

Canadian Health Food Association

Responses

1. Economic Recovery and Growth

Given the current climate of federal and global fiscal restraint, what specific federal measures do you feel are needed for a sustained economic recovery and enhanced economic growth in Canada?

The Canadian Health Food Association (CHFA)'s members are retailers, manufacturers, importers, distributors, growers and health care providers who service an ever-growing market in Canada. According to a 2010 Health Canada survey, 73% of Canadians regularly take natural health products (NHPs). Annual sales currently exceed \$3 billion. Demand is expanding for NHPs, and as the industry continues to grow there are a number of regulatory concerns for the federal government to address. Dealing with these in a timely fashion will greatly enhance the industry's growth capacity and job creation. According to an Ipsos-Reid Survey, 76% of Canadians have made a purchase of NHPs — representing approximately 24 million Canadians. The same survey found that 85% of Canadians support increased government funding of research on the benefits of NHPs to the healthcare system, and that 75% of Canadians believe that natural health products should be tax deductible, thus enjoying the same tax treatment as for prescription drugs and medical devices. The industry has been operating in a less-than-certain regulatory environment ever since the Natural Health Products Regulations came into effect in 2004. CHFA embraces the need for regulation of all health products in Canada, and members have been working hard to comply with the rules as they have been introduced in the past few years. However, this has been difficult. Most of the industry's challenges have come as a result of the disconnect between the very low risks associated with NHPs as compared to pharmaceuticals and the regulatory rigors demanded by the government. For our industry to continue to prosper, grow, and help lead Canada from recession and deficit, the implementation of regulations need to be mindful of the very low risk profile of CHFA's members' products. Natural health products are just that — natural. They are not drugs and they should not be treated as such. Continuing to do so will cost our economy jobs at a time when they need to be created, and it will deprive Canadian consumers' access to the safe, high quality and effective NHPs they have come to rely upon in record numbers.

2. Job Creation

As Canadian companies face pressures resulting from such factors as uncertainty about the U.S. economic recovery, a sovereign debt crisis in Europe, and competition from a number of developed and developing countries, what specific federal actions do you believe should be taken to promote job creation in Canada, including that which occurs as a result of enhanced internal and international trade?

In order for the natural health and organic businesses to continue to grow as Canadian employers, the federal government needs to enact smart regulation and legislation to ensure the industry remains robust and that it is regulated in a manner that is commensurate with the very low risk profile of NHPs. Since 2004 that has not been the case. CHFA urges the government to enact the recommendations of both the 1998 Standing Committee on Health, to amend the Food & Drugs Act so that natural health products (NHPs) are no longer a subset of drugs, and the Red Tape Reduction Commission's recommendations regarding the removal of unnecessary regulatory barriers for NHPs. NHPs are currently legislated as a subset of drugs. This positioning within the Food & Drugs Act has led to unintended and inappropriate consequences for a sector that produces safe, low risk products that are

in demand by the majority of Canadian consumers. The 1998 Standing Committee on Health recommended that a separate category be created for NHPs under the Food and Drugs Act. The current position of legislating NHPs as a subset of drugs is completely inappropriate given their very low risk profile compared to pharmaceuticals. This oversight has very real consequences for our member companies, who together employ tens of thousands of Canadians in every region of the country. Solving this legislative problem would have a positive fiscal effect as it would help repair Canada's finances by improving the competitiveness of a multi-billion dollar industry that touches the lives of hundreds of thousands of Canadians. CHFA fully agrees with the Standing Committee on Health who concluded that NHPs are neither foods nor drugs, and the Food & Drugs Act should be modified accordingly. While the government considers modernization of the existing Food & Drugs Act, we request that NHPs be removed from their current position and be granted a category of their own, either in a new Act or in a standalone Act specific to NHPs.

3. Demographic Change

What specific federal measures do you think should be implemented to help the country address the consequences of, and challenges associated with, the aging of the Canadian population and of skills shortages?

As Canada's demographics change over time, our health care system will come under increased pressure due to an aging population. CHFA believes that Natural Health Products (NHPs) can help play a role in reducing the stress placed on Canada's health care system by placing a focus on preventative health care measures. As the Canadian population ages, there is increased demand for preventative healthcare products, a key part of which are NHPs. NHPs are vitamins and minerals, herbal remedies, homeopathic medicines, traditional medicines, probiotics, and other products like amino acids and essential fatty acids. These products can be used proactively to alleviate a myriad of different health concerns, such as allergies, arthritis, cough and colds, digestive issues, can boost immune system function, and can be used as a sleep and relaxation aid. According to a recent Ipsos-Reid Survey, 77% of Canadians agree that NHPs can be used to maintain or promote health and healthy living. CHFA would like to urge the federal government to recognize the important role NHPs can play in keeping Canadians healthy, and would like the government to provide incentives to increase their use.

4. Productivity

With labour market challenges arising in part as a result of the aging of Canada's population and an ongoing focus on the actions needed for competitiveness, what specific federal initiatives are needed in order to increase productivity in Canada?

The Canadian Health Food Association (CHFA) believes the Red Tape Reduction Commission's recommendations to reduce the barriers to businesses efficiency should be enacted in order to streamline the Canadian regulatory environment and increase productivity. Many of these recommendations deal with the licensing of new products, which is important as new products drive innovation. Timely licensing processes will allow better predictability of when products can be put on the market, allowing businesses to plan accordingly. The release of appropriate guidance on safety and efficacy parameters is the cornerstone of success in the NHP industry and as such is needed to ensure stakeholders know what evidence is needed to obtain a license for their products. Too many product license applications have been held up, probed or rejected because the interpretation of the regulations is similar to drugs: considered dangerous and ineffective until proven otherwise. Shifting the burden of proof from the stakeholder to the regulator to cite why the natural product is not safe or effective would go a long way to solving the regulatory problems that have arisen in the NHP sector since 2004. The industry as a whole believes that improved licensing rates can only be achieved when NHPs are no longer compared to and held to the same requirements as drugs. An appropriate Standards of Evidence

guidance document along with proper interpretation by Health Canada officials for the very low risk nature of these products is required. The implementation of a risk-based approach to licensing for NHPs will ensure that the very low risk nature of these products is recognized where they are not held to the same scrutiny as pharmaceutical products.

5. Other Challenges

With some Canadian individuals, businesses and communities facing particular challenges at this time, in your view, who is facing the most challenges, what are the challenges that are being faced and what specific federal actions are needed to address these challenges?

CHFA is concerned with the challenges its' members face regarding regulatory barriers, as the natural health products (NHP) sector in Canada grows. More than 70% of Canadians use natural health products (NHPs) as part of their healthy lifestyle. The NHP sector also creates thousands of jobs and contributes \$3 billion annually to the Canadian economy. The federal government has a role to play in ensuring that Canadians have continued access to safe and effective NHPs. The federal government's 2012 Red Tape Reduction Commission's report contained extensive recommendations calling for the smart regulation of NHPs. CHFA welcomes these recommendations, as it shows the federal government has been listening to Canadians concerned about the appropriate level of regulation for NHPs, however not all recommendations have been enacted. CHFA along with its 1,000+ members in the NHP industry urges the federal government to act on implementing the Red Tape Reduction Commission's action plan and Legislative modernization so consumers have access to the safe, high quality, and effective NHPs that millions demand on a daily basis. As the federal government is aware, the burdens of an inefficient regulatory system are much harder for small businesses to assume when compared with their larger competitors. As such, CHFA and its members continue to push for a fair regulatory environment that allows small business to prosper and take the lead on innovation. The government needs to support collaborative action on establishing an efficient and regulatory environment for NHPs to ensure the future health of Canadians. Under the current Food and Drugs Act, NHPs are positioned as a subset of drugs. The Standing Committee of Health concluded in 1998 that NHPs are neither foods nor drugs and therefore should be defined separately in the Act. The industry has been waiting for 14 years for this recommendation to be enacted. NHPs are highly safe, effective, and natural. The industry has worked for many years to ensure products meet and exceed the demands of Canadian consumers, and CHFA takes great pride in the confidence and trust Canadians place in our members' products.