you are the health and safety coordinator for a fairly large union in our country, whether you've ever been consulted by the government on all aspects pertaining to smoking cessation and prevention among young people in any shape or form.

Ms. Sue Yates: In my capacity as health and safety coordinator? No, I have not.

Ms. Judy Wasylycia-Leis: Has your union been consulted at any point along the way over the last three years in terms of the promise the government made in the last election to spend a considerable amount of money on stopping smoking among young people?

Ms. Sue Yates: No, we have not.

Ms. Judy Wasylycia-Leis: You will no doubt have heard, from other statements I've made, about the government's promise to spend \$20 million a year on these kinds of initiatives beginning in 1997. My concern is that much of that money has not been spent. Where do you think this government should be putting its emphasis in terms of dealing with what I think we would all agree to be a serious problem of smoking among young people?

Ms. Sue Yates: I would think if it were a joint program done with all the parties affected, including the unions and their involvement.... Quite often we have the opportunity to go into the schools and talk to the young kids, not just in high school or college or university, but in the primary grades. I really think it has to be a continual education process.

Just as when we go out and train our members in occupational health and safety and we talk about the various carcinogenics and workplace hazards, I think we should use that same type of reasoning to deal with children, and start them at a young age. Let them know what the risks are. That would be my advice.

Ms. Judy Wasylycia-Leis: A comprehensive approach is obviously desirable, and we'll keep pushing for that. But assuming that one part of the solution is around packaging—and we've had considerable evidence around this committee suggesting that is the case—I think all of us around here are inclined to support any effort that will help reduce smoking among young people.

Are there measures we can take as a committee to ensure the least impact on workers in the area of tobacco packaging and printing and the retail sector to minimize the impact on the livelihood of individuals and our economy generally in Canada?

Ms. Sue Yates: It's interesting. As I was flying in the airplane today, I opened the magazine. Mind you, it was from the States, but there was a picture of a very beautiful young woman with a cigarette in her hand. I thought to myself, this is what young people look at. They look at things that are young and beautiful, and they think this is something that would make them look cool and fit in.

I also look back to my own experience when I first started having cigarettes. It wasn't to really look beautiful or whatever, but it certainly was to fit in with my peers and as a form of rebellion against my parents. I don't think I saw a cigarette package until much later into my teens, because we would sneak them here and there, from whatever sources.

I don't really know how to answer that one per se, Judy.

The Chair: That was a very tough question.

Do you have a final question?

Ms. Judy Wasylycia-Leis: Yes. A final question would be, would it be useful for us to pursue the idea of some sort of transition fund for affected workers and retailers vis-à-vis the impact of these regulations?

• 1555 📡

Ms. Sue Yates: That might be a good start. But I think we have to do a very in-depth study and find out if there are other jobs out there that they can...and the transition fund would help link that too, or education into whatever else. There's a grey area over transition funds, but it is a start.

The Chair: Thank you very much, Ms. Yates. We appreciate your testimony and we also appreciate that you still have to catch a flight.

We're going to move on to the Ontario Flue-Cured Tobacco Growers Marketing Board. It's my understanding that the chair, George Gilvesy, is here, as well as the vice-chair, Gary Godelie. If you two gentlemen would come forward, please, we can begin the panel.

Now, who is who?

Mr. George Gilvesy (Chair, Ontario Flue-Cured Tobacco Growers Marketing Board): I'm Mr. Gilvesy.

The Chair: Good. Thank you very much.

Mr. George Gilvesy: This is Mr. Godelie.

The Chair: Thank you very much.

Did you want to lead off, as chair?

Mr. George Gilvesy: Yes, I will.

Mr. Chairman, ladies and gentlemen of this committee, and ladies and gentlemen in the audience, on behalf of the Ontario Flue-Cured Tobacco Growers Marketing Board, we welcome the opportunity to comment on the proposed tobacco reporting and labelling regulations under the tobacco act control strategy.

We are presenting this brief today on behalf of farm families involved in the production of tobacco in Ontario. As producers of a legal product that is in demand by approximately 30% of the Canadian population, we strive to supply that demand with a clean, quality product. We are innovative, environmentally friendly land stewards who take great pride in our crops, farms, and the communities in which we live.

Tobacco production is a significant contributor to the economy. The farm gate value of our 1999 crop was \$320 million. The tobacco industry, from seed to processor's door, is responsible for generating 5,900 direct full-time job equivalents throughout our growing region. This translates into approximately 17,460 full- and part-time jobs.

Many of those employed by tobacco-producing families are predominantly local residents who in turn spend the majority of their income on goods and services within the tobacco growing region. The economic and social spinoffs from these expenditures are substantial and are documented in the Deloitte & Touche *Economic Contribution of the Tobacco Industry in the Tobacco Growing Region of Ontario*.

Directly following the announcement of the proposed tobacco reporting and labelling regulations, the honourable Minister of Health indicated the agricultural sector would not be affected by the tobacco control regulations. Consequently, tobacco producers were excluded from the initial discussions held in October 1999 and were not invited to participate in the business impact test.

In early February we had an opportunity to meet with Health Canada representatives to express our concerns regarding the regulations and discuss the BIT process in detail. Shortly thereafter, representatives of our membership completed the BIT survey questionnaire. An analysis of the responses substantiates the detriments we are identifying today. In essence, all respondents indicated the regulations would have major negative economic and social impacts on tobacco producers and the communities in which we live.

According to the draft report prepared by Consulting and Audit Canada in March 2000, tobacco producers believe the regulations would have a negative impact on their ability to compete both within this country and in other countries. They feel there would be a major decrease in their cashflow, profitability, and capability to endure major financial fluctuations and maintain a long-term return on investment.

There is an interlinking dependence that will result in these regulations affecting growers in tobacco-growing communities. In order to conform to the proposed regulations, manufacturers will face increased costs that will undoubtedly be transferred to their suppliers and/or consumers. Tobacco producers may be facing a decrease in demand for leaf and/or lower prices offered from our auction floors. An alternative strategy may be to replace Canadian tobacco with potentially cheaper imported leaf for the manufacturers' blends. Who would benefit from this environment? We see that being the offshore tobacco producer.

• 1600 庨

The Business Impact Assessment: Tobacco Reporting and Labelling document states that tobacco growers are not expected to be impacted by the proposed requirements. However, this report does recognize that there may be a possibility that the proposed changes to tobacco regulation could reduce overall demand for Canadian tobacco if price increases channel consumption to contraband product from offshore sources.

In the past, prices deemed unfair by the consumer resulted in smuggling and black market sales. The contraband product of today and tomorrow undoubtedly will be void of Canadiangrown leaf. These products will be non-compliant to Canadian tobacco regulations, thus putting our Canadian industry at a competitive disadvantage worldwide.

Offshore tobaccos that are distributed through illegal distribution networks will not be subject to the same strict product guidelines or taxation policies as Canadian product. Our stability as it relates to crop size, quality, and marketing will be undermined. Jobs, income, and productivity in the tobacco-growing communities will be threatened.

Those with limited knowledge of our agricultural sector have suggested that tobacco producers should be turning to alternative crops. Several attempts to do so have resulted in dismal economic failures—for example, peanuts, tomato paste, and sweet potatoes.

We support the concept of diversification. However, we firmly believe, as do many research agronomists, that there is no magic crop to replace tobacco. Many tobacco producers are presently involved in supplementary crops—for example, ginseng, asparagus, potatoes, garlic, and hothouse tomatoes, to mention a few. These crops are produced for niche markets.

Although we as producers have a small land base, we have excellent natural, physical, and human resources. However, in today's global environment, production of a commodity is only one-half of the equation. Marketing a commodity effectively at a profit in already saturated marketplaces is simply not feasible or economically viable.

We are facing an era of change and challenge in our industry. From a leaf supply perspective, there appears to be a global imbalance between supply and demand that is most definitely having an impact on world prices. Beyond this, global economic issues, the U.S. settlement, litigation, and government regulations all impose a negative impact on the affordability of tobacco products. As a result, consumers in some countries are switching to more value-enhanced and, in some cases, copycat or counterfeit products. This environment has led to manufacturers worldwide looking more extensively at "value tobaccos" to supply these markets.

In light of this, the pressure for us to become more competitive is intensifying. Major cost increases imposed on our largest customers, the Canadian tobacco manufacturers, will unquestionably jeopardize our ability to be competitive in both the domestic and export marketplaces. We firmly believe that it is crucial for our producers to maintain stability and viability to enable them to continue to supply Canadian smokers with a Canadian-grown product that is sold to the legal marketplace.

We appreciate this opportunity to express our concerns. We respectfully request that you consider the far-reaching ramifications of the proposed regulations very carefully.

We'll now be available for some questions, Mr. Chairman.

The Chair: Thank you very much, Mr. Gilvesy and Mr. Godelie. We appreciate your coming in today.

I still live on the family farm. I still farm, somewhat. When you talk about stewards of the land, you resonate with me in terms of what you represent, so I just want you to know that.

Mr. George Gilvesy: Thank you.

The Chair: Mr. Mills.

Mr. Bob Mills: Yes, Mr. Chairman.

I don't know a lot about growing tobacco, but I do know that in the farming community I come from—I also have a farm—we've been forced, because of pricing and so on, because of competition in the markets, delivery, and all those problems that I'm sure you understand, to look at alternative crops.



I look at one right now—timothy, for instance. All of a sudden everybody's growing timothy. Plants are springing up. It is being compacted and sent to Japan. The demand is much greater than the supply.

Many farmers don't understand it; they've never grown it before. It's a little scary. But it's starting to catch on. With peas and lentils, it's the same sort of thing.

So when they were faced with that crisis, they responded by trying to grow something else that they could.... And actually, the people growing timothy right now are saying they're making more money than they've ever made in their whole farming career.

So I guess I question the fact that there aren't alternatives. I don't know what they are. I don't understand the market here, but I really wonder if Agriculture Canada has really tried to help to find you alternative crops, to find options that would be as good or better than what you're growing. Has there been an effort made?

Mr. George Gilvesy: Yes, there has.

I would add that we've been facing these pressures for the last 20 years, in essence, and the mid-1980s was really when the intensive outlook was for alternative crops. Agriculture Canada was involved at that time and have reports tabled, I'm sure, that can satisfy your question.

Mr. Bob Mills: So you just feel there's no other crop ...?

Mr. George Gilvesy: As I said, there are alternative crops, but there's no magic crop for replacing 65,000 acres of tobacco production.

The Chair: Thank you very much.

[Translation]

Mr. Ménard, please.

Mr. Réal Ménard: I have two questions. I was told that some years ago, the Department of Agriculture here, in Ottawa, had set up a program to help people convert away from tobacco growing. In many cases, apparently, the program gave good results. I was mainly told about its implementation in Quebec.

I know that you mainly represent Ontarians. Have you ever heard about this program?

[English]

Mr. George Gilvesy: Yes, I have. I was involved in the design of the program. One part of it was a reduction program that took tobacco producers out of business and the second part was a diversification program. Actually, the reduction program took people off their farms and in essence moved them into jobs. It did not tend to move them into agriculture or keep them in agriculture.

The diversification program was supposed to be designed to help people find alternatives, but in essence what it did do, in my opinion, was present opportunities for other sectors of agriculture to capitalize and diversify, as opposed to tobacco producers diversifying.

[Translation]

Mr. Réal Ménard: So, in your opinion, there was no real aid in the form of a diversification program for the tobacco growers. The program was not really used for diversification. Finally, it means that people just abandoned that industry. That is not the program you would like to have in a more ideal world.

[English]

Mr. George Gilvesy: It led more to a diversification of our region as opposed to a diversification of a specific farming sector. So there was assistance, but it was more regionalized as opposed to sectoral.

[Translation]

Mr. Réal Ménard: And now for my second question. You say that the regulations would harm the tobacco producers' competitive position and give an advantage to foreign tobacco producers.

Which aspect of the regulations is the most problematic for you and what are you afraid of from the foreign producers?

[English]

Mr. George Gilvesy: Foreign cigarette manufacturers who are successful at having contraband products smuggled into Canada do not have to comply with any form of regulations in any manner, whether it relates to regulations on the product or regulations around excise tax or whatever. When there's an element supplying the market that does not have to comply with any of that, there is also no compliance on what goes into that product.

Right now, Canadians have an allegiance to using Canadian tobacco products. About 98% of the market uses Canadian-grown tobacco. If you have this element that enters through contraband and smuggling, it can totally undermine that supply chain, and there's no assurance that Canadian tobacco will be included in those products.

• 1610 ≽

[Translation]

Mr. Réal Ménard: You say that the tobacco from abroad, imported tobacco, is not submitted to any kind of control, inspection or verification.

[English]

Mr. George Gilvesy: I cannot tell you what regimes they are grown under. What I am putting forward is that it is not necessarily tobacco that would be imported in a legal fashion. I'm talking about tobaccos or tobacco products that would be entering Canada in an illegal fashion. There is no control over compliance on any products in that situation.

[Translation]

The Chair: Thank you very much. Four questions.

Mr. Réal Ménard: Do I have another question?

The Chair: No, you have already asked four.

[English]

Ms. Wasylycia-Leis.

Ms. Judy Wasylycia-Leis: On the issue of alternatives to growing tobacco, given all the threats to tobacco growers and the uncertainty in terms of the marketplace as more and more governments within Canada and internationally have tried to find ways to curb smoking, why hasn't there been a much more significant diversification from tobacco crops? Notwithstanding the question of government support and reduction programs and diversification, why hasn't there been a significant shift in terms of crops that are grown now? Is it the market?

Mr. George Gilvesy: First, as I've identified, the marketplace for alternative crops is a very difficult thing to develop, and we have, again, 65,000 acres worth of crop to replace. So the marketplace is very difficult.

Second, our farm infrastructure is geared toward tobacco. Our farms are quite small. Our land base on average is about 100 acres per farm. To generate a living from alternative crops on that small land base would not yield enough revenue to sustain a family, so it is very difficult. For that reason, we have had to stay in tobacco production because it's been our best alternative in maintaining our families and our communities.

Ms. Judy Wasylycia-Leis: Has there been any significant reduction in acreage for tobacco crops over the last 10 or 20 years?

Mr. George Gilvesy: In 20 years we have gone from about 220 million pounds in the early eighties to, in this crop year or the last crop year, 143 million pounds.

Ms. Judy Wasylycia-Leis: In terms of number of acres, has there been a shift?

Mr. George Gilvesy: It would be about 30%. Probably it was close to 90,000 to 100,000 acres at that time and last year we were around 60,000 acres.

Ms. Judy Wasylycia-Leis: When farmers have switched crops from tobacco to something else, what has it usually been to and what has been the most sustainable in terms of family economy and family farm survival?

Mr. George Gilvesy: That's a difficult question, because I don't think I can pinpoint one product. Probably the one that was highlighted as having the most success was ginseng, but the ginseng industry now is in a terrible situation with over-supply as well. Pricing is down below cost of production, and they're facing their own problems within that industry as well.

Ms. Judy Wasylycia-Leis: Has anybody put in for the marijuana proposals?

Mr. George Gilvesy: We certainly have the infrastructure to be in that area if it were possible —not necessary but possible.

The Chair: Ms. Wasylycia-Leis, according to the newspapers, the University of Guelph is proposing it.

Ms. Judy Wasylycia-Leis: Yes, I hear that.

In terms of the reduction program you mentioned, you indicated that it really didn't change crops but simply moved farmers off the land into other jobs. What happened to the land?

Mr. George Gilvesy: The land base is there and in many cases has gone into cash cropping. People have either rented out that land or they're growing corn and beans, which is probably not the best use for that land on a sustainable basis because of the sandy nature of the soils. When we talk about being environmentally sound and good stewards of it, you have to rotate sand lands to maintain the integrity of those soils. Continuous cropping of corn and soybeans is pretty tough on our sandy soils.

Ms. Judy Wasylycia-Leis: In terms of the problems you mentioned—the reduction program, the diversification program—have you learned enough from those two efforts to have any ideas as to how we could actually put in place a meaningful transition program from tobacco to something else that would be sustainable?

• 1615 ≽

Mr. George Gilvesy: I'm speaking personally now. I've been involved with the board and growers organization for 14 years, so I've been around for most of this transition and I can honestly say we've probably not identified any good possibilities, to satisfy your question.

The Chair: Thank you very much, Ms. Wasylycia-Leis.

Mrs. Ur, please.

Mrs. Rose-Marie Ur (Lambton-Kent-Middlesex, Lib.): Thank you, Mr. Chair.

In your presentation, Mr. Gilvesy, you stated: "An alternative strategy may be to replace Canadian tobacco with potentially cheaper imported leaf for manufacturers' blends." With that in mind, can you tell this committee the difference in the product or the chemicals that go into the product as between Canada, the U.S., Brazil, and Zimbabwe? How is it different in Canada versus other countries? **Mr. George Gilvesy:** Mrs. Ur, I can't comment specifically as to what the agronomic practices are in other countries. But what we do know is that in Canada we do follow stringent agronomic practices. For that reason, we believe that when Canadians are using our product they're getting the best product they can possibly buy.

Mrs. Rose-Marie Ur: Obviously they're smoking cigarettes in the U.S. and they're smoking cigarettes wherever you travel. How is the issue of youth smoking being addressed in other countries?

Mr. George Gilvesy: With youth smoking.

Mrs. Rose-Marie Ur: This is what we're looking at here today. Has there been a topic of discussion in other countries, in your opinion?

Mr. George Gilvesy: We are members of the International Tobacco Growers' Association. I don't think any of the countries that are members of that organization—and we represent 80% of the countries that export tobacco worldwide—aim at promoting tobacco to youth. I think every one of the producing countries view tobacco use to be an adult lifestyle decision.

The reality of the marketplace is that there is going to continue to be tobacco consumed, and as one of the tobacco-producing countries all around the world, we should be entitled to produce that tobacco. I don't think any one of them in particular has answers for the youth issue. We simply don't endorse it. We don't endorse youth using tobacco products.

Mrs. Rose-Marie Ur: With respect to diversification—and I guess I can speak a little bit from experience on this one—when different programs are initiated for transition, diversification, whatever, with the land base we have, it's pretty hard to support a family on income from 100 acres. We can look around and see what's happening with the commodity prices on corn or soybeans or anything else. To think that we can live off a family farm of 100 aces is certainly not realistic, growing cash crops compared to tobacco or a diversification such as asparagus. I can remember being in tobacco and diversifying into asparagus. It's wonderful if you're the first person off the block to get into a particular diversification program. But soon, when many other people come up with the same idea, all of a sudden the bottom falls out.

Mr. George Gilvesy: I think the ginseng industry is a good example of that. As I said, that was probably the largest crop, or the widest volume produced. At one time ginseng was selling for \$60 to \$80 a pound. Ginseng producers this past winter were facing prices of around \$10 or \$12 a pound. That is a very significant change in their pricing structure.

Mrs. Rose-Marie Ur: Thank you, Mr. Chair.

The Chair: Thank you, gentlemen. We appreciate your time. It was very interesting, and you made a very good presentation.

We'll move on now to Mr. Parker, Canadian Tobacco Manufacturers' Council. Mr. Parker, as we know, is president and CEO. Following that, we'll hear from Health Canada and wrap up the testimony.

Mr. Parker, thank you for coming.

Mr. Rob Parker (President and CEO, Canadian Tobacco Manufacturers' Council): Thank you very much, Mr. Chairman.

• 1620 庨

Mr. Chairman, I have a very brief and informal opening statement in order to leave as much time as possible for questions your committee may have. But before I begin, I want to correct a couple of factual points related to submissions or statements made to the committee at various times.

This isn't comprehensive, by any means, but I believe you and your colleagues have been informed that youth smoking in Canada has been increasing. I would therefore like to draw your attention to a recently published StatsCan report that we commissioned, but the work was performed entirely by StatsCan. This comes from the highlight. It's expanded on later in the report. It's called *Report on Smoking Prevalence in Canada, 1985 to 1999* and says:

There was a significant and large increase (6.5 percentage points) in current smoking prevalence for 15- to 19-year-olds between 1991 and January 1, 1994. Since 1994, there has been no significant change in current smoking prevalence of youth.

Secondly, Mr. Mills had some comments, I think yesterday, about a program that is financed by our member companies, although it's run by a coalition that involves many other interests. I noted with interest your reference to the hockey team, because I brought some pictures of the sweaters that the RCMP hockey team wore in their support.

Finally, I believe there was a reference—or a suggestion, at least—that the manufacturers were somehow hiding their financial support of this program. This is one of the kits that is distributed to merchants, and it says on the cover of it, as it does on almost all of the literature, "Presented by Canada's tobacco companies and the Canadian Coalition for Responsible Tobacco Retailing". I'll leave that with the committee for you, Mr. Mills.

In terms of the proposed regulations that are before you, I'll comment very briefly on the process, as many of your other witnesses have. We would agree that the regulatory process in this instance, not in its entirety but in a large number of examples, was perverted. Federal regulatory policy and procedures were ignored. Procurement policies and laws were ignored or broken. None of that can be changed now by the members of this committee; I simply wanted to put it on the record and suggest to you that all of the members here would be outraged about what has gone on over the last year and a half if it were happening to anybody other than tobacco manufacturers, growers, wholesalers, and retailers.

Of more immediate concern to us, and I'm sure to you and your members, is the content of the regulatory proposals. We have found and you have heard that they will be hugely expensive. Our concern, in addition to the costs—one we hope you would share, since taxpayers will pay 50¢ on the dollar of all of those costs—is, first of all, that they cannot be complied with in the time that is available, and we believe they will be burdensome for even Health Canada's regulators to deal with.

Before I move on any further—because I don't want the statements I've just made to be taken as a blanket condemnation of Health Canada and its employees—I would like to mention two significant examples of the process that were not defective, as I've just described. In the case of the scientific reporting regulations—that is, those involving the reporting of the constituents of tobacco smoke—there has been a long series of useful and productive meetings between industry scientists and representatives of Health Canada. Those have resulted, among other things, in a reduction in the annual costs of more than \$100 million. Secondly, while there were a lot of defects and failings early on in the process, since these regulations were published in the *Canada Gazette* on April 1, some employees of the Bureau of Tobacco Control, designated for the purpose, have made themselves available to the industry to listen to concerns that we express whenever we wish to do so. Representations that they have made have resulted in some changes in the regulations that have improved some of the defects that were there. In other words, they're better than they were before. They're still not good, in our view.

I listened with interest to the exchange about whether you can make amendments or recommend amendments. Obviously that's a matter for your own decision. It's our hope that the committee will consider recommending amendments, if that's the process, in three or four areas. They are minor and technical in nature. I'm going to describe them. They do not, in our view, in any way dilute the strength of the package from Health Canada's point of view, but they do make it possible for our member companies to adhere to the regulations in the timelines involved.



The first problem we have is that the package warnings you have been shown cannot be printed in Canada, as the regulations are currently structured, in the time given for that being done without changes to either the colours of the warning pictures or changes to trademark colours, or both. The process cannot be completed in six months for the large-selling brands of 2% market share or above. It cannot be done in Canada at all for the over-wraps of cartons. I'll come back to those at the end.

In terms of the information we are required to report to Health Canada, there is a long list of materials that have to be reported and calculations that have to made, and some of them frankly are ridiculous. For example, water is used by the manufacturers because the humidity of tobacco in cigarettes is carefully controlled. It's adjusted, first of all, when it's received from storage and all the way through the process. Manufacturers are required to report four times per year, by brand and per cigarette, on the amount of water they have purchased, the amount of water they have used, and the amount of water they have remaining in inventory. It's difficult for me to understand how Health Canada could find this useful in a regulatory sense.

There are some 40,000 tobacco retailers in Canada. Twenty-five thousand of them are of significant enough volume that at any given time 60% to 80% of them are receiving payments from the manufacturers for display allowances, promotional allowances, etc. The companies will be required to provide to Health Canada, four times a year, a picture of every one of those displays—that would be 15,000 to 20,000 pictures—along with 15,000 to 20,000 written descriptions.

We have talked to Health Canada about this problem. Again, we cannot see the value of it, and there are more efficient ways to explain what the plans are for displays. But there has been no change to the regulations on that particular point.

I have two final points, one being confidentiality. A large amount of competitively sensitive and confidential information is going to be reported under these regulations. We're concerned that it be treated confidentially, that the way it is handled, the people it is read by, the way it is stored, all be set down in procedures within the regulations. There is not a word within the regulations about that.

Health Canada personnel, to be fair to them, have acknowledged the concern and said it's a valid one. But they've said it will only be addressed after these regulations are in force and effect. We find that insufficient.

The final point is exemptions that are contained in the regulations. As I believe you know, small manufacturers and small importers are exempt from part or all of the requirements of these regulations in a number of ways. Health Canada told us that the reason for those exemptions is that the intention is not to bankrupt any small tobacco companies. That begs two responses.

First, we believe it makes it clear that one of the principal purposes of this legislation is to cause economic damage to the large manufacturers.

Secondly, and perhaps of more concern to you, it creates two classes of Canadians. Those who happen to buy and use the products of our member companies will receive all of the information that is required under these regulations. Those who happen to use the products of small importers or small Canadian manufacturers will not receive it. I haven't heard any justification for the absence of providing that information.

I said earlier that a small number of technical amendments are required to fix these regulations from the point of being able to do them in the time available, and I'm happy to answer questions on that. They will not dilute the strength of the regulatory package. They will also not make this entire package acceptable to us or, in our view, legal and appropriate. That's a broader issue. While that is being resolved in the courts or elsewhere, what we're really addressing is the concern of members who want to be able to obey the law, and they will not be able to obey this one.

• 1630 📡

I have one closing paragraph. It's something I've said to this committee and others on many occasions.

Tobacco consumption poses severe risks to health. It's logical and necessary that it be a highly regulated product. As long as government maintains the decision that it's still a legal product, then sensible, workable, and practical approaches to the regulation of tobacco will receive aggressive cooperation from this industry. But clearly, in recent years progress has not been nearly as important as publicity. Confrontation as opposed to cooperation is nowadays preferred by governments. I believe that approach reeks of hypocrisy and frankly it makes it impossible for me to conclude that governments are really serious about tobacco control.

Thank you, Mr. Chairman.

The Chair: Thank you very much, Mr. Parker.

Mr. Mills, would you lead off, please.

Mr. Bob Mills: Yes, I do have a few questions.

Mr. Parker, thank you for coming.

First of all, it was in developing community support that the information was not given. It wasn't a matter of the merchants not knowing; it was a matter of developing community support without saying the tobacco industry was in fact sponsoring that, or one of the

sponsors. That's just to clarify the point you clarified earlier.

I wonder about your opinion on plain packaging. It would seem to me that gets around the printing problem and solves some of the....

Maybe I can ask several in a row here and give you time to think about them.

I also wonder about your concerns about litigation as has happened in the U.S. I wonder what you think are the possibilities of that happening in Canada, trying to recover some of the health costs for the taxpayer. Do you consider that a possibility?

As well, I wonder if you think smokers really understand the dangers involved, understand all of the critical things we've heard. You might dispute some of them, but in general your last statement tended to agree with that.

I'll let you answer those, and then I have several others about the trademark issue.

Mr. Rob Parker: Surely.

Mr. Mills, this committee itself, in an earlier Parliament, studied the question of plain packaging. After a study was completed, a very inconclusive one, by Health Canada at a cost of several hundred thousand dollars, it said only that it *might* have some impact on consumption. I believe the chairman of the expert committee was quoted in the press as saying it might reduce the number of smokers in Canada by one.

The committee did not make a firm recommendation. The Minister of Health of the day later said it was not proceeded with because it would be illegal.

I would simply tell you this in terms of plain packaging: The most valuable assets our companies own are their trademarks. They're collectively valued at somewhere between \$15 billion and \$20 billion, and they're defended vigorously, not only with legal protections but also against anyone who would try to counterfeit or somehow make incursions on the trademark.

If it's the Minister of Health's intention to order the companies to change the colours of those trademarks, I think you can imagine the kind of reaction Coca-Cola would have if somebody ordered them to change the Coca-Cola red for some purpose or other. If the tobacco manufacturers are ordered to make those changes, as I said in my letter to the committee last week, that instruction or law would be resisted with every legal recourse available to the industry.

You asked about the possibility of Canadian litigation. There are, of course, a number of cases before the courts, one brought by the Government of Canada, in the United States of all places, and another one by the Government of Ontario, also in the United States of all places. It would seem to me sensible that if anyone in Canada, particularly the Government of Canada, has an issue with the Canadian industry, it should be pursued in Canadian courts.

Leaving that aside, this industry is different and our legal system is different in a number of respects from the industry in the United States. While the Government of B.C. tried once to sue the industry for recovery of health care costs, the law was struck down. They are now in the process of rewriting it and continuing with that action. The companies will defend themselves, ultimately successfully, we believe, primarily for the following reason: Every study ever done by economists of the question, "What is the relationship in countries like Canada and the United

States, relatively high-tax tobacco jurisdictions—in other words, strictly speaking, it doesn't apply to the U.S., or didn't until recently—between tobacco-tax revenues to governments and costs that can be reasonably ascribed to tobacco-related health effects?" show that the taxes exceed those costs by a significant margin. In other words, governments have already, through taxes on tobacco paid by smokers, been compensated for the cost they face. And for that reason, we believe any litigation here would ultimately fail.

• 1635 ≽

Your final question is whether smokers understand the risks. Overwhelmingly, they do. I think it's worth pointing out that there are examples in the literature of a hundred years ago of cigarettes being referred to as cancer sticks and coffin nails. While information on the precise nature of the risks—the extent of them, the number of diseases that may be involved—has expanded over the years with increasing scientific knowledge, smokers understand and non-smokers understand the risks associated with tobacco consumption.

There is a U.S. expert—I believe he's at Harvard, a professor—and his field is risk perception and understanding of risk. He has written a book on it. He's written a number of books, but in one of them dealing with this issue, he said not only do smokers understand the risks, they have an exaggerated understanding of the risks; in other words, they believe the risks of tobacco consumption are higher than they actually are. And he goes on to make the somewhat tongue-in-cheek comment that:

It therefore would seem to be the case if the actual level of risk was clearly communicated to smokers, the impact might be an increase in smoking because people would conclude, "It's not as bad as I thought it was."

Mr. Bob Mills: Do you think this packaging may be the foot in the door to the rest of the industry—the U.S., beyond Europe? Some of the people who have testified before us have said that Canada has been an example. We had a British person and an Australian say that Canada's labels had been the beginning of what then happened in the rest of the world, and that we're leaders and we should be proud of being leaders. Do you feel this next step, with the pictures, will in fact spread?

Mr. Rob Parker: I have no way of knowing, sir. I've heard the comment that Canada has been a leader in tobacco control. And if that means Canada has had more restrictive measures regulating tobacco, ahead of most other countries, that's probably true.

There's one area where it isn't true, and it is that Canada is in no sense a leader in that regulation leading to a decline in smoking. There have been larger and faster declines in smoking among populations in numerous other countries, far ahead of what is achieved in Canada. So if this is leadership, it ain't about health.

Mr. Bob Mills: On the trademark issue, we also heard that it could be challenged. There is the fact that you have the trademark, but we've heard that the use of the colour on the package in fact could be challenged. And the person who made that statement felt it could be won because you don't have a right. I think they used guns as an example. Winchester has the right of the trademark, but that doesn't mean they can advertise in children's shows.

Mr. Rob Parker: I don't quite understand the analogy. What I do understand is that the trademark colours are part of the trademark and are protected and that there is not only a valid but almost certainly winnable argument as to whether they can be forced to change those colours. I don't think it is really the issue that ought to concern this committee, because you're concerned about whether these regulations can be printed. And as I hope the printers who appeared before you last week made clear, indeed they can.

You were shown samples of what is called a duotone process. That's pictures printed using two colours—in that case, red and black—as compared to process colour, which is four specific colours. They're very close to the process colours that appeared on the sample packages provided by the lithograph printer. There are slight differences in tone. But I think it would be very difficult for anyone to argue that this picture will work and this one won't, because there are no blues in it, for example, or can't be if it's a red and black.

So changing to duotone images would allow this to be done. A slightly longer implementation time, 18 months instead of 12, and no requirement for all the large-selling brands to be done by the end of six months, and a change to one warning message for cartons rather than all 16.... There simply isn't capacity in the industry in Canada from the two companies that make carton overwraps to do the carton overwraps for one message, change the cylinders, put on the ones for the next one, and so on through 16 different versions—I'm sorry, it's eight, because the current regulations require two different messages per carton—through 400-plus brands. Work will have to go to the United States—some of it, all of it, whatever. But all of it can be done in Canada if the committee agreed and recommended that on cartons, and only cartons, where the wrappings are destroyed as soon as the customers buy them, there was only a need for one bilingual coloured warning.

• 1640 ≽

Mr. Bob Mills: What about the insert inside the package? It would seem to me the options here are to print it right on the sleeve that holds the cigarettes or to have an insert that could be pulled out and thrown away. Obviously it would seem that keeping it around for the life of that package would be the most desirable. What problems are associated with the two options there?

Mr. Rob Parker: The leaflets themselves are a problem because there simply is not equipment on the shelf to do the inserts in packages at current productions speeds. It will have to be built, and I believe the leaflet requirement comes into effect one year after implementation of these regulations. So there's at least some bending in the direction of practicality by Health Canada or the government on that. They have required that the leaflet be in slide and shell packages, which are the ones with the sleeve, 20s and 25s, and in flip-top boxes, and it must be visible when the packages are opened. If it was on the inside of the package, for example, it wouldn't be visible. It would not be seen. Usually the package is discarded with the lining foil still in there.

The costs of the leaflet are very significant. We don't yet know the full technical details of how long it will take the equipment to provide it, and putting leaflets in soft packages for example is impossible. In any event, because of the way they're used, the leaflet would never be seen; the package would be emptied through part of the top and discarded when it's empty, and the leaflet would not come into sight.

The Chair: Thank you very much, Mr. Parker.

I'm mindful of the time and our vote.

[Translation]

Mr. Ménard, I would invite you to ask three questions.

Mr. Réal Ménard: Mr. Chair, you have been extremely generous to my colleague, so I expect the same generosity for myself.

Good afternoon, Mr. Parker.

Mr. Rob Parker: Good afternoon.

Mr. Réal Ménard: You are appearing before us in a state of serenity that is a joy to witness in view of all that is at stake for the people you represent.

I will put three brief questions to you, if you don't mind. You were certainly informed that the members of this committee were given cigarette packages printed up with the messages that are to appear on them under the regulations we are examining right now. This was done by a Toronto firm.

I believe you recognize it is possible, with existing Canadian technology, to respect the provisions of the regulatory framework, but that the timeframe is a concern for you. Your concerns don't have to do with the level of technology available but rather with the timeframe. You say that 6 to 12 months would not be long enough. If we were to amend the regulatory framework to increase this timeframe to 18 months, would the regulatory framework and, ultimately, the Minister seem more sympathetic?

[English]

Mr. Rob Parker: Eighteen months...let me correct one thing. I'm not sure I heard you correctly. There is no shortage of technology or sophistication among Canadian printers. They're among the most sophisticated in the world. They're very, very good at what they do. And that's true both in the rotogravure industry and in lithography and flexography, for that matter. The problems we face are a combination of the size of presses that our Canadian suppliers have—seven, eight or nine stations, in most cases eight—and they use almost all of those in most cases for very specific colours. They have none left over, or maybe only one or two in most cases.

What we've determined is that because all packages already carry black, for example, it's the black that's used for printing the toxic constituents on the side of the package. So one of those stations on the press is black. And it is possible to use, on all packages for the entire industry, one other colour—a red, or a red that's very close to that red—to produce the duotone images I talked about. That can be done in Canada by our current suppliers, with all of the advantages rotogravure offers. It can't be done for the largest brands in six months' time, but duotone makes it closer to doable within six months. I doubt very much if any of you would notice the difference between the quality of the two images. You saw them the other day—I don't know whether anybody put them side by side.

• 1645 庨

[Translation]

Mr. Réal Ménard: You say that you have to send Health Canada a long list of data that may or may not be relevant, in your mind. I would like you to be more specific about that.

I am not targeting you personally, but in view of the history of the industry you represent, I would like you to reassure us as to the fact that the members you represent were never directly or indirectly involved in setting up or supplying any American smuggling network.

[English]

Mr. Rob Parker: I appreciate your asking me not to take it personally.

Let me deal first with the information to be reported under these regulations, and I'll expand on the water one.

These are ingredients. The companies are being asked to report on everything they include in a cigarette, which is quite reasonable. The individual recipes will be made known to Health Canada. The recipes are fairly simple. They're specified blends of tobacco, and specified types of paper and filter. In addition to that, there are adhesives used to bind the paper, and adhesives used to bind the filter. Water is usually added—in some cases subtracted—to maintain an even humidity level, and there is the ink used to print the brand name on the cigarette.

The companies are expected to calculate four times a year, by brand and by cigarette, how much glue, water, adhesive, ink and other matters they bought in the quarter, inventoried at the end of the quarter, used during the quarter, and wound up in each cigarette.

I suggested to Health Canada that there was no problem in their reporting—I would think preferably on an annual basis, because some things like menthol might be bought only once every two years, since it's used in minute quantities—what they bought, how much they paid for it, what the recipes were for the individual cigarettes, but I use the water example for a reason. These people pay for water, like every other factory and home in Canada, and they use it for a variety of purposes. Some of it goes into the employees' washrooms. Some of it goes into the lunchroom and the cafeteria, and some of it goes into the tobacco manufacturing process. How much water would be an arbitrary calculation—how much per cigarette and how much did that cost.

You're going to have armies of clerks working out these kinds of calculations for no benefit from a regulatory point of view. It's not the information; it's the form in which it's required and asked for and the frequency, in some instances. That's why we had the objection.

On your second question, I should point out, as you may already know, that the CTMC is a party to a suit brought by the federal government for more than \$1 billion in a U.S. court, which alleges a conspiracy between one of our members and the CTMC. I will tell you flatly that I have now and have never had any information of any illegal activity on the part of any of our members, and certainly not on the part of CTMC, its officers, or myself. We intend to demonstrate that in court.

I have been telling the media, since I was first retained by these people in 1992, that anyone who does have evidence should take it to the authorities in Canada. I've read the statement of claim with great care and I don't see a single fact—not one. I hope that satisfies you.

The Chair: Thank you very much, Mr. Parker.

Ms. Wasylycia-Leis.

Ms. Judy Wasylycia-Leis: Thank you, Mr. Chairperson.

Earlier today we heard from individuals impacted by the Westray disaster in Cape Breton. The phrase used in our discussions on this matter was that corporate greed leads to corporate murder. I'm wondering if in fact that same description couldn't be applied to the tobacco manufacturers of this country and the world today.

• 1650 ≽

Isn't it the case that the profitability of this industry matters more than anything else, even when you're faced with glaring supportive statistics around death, disease and health problems directly attributable to smoking?

Mr. Rob Parker: I'm not quite sure what you're implying, Ms. Wasylycia-Leis. I guess I'd point out that aside from the fact that this is a legal industry, it's a legal industry because of decisions the body you sit on takes. The Parliament of Canada is in effect the board of directors of the tobacco industry. It's the government that makes the product legal. It's the government that licenses the companies that make the product. Governments take by far the largest share of the revenues produced. Taxes paid to governments in Canada, federal and provincial, last year were way in excess of \$5 billion, which compares to after-tax profits of the three manufacturers of something in the neighbourhood of \$600 million. If there is greed involved with the money associated with tobacco, I think I'd look somewhere other than the manufacturers, frankly.

Ms. Judy Wasylycia-Leis: Just to clarify for the record, what I'm clearly saying—and I'm sure this is shared by many—is that just as government has a responsibility to hold corporations responsible for something as horrible as the Westray disaster, so does government have a responsibility to hold tobacco companies responsible for death and disease that is clearly associated with smoking.

I've been a member of this committee for about three years, and I think this is the third time you've appeared before our committee. To use the words ascribed often to me by the chairperson, I would say that if nothing else, you are certainly consistent, Mr. Parker.

Mr. Rob Parker: We share that, I guess.

Ms. Judy Wasylycia-Leis: We won't go there.

As far as my recollection goes, you certainly were opposed to restrictions on sponsorship advertising. You're opposed to price increases and tax increases. You were opposed to a levy proposed under Bill S-13. I'm sure you're opposed to the levy proposed under Bill S-20. You're opposed to the packaging. You seem to be opposed to every possible initiative feasible in terms of curtailing smoking among Canadians. Is that the case? What do you think is left, in terms of the government's role, to try to reduce smoking, at least among young people, in society today?

Mr. Rob Parker: I certainly hope I'm consistent, but I don't think we have opposed tax increases per se—not now and not then. We are opposed to tax increases that are so large or sudden that they fuel the re-establishment of contraband markets, or the differential tax levels that apply now in Canada between high-tax and low-tax provinces and have led to interprovincial contraband.

In terms of the industry position on Bill S-20, in deference to your colleagues in the other place, I'd like to tell them our views on that directly, which I'm going to have an opportunity to do on Thursday. It might not be that we're opposed.

We are not opposed in any sense to the regulation of tobacco, as I said in my opening statement. It is severely risky to health. Kids should not use it. People need to know that the risks exist and what they are. That's why there are warning labels on the packages. Our objection to these warning labels has nothing to do with their existence or their specific content. It has to do with the process by which they are being imposed on us, the technical impossibility of doing them in the way required by the regulations, their size, and the percentage of the package they take, when there is no evidence that covering 50% of the package is a significantly increased behavioural control.

I said earlier that Canada was a leader in restrictive measures on tobacco, but not in reducing smoking. That's true. What we've objected to consistently is proposed regulation that is harassment of the industry, costs the companies money, makes it difficult for them to compete, and is illegal under the charter or other Canadian law, which was the case with the Tobacco Products Control Act and may well be the case with this tobacco act.

• 1655 ≽

Are we opposed to regulation? No. If somebody comes along and asks us for cooperation on youth smoking problems, they're going to find aggressive cooperation. Mr. Mills and I have some disagreements on whether we should be involved in programs like Operation ID or School Zone, but I tell you that since that program started in Red Deer, compliance with the law by retailers against the sale of cigarettes to minors has gone from 20% to 82%. I think it might be worth cooperating with the tobacco industry to get those kinds of results. And this is the only program in Canada of that kind.

It has become a great game to yell at tobacco companies, and if I appear calm, as Mr. Ménard suggested, it's because I'm used to it. It doesn't make any impact on the business. It doesn't affect me personally or the companies, because they know there's not any truth to some of the hairier accusations that are levelled against them. They're executives running a legal business that you created. By "you", of course, I mean your predecessors as members of Parliament. And if the effects are so terrible, the only logical course to follow would be to argue for the complete outlawing of tobacco and the banning of its sale in Canada as well as its manufacture.

The Chair: Mr. Parker, thank you very much.

This is the last question, Mr. Jordan, and then we're moving on.

Mr. Joe Jordan (Leeds-Grenville, Lib.): Thank you, Mr. Parker.

I want to talk specifically about the packaging issue, because I too want to be consistent. You characterized it rather well in terms of your description of the problem that the packagers are echoing. I think when we look at the testimony from the consultants to Health Canada, the way I characterize it—and correct me if I'm wrong—is that the tobacco manufacturers were right and the experts from Health Canada were right.

But it hinges on one critical thing, and that is the amount of opaque spot colours used in the trademark of the tobacco companies. Is that a fair assessment of where that issue is?

Mr. Rob Parker: If by that you mean whether on those packages that use only five stations an over-laquer and four colours—leaving four colours for process, or three, the images as currently provided by Canada could be reproduced with full fidelity and no problems, that's correct. That's less than 10% of the total industry.

Mr. Joe Jordan: Okay.

So the issue then becomes your legitimate right to protect your trademark, and that's the issue I was trying to talk about, because if the government loses a trademark infringement case, it's not the anti-smoking lobby groups that are going to pay that. It's the taxpayers of Canada.

So I'm not going to apologize to anybody for pushing this point.

We've never met, have we?

Mr. Rob Parker: No.

Mr. Joe Jordan: Okay, because I've been accused of being in cahoots with you for trying to take this issue up.

Mr. Rob Parker: How do you do that without knowing me?

Mr. Joe Jordan: But I do want to address some specifics.

I subsequently have looked at some case law on the issue of whether you can copyright colour. What I found—and there aren't that many cases—is that the issue is whether you trademark the process, which is how the colour is arrived at—let's call that the recipe, for lack of a technical term—or you copyright the trade dress, which is how it ends up looking.

I'll go through my argument here and you can comment.

My understanding is that if you were to copyright the process, say to the printers, not only do we want it to look like this, but we want you to make it like this—because if you force them to use opaque colours, they lose flexibility on the graphics side—the arguments I've read are that this really is counterproductive, because all you're copyrighting then is how it's done, not how it looks. Somebody could come up with something very similar that's arrived at through a different recipe, and you'd have no recourse.

So it's much better legally for you to copyright the trade dress or how it eventually looks. Have there ever been any instances where a tobacco company has taken another tobacco company to court for trademark infringement?

Mr. Rob Parker: Oh, you bet.

Mr. Joe Jordan: In Canada?

Mr. Rob Parker: I can't say for sure in Canada. But I know, for example, that Marlboro cigarettes, which is probably the biggest-selling brand in the world, is not legally sold in Canada anywhere. The reason is that half of the trademark is owned by one of our member companies, the name, and the other half—the famous red and white box—is owned by another company.

Mr. Joe Jordan: Okay.

Now, one of the critical aspects in trademark protection is that you have to vigorously defend it whenever it's put at risk—not you yourself, but a company. If a company fails to do that, it loses the right to.... DuPont lost nylon because it failed to protect it. That's one of the classic cases.

• 1700 🕨

But prior to 1996, when you were able to depict cigarette packages in newspapers or in sponsorship advertising.... You're depicting that trademark with four process colours, so are you not indicting yourself by doing that?

Mr. Rob Parker: No, not at all. The reproduction of a trademark in an advertisement is limited by the technology that is used by the magazine or newspaper. The reproduction of the trademark itself, i.e. on the packages, uses a different technology.

Trademark protections are not my field.

Mr. Joe Jordan: Okay.

Mr. Rob Parker: I'm assured that the colours, the trade dress, which is certainly a word that is used—

Mr. Joe Jordan: I don't think-

Mr. Rob Parker: —and the logo types are part of the trademark.

The message I hope the committee will concentrate on is that in at least this small area, it's possible for everyone to have their cake and eat it too—you, Health Canada, the printers, and the manufacturers. We can get trademark consistency, full absolute fidelity of trademarks, and good-quality pictures in the warning area using duotone. We need changes in the implementation time, but nobody loses on that part.

There are still arguments about the size and the incursion into the trademark, the expropriation. Please don't misunderstand that everything is sweetness and light with that small change, but it's achievable with a very small technical change.

Mr. Joe Jordan: One of the other issues, though, is when a brand uses a spot colour that could enhance the graphic. The duotone pictures aren't bad, but they could be improved. The problem is they would vary by brand, because you're limited to the spot colours that are used.

I guess we're looking for a little cooperation from Health Canada perhaps. But where we could achieve the same trademark through using some process colours, is the tobacco company willing to give us a little cooperation there, or can we at least discuss it?

Mr. Rob Parker: I was asked to respond to this in a letter, which I think has been on file with the committee, but let me rephrase to the best of my memory what I said.

I know of no cases where the companies would have to change their trademarks, but I wouldn't know. It's a competitive activity, and they'd guard it from everybody—the other members and me—because I work for their competitors as I work for them.

The question of whether the companies might cooperate and change their trademark colours is set beside a proposal or a statement that I've just made, which is that if you make a very simple change to the images of the warning messages, the issue goes away. Nobody has to order the companies to change their trademark colours, which would result in a massive legal fight for the reasons I've explained, and the messages will be there.

They can't be there on the brands required in six months, so that's another change.

Mr. Joe Jordan: Okay, I have just one more short question. Is it the tobacco industry's intention to contend that the compressing of the current trademark into the 50% is an infringement of their copyright?

Mr. Rob Parker: It's my contention for the moment. We've certainly referred to this as expropriation of the trademark—a gratuitous, unnecessary, and unjustified one. If there is going to be any legal action against these regulations, that decision won't be made until they're finally in force and we see what we're dealing with, and the arguments would be made in court, obviously, not here.

The Chair: Mr. Parker, we appreciate your testimony.

I'm going to call somebody who came in as a late starter. I think the plane was delayed or something. We have Mr. MacDonald from the Ontario Federation of Labour, program coordinator, and then we'll hear from Health Canada.

There was a brief circulated by Mr. MacDonald on behalf of the OFL. Instead of reading it, Mr. MacDonald, could you simply highlight some of the points?

While you're taking your position, for the record I wanted to indicate that the documents submitted by Health Canada are in both official languages.

Mr. Ménard requested *Reporting Regulations: Rationale & Frequency of Reporting*, and Ms. Wasylycia-Leis requested *Benefits and Costs of Tobacco Regulatory Proposals and Employment Impact* and the tobacco control initiative budget. Mr. Ménard also asked for *Effectiveness of Health Warning and Health Information Messages*, and my request was with respect to consultations with stakeholders and a legal opinion. The legal opinion is in English only; it will be in French tomorrow.

Thank you.



[Translation]

Mr. Ménard.

Mr. Réal Ménard: Mr. Chair, I believe we are going to be called upon to vote at 5:30 p.m. I would very much like us to have an exchange with Mr. MacDonald as well as the officials from Health Canada.

I would like you to tell us how you would like us to suggest supplementary changes to the report. If we don't have the time to hear the witnesses from Health Canada before the vote, are we to come back and hear them after the vote or will they be back here tomorrow? I absolutely want to put questions to Health Canada.

[English]

The Chair: It's my hope that we can hear Mr. MacDonald and then begin to hear Health Canada, or at least their opening statement. Then we'll go to the vote and reconvene tomorrow. I'd like to do it today, but it sounds as though we're not going to do that.

You have a lot of questions? Yes, I see.

Mr. Réal Ménard: Are you glad?

The Chair: Whenever you speak I'm happy. I do cartwheels down the hall.

Mr. Réal Ménard: You're a friend for me.

The Chair: All right.

So we'll proceed on that basis. I'm hoping we can still get the opening statement from Health Canada.

[Translation]

Mr. Réal Ménard: What are you suggesting for the amendments to the report?

[English]

The Chair: I'm sorry?

[Translation]

Mr. Réal Ménard: Will those who wish to table amendments to the report be able to do so during tomorrow's discussions?

[English]

The Chair: Yes, and they would be proposed. I guess theoretically we could accept it, but as I outlined at the beginning, we'll take them as proposed amendments only.

Mr. MacDonald.

Mr. Duncan J. MacDonald (Program Coordinator, Ontario Federation of Labour): Thank you very much for the opportunity to appear before the committee.

The Ontario Federation of Labour is the largest provincial federation of labour in Canada. A number of the unions that have appeared before this committee are members of the Ontario Federation of labour. I understand you've also heard from the Quebec Federation of Labour.

There are just two points I'd like to touch on very briefly. One is the apparent indifference this government displays towards Canadians who happen to be employed in the tobacco industry. The second is the desire of this government to be seen to be acting quickly to deal with the health implications of tobacco and an absence of desire to act on the health implications of workplace environments across Canada.

The tobacco industry and its suppliers employ thousands of hard-working Canadians, mainly in Ontario and Quebec. They are engaged in legal activities. They are also taxpayers and consumers, and their employment allows them to make positive contributions to their communities.

We've heard the concern that they believe their industry is under attack and they are under attack, but we ask, looking at these regulations, what is the impact on employment to these individual workers and to their communities?

This is probably on public record, but I've seen the letter to Elaine Price, president of the Newfoundland and Labrador Federation of Labour, from the minister, dated March 29, I believe. In there he says:

...union representatives were advised that Health Canada would conduct a cost/benefit analysis that would include an assessment of the proposed regulations' impact on employment.

That was one of the concerns, that somehow these jobs—and they're good jobs in various communities, mainly in Ontario and Quebec—would be lost or would slowly dribble away.

So that's a concern we have about the labour impact study on this. We think the voice of working people who are in the industry is a voice that is not heard, and it should be heard.

There has been some talk here about the whole question of transition. One thing I draw to your attention is that the Canadian Labour Congress has developed something called *A Just Transition for Workers During Environmental Change*. I was involved in this process, which was developed by representatives from a number of affiliated unions across Canada. It was endorsed by the CLC executive council in April 1999.

Now, I'm not suggesting that this can be transferred to the tobacco or related industries, but it's the kind of model you would have to look at—namely, what will be the impact on workers and their communities of changes? That's an area we're obviously concerned about.

Another area we are concerned about is the whole area of what is going on in the workplace. The link between workplace environment and occupational disease and cancer is not a recent development. As early as 1775 a British physician linked cancers he found in former London chimney sweeps to their workplace exposure to soot. According to the International Agency for Research on Cancer, which is part of the World Health Organization, so far there are 24 known human lung carcinogens identified. Of these, 23 are a result of industrial processes. The 24th is tobacco smoke.

• 1710 🕨

What we're saying to this committee and to the government is, yes, you should be acting on the question of tobacco, but what about the wider issue of what's going on in the workplace

environment? We think this is a major problem in our society, and it's a problem that should be approached with both our eyes open, not just closing one, or zeroing in on one and saying "Well, this is an easier target."

In the rest of the brief we touch on the whole question of what is going on in the workplace environment. If any members of the committee have any comments or questions I certainly would be willing to entertain them. This a very abbreviated form of our submission, but we do appreciate the opportunity to appear before the committee and to present our views on behalf of our members in the province of Ontario who are involved in the tobacco industry and related industries.

The Chair: Thank you very much, Mr. MacDonald. I've had a chance to peruse your brief. It's very good. It's certainly part of the public record.

Unless there are any comments, I think we will move directly to Health Canada.

Thank you very much for attending. I appreciate it very much.

Health Canada, perhaps you could come forward.

What I'd like to do in the time remaining—the bells begin at around 5:15 p.m., I believe, with the vote at 5:30—is to have any statement or summary you wish to make as the wrap-up witnesses. In deference to the committee, I think we'll meet tomorrow. If you could be on hand for that in case there are questions—and I suppose there will be—then we can proceed accordingly.

I would like to finish up tomorrow, then, and have these regulations passed, either amended or unamended. Is that agreed by with members of the committee?

Mr. Ménard.

[Translation]

Mr. Réal Ménard: In case we don't have time to have an exchange with the witnesses, I would like to say that in the documents we were handed, there is one we asked for that is missing. You remember at that last Thursday, we asked for an example of the reports that the industry would have to submit, as well as information concerning the inventories, to be able to respond to the concerns raised by the members of the Canadian Association of Small Tobacco Manufacturers whose brief I have here.

I skimmed through the documents you sent me and I don't think we got any answers to those questions, nor a copy of the report. Maybe we could get it tomorrow.

[English]

The Chair: Ms. Meyboom, please.

[Translation]

Ms. Jane Meyboom (Associate Director General, Bureau of Tobacco Control, Health

Canada): Mr. Chair, we gave the clerk a summary of the reports that will be required as well as a summary of the studies sent by the small manufacturers.

Mr. Réal Ménard: I don't see that report.

[English]

The Chair: We can sort this out after, Mr. Ménard, with your permission.

Is everyone in agreement that we will deal with these regulations tomorrow?

Mr. Ménard?

[Translation]

Mr. Réal Ménard: Are we going to adopt them tomorrow? Would you want the committee to finish its work on the regulation tomorrow?

[English]

The Chair: Either amended or unamended.

[Translation]

Mr. Réal Ménard: I might want to table an amendment. If you will allow me to table it tomorrow, we will be ready to finalize the report tomorrow without any problems.

[English]

The Chair: No, that's fine.

Mr. Mills? Great.

Mr. Charbonneau?

Mr. Yvon Charbonneau (Anjou-Rivière-des-Prairies, Lib.): Of course.

The Chair: Merci beaucoup.

Can we have a final summary, then, from the Health Canada people?

Dr. Lynch.

Dr. Gillian Lynch (Director General, Bureau of Tobacco Control, Department of Health): Good afternoon, Mr. Chairman, ladies and gentlemen. In the interests of time I'll abbreviate my remarks from what you have in front of you.

[Translation]

I am Gillian Lynch, Director General of the Bureau of Tobacco Control. I have with me Ms. Jane Meyboom, Mr. Norman Brown, Senior Policy Analyst with the Regulatory Task Group, and Karen Proud, Regulatory Officer.

[English]

When we came before you last week, we laid out for you the health reasons for these proposed regulations. The urgency of moving ahead on these regulations is evident in these arguments. To place the seriousness of this health problem in a context to which we can all relate, since

Health Canada officials first appeared before this committee last week, 300 young people, many as young as 12 years old, have tried their first cigarette, and almost 900 adults have died from diseases related to tobacco use.

These regulations are about saving lives, young and old. The labelling regulations are about informing people in order that they may be fully aware of the hazards of this habit.

Our research tells us that smokers tend to be less well informed than non-smokers of the dangers of smoking. The new labels resulting from the proposed regulations ensure that accurate and current information regarding both the health hazards and the assistance available to smokers is readily accessible.

• 1715 ≽

The pictorial labels suggested are universal in their application. Pictures speak to everyone, young and old and of all cultures and languages. They reinforce the worded messages that have been effective in the last number of years.

[Translation]

Our research demonstrates that we can expect these labels and their messages to be effective. Our studies show that the regulations will, conservatively, result in a 3.4% reduction in tobacco use over the long run. What does this mean? It means that in 2001, we will have 48 fewer deaths. It also means that by the year 2026, we will have 2,087 fewer deaths annually. The cumulative effect in those 26 years is estimated at approximately 31,695 premature Canadian deaths that will be avoided due to the introduction of these regulations.

[English]

The increased smoking habit of youth in Canada represents a serious challenge. We need to have a focused strategy that will discourage youth from smoking, encourage current teen smokers to quit, and convince others not to start. Through our studies and focus groups, 80% of youth felt that some of our health warning messages with graphic pictures were a more effective way to convey the serious health risks associated with tobacco use than the current text-only warnings.

We believe we've clearly demonstrated that there are practical and acceptable ways of creating the required labels, and have shown that the labels can be printed in Canada without infringing on the trademark. Although the process used to obtain the images and the package identification would be different from the current methodologies, the consumer would not be able to differentiate the trademark from that created by pervious methodologies.

We have provided the packages with the labels produced by the lithography method, and we have heard that, with freedom to create the required colours without specific recipes from the cigarette manufacturers, the Canadian printers have the technology to create the full-colour labels and retain the visual impact of the trademark.

[Translation]

In addition, should the tobacco manufacturers wish to retain their current colour processors to achieve their trademark colour, Health Canada is willing to accept sticker labels applied as required under the regulations. Therefore, it is the choice of the manufacturer whether to print

labels on the packages here in Canada, to use stickers, or to take their printing business elsewhere.

We believe we have already shown that choosing to print the health warnings on the package can be achieved in a reasonable amount of time, and at a reasonable cost, while minimizing economic disruptions to the industry, without infringing on the industry's trademark colours, and minimizing job losses in Canada.

[English]

The reporting regulations are an important element in the comprehensive tobacco control strategy. These reports perform three key tasks. First, they inform public policy-makers. Just as the labels are important for informing the consumer and the public, the reporting regulations appropriately inform the policy-makers.

Second, the reports generated inform science regarding product and ingredient content. For example, we have asked for manufacturing procedures. This information is necessary to determine how the product is made and to better understand the tobacco industry. Asking for the ingredients on a quarterly basis will assist Health Canada in tracking and predicting trends in tobacco consumption.

[Translation]

The reports will ensure that any manufacturer claims for improved product can be clearly supported by evidence. The inventory of information will allow Health Canada to have early knowledge of the production plan, providing important insights into production and brand trends.

[English]

Third, the reporting regulations provide vital marketing information to better inform and target health programming in areas of prevention and cessation. Reports on sales will help Health Canada to track trends in consumption in general as well as trends across Canada, which can be used to support our own research, since consumers of tobacco products often underestimate their consumption.

• 1720 ≽

This information is important in targeting effective cessation, prevention, and public education efforts at the most appropriate groups. This will increase the value of the programs and ensure that public moneys are expended more effectively. We will get a bigger bang for our buck.

We believe the resulting proposals do meet the test of reasonableness. There will be short-term readjustments required within the industry, and these do have certain consequences, such as technical changes for the printing industry. However, we feel these changes can be managed, and we have provided options to minimize the dislocation and ensure the industry can be retained within Canada. These consequences to the industry have to be balanced against the benefit to the health and well-being of the Canadian public.

The consequences of not enacting these regulations will be that over the next 26 years, over 31,000 Canadians will have died unnecessarily as a result of tobacco use—31,000 deaths that could have been prevented by these regulations. Even one life lost to tobacco use as a result of

not taking action is one life too many.

Thank you for the opportunity to appear here today and for your consideration of these very important and vital regulations.

The Chair: Thank you very much, Dr. Lynch.

We also have Dr. Gregory Taylor joining you at the table, and we want to acknowledge him.

I want to be clear in terms of process. Tomorrow we will meet at 12:30, and we'll pick up from there, beginning with questions. After that, we will deal with those regulations, and we will report back to the House.

This meeting stands adjourned.