

On behalf of Maple Leaf Foods we are pleased to respond to your request for submissions.

Rather than write something new, we are enclosing two letters to the federal government that state our views – one written in January 2007 and one written in December 2010. These letters highlight key concerns related to agri-food research in Canada, including:

- an absolute loss of public funding for agri-science (i.e. reduced A-base funding to AAFC and the increasingly ad hoc and unstable project-based nature of the funding), all while money poured into farm income support balloons;
- an incoherent vision of the importance of agri-food science and innovation (i.e. notionally still a high priority with AAFC and the provinces and yet, just in the past month, funding for AFMNet has been terminated and NSERC has announced it is dropping food related science as a priority);
- and a lack of stable institutional governance that can build enduring industry-government-academic partnerships to execute research in priority areas (we believe that Canada needs a new, arms-length Agri-Food Research Institute to overcome this.)

All of this is happening at a time when food issues (i.e. food, nutrition and chronic disease; environmental sustainability of food production; and global food security) have never been higher on the public policy agenda. Not only are we losing our scientific capacity to address these major societal challenges, we are letting the loss of science funding and strategic focus (on the part of both government and industry) erode Canada's commercial opportunities as global demand for food, feed, fibre and renewable fuel climbs rapidly.

Sincerely

Rory McAlpine
Maple Leaf Foods Inc.

MAPLE LEAF FOODS



January 9, 2007

Mr. Len Edwards
Deputy Minister
Agriculture and Agri-Food Canada
Deputy Minister's Office
930 Carling Avenue
Ottawa, ON K1A 0C5

Dear Len:

On behalf of Maple Leaf Foods, I would like to thank you for inviting us to participate in some of the initial "Next Generation" agriculture policy consultations. We were impressed with the sessions in December on "Food Safety, Quality and Resource Protection" and "Science and Innovation".

Dr. John Webb, our Director of Genetics and Science, attended the Science and Innovation meeting on December 14th in Toronto. We felt it might be helpful to summarize some of our key observations and opinions flowing from that session. The context for these remarks is the need for Canadian agrifood industry to be competitive, and to be able to respond quickly but safely with the right technology at the right time.

- Urgent regulatory reform (modernization) is critical to achieving Canada's goals in agri-food science and innovation. Regulatory approval processes for innovative food and feed products, ingredients, labeling claims, production processes, animal health and plant protection products, etc. are simply too long and cumbersome relative to other jurisdictions, creating a serious disincentive to innovation, if not to primary research itself. We see the need for a much stronger advocacy role by AAFC in this area, similar to what has been accomplished by the department with respect to minor-use pesticides. We would suggest that the Next Generation Agriculture Policy Framework should have explicit commitments to regulatory modernization (with on-going policy and political oversight), not leaving this commitment solely in the hands of the regulatory agencies themselves.
- There needs to be a clear role for industry in helping to determine the research priorities that in turn will align with innovation opportunities. The private sector best understands markets and the risks associated with commercialization of

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new products and technologies. This perspective needs to be continually fed back into the determination of research priorities and the allocation of resources. A key question is what sort of national body will replace the Canadian Agri-Food Research Council (CARC) and bring together industry, academia and government for this purpose. As is seen by the success of other industrialized countries, establishing a strong and stable institutional structure is key to setting and executing on priorities.

- Also in the area of governance and leadership, there needs to be a fresh commitment to well managed, mission oriented research teams that bring together the necessary resources and expertise (including regulatory expertise) to accomplish results. Research "networks" are important for sharing knowledge, but networks do not typically have leadership and accountability structures that ensure results. Too often we have seen high level science and innovation strategies that are not fulfilled at a working level because these governance, leadership and accountability gaps favour the maintenance of personal, professional agendas rather than the pursuit of organizational priorities.
- With respect to research priorities specifically, we strongly advocate for urgent nutritional research on age- and diet-related illnesses. The agri-food sector must transition to become a solution-provider for human health focused on chronic diseases of an ageing population, e.g. cancer, neurodegenerative disorders, cardiovascular disease, obesity and diabetes. As well, there are a number of fundamental knowledge gaps in relation to animal health and zoonotic diseases that are intimately linked to human health and the economic foundation of the agri-food sector.

It is our observation that many of the historical, "natural" economic and agronomic advantages that have favoured primary agricultural production and food manufacturing in Canada are eroding in the face of a stronger Canadian dollar, intense global market pressures, loss of the feed grain advantage, weak productivity growth, pressures on natural eco-systems, etc. The development of bio-based industrial and energy products from agriculture offers important new opportunities but is also putting price pressure on grain commodities that are the foundation of most value-added food production. In the face of these developments, Canada needs a clear, twenty year vision for the future of the agri-food sector underpinned by an aggressive, well funded national agri-food science and innovation strategy built on a strong government-industry-academic governance model. At Maple Leaf Foods we are embracing the challenge with our re-organized protein value chain, enhancing

the scale of operations in key plants, establishing a Food Centre of Excellence, creating a "nutrition platform" to help guide new product development and several other initiatives that will contribute to becoming a globally admired value-added meats and meals company.

Finally, I am also enclosing a copy of notes shared with Robin Chiponski Keller, Director General of the Food Safety and Quality Policy Directorate at the session on "Food Safety, Quality and Resource Protection".

We look forward to the results of the current consultations and to continued discussions in 2007 on the shape of the Next Generation Agriculture Policy Framework.

Yours sincerely,



Rory McAlpine,
Vice President, Government and Industry Relations

Best wishes for 2007!

c.c. Dr. Marc Fortin, Assistant Deputy Minister, Research Branch
Suzanne Vinet, Assistant Deputy Minister, Strategic Policy Branch
Laurie Throness, Chief of Staff to the Minister of Agriculture and Agri-Food

**AAFC Discussion Paper on “Next Generation” Policy for
Food Safety, Quality and Resource Protection**

Comments on the Proposed Policy Objectives

1. Resource Protection

- **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.**
 - It is very positive that “resource protection”, and particularly the protection and enhancement of animal health, is being recognized as an explicit policy objective with enormous social and economic significance; the lessons of BSE, Avian Flu, etc. tell us that the effective management of animal (and plant) health risks is much more than a marginal “regulatory” or “scientific” challenge, but is a core issue for successful business risk management, market development and growth in the agri-food sector, requiring much more proactive strategies, improvements to inter-agency governance and more robust program spending.
 - Government investments in initiatives like traceability, bio-security, animal disease zoning, surveillance, rapid disease testing, market collapse planning, etc. all need to be boosted on a collaborative basis with industry. But in many areas poor coordination between AAFC and CFIA and between federal and provincial governments are the more significant factors delaying progress.
 - For farmers and agri-businesses to be more active partners in disease risk prevention, surveillance and response, there needs to be solid, predictable and comprehensive financial protection to cover costs of depopulation, clean up, lost income and asset downtime; current programs do not meet this objective.
 - Higher standards and tougher enforcement to mitigate animal disease risk must be comprehensive in scope, covering not just large, commercial scale producers and processors but also small flock/herd owners, unregulated poultry producers, provincially

inspected establishments, etc.; as well, the approach to controlling imports must be as rigorous as domestically applied measures.

- Federal and provincial governments should put their full support behind development of a national Animal Health Strategy (with an initial focus on farmed animals) in collaboration with industry, academia and the veterinary profession.
- To achieve better collaboration, some of the hard lines between mandates (e.g. reportable vs. non-reportable diseases, on-farm vs. off-farm authorities, animal health vs. public health responsibilities) need to be softened; as well, governments must be more willing to partner with industry on consumer education initiatives in relation to animal and food safety risks that are poorly understood by the public (e.g. Avian Flu).
- Governance models based on public-private partnerships should be explored to improve on execution of animal and plant health strategies, traceability systems, zoning initiatives, research programs, etc.

2. Food Safety

- **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**
 - Achieving a balance between “consistency” (across commodities, across provincial and federal establishments, across domestic and imported products, across large and small enterprises) and “flexibility” (outcome orientation, least cost, rapid) in setting and enforcing food safety standards in Canada, remains a major challenge.
 - Major problems are the outdated legislative and regulatory tools that CFIA, Health Canada and provincial governments have to work with; insufficient resources for CFIA, the Food Directorate, Vet Drugs Directorate and PMRA; poor staff training and development; divergent approaches and “voluntary” codes of practice to

coordinate regulatory standards and enforcement across three levels of government; and a culture of “secrecy” that characterizes food safety inspection and results reporting. Putting more resources into HACCP implementation both on-farm and off-farm, traceability systems, etc. while welcome, is not a fix for these underlying, systemic problems.

- A current example of an issue urgently needing better federal-provincial-industry coordination and consistency is the implementation of the SRM-in-feed ban; similarly CFIA’s approach to regulation and labelling of allergens lacks clarity and consistency; the approval process for food additives (which often improve product shelf life and safety) is too slow; penalties for product tampering are weak; and we still lack a science-based regulatory framework for food irradiation.
- Canada needs to take a strategic approach to multilateral and regional (NAFTA) harmonization of food safety standards, recognizing where harmonization (or recognition of mutual equivalence) is advantageous and where it is not; slow moving international harmonization efforts should not delay adoption of “smart” regulatory approaches at home that move with the rapid evolution of products, production processes, market opportunities, risk factors, etc. Also, where harmonization of standards is largely in place (as it is in relation to Canada-U.S. meat trade) then we need to ensure that duplication of inspection activities does not erode the benefit of harmonization by adding cost and delays to product movement.
- In the wake of BSE and other events, Canada needs to benchmark the effectiveness of federal and provincial food safety standards setting and enforcement activities relative to other countries in order to identify strengths and weaknesses, build consumer confidence and reinforce the Canada brand in global markets.
- The new generation of agriculture and agri-food policy should set principles and expectations for regulatory modernization, not leaving this only to the discretion of the regulatory agencies themselves.

3. Food Quality

- **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**
 - Canada needs a fresh approach to the governance of food quality standards development and their enforcement, recognizing that a food inspection agency like CFIA is not well positioned to have oversight in this area, nor are the bodies that oversee development of industrial product standards.
 - AAFC needs to play a more active policy development and industry advocacy role in relation to the regulation of food quality, nutrition/health claims labeling, fortification, etc so that the actions of Health Canada and CFIA are more supportive of innovation and industry growth.
 - There are significant opportunities to align public health objectives (in relation to health eating and weight control) and food product innovation and market development; federal and provincial agriculture and health ministries need to jointly develop the policy, program and regulatory frameworks that will help build this synergy in partnership with industry.
 - The sector's ability to make an active contribution to health and well-being fundamentally depends on the ability to communicate the health benefits of certain products and ingredients to consumers; Health Canada's policy framework for making diet-related health claims urgently needs up-dating and the range of permitted claims should be expanded.

MAPLE LEAF FOODS



December 23, 2010

The Honourable Gerry Ritz, P.C., M.P.
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The Honourable Gary Goodyear, P.C., M.P.
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Federal Economic Development Agency for Southern Ontario
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The Honourable Jean-Pierre Blackburn, P.C., M.P.
Minister of State (Agriculture)
Agriculture and Agri-Food Canada
1341 Baseline Road
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Ottawa, Ontario K1A 0C5

Dear Ministers:

Maple Leaf Foods was disappointed to learn that the National Centres of Excellence has taken the decision not to renew funding for AFMNet – the Advanced Foods and Materials Network.

The news is disappointing because it leaves a big gap in efforts to advance the goals of healthier eating, prevention of chronic disease and reduced health care costs through food and nutrition research and commercialization of healthier foods. It comes at a time when the food-health interface has become a top priority for public health professionals, the food industry and policy makers around the world. We believe that the \$5.6 million annual funding of AFMNet was very modest relative to the scope of the research challenge and the commercial opportunities available to the Canadian agri-food sector.

While I appreciate that the decision was based on the review of an independent panel (and having participated in an earlier panel reviewing AFMNet's work I am aware of their management-related challenges), it seems to have been taken without inter-departmental

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consultation or wider consideration of the consequences. Specifically, it seems at odds with the government's own policies and priorities including:

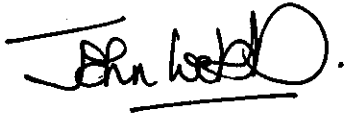
- Health Canada's Sodium Reduction Strategy, and the critical need identified by the Sodium Working Group for a program of research that will support sodium reduction and discovery of sodium substitutes in food formulation (Maple Leaf Foods was specifically collaborating with AFMNet on research in this area).
- AAFC's Food Processing Competitiveness Industry-Government Action Plan, which includes a core action area on science and innovation.
- AAFC's Science and Innovation Strategic Action Plan 2010 where the first of seven priorities is "Enhancing human health and wellness through food, nutrition and innovative products".
- The Government's commitment to address the problem of childhood obesity as expressed in its response to the report of the Standing Committee on Health "Healthy Weights for Healthy Kids".
- AAFC's financial support for the work of the Canadian Agri-Food Policy Institute, and the recent conclusions of the "Leaders' Summit on Food for a Healthy and Prosperous Future".
- AAFC's support for the Program on Agri-Food Innovation and Regulation at the Richard Ivey School of Business, University of Western Ontario, which has identified food and health as a leading policy and regulatory issue and commercial opportunity for Canada.

We hope that the decision can be reconsidered, or at least interim funding put in place to sustain AFMNet's research activities until new science and innovation funding for food and nutrition is in place under AAFC's Growing Forward II policy framework beginning in 2013. We would also encourage the government to consider institutional models where, as in other countries, there is a permanent agri-food research institute that can build more enduring government-industry-academic research partnerships rather than an ever-shifting landscape of projects, networks and clusters.

Given the rapid pace of scientific discovery, technological advancement and global market development in the agri-food and health sectors, Canada cannot afford to lose momentum as tends to occur when resourcing is dependent on ad hoc, project-based funding decisions across various departments. We would note for example that just setting up the "administrative plumbing" for the Agri-Science Clusters under Growing Forward has taken more than two years leaving effectively only two years to execute the research projects under what was to be a 5 year program.

Thank you for giving consideration to these views.

Sincerely,

A handwritten signature in black ink, appearing to read "John Webb", with a horizontal line underneath the name.

Dr. John Webb
Director, Emerging Science

c.c. Dr. Marc Fortin, ADM, Research Branch, AAFC
Meena Ballantyne, ADM, Health and Food Products Branch, AAFC
Dr. Hasan Hutchinson, Director General, Office of Nutrition Policy and Promotion,
Health Canada
Robert Dunlop, ADM, Science and Innovation Sector, Industry Canada
Rory McAlpine, Vice President, Government and Industry Relations, Maple Leaf Foods