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SCENARIO NOTE	
Meeting with Board of Directors, Canadian Meat Council April 7, 2006	
<b>TOPIC</b>	Establishment Inspection Reports and Establishment Ratings
<b>CONTEXT</b>	Establishment Inspection Reports (form 1427) and ratings have been used for the past 20 years to document and categorize the performance of federally registered establishments, as well as to determine the appropriate level of inspection and cost recovery. It must be recognized that the USDA requires documentation of a monthly supervisory visit for those establishments that are eligible to export to the USA. CFIA requires a mechanism or "tool" to record and verify compliance to this mandatory requirement. The CMC has sought changes to the existing system because ratings and reports are used by the media through the Access to Information Act, there is area-to-area inconsistency regarding how ratings are provided, and there is a misperception that products coming from a "B" or "marginally acceptable" facility are less safe.
<b>ANTICIPATED OUTCOMES</b>	The Food of Animal Origin Division (FAOD) is proposing to eliminate the "establishment inspection report" and the establishment rating because of changes proposed to inspection tools under the Meat Program Reform (MPR).
<b>CFIA POSITION</b>	The "establishment inspection report" and the establishment rating pre-date the implementation of mandatory Food Safety Enhancement Program (FSEP) in meat plants. Building upon mandatory FSEP, the FAOD is proposing new inspection tools for front line inspection staff. The tools will allow the inspector to give a more accurate picture of the day-to-day compliance status of operators and of any required corrective actions needing

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	<p>to be undertaken. By providing the operator with inspection <u>feedback</u>, and tracking deficiencies, in a more timely manner, the "establishment inspection report" tool and establishment ratings are no longer required.</p> <p>In addition, by directing the scope of quarterly FSEP audits, and aligning the role of the supervisor along CFIA Quality Management System (QMS) principles, the new approach will improve the consistency of inspection.</p>
<p><b>INDUSTRY POSITION</b></p>	<p>The proposed changes will be welcome in industry.</p>
<p><b>TALKING POINTS</b></p>	<ul style="list-style-type: none"> <li>• Mandatory FSEP has made it possible to make substantial improvements to the <u>existing</u> inspection program.</li> <li>• By replacing existing tools with a tool that provides more detailed feedback to the operator in a <u>timely</u> manner, that better tracks ongoing operator responses, and links into FSEP audits, the CFIA no longer needs the "establishment inspection report" and the plant rating.</li> <li>• Supervisors will continue to do visits at the prescribed frequencies, but their role will evolve to the one envisaged under the CFIA's Quality Management System (QMS). QMS will improve the quality and consistency of inspection activities.</li> </ul>

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<b>SCENARIO NOTE</b> <b>President's Meeting with the CMC Board of Directors</b> <b>April 7, 2006</b>	
<b>TOPIC</b>	Hazard Analysis Critical Control Point (HACCP) Based Inspection Implementation
<b>CONTEXT</b>	The CMC was concerned the implementation of HACCP based inspection is increasing costs to the sector through transfer of responsibilities with a corresponding decrease in user fees.
<b>ANTICIPATED OUTCOMES</b>	<p>This information is provided for discussion.</p> <p>The anticipated outcomes are:</p> <ol style="list-style-type: none"> <li>1. Improved understanding of the issues concerning the implementation of HACCP based inspection.</li> <li>2. An understanding by the CMC as to how the current cost recovery freeze limits the ability of CFIA to address their immediate concerns.</li> <li>3. Commitment on the part of both the CFIA and the CMC to continue to work together to determine how potential savings could be shared.</li> </ol>
<b>CFIA LEAD</b>	Kristina Gantjoy, Vice President, Programs Branch
<b>FEDERAL POSITION</b>	<p>Within the context of meat reform initiatives, e.g. HACCP-Based inspection program for swine (HIP) and Food Safety Enhancement Program (FSEP), it is recognized that there is both a benefit and a cost to industry.</p> <p>The CFIA chose to proceed with the HACCP concept in order to enhance food safety, thereby benefiting industry. The National Organoleptic Defect survey conducted in 2004/2005 by CFIA/CMC confirmed that HACCP based inspection programs, including HIP and FSEP, directly address food safety issues and are not simply implemented for purposes of efficiency.</p> <p>The CFIA also recognizes that with the implementation of HACCP based inspection, there is a requirement that industry will absorb increased costs.</p>

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	<p>Though the CFIA has reduced or eliminated some functions that will allow other activities to be delivered in a more effective manner, there are <u>no net savings</u> to be passed on to industry at this time.</p> <p>When the CFIA and the industry move to <u>phase II</u> (covering the <u>on-line inspection activity</u>) of HACCP based inspection, the CFIA will seriously <u>consider sharing</u> any savings with industry.</p> <p>All CFIA user fees are currently <u>subject to a cost recovery freeze</u> that was imposed in 1998. Under the terms of the freeze, the CFIA cannot introduce new fees or amend existing fees.</p> <p>CFIA appreciates the <u>unintended impact</u> that the freeze can have on industry. A briefing is currently being prepared for the President on the issue of user fees and how this relates to the Agency's strategic direction as well as the interests of industry.</p>
<p><b>INDUSTRY POSITION</b></p>	<p>The industry is <u>concerned</u> that it is taking on <u>new responsibilities</u> which will increase their <u>operating costs</u> and for which there are <u>no immediately quantifiable benefits</u>, i.e. <u>premiums</u>'s in the market place.</p> <p>Though industry supports the intent of the HACCP based inspection program in principle, the concern is that the implementation is <u>not being carried out in an equitable and cost effective manner</u>.</p>
<p><b>POINTS TO REGISTER:</b></p> <p>The CFIA appreciates the concerns of the industry, however;</p> <ul style="list-style-type: none"> <li>&gt; Under the terms of the freeze, the CFIA can neither introduce new fees nor amend existing fees.</li> <li>Although implementation of HACCP based inspection may increase costs for the industry, the overall benefits related to improved product quality and safety are generally viewed as making the initiative worthwhile.</li> <li>There are <u>no net CFIA savings</u> to be passed on to the industry at this time.</li> <li>Rather, to the extent that CFIA has reduced or eliminated some activities, the benefit is being used to shore up the Agency's capacity to deliver other required</li> </ul>	

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elements of the meat program, such as verification of labelling requirements.

- > When Phase II of HACCP based inspection is implemented, there may be savings that the CFIA will consider sharing with industry.
- > The implementation of HACCP based inspection in the meat programs will benefit industry and as such, the CFIA hopes it can count on their continued support in order to make the HACCP initiative a success.

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## SCENARIO NOTE

## Meeting with Board of Directors, Canadian Meat Council

April 7, 2006

TOPIC	Equivalency between Canada and the U.S.
CONTEXT	Many CMC members must meet US export requirements which differ in some cases from Canadian requirements.
ANTICIPATED OUTCOMES	Explain respective positions. Remind the CMC members of the need for them to perform well during the forthcoming USDA audit of Canadian facilities.
CFIA POSITION	The CFIA must deliver programs that satisfy Health Canada's domestic food safety standards. The CFIA must also certify that exported products meet the importing country's requirements. The CFIA tries as much as possible to align its requirements in a way that satisfies both HC and importing countries such as the USA.
INDUSTRY POSITION	Industry would prefer a single set of standards for both the Canadian and American market. They will express frustration about the lack of a common set of standards, and the need to meet different sets of requirements depending on where their products are destined. Industry will complain about Health Canada standards being different from USDA requirements for certain antimicrobial carcass interventions. It is however the reality of export requirements that the importing country's norms must be met. They will also express their frustration about the recent USDA imposition of product testing for <i>Listeria monocytogenes</i> and of daily visits in U.S. eligible meat processing plants.

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TALKING POINTS

- The CFIA administers Canadian meat inspection programs in a manner that satisfies Health Canada, the body responsible for setting Canadian food safety standards under the *Food and Drug Act & Regulations*.
- The CFIA is working at bilateral levels to convince the USA that its system is equivalent to theirs in order to minimize the need for extra export rules.
- Because different governments do not always take the same approach to food safety on occasions, Canada has to implement different or additional measures, to secure access to the US market. In some cases, it may make more sense to adopt the foreign requirement as a domestic one.
- Whenever a change is proposed to domestic requirements, the CFIA carefully considers the impact on export markets, and consults with key trading partners, in addition to Health Canada, industry, and other stakeholders.
- In the specific case of the U.S., USDA rules are more stringent than their Canadian counterpart requiring Canadian systems to operate in an almost identical manner to the American model. The CFIA does not agree with this approach, and disagrees with a number of specific USDA requirements (e.g., daily visits, finished product testing for *Listeria monocytogenes*), it has implemented the required changes to maintain Canada's access to the important U.S. market.
- The CFIA will only be successful in convincing the USDA to return to previous arrangements if Canadian operators can demonstrate that they are operating in full compliance with all USDA rules. To ensure performance during the next USDA inspection period scheduled from April 25 to May 20<sup>th</sup> will be very important as a result.

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