



CANADIAN SUPPLY CHAIN FOOD SAFETY COALITION

COALITION CANADIENNE DE LA FILIÈRE ALIMENTAIRE POUR LA SALUBRITÉ DES ALIMENTS

Pre-Budget Submission to the House of Commons Standing Committee on Finance 1 August 2017

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 consultations on the 2018 federal budget

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 with governments on industry-wide food safety issues”. As of July 2017, the Coalition has 30 member organizations representing 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.”

Pre-budget Consultation Themes:

Your committee is seeking input on the 2018 federal government budget.

The 2017 federal budget identified an **Innovation and Skills Plan** which it stated “is an ambitious effort to make Canada a world leader in innovation, with a focus on expanding growth and creating good, well paying jobs...” and indicated that its “[i]nitial efforts will centre on three industries that touch the lives of all Canadians and offer great potential for growth and job creation: clean technology, digital industries and **agri-food**.”

The Coalition strongly supports this approach. Our sector accounts for more than 6 per cent of Canada’s GDP, and employs one out of every eight Canadians. To achieve the proposed growth in the agri-food and fisheries sector, the policy and regulatory framework must be strong. Our primary expectation is that **the federal government make the necessary investments both in 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.**

We appreciate that the committee included several of our recommendations in its 11th Report to the House of Commons. We also note that the 2017 federal budget included additional funding for the Canadian Food Inspection Agency (CFIA) of \$149 million over five years starting 2017-2018 to support: inspection activities in meat processing facilities; targeted programming to address the risks associated with listeria contamination; and, allow for the ongoing operation of its Inspection Verification Office. This funding is also appreciated as an important investment. However, none of these new funds were directed at the areas identified by the Coalition and your committee as needing investment.

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The Evolving Regulatory Regime for Food Safety

In January 2017, the government of Canada published its proposed regulations under the *Safe Food for Canadians Act in the Canada Gazette Part. I*. These regulations will transform the Canadian approach to food safety for all businesses engaged in the food industry, from farms to final marketers.

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.

Indeed, our members were surprised that the CFIA stated in its *Regulatory Impact Analysis Statement* for the proposed *Safe Food for Canadians Regulations*¹:

For the CFIA, regulatory implementation would transform and modernize the Agency's approach to food safety. However, the CFIA would not require any additional food safety program or inspection funding or resources from current levels, as the proposed Regulations would allow the CFIA to operate more efficiently and redistribute its food safety resources more strategically. That said, there would be some additional CFIA resources required for compliance promotion and industry engagement when the Regulations come into force.

CFIA's mandate for inspection will be expanded to include tens of thousands of importers, food manufacturers and fresh produce farms². This will result in a significant increase in its resource needs, well beyond what can be achieved by "operating more efficiently" or by "redistributing ... resources more strategically". Unless, the Agency is expecting to cover all these new costs through new user fees, new funds will be required from the treasury. **It is the Coalition's position that regulatory activities associated with food safety are a public good.** Industry has its roles and responsibilities for food safety and incurs significant expense in fulfilling these. A balance must exist between public and private expenditures. And, if we are to achieve the 2025 growth expectations set out in the 2017 budget, then any changes to the user fee system must ensure that our industry remains competitive.

Investing in Food Safety

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 food safety investments will be made.

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

- Development of preventive control plans³ (PCPs);

¹ Gazette du Canada Partie I, vol. 151, no 3 page 289

² 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.

³ 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

- Training employees and assuring their competence;
- Implementation of the PCPs, including the new procedures, control measures and, where required, new equipment or other capital goods;
- Establishing, testing and implementing traceability and record-keeping systems to facilitate recalls;
- Licensing and registration fees and reporting requirements for the currently registered establishments and for tens of thousands of newly regulated companies; and,
- Certification to third party food safety management system schemes.

The key investments for government agencies and departments:

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

- Retraining and assessing the competence of its inspectorate on the new regulatory requirements and approaches;
- Recruiting, training and assessing the competence of new employees ;
- 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.;
- 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:
- 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, such as the Codex Alimentarius Commission, 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;

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.

- 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 2018 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 SME 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, retail and distribution, etc (2000 through Growing Forward 2).

Implementation of the new regulations will impact many thousands 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.

Action Requested: The federal government should consider significantly increasing the funding available to assist Canadian food businesses implement the new regulations through the establishment of a new **Safe Food for Canadians Act “implementation assistance program”**.

Action Requested: The federal government should also 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 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 2018 federal budget should clearly set out a five (5) year plan starting with the 2018/19 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. They are fundamental to Canada's *Innovation and Skills Plan* and to increasing Canadian agriculture, fisheries and food exports to at least \$75 billion by 2025. The success of the initiative will depend on significant investments by both Canadian food businesses and by the key departments. The 2018 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 will be successful.

The Canadian Supply Chain Food Safety Coalition respectfully requests that the Standing Committee include our recommendations and proposed actions in your report to the House of Commons and the Minister of Finance.

Again, the members of the Coalition would like to express our appreciation for this opportunity to contribute to the 2018 pre-budget deliberations by the House of Commons Standing Committee on Finance.

We would welcome the opportunity to discuss our proposals with the Committee.

On behalf of the Canadian Supply Chain Food Safety Coalition

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