

**IMPACT OF THE MEAT INSPECTION REGULATION  
ON SLAUGHTER CAPACITY  
IN THE NORTH OKANAGAN REGIONAL DISTRICT (RDNO)**

**Summary Report**

**JANUARY 2008**



## EXECUTIVE SUMMARY

This report was prepared for the North Okanagan Food Action Coalition with funding support from North Okanagan Regional District and Community Futures. The results are based on questionnaires and interviews with producers and processors in the region.

The outcome of the Meat Inspection Regulation in this region has been to reduce custom slaughter capacity and make RDNO an underserved area both for poultry and red meat custom slaughter.

### Meat Inspection Regulation

In September 2004, the Province of B.C. enacted a new Meat Inspection Regulation (MIR) under the Food Safety Act. Meat sold for human consumption must be slaughtered in a provincially or federally licensed facility. All animals slaughtered in licensed abattoirs must be inspected both before and after slaughter. Farmers slaughtering for their own personal use are exempt. The Act came into full effect on September 30, 2007. A transitional Class C license was announced in October 2007 which enabled meat processors in the process of upgrading to continue operating temporarily. Meat processed under Class C licenses cannot be resold.

### Defining CUSTOM Slaughter Capacity

Slaughter capacity is affected by the availability of custom kill, the species processors handle, the time of year capacity is available (slaughter needs peak in the fall), the flexibility to change dates if animals are not finished, and distance from the producer's farm. The small scale, local producer needs custom slaughter capacity: the ability to have a potentially small number of livestock of a variety of species slaughtered and have his own animal returned to him *at a reasonable cost*.

### Small Scale Livestock Production

Small lots and small scale production are a large proportion of farming in RDNO. Supply managed dairy and broiler chicken production are the exception. According to Statistics Canada's 2006 Census of Agriculture, 23% of farms in RDNO were less than 4 hectares, and another 56% were between 4 and 52 hectares in size. In terms of gross receipts, 70% of 1227 farms reporting earned less than \$24,999, and 54% of farms reporting earned less than \$2500 in gross receipts. The average cattle herd in BC is 50 head, and an average sheep flock in BC is 30-40 ewes. Farmers as a group in Canada are an aging population and over half of farm operators in B.C. have off farm jobs or businesses.

### Small Lot Specialty Poultry Slaughter Capacity

- There is no custom poultry processing facility left to serve the region.
- Five custom poultry processing facilities that processed 55,000 to 70,000 chickens and over 5,000 turkeys for close to 800 producers have closed, including a mobile that operated as far north as Salmon Arm and as far south as Oliver. Most had been operational for 10 years or more, and one for as long as 22 years.
- Three provincially licensed poultry facilities, Colonial Farms, Farmcrest Foods and Van Diemen Turkey Farm, do not process small lot custom poultry.
- The Class C licenses granted or in progress will not provide enough capacity to accommodate poultry production levels before MIR was implemented.
- The economic value of the specialty chicken production was over \$520,000 per annum.
- Chicken producers need to order chicks by early 2008. With no licensed processor in place, chicken producers cannot place their orders with hatcheries.

### Custom Red Meat Slaughter Capacity

- Before MIR came into effect, there were 8 custom slaughter businesses serving RDNO. Six were fixed plants that also provided cut and wrap services. Two provided on farm slaughter, including one mobile.
- Four of the custom abattoirs have closed. Lost custom processing is conservatively estimated at over 1850 beef; 2775 pigs; 3000 lambs; and 3000 rabbits.
- The economic value of the equivalent beef, lamb and pig production is conservatively estimated at \$4,635,250.

- After September 30, 2007 only one provincially licensed plant processing custom beef and lamb was operational.
- Three Class C licenses were granted in the area. Only one, a mobile, has resumed operation. One fixed plant began the licensing process in October 2006 and is still not operational. The other small-scale lamb processor has not even begun construction.
- The Class C licenses, including an expected increase in capacity once the fixed plant's upgrades are completed, do not replace the custom slaughter capacity that was lost due to abattoir closures and do not add net new capacity in the major species to replace on farm slaughter.
- Abattoirs listed by provincial officials as serving the area either are not operational at present, do not provide custom slaughter, are already booked in peak periods themselves or are significant distances away.
- Because several of the custom slaughter facilities that closed were also custom cut and wrap operations, producers are reporting difficulty getting cut and wrap services.

### Impact on Producers

Questionnaires had a strong 32% response rate: 97 producers with an average of 22 years of experience raising livestock serving over 2, 669 customers returned surveys. Impacts included higher slaughter costs; lower profit margins; lost revenues; loss of farm status; and reduced livestock production. Direct marketing to consumers allowed producers to capture more of the margin from livestock production.

- 90% of respondents said they experienced a lack of slaughter capacity after MIR came into effect, compared to only 26% before MIR.
- Almost half (49%) slaughtered before or after their animals were in prime condition.
- 17 producers had animals they were unable to slaughter. Two had to destroy livestock, in one case over 500 animals.
- 58% said they had reduced the number of animals they raise and another 19% were uncertain.
- 77% attributed the reduction directly to MIR.
- 42% expect to lose farm status and another 20% were unsure.
- Reduced production resulted in average lost revenues from livestock sales of \$9,000. The 26 producers reporting lost combined livestock sales revenue of over \$236,000.
- Producers report increased slaughter costs, and additional waste disposal and transportation costs, which significantly erode profit margins on livestock sales.
- Beef slaughter costs were \$90-100 on farm before MIR and have jumped to \$250-300 dollars after MIR for animals processed at licensed slaughter facilities, in part because of waste disposal costs.
- Producers preferred on farm slaughter and on average did not want to transport animals more than 65 km.
- A significant minority of producers, 39%, said they *would not* transport their livestock for slaughter because the stress on the animal impacts meat quality and leads to livestock losses, especially for poultry.

### Impact on Consumers

- Reduced production means less choice for the consumer.
- Demand for locally grown foods has been increasing steadily. Producers reported they were able to sell all their production and more, as consumers are increasingly aware of and appreciate locally grown foods.
- The 7,000 on-line petition signatures at [www.okshuswapgreens.ca/meatpetition1.htm](http://www.okshuswapgreens.ca/meatpetition1.htm) include many comments submitted by consumers.

### Issues

- 1) There is a shortage of custom slaughter capacity in RDNO relative to pre-MIR livestock production levels.
- 2) No custom poultry processing remains.
- 3) Producers want on farm slaughter and local inspection for farm gate and local meat sales at a reasonable cost to satisfy strong consumer demand.
- 4) Licensing is an extremely complicated process involving up to 8 major government agencies (BC Centre for Disease Control, CFIA, BC Food Processors Association, Ministries of Agriculture and Lands, Environment and Health) with extensive, still evolving regulatory requirements. Processors cannot get definitive direction on significant issues such as waste disposal requirements.
- 5) The farm to farm mobility of mobile slaughter units has been compromised by the requirement for limited, pre-approved, docking stations which are deemed to be "inspected areas." Producers will be required to

transport their animals to central docking stations for slaughter, which for quality and cost reasons, many will not do.

- 6) Upgrade costs for fixed plants range from \$150,000-\$300,000. For small business, sole proprietorships this is a significant investment to meet regulatory requirements that do not offer productivity or revenue gains.
- 7) New plant construction estimates range from \$500,000 to \$1,500,000.
- 8) Provincial government funding assistance programs have been fully allocated.
- 9) Meat inspection regulations in other provinces including Saskatchewan and Nova Scotia have local inspection either by Health, Agriculture or local veterinarians; allow on farm slaughter and farm gate sale of meat that is not provincially inspected; or provide small lot exemptions.
- 10) These issues are occurring in concert with price increases in other production inputs, including feed costs, cost of chicks from hatcheries, and transportation costs.
- 11) In the absence of a quick resolution, red meat producers will continue reducing production, and custom poultry production in RDNO will be non-existent in 2008.

**Table 1: Custom Poultry Processing Capacity Before MIR**

	Location	Chickens	Turkeys	Minumum Order	Pricing	Clients	Employees	Years in Operation
Processor 1	Vernon	20,000	5,000	1	Variable: \$1.75-\$2.50 Bag your own	300	2-3	11
Processor 2	Lavington	3,000-5,000	0	1	\$1.50 5 lb \$2.00 8 lb Bag your own	50	self	10
Processor 3	Falkland	12,000-15,000		1	\$1.45 < 5 lb \$1.65 5-7 lb \$1.85 7-8 lb \$2.35 >8 lb	12	1	22
Processor 4 *	Salmon Arm	n/a	n/a	1	\$2.50	200 (est.)	1	n/a
Processor 5	Mobile	20,000-30,000		1	\$2.75 <200 \$2.60 >200 Bagged	200	2	3-4
Total		55,000-70,000	5,000			762		

\* Declined to provide information

**Table 2: Estimated Economic Value of Custom Poultry Production**

Poultry Production	Number of Animals for Farm Gate Sale	Retail Value per animal	Estimated Value
Chicken	40,000	\$13.00	\$520,000

**Table 3: RDNO Custom “Red Meat” Processing Capacity Before MIR (per annum)**

	Beef	Bison	Lamb	Pigs/ Hogs	Rabbit	Emu/ Ostrich	Wild Boar	Deer	Status	Custom/ Min. #	Km from Vernon
Processor 1 Enderby	875		600- 700	1200	4000	200			<b>Closed: Cut/Wrap</b>	Yes/1	36
Processor 2 Salmon Arm	800		550	1300- 1600					<b>Closed</b>	Yes/1	58
Processor 3 Salmon Arm	2000		1500						Provincial, Cert. Org.	Yes/1	58
Processor 4 Enderby	75	5	100	75	1000	15	100	100	Class C <b>Not operating</b>	Yes/1	36
Processor 5/ On Farm	1000	45	2350	300					<b>Disallowed</b>	Yes/1	0
<b>Total Post MIR</b>	<b>4750</b>	<b>45</b>	<b>5100- 5200</b>	<b>2875- 3175</b>	<b>5000</b>	<b>215</b>	<b>100</b>	<b>100</b>			
Post MIR Prior to Class C	2000		1500								
Class C	900	45	450	300	2000	45	300	300		Yes	
<b>Post MIR</b>	<b>2900</b>	<b>45</b>	<b>2000</b>	<b>300</b>	<b>2000</b>	<b>45</b>	<b>300</b>	<b>300</b>			
<b>GAP: Lost Capacity*</b>	<b>-1850</b>	<b>0</b>	<b>-3100 -3200</b>	<b>-2775</b>	<b>-3000</b>	<b>-155</b>	<b>+200</b>	<b>+300</b>			

\*Lost capacity is underestimated because data for two custom processing plants in Kelowna that have closed was not available.

**Table 4: Estimated Economic Value of Lost Red Meat Processing Capacity**

Species	Average Meat Production per Carcass (lbs)	Freezer Price per Pound	Lost Capacity	Estimated Value
Beef	550	\$2.50	1850	\$2,543,750
Lamb	55	\$4.00	3200	\$ 704,000
Pigs	250	\$2.00	2775	\$1,387,500
<b>Total</b>				<b>\$4,635,250</b>

## CONCLUSIONS

Implementation of the regulation September 30, 2007 resulted in the loss of custom slaughter capacity serving RDNO. All five specialty poultry processing facilities have closed, eliminating chicken production valued at \$520,000 for 762 producers. No poultry processors are presently operational. Four custom red meat processors have closed. Conservatively estimated, processing capacity for at least 1875 beef, 3000 lambs, 2,775 pigs has been lost--the equivalent of two smaller or one larger custom processor. A simple calculation suggests a value of \$4,635,250 for this livestock production. Class C licenses do not replace the lost processing capacity. Except for one local plant, the provincially licensed plants identified as serving the Thompson-Okanagan either do not do custom slaughter, are not operational at present, are significant distances away, or are already booked. As a result, RDNO has become an underserved region for both custom red meat and poultry processing.

Processors find navigating the complex regulatory requirements of 8 government agencies daunting. Some experienced local poultry processors and producers who undertook efforts to become licensed gave up in the face of upgrade costs that made their businesses uneconomical, confusing and extensive licensing requirements, and contradictory or incomplete responses from regulatory agencies. The debate over whether slaughter waste is agricultural or industrial waste is one example of a key issue that is unresolved. Decision making for licensing is highly concentrated. It is not clear that there is enough flexibility or understanding to accommodate the needs and different practices of small scale processors and producers. Costs for upgrading and waste disposal costs translate to higher production costs for producers.

Mobile slaughter operations offer an opportunity to address on farm processing needs at a lower capital cost than licensed fixed plants, but regulatory requirements severely limit their ability to move from farm to farm, which is what producers want.

The small scale livestock producer is bearing the brunt of the impact of lost custom slaughter capacity. Producers have reduced or discontinued livestock production, lost revenues, been unable to slaughter animals and some will lose farm status and stop farming. For a small number of producers the implementation of MIR has been disastrous, resulting in loss of a full year's revenues, destruction of animals that could not be slaughtered or over-wintered, and loss of herds that had taken years of breeding to build.

The full extent of the impact has not yet been felt as many producers wait to see what custom slaughter capacity is in place and how it is priced by fall of 2008. Custom poultry production will be virtually non-existent in 2008 unless licensed poultry processing facilities are in place soon to allow producers to meet chick ordering deadlines in early 2008.

Small scale producers and processors are small businesses with a need and expectation of making a profit. They contribute to the regional economy and fit with development opportunities such as wine tours, cuisine featuring locally grown foods, agri-tourism, and the rural quality prized by local residents. Yet there is very little data currently available on small scale agricultural production in the region, or on the potential consumer demand for such products.

Meat inspection regulations in other provinces and states accommodate small scale producers. Small production quantity exemptions; allowing farm gate sales of meat not processed in a federally or provincially licensed plant; offering Food Safe training for producers; or providing for veterinarian or other local inspection of on farm processing are examples that work. The issues raised by the implementation of the Meat Inspection Regulation and the impact on small scale production are complex. However, if government wants to support local agriculture and local food production, the needs and welfare of the small producer must be explicitly addressed in the policy and regulatory environment.

## RECOMMENDATIONS

### Province of BC:

1. Establish a Task Force to review implementation of the Meat Inspection Regulation and the Meat Industry Enhancement Strategy. The Task Force should:
  - a. Include representation from small producers, small scale abattoir operators, and local government;
  - b. Make immediate provision for one-time approval to legalize slaughter or provide relief for those producers in extreme distress as a result of the lack of appropriate custom slaughter capacity;
  - c. Review and streamline the requirements for mobile slaughter operations, particularly the requirement for inspected docking stations, to preserve farm to farm mobility;
  - d. Establish a Review Board to review and approve implementation guidelines and decisions, and act as an appeal body for small scale processors;
  - e. Undertake an inter-ministry review to achieve a streamlined, coordinated and simplified licensing process for small scale slaughter establishments with input from affected parties to ensure practicality.
2. Provide for on farm slaughter and processing establishments using models from other Provinces.
  - a. To provide flexibility and consistency, train and certify local inspectors (veterinarians or health inspectors) for meat inspection, including on farm inspection for on farm slaughter;
  - b. Or allow for farm gate sales of meat not slaughtered in a provincially or federally licensed facility.
3. Initiate a review of poultry marketing board small lot production limits to allow allotments that are economically viable in the face of growing consumer demand.
4. Provide additional, substantive funding for:
  - a. Upgrades, expansion and new construction of custom slaughter capacity to serve local needs;
  - b. The construction of community docking stations in the absence of amendments to MIR;
  - c. SRM and slaughter waste disposal initiatives.

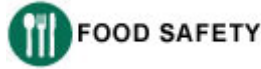
### RDNO

5. Collaborate with the Provincial government to achieve a regulatory approach that supports on farm slaughter for farm gate sales as a means of supporting the local agricultural community.
6. Incorporate planning to support local agriculture, particularly small producers and the small farm economy, in the regional growth strategy, official community plans and zoning decisions.
7. Create and fund an Agriculture Support staff position to work with local producers, processors and others to enhance local agricultural production, and obtain a better understanding of small scale agricultural production and its needs. Consider the merits of establishing an Agricultural or Food Policy Advisory Committee.
8. Partner with neighboring regional districts to facilitate the development of additional local custom slaughter capacity by:
  - a. Exploring expansion potential at existing licensed facilities in the region, for example through the addition of more coolers;
  - b. Developing a business plan for new construction in partnership with organizations such as Community Futures;
  - c. Exploring producer interest to form a co-operative or other joint venture.
  - d. Actively support and allocate substantive staff time to inter-regional efforts to develop solutions for SRM disposal.
9. In the absence of amendments to the regulation, help identify ways of funding the construction of community docking stations in areas with the highest need, likely Armstrong, Lumby and Enderby.
10. Encourage the Ad Hoc Committee to communicate the results of the Impact Assessment to other agencies.

### Local Producers

11. Small scale producers need to find ways to organize across species and regional lines to speak proactively to regulations and policies that affect their industry and well being, including seeking representation on provincial and industry boards.

# Government of Saskatchewan Marketing Meat and Meat Products



Updated: April 2007

**Note:**

For the purpose of this fact sheet, the term "livestock" includes cattle, sheep, goats, pigs, poultry, game animals, game birds and other specialized livestock.

A change to federal regulations effective August 23, 2003 requires specified risk materials to be removed from all cattle slaughtered, regardless of where they are slaughtered. Specified risk materials are the skull, brain, trigeminal ganglia (clusters of nerves associated with the skull), eyes, tonsils, spinal cord and dorsal root ganglia (clusters of nerves associated with the vertebral column) of cattle aged 30 months or more and the distal ileum (end portion of the small intestine) of all cattle. If you wish more information, please contact Jim Laturnas at (306)787-8525 or

[jlaturnas@agr.gov.sk.ca](mailto:jlaturnas@agr.gov.sk.ca).

Producers who raise livestock with the intent of marketing their own meat or processed meat products should give careful consideration to where they will have their livestock slaughtered or meat processed. The type of plant where animals are slaughtered has a significant impact on where the meat can be marketed

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### **Marketing meat and meat products nationally or internationally requires federal meat inspection.**

If the intent is to market meat in another country or even in another province in Canada, the animal must be slaughtered and processed in a federally registered plant. Federal inspection is done under the authority of the Canadian Meat Inspection Act and Regulations, and is conducted by officials of the Canadian Food Inspection Agency (CFIA). These regulations contain strict facility construction and sanitation standards to ensure the safety of the meat/meat product, and require ante- and post-mortem inspection of each animal and carcass.

Some countries require food safety standards above and beyond federal certification. The European Union, for example, applies its own certification standards above and beyond the Canadian ones. Some meat and meat products are subject to specific labeling requirements.

For a list of federally inspected plants, information on safety standards, labeling and EU certification, or for other assistance, contact:

The Canadian Food Inspection Agency  
301-421 Downey Road  
Saskatoon SK S7L 4L8  
306-975-5010

[www.inspection.gc.ca](http://www.inspection.gc.ca)

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### **Marketing meat and meat products in Regina or Saskatoon requires at least provincial (i.e. domestic) inspection.**

*(Note, as of April 2005, Moose Jaw rescinded the city by-law requiring meat from inspected carcasses)*

The cities of Regina and Saskatoon have meat inspection bylaws which predate provincial legislation; consequently the regulatory requirements in those jurisdictions operate slightly differently than in the rest of the province. These civic bylaws require that the animal be slaughtered in a plant that is either federally inspected or enrolled in the provincial domestic meat inspection program. These bylaws apply to all meat and meat products sold to consumers, wholesalers and retailers (including restaurants).

Provincial inspection is conducted under the authority of The Diseases of Animals Act and meat inspection regulations, and is similar to the federal standard. The provincial regulations contain facility construction and sanitation standards to ensure the safety of the meat/meat product, and require ante- and post-mortem inspection of each animal and carcass.

For a list of provincially inspected plants or for other assistance, contact:

Saskatchewan Agriculture and Food  
125-3085 Albert Street  
Regina SK S4S 0B1

Telephone: 306-787-8525 or [Email](mailto:)

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### **Marketing meat and meat products outside the province's two main cities requires health district inspection.**

If the meat is going to be marketed in any part of Saskatchewan other than the two main cities, the animal must be slaughtered and the meat processed in a facility that is licensed by the local health region. Health district inspection is done under the authority of The Public Health Act and Sanitation Regulations. These regulations contain minimal construction and sanitation standards and do not require carcass inspection. Prior to constructing a health region licensed

slaughterhouse or meat processing facility, the operator should consult the senior public health inspector with the local regional health authority.

These regulations apply to meat and meat products sold to local restaurants and cafes as well as to local grocery stores. Contact the appropriate health services district for the senior public health inspector in your area:

Sun Country Regional Health Authority #1 – Weyburn	(306) 842-8618
Five Hills Regional Health Authority #2 – Moose Jaw	(306) 691-1500
Cypress Regional Health Authority #3 – Swift Current	(306) 778-5280
Regina Qu'Appelle Regional Health Authority #4 – Regina	(306) 766-7777
Sunrise Regional Health Authority #5 – Yorkton	(306) 786-0600
Saskatoon Regional Health Authority #6 – Saskatoon	(306) 655-4605
Heartland Regional Health Authority #7 – Rosetown	(306) 882-6413
Kelsey Trail Regional Health Authority #8 – Melfort	(306) 752-6310
Prince Albert Parkland Regional Health Authority #9 – Prince Albert	(306) 765-6600
Prairie North Regional Health Authority #10 – North Battleford	(306) 446-6400
Population Health Unit/Keewatin Yatthé/Mamawetan	
Churchill River Regional Health Authorities – La Ronge	(306) 425-8512

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### **There is no inspection required on meat sold at the farm gate.**

Livestock slaughtered on the farm can be sold only to a consumer who comes directly to the farm gate. The meat can be cut into steaks and roasts, ground into hamburger\*, wrapped and frozen on the farm, but no further processing is permitted. (i.e. It cannot be turned into sausage, jerky, bacon, etc. and offered for sale. These products must be produced in a health region [http://www.health.gov.sk.ca/ph\\_rha\\_map.html](http://www.health.gov.sk.ca/ph_rha_map.html) approved facility if they are going to be sold.) All liability rests with the farmer.

\* due to increased risk from bacteria such as E. coli O157H7 with ground meats, proper sanitation of equipment and proper handling and refrigeration of this product is emphasized to avoid any cross contamination

#### **Farmers' market sales.**

Meat and meat products sold through farmers' markets must meet the regulatory requirements of the jurisdiction in which the market is located. In other words, products sold through farmers' markets in Regina and Saskatoon require at least provincial inspection; in all other jurisdictions they require health region approval.

#### **There are different regulations for marketing meat and meat products to hospitals.**

If the intention is to sell meat or meat products to a Saskatchewan hospital, the meat can be processed by a health region approved butcher shop but the animal must have been slaughtered at a federally or provincially inspected abattoir.

Hospitals fall under the Hospital Standards Regulations and, therefore, have different regulatory standards.

#### **Labeling requirements.**

Meat and meat products sold at retail outlets in a pre-packaged form must meet federal labeling requirements, which are enforced by the Canadian Food Inspection Agency. The "Guide to Food Labeling and Advertising" is available from the CFIA website at [www.inspection.gc.ca](http://www.inspection.gc.ca).

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### **Meat product development and testing**

There are two agencies in the province which provide assistance in meat product development and testing. The Meat Group at the University of Saskatchewan assists small-to-medium-sized processors with meat product development, formulation evaluation and product improvement, technical support and troubleshooting, on-site inspection and scale-up, and sourcing of ingredients. It also provides seminars, short courses, newsletters and fact sheets.

The program can be reached at:

Meat Group  
Department of Applied Microbiology and Food Sciences  
University of Saskatchewan  
Saskatoon SK S7N 5A8  
306-966-8842 (p)  
306-966-8898 (f)

[phyllis.shand@usask.ca](mailto:phyllis.shand@usask.ca) (email)

[www.ag.usask.ca/](http://www.ag.usask.ca/)

The Saskatchewan Food Industry Development Centre, also at the University of Saskatchewan, provides processors of all sizes with assistance in product/process development and technical services, interim processing, and food safety and quality assurance training, as well as access to business and market development services. It is a federally registered

plant, monitored by the CFIA and operated under Hazard Analysis and Critical Control Points (HACCP) guidelines. It can manufacture, package and test nearly any meat product.

The centre can be reached at:

The Saskatchewan Food Industry Development Centre

117-105 North Road

University of Saskatchewan

Saskatoon SK S7N 4L5

306-933-7555 (p)

306-933-7208 (f)

[info@foodcentre.sk.ca](mailto:info@foodcentre.sk.ca) (email)

[www.foodcentre.sk.ca](http://www.foodcentre.sk.ca)

Bryan Doig, PAg, Livestock Agrologist

Livestock Development Branch, SAF

(306) 446-7477

Jim Laturas, Food Safety Specialist

Food Safety and Regulation Branch, SAF

(306) 787-8525