Next Generation
of Agriculture and Agri-Food Policy

Food Safety, Food Quality and Resource Protection in Canada's Food Chain under the Next Generation of Agriculture and Agri-Food Policy: A Discussion Paper

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The Next Generation of Agriculture and Agri-Food Policy –
A Federal, Provincial, and Territorial Initiative

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Food Safety, Food Quality and Resource Protection
Food Chain under the Next Generation of Agriculture and Agri-Food Policy: A Discussion Paper

1. Introduction

This paper is one of a series of consultation documents designed to stimulate a dialogue amongst all stakeholders about how governments and others can work together to ensure a competitive and profitable Canadian agriculture and agri-food sector that provides safe, innovative and high quality products and services.

There are five thematic papers, covering the topics of: innovation and science; environment; food safety and quality; renewal; and market development and trade. These five areas largely reflect the structure of the existing Agricultural Policy Framework and it is hoped that stakeholders will also provide input on whether a different set of themes would work better in the future.

Additional consultation material includes:

- An overarching discussion paper meant to stimulate dialogue on the broad issues facing the sector and the overall direction of the agriculture and agri-food sector;
- A principles paper meant to stimulate dialogue on guidelines for developing the next generation of agriculture and agri-food policy;
- Consultation material on business risk management (BRM) programming; and
- A series of economic backgrounders.

Thank you for taking the time to review this paper. We welcome your input and ideas. Contact information is provided at the end of the paper.

2. Background

Under the Agricultural Policy Framework (APF), four key objectives were set for food safety and quality:

- protect human health by reducing exposure to hazards;
- increase consumer confidence in the safety and quality of food produced in Canada;
- increase industry's ability to meet or exceed market requirements for food safety and quality; and
- provide value-added opportunities through the adoption of food safety and food quality systems.

To pursue these objectives, federal, provincial and territorial governments designed programs to improve on-farm and post-farm food safety systems in collaboration with stakeholders. National on-farm associations have developed on-farm food safety systems that enable farmers and producers to grow safe food and to protect it from hazards on the farm. Off-farm (or post-farm) food safety systems which aim to keep food safe through the processing stage have also been developed by national industry associations. Hazard Analysis and Critical Control Points (HACCP) systems have been a key part of this effort to help food processors minimize food safety hazards, maintain marketability and reduce liability and governments have supported industry's implementation of Good Manufacturing Practices and HACCP in some provincial establishments.

Industry and government also began to develop a proposed nation-wide traceability system. In addition, to further industry's ability to market on the basis of quality, governments facilitated the development of standards for wine and organic farming as well as the development of a regulatory program to support the organic standard.

Research into the detection and characterization of food-borne hazards, determination of their origin, distribution and fate, as well as the development of intervention strategies for their control have been important food safety elements pursued through the APF. A more detailed overview of progress to date under the APF is included in Annex A.

While progress has been made in pursuing these objectives, two points are worth noting. First, many of the objectives are medium to long term in scope and are supported by programs that have not yet completed their activities. Discussions on the next generation of agriculture and agri-food policy will therefore need to include consideration of whether to continue current initiatives, and if so, how to modify and/or expand them.

Second, our understanding of the trends affecting the agri-food sector has deepened. In particular, trends identified in the APF have continued and, in some cases, accelerated (e.g. increasing consumer awareness and demands for specific qualities). Moreover, some issues have arisen that the APF did not fully equip us to handle (e.g., governance issues such as the multi-agency response to the recent Avian Influenza outbreak). The lessons learned from these experiences need to be considered in next generation deliberations.

3. Considerations in Developing the Next Generation of Agriculture Policy

Food-related risks are not static. They evolve due to factors such as increased trade, which can introduce new animal or plant diseases, or climate change, which can expand the range of diseases. As well, the increasing number of diseases that can be transmitted from animals to humans creates potential new risks to public health. Arguably, the risks of deliberate contamination (bioterrorism) or tampering with the food supply, have also increased. Even technological innovation, while overall considered to be positive for the sector and the public at large, may present unforeseen risks to be assessed and managed (e.g., additives, new processing technologies, novel products).

Access to markets can be significantly affected by entry requirements imposed by importing countries. Many World Trade Organization (WTO) member countries have been making increasing use of food or food-production related market-entry measures – a trend that may continue to present challenges in the future.

Consumer preferences evolve as people age, as their awareness and education about food and how it relates to health increases and as their disposable income increase. Market developments shift public attitudes and influence consumer choices. Over the last few years, we have seen a shift towards healthier food choices, as a result of the health concerns of an aging population, a greater percentage of consumers with sensitivities (e.g. allergies), and greater awareness of the role of diet in health. These shifts can present both challenges and opportunities for the sector.

Opportunities can be found in meeting consumer demands for food with specified characteristics or production practices (e.g., organic, halal, kosher, animal welfare-friendly, produced locally, free range, grass-fed, drug and residue free, etc.), through new products or by delivering traditional products in ways that better fulfill a specific need. Companies can choose to meet a particular demand in order to differentiate their product from competitors and, ideally, to gain a premium price. Some egg producers, for example, have chosen to alter their feed formula to produce eggs high in omega-3 fatty acids in order to capture a higher price from health-conscious consumers.

Such initiatives are benefiting not only individual firms but also enhancing the overall reputation of the sector. Marketing products with health attributes enhances Canada's reputation for wholesomeness, may assist in improving the overall health of the population, and, over the long term, help reduce the burden of chronic disease.

4. Roles and Responsibilities

Industry and governments invest in food safety, food quality and resource protection to maintain consumer confidence and a strong reputation. Minimizing food-borne illness is both critical public policy and good business. The agri-food sector can make a proactive contribution to public health (and reduce the burden on the health care system). Minimizing production-limiting disease supports the economic viability of the sector. High levels of confidence in animal and plant health status and in food safety, as well as a strong reputation for quality, help to develop new markets. Buyers (both domestic and international) and frequently importing governments demand assurances of safety and quality.

Future industry competitiveness will depend on industry's ability to respond to increasingly-differentiated demands. Competing on a cost basis alone is no longer sufficient. In some cases, meeting buyer or foreign market requirements is essential to make a sale. For example, to supply a large buyer with organic products, producers must meet a series of rigorous standards and be audited to ensure that they are in compliance. Other countries have national security requirements where prior notice about shipments is required.

Effective food-quality policies, such as government recognition of quality systems and conformity assessment, help innovative producers and processors to capture and profit from niche markets. This in turn supports the overall "branding" of Canada as a producer of quality products. A complex policy and regulatory framework has evolved to support these objectives, with policies affecting the entire food chain. These include intellectual property rights (e.g., the Seeds Act), processing (e.g., inspection of meat establishments), final distribution and consumption (e.g., municipal inspection of restaurants).

5. Proposed Objectives and Proposed Policy Options

The next generation of agriculture and agri-food policy will require a systematic approach to:

- ensure that threats to the agricultural resource base and food-production systems are effectively managed, and that risks to public health are minimized;
- enhance consumer confidence regarding the safety of agri-food products on the Canadian market, and those exported from Canada; and
- put in place the policy and governance environment that will enable industry to capture opportunities from value-added, differentiated products.

To address gaps in our multi-jurisdictional food-safety and resource-protection systems, Canada will need to enhance policy and operational linkages to ensure proactive and streamlined cross-agency and FPT coordination and response. We need to identify current and potential regulatory implications in order to ensure appropriate policy, research, and regulatory linkages, including actions plans, to enable a successful agriculture and agri-food sector.

More broadly, the vast array of foods available today is made possible by a complex global value chain of food production, processing and distribution. All the participants in that chain are continually challenged to meet the needs of an increasingly demanding marketplace. Whether responding to consumer demands, the stringent requirements of large buyers or the specific requirement of export markets, the agri-food sector faces pressure to innovate, compete and adapt.

The overarching objective of food safety and quality policy is to protect human health and increase consumer confidence. It is proposed that this area of the next generation of agriculture and agri-food policy address this through three broad areas: resource protection; food safety and food quality.

Food safety, resource protection and quality policies do not operate in isolation. There are significant linkages to other areas of activity and to broader government-wide policies. For example, resource protection policies are closely linked to business risk management, market access and public health.

Similarly, animal or plant health policies reduce risks of production or market losses, while at the same time reducing the risks to public health. Effective food safety policies, in turn, reduce public health risks, enhancing Canada's reputation and our ability to gain access to foreign markets.

6. Resource Protection

Diseases and other threats to production and public health can have devastating consequences. Bovine Spongiform Encephalopathy (BSE), Avian Influenza and potato nematodes, for example, all had significant costs.

At the same time, a changing threat environment for diseases, and changing knowledge about these diseases, means that approaches have to be constantly altered as required. Most significant are those animal diseases that could pose risks to public health or close markets overnight due to perceived health risks.

Resource protection requires effective prevention, preparation, response and recovery systems to ensure industry is able to produce effectively and maintain market access. This requires policies in numerous areas including the control of the entry and spread of plant and animal pests and diseases, as well as disease surveillance, control and eradication. It also requires a variety of tools such as national traceability systems to help to control animal disease outbreaks, licensing for veterinary biologics, and a regulatory capacity for the approval of plants and animals with novel traits.

While regulatory agencies strive to maximize the fairness and efficiency of their programmes, it is also important that policies be developed to enable industry to meet regulatory standards. Alternatives to regulation also need to be continually explored.

Proposed Policy Objectives:

- Increase the capacity of the sector (particularly smaller operations) to adapt to new standards and improve their management of the risk environment (e.g. traceability, biosecurity).
- Shift government and industry to a more proactive, collaborative approach with respect to animal and plant health threats.

7. Food Safety

Safe food is the foundation of Canada's food system and is a basic consumer expectation. Maintaining consumer confidence in the Canadian food supply requires a consistent level of protection across the country. While each region has its specific needs, as a nation we are only as good as our weakest link and a food-related crisis in one part of the country can have significant effects on the entire sector. We are under increasing pressure by trading partners to demonstrate that our food-safety system is fully-implemented and meets international standards. To maintain a solid reputation in export markets, Canada must be able to demonstrate effective implementation of national food safety systems.

Food safety is a particularly complex and challenging policy field. Jurisdiction over the sector is shared between various levels of government. Industry may therefore have to comply with differing sets of rules, making collaboration essential among all levels of governments.

Current work is concentrated on areas and facilities considered to be higher-risk, with priority given to monitoring and enforcement of those regulations that most directly affect the health and safety of Canadians. In addition, significant efforts are underway to raise industry performance through non-regulatory approaches.

Despite improvements to Canada's food safety system, public-health risks from food will always remain. System enhancements would enable governments, industry and the public to better respond to food-borne illness, hazards and outbreaks, to protect public health, to continue to build consumer confidence in Canadian agri-food products and contribute to a competitive agri-food sector. As the recent US spinach recall demonstrates, one incident, at one producer or processor, can affect the whole sector.

Proposed Policy Objectives:

- Consistent food safety goals, with a flexible delivery approach.
- Further adoption of effective food safety systems throughout Canada.
- Greater collaboration – leading to improved governance and better alignment of roles by governments, standardized approaches, and improved prioritization of risk areas
- Ability to demonstrate effectiveness of system to protect markets and provide confidence.

8. Food Quality

Success in the marketplace demands more than delivering safe food. Discovering and meeting consumer demands for quality attributes can require a shift to value-added products, marketing specific product attributes and exploiting niche markets. Many of these issues are being dealt with in the Innovation or Market Developments and Trade discussions. However, food quality is predicated on food safety, and similar tools are used in both safety and quality policy.

The FSQ discussions should therefore consider the appropriate role of government in both of these areas. Moreover, these activities need to be linked to reduce unnecessary burdens on the value chain. Having the right tools in place can help the sector deliver the quality attributes demanded by consumers, while protecting the consumer from fraudulent claims and misinformation.

When food is marketed on the basis of certain quality attributes, it is important that buyers can rely on the claims being made. For example, in providing that assurance to grain buyers, the Canadian Grains Commission administers the Canadian Identity Preserved Recognition System. In addition, the Commission researches new ways to classify and grade grains and to segregate them by grain quality to maintain the integrity of the quality assurance system.

Canada may need to improve our means of supporting quality through assurance systems (e.g., labeling policy, certification systems).

Proposed Policy Objectives:

- Support the sector in adapting to new and changing market demands:
  - Standards, quality assurance systems, traceability
- Position the sector to make an active contribution to health and well-being

9. Summary

The objectives outlined in the three sections above suggest that future policy and program activities could follow two broad tracks:

First, it is critical that producers and processors meet, to the fullest extent possible, all of the resource protection and food safety requirements. Fortunately, in Canada the vast majority do meet these requirements. Nevertheless, Canada needs to have consistent resource protection and food-safety requirements applied across the country. The next generation of agriculture and agri-food policy should seek to fill in the gaps across the food value chain, and target those areas where performance needs to be improved.

Second, those producers and processors who choose to seek specific attribute-based markets should have access to the tools necessary to succeed. Many Canadian firms have the means and ability to develop new products, and, most importantly, to bring them to market. While these are often large, integrated companies, many small firms are highly innovative and capable of capturing specialized niche markets, or serving a specific local market with a differentiated product. For example, a large number of small producers and processors are meeting the demands for organic foods and playing a significant role in the development of national organic standards.

10. Questions for Discussion

1. Are the core functions elaborated above those that should be in the Next Generation?
2. Are there any missing?
3. Are the policy objectives proposed appropriate? Are there any missing?
4. What should the top priorities be?

ADDING YOUR VOICE TO THE DISCUSSION

Federal, provincial and territorial governments look forward to hearing from a wide variety of individuals and organizations, and to working together to develop a solid policy framework that supports a prosperous agriculture and agri-food sector. We encourage you to add your voice to this discussion, beginning in January 2007. For more information on this process:

- Visit our website at http://www.agr.gc.ca/nextgen
- Call 1 800 O-Canada (1 800 622-6232)
  TTY: 1 800 926-9105
- Contact any federal, provincial, or territorial agriculture office

Annex A
Progress under the APF

- All 19 on-farm national associations which are eligible for funding to develop on-farm food safety systems (which enable farmers and producers to grow safe food and to protect it from hazards on the farm) are doing so.
- For the post-farm sector, 13 out of 31 national associations have applied for and received funding to develop systems. Of these 13 associations, six national industry associations have developed off-farm (or post-farm) food safety systems which aim to keep food safe through the processing stage. HACCP systems have been a key part of this effort to help food processors minimize food safety hazards, maintain marketability and reduce liability.
- During 2005-06, two organizations were approved to start program implementation under the On Farm Implementation component.
- A total of 71 approved applications, totalling $20.9 million, have been approved – 69 under System Development for $11.9 million and two under On-Farm Implementation for $9 million. These projects primarily focus on the food safety element.
- All six of the participating provinces (AB, BC, MB, NS, ON, SK) have begun to work on developing and promoting HACCP implementation and/or outreach programs under the collateral agreements of the FSI component. Quebec has indicated an interest in joining.
- Elements of a traceability system have been developed by various National Producer organizations. These elements include: national standards for premises identification by the Canadian Livestock Identification Agency (CLIA); animal-identification data collection and voluntary premises identification for selected species by the Canadian Cattle Identification Agency (CCIA) using Radio Frequency ID tags for movement and age recording; and mandatory animal identification, premises identification and animal-movement tracking by Agri-Traçabilité Québec (ATQ). As well, national standards for reporting data have been developed by Can-Trace, a committee of major food supply chain stakeholders.
- Research under the Food Safety theme addresses the detection and characterization of food-borne hazards, and determination of their origin, distribution and fate as well as the development of intervention strategies for their control in many provinces and by Federal government agencies. Agriculture and Agri-Food Canada (AAFC) scientists, in collaboration with Health Canada (HC) and the Canadian Food Inspection Agency (CFIA), have developed the first official method for the detection of food-borne viruses, which has been accepted for publication in the HC Compendium of Official Methods. In addition significant research has been conducted under AAFC's Food Safety and Processing research.
- AAFC partners such as Health Canada and the Canadian Grain Commission completed their APF-funded research efforts in food safety standard-setting, surveillance and benchmarking.