



## CANADIAN SUPPLY CHAIN FOOD SAFETY COALITION

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### COALITION CANADIENNE DE LA FILIÈRE ALIMENTAIRE POUR LA SALUBRITÉ DES ALIMENTS

#### Pre-Budget Submission to the House of Commons Standing Committee on Finance 5 August 2016

The members of the Canadian Supply Chain Food Safety Coalition appreciate this opportunity to submit their views to the Standing Committee on Finance as a contribution to its 2016 pre-budget consultations.

#### Canadian Supply Chain Food Safety Coalition:

The Canadian Supply Chain Food Safety Coalition was formed in December 2000 and incorporated in 2007 to act as “a single strong voice for Industry along the food chain, with the public and government on industry-wide food safety issues”. Our membership is composed of national, provincial and regional associations involved in the agri-food industry and of individual companies that provide services to the industry. As of July 2016, the Coalition has 32 member organizations - 26 national and 3 provincial or regional associations as full members and 3 allied members. The latter are companies providing food safety audit, certification and consulting services to food businesses. A list of the members is appended to this submission.

Our association members represent businesses at every link in the food supply chain from input suppliers through primary production, transportation, processing, manufacturing, distribution and importing to final marketers at export, retail and food service.

Our Vision is that:

*“Canada’s agriculture, aquatic and food industry will have a world-class reputation for producing and selling safe food.”*

Our mission is:

*“To facilitate, through dialogue within the food industry and with all levels of government, the development and implementation of a national, co-ordinated approach to food safety to ensure credibility in the domestic and international marketplaces”.*

#### Pre-budget Consultation Themes:

Your committee is seeking input on the 2017 federal government budget.

The primary concern of the members of the Coalition in this matter is that the federal government make the necessary investments in both the public sector and in incentives for the private sector to ensure that Canada’s food safety system retains and further develops its world class reputation.

#### The Evolving Regulatory Regime for Food Safety

The Minister of Health, the Honourable Jane Philpott, M.D. M.P., has indicated to the Coalition that her ministry intends to proceed with the previous government’s initiative to develop regulations to implement the *Safe Food for Canadians Act* and with the modernization of the federal food

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inspection system in late 2016. This will transform, for the first time in more than 60 years, the Canadian approach to food safety for all businesses engaged in the food industry, from farms to final marketers. It is expected that these regulations will come into force sometime in early 2018 and be implemented over the following five years.

This initiative has also secured the support of the federal-provincial-territorial ministers of agriculture, who in the communique from their July 2016 meeting pledged on-going co-operation to assisting food businesses in implementing the new regulations as part of the “next agricultural policy framework.”

This federal-provincial-territorial food safety agenda supports the health of Canadians by targeting a reduction in the incidence of foodborne illnesses and boosting the competitiveness of the Canadian agriculture, aquatic and food industry by ensuring that Canada continues to have one of the best food safety systems in the world.

The Coalition was an early supporter of this agenda and continues to work closely with government departments and agencies to ensure its effective and balanced implementation and to develop both the business and the educational infrastructure needed to realize its potential. .

Previous budgets have supported the development of this transformation (e.g. drafting new regulations under the *Food and Drugs Act* and the *Safe Food for Canadians Act*, designing new information management systems for federal agencies, establishing more efficient regulatory processes, etc.) by funding initiatives in Health Canada, the Public Health Agency of Canada and at the Canadian Food Inspection Agency.

Looking forward, the implementation of the *Safe Food for Canadians Act and Regulations* will require significant new investments by Canadian food businesses of all sizes, including *micro, small and medium-sized businesses* (MSMEs), as well as by the key government departments and agencies involved in food safety policy and oversight.

As we have indicated in previous pre-budget submissions, the federal budget presents the ideal opportunity for the government of Canada to signal that these investments will be made and that this transition to a modernized food safety system is successful at all levels of business and within government.

**The key investments for food businesses are, *inter alia*:**

- Development of preventive control plans<sup>1</sup> (PCPs) that meet the new regulatory requirements;
- Training employees concerning the new PCPs and maintaining their competence;
- Implementation of the PCPs, including the new procedures, food safety control measures and, where required, new equipment or other capital goods;
- Maintenance of PCPs through regular updates and changes when new products or ingredients are introduced or when other changes are made in the production processes;

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<sup>1</sup> Preventive Control Plans (PCPs) require a rigorous hazard analysis by the food business that results in a documented (written), verified and validated set of procedures demonstrating how the business conducts activities such as traceability, recall, input and ingredient purchasing, sanitation, facility and equipment design, input and product storage, production, transportation and distribution, employee training and competence assessment and labelling. The PCPs purpose is to ensure that the food products an organization grows or makes, imports or exports are safe and comply with the regulations.

- Establishing, testing and implementing traceability and record-keeping systems to facilitate recalls;
- Licensing and registration fees and reporting requirements for the currently registered establishments (e.g. meat and fish processing plants) and for tens of thousands of newly regulated companies; and,
- Certification to third party food safety management system schemes (a potential cost for those exporting to the United States under its new food safety regulations or selling to major retailers and manufacturers in Canada and elsewhere).

**The key investments for government agencies and departments:**

For the **Canadian Food Inspection Agency (CFIA)**, *inter alia*,

- Retraining and assessing the competence of its existing staff, particularly its inspectorate, on the new regulatory requirements and approaches;
- Recruiting, training and assessing the competence of new employees to meet its responsibilities for the inspection of importers and imported products, fresh produce farms, all food processors and manufacturers and their products and exports;
- Ensuring that its new inspection approaches and the new *regulations* are consistently applied across the current and newly regulated sectors;
- Establishing a monitoring program on the effectiveness of the new inspection approach and providing timely reporting;
- Ensuring that its new information management systems for licensing and registration, inspection reporting, incident reporting, etc. are established, effective, maintained and continuously improved;
- Establishing an effective capacity to assist newly regulated food businesses, including farms and MSMEs, comply with the new regulatory requirements, including licensing and registration, development and implementation of PCPs, training employees, etc.;
- Developing with industry, guidance documents for site inspections and sampling procedures that fully reflect demonstrated risks and available mitigation measures for naturally occurring contaminants in foods.
- Developing with industry competency-based training programs for industry and other stakeholders (e.g. through Safe Food Canada – The Learning Partnership and other collaborative initiatives);
- Maintaining adequate resources to deal with food safety, plant and animal health challenges; and.
- Keeping sufficient resources in place to ensure that Canada's participation with trading partners and in international organizations on food safety is not compromised.

**For Health Canada**

- Maintaining a strong scientific capacity to:
  - Undertake risk assessments related to potential food safety incidents on a timely basis;
  - Assess the potential health impact of low level presence of allergens and mycotoxins and set appropriate limits for cereal grain based foods that are practically achievable through commercially available technologies;

- Approve new processes and technologies, new ingredients, new processing aids, etc to ensure innovation and competitiveness in the national and international marketplaces.
- Maintaining an effective policy capacity to:
  - Participate fully and effectively in intergovernmental food safety policy fora on both a bilateral (e.g. Canada/US) and multilateral (e.g. Codex Alimentarius Commission, etc.) basis.

#### For the **Public Health Agency**

- Completing in the near-term, with provincial and municipal co-operation, the national FoodNet Canada network of foodborne disease surveillance sites - moving to 6 from the current 3 (Ontario, British Columbia, Alberta);
- Improving the integration of surveillance data and analysis from all Canadian sources (federal, provincial and municipal); and
- Ensuring that the federal laboratories have the capacity and the capability to meet the evolving food safety research and analytical needs.

#### **Our Recommendations:**

To meet these challenges and to ensure that the implementation of the *Safe Food for Canadians Act and Regulations* and the modernization of the federal food inspection system are realized within the timeframe proposed, the Coalition has two recommendations concerning the 2017 federal budget:

**Recommendation #1 – Increased Federal government financial assistance for Food Business Compliance with new regulatory requirements:** The federal government has a history of directly assisting food businesses, including farms and other MSMEs, to implement new food safety regulatory requirements and market expectations. Prior examples of direct financial assistance have included, *inter alia*:

- the development and implementation of HACCP plans in small and medium-sized meat processing plants (mid to late 1990s);
- the establishment and implementation of On-Farm Food Safety Programs (late 1990's through Growing Forward 2); and,
- the establishment and implementation of food safety programs for the non-regulated sector, including packaging, trucking, bottled water, fresh produce repacking and wholesaling, retail and distribution, etc (2000 through Growing Forward 2).

Implementation of the *Safe Food for Canadians Act and Regulations* will impact many thousands<sup>2</sup> of businesses in farming, food processing and manufacturing, shipping, handling and storage segments of the supply chain, including micro-small and medium-sized businesses, as well as importers and exporters.

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<sup>2</sup> CFIA's Preliminary Cost Benefit Analysis (June 2014) does not include a numerical estimate of the number of new food businesses that will be regulated. This number is unlikely to be known with any certainty until the final sectors to be included in the licensing system are required to have initially completed the process.

**Action Requested:** The federal government should consider significantly increasing the funding available to assist Canadian food businesses implement the new regulations. In the short term – starting 1 April 2017 – Agriculture and Agri-Food Canada should re-allocate funding under Growing Forward 2 to provide direct financial assistance to all impacted farms and food businesses for the development and implementation of the new preventive control plans (PCPs) and other regulatory requirements.

For the longer term, the federal government should establish a new **Safe Food for Canadians Act “implementation assistance program”** to ensure that all impacted businesses can meet the requirements as the regulatory regime rolls forward. This initiative could be combined with provincial and territorial funding initiatives under the next agricultural framework due to start in 2018.

**Action Requested:** The federal government should consider other forms of financial assistance (e.g. temporary tax incentives, etc.) related to the new capital investments required to implement PCPs and other related food safety requirements. The availability of these incentives could be targeted to the planned implementation period (for example for five years subsequent to the proclamation of the regulations).

**Recommendation #2 – Increased Federal government funding for the federal agencies and departments responsible for the implementation of the new food safety regulatory requirements.** The implementation of the *Safe Food for Canadians Act and Regulations* and the related developments of the new Canadian approach to food safety will require significant new funding for the Canadian Food Inspection Agency, Health Canada’s Food Directorate and the Public Health Agency of Canada.

**Action Requested:** The 2017 federal budget should clearly set out a five year plan starting with the 2017/18 fiscal year for effectively and fully resourcing the new responsibilities in food safety inspection, compliance promotion, risk assessment, surveillance, research, laboratory improvement, policy development (domestic and international), guidance preparation and regulatory activities and approvals.

## **Conclusion:**

The implementation of the *Safe Food for Canadians Act and Regulations* and the modernization of the federal food inspection system are two of the most important initiatives currently in progress within the government of Canada. This major modernization of Canada’s food safety approach and regulatory environment is the first in over 60 years. The success of the initiative will depend on significant investments by both Canadian food businesses of all sizes and by the key departments and agencies involved in food safety policy and oversight. The 2017 federal budget presents the ideal opportunity for the government of Canada to ensure that these investments are made and that this transition to a modernized food safety system is successful at all levels of business and within government.

The Canadian Supply Chain Food Safety Coalition respectfully requests that the Standing Committee include our recommendations and proposed actions in your report to the government and the Minister of Finance as being appropriate for action in the 2017 and future budgets.

Again, the members of the Coalition would like to express our appreciation for this opportunity to contribute to the 2017 pre-budget deliberations by the House of Commons Standing Committee on Finance.

## **Membership of the Canadian Supply Chain Food Safety Coalition December 2015**

### **National Organizations (26)**

CropLife Canada  
Canadian Animal Health Institute  
Canadian Trucking Alliance  
Canadian Federation of Agriculture  
Canadian Hatching Egg Producers Association  
Turkey Farmers of Canada  
Chicken Farmers of Canada  
Egg Farmers of Canada  
Dairy Farmers of Canada  
Canadian Horticultural Council  
Canadian Produce Marketing Association  
Canadian Meat Council  
Canadian Poultry & Egg Processors Council  
Further Poultry Processors Association of Canada  
Dairy Processors Association of Canada  
Fisheries Council of Canada  
Food & Consumer Products of Canada  
Food Processors of Canada  
Canola Council of Canada  
Canadian National Millers Association  
Baking Association of Canada  
Canadian Association of Importers and Exporters  
Canadian Association of Regulated Importers  
Retail Council of Canada  
Canadian Federation of Independent Grocers  
Restaurants Canada

### **Provincial/Territorial Groups (3)**

Alberta Egg Producers Council  
Ontario Produce Marketing Association  
Small Scale Food Processors Association

### **Allied Members (3)**

NSF/Guelph Food Technology Centre  
SAIGlobal  
CanadaGAP