Pathway to Partnership? Private Food Standards in Canada
Preface

Without the right quality controls, the food industry can be risky business. Demands and expectations are rising, especially for food that is safe. To help manage risks and differentiate products, many food companies have introduced private standards—systems of quality management and assurance—throughout their operations and those of their suppliers. While private standards have become more prevalent in Canada throughout all levels of the food supply system, and represent opportunities for improved food system outcomes, little has been known about where these opportunities exist and the challenges that must be overcome to achieve them. To address this knowledge gap, this report provides a conceptual and empirical foundation to inform future discussions about private standards in Canada and to contribute to the development of the Canadian Food Strategy.
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The findings and conclusions of this report are entirely those of The Conference Board of Canada. Any errors and omissions in fact or interpretation remain the sole responsibility of The Conference Board of Canada.

**ABOUT THE CENTRE FOR FOOD IN CANADA**

The Centre for Food in Canada (CFIC) is a three-year initiative of research and dialogue to help address one of the mega-issues facing our country today—food. Food impacts Canadians in an extraordinary range of ways. It affects our lives, our health, our jobs, and our economy.

The twin purposes of the Centre for Food in Canada are:

- to raise public awareness of the nature and importance of the food sector to Canada’s economy and society; and
- to create a shared vision for the future of food in Canada—articulated in the Canadian Food Strategy—that will meet our country’s need for a coordinated, long-term strategy for change.

The Centre is taking a holistic approach to food. It focuses on food in Canada through three interrelated but distinct lenses: safe and healthy food, food security, and food sustainability. These lenses ensure that the Centre focuses on the full range of important issues facing the food sector.
The work involves a combination of research and effective communications. The goal is to stimulate public understanding of the significance of the food sector and spur the demand for collaborative action. To achieve its goals, the Centre is working closely with leaders and partners from Canada's food sector, governments, educational institutions, and other organizations.

Launched in July 2010, CFIC actively engages private and public sector leaders from the food sector in developing a framework for a Canadian food strategy. Some 25 companies and organizations have invested in the project, providing invaluable financial, leadership, and expert support.

For more information about CFIC, please visit our website at www.conferenceboard.ca/cfic.

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EXECUTIVE SUMMARY

Pathway to Partnership? Private Food Standards in Canada

At a Glance

- The food system is becoming more complex, and the challenges of governing it are multiplying. At the same time, consumers continue to expect foods that are safer, higher in quality, and produced in an environmentally friendlier manner.

- Private standards are becoming more prevalent in the food economy in order to manage risk and differentiate products.

- To understand the challenges and opportunities that private standards hold for the Canadian food system, this report looks at the main features of private standards, the economic forces that shape them, how they are being applied in Canada, and the opportunities that exist for leveraging private standards to address the public interest.

The food system is becoming more complex, and the challenges of governing it are multiplying. At the same time, consumers continue to expect foods that are safer, higher in quality, and produced in an environmentally friendlier manner. As the demands for quality assurance rise, many companies have identified the need to go beyond the controls of public regulation. Private standards—voluntary systems that set process and product requirements as well as the means of demonstrating conformity with these requirements—are becoming more prevalent in the food economy in order to manage risk and differentiate products.

Arguably, the emergence of private standards has raised more questions than answers about their value to the food system. On the one hand, many view private standards as an important way to help achieve food system objectives such as food safety, given the system’s increasingly complex and globalized nature, and the constraints of public regulatory bodies. On the other hand, the proliferation of private standards puts new burdens on food businesses, which bear the costs of audits and certifications in addition to the costs of existing regulatory compliance. There is also the question of how much the multiplicity of private standards can be counted on to protect the public interest.

Given the growing importance of private standards, the time is ripe to assess the challenges and opportunities that private standards hold for the Canadian food system. To accomplish this, this report answers the following questions: What are the main features of private standards; what are the economic forces that shape them; how are they being applied in Canada; and what are the opportunities for leveraging private standards to address the public interest? In doing so, the report provides a conceptual and empirical foundation for future discussions about private standards in Canada, and to inform development of the Centre for Food in Canada’s Canadian Food Strategy.
PRIVATE STANDARDS: THE WHAT AND THE WHY

Private standards typically involve the certification, verification, and enforcement of specified production practices. Their power comes from being incorporated into supply chain contracts, where they effectively become contractual commitments for businesses to operate in specified ways. They are an evolution of the management practices that businesses have long employed internally to manage quality. Against this backdrop, private standards have evolved to add objectives, such as supplementing public regulation, improving control over suppliers, expanding consumer choice and loyalty, managing reputational risk, and guarding against tort liability.

To accomplish these objectives, private standards specify outcome benchmarks (e.g., pathogen tolerances) or production design requirements (structural specifications such as manure storage requirements, or process specifications such as hand washing protocols). Private standards sometimes set higher outcome benchmarks than do their public regulatory counterparts. However, most private standards specify processes—the how rather than the what—and do not set additional numerical tolerances beyond those of relevant public regulations and guidelines. Rather, they provide detailed guidance for firms on how to comply with regulatory requirements and achieve other quality objectives.

Private standards adoption is shaped largely by market structure—that is, by the position that firms occupy in the supply chain and the market power that they possess. This has a differential effect on the costs and benefits of private standards adoption for individual firms. Larger firms close to the consumer (such as retailers) are highly motivated to implement private standards across their supply chain, increasing their span of control over quality and minimizing the risk of failures that would tarnish their reputation and brand image. Suppliers, which typically bear the costs of private standards audits and certification, must weigh the benefits of private standards adoption (e.g., improved access to large retailers) with the costs—which, for a small processor, have been conservatively estimated to be up to $12,050 for implementation and $6,713 every year for ongoing operation, administration, and re-certification.

PRIVATE STANDARDS COVERAGE IN CANADA

There are three main types of private standards systems. Collective-national systems are developed and implemented by sector and industry groups within Canada; collective-international systems are developed and implemented globally; and inter-company systems are developed by individual companies and administered to their upstream suppliers. Each of these has seen uptake across Canada.

The Global Food Safety Initiative is a benchmarking system based on leading international standards, and has been adopted by major Canadian food retailers.

For example, national producer organizations in Canada have been active in developing and implementing collective-national systems, particularly in the area of on-farm food safety, under the Canadian On-Farm Food Safety (OFFS) program. OFFS programs have been established for 29 commodity groups and sub-groups.

Collective-international standards systems have also seen uptake among Canadian food businesses. They include the British Retail Council (BRC) series of private standards, Safe Quality Food (SQF), International Featured Standards (IFS-Food), the Foundation for Food Safety Certification (FSSC22000), and the Marine Stewardship Council (MSC) for sustainable fisheries. Many private standards in Canada and elsewhere are coalescing around the Global Food Safety Initiative (GFSI), a benchmarking system based on leading international standards, now adopted by major Canadian food retailers.

Inter-company standards systems are also common among Canadian food businesses—particularly among large food service providers, food retailers, and processors. In light of the high degree of concentration in these sectors—for example, with the top five retailers accounting for approximately 80 per cent of food sales—private standards adoption by these firms has an outsized impact in terms of the overall coverage of private standards. Indeed, food passing through concentrated integration,
processing, and retailing points has likely gone through one or more private standards quality control systems before reaching the plates of Canadians.

PATHWAY TO PARTNERSHIP?

Achieving food system objectives requires contributions by both private and public sectors, and those of the private sector will likely become more important in the future. Private standards seem to offer a pathway for improved public–private cooperation to help address these challenges. Improved cooperation, however, depends on several conditions.

First, for private standards systems to play a greater role in food governance in a given area, they must be able to show that they can effectively and reliably contribute to public policy objectives such as food safety. There is no doubt that market-based enforcement mechanisms provide powerful incentives for compliance. If a vendor fails a private audit from a buyer or experiences a large product recall, the result can be a loss of market share and profit that far exceeds corresponding regulatory penalties. In addition, some data suggest that private standards are effective at improving outcomes, including a reduction of regulatory issues, product defects, and recalls. Demonstrating effectiveness and reliability will be critical to maximizing the potential benefits of private standards to food system governance.

It is also necessary that the benefits of cooperation—for regulators, businesses, and the public—outweigh the costs. It is not clear that businesses in certain areas of the food economy currently see value in greater cooperation, especially where regulatory interventions do not impose significant cost burdens and in light of the fact that some businesses are unwilling to have the details of their supply chains (such as the results of audits) exposed to scrutiny. In other areas of the food economy, it appears that some businesses are satisfied with the current model of regulation and oversight, and are unwilling to shoulder a greater degree of responsibility.

Where private standards can be shown to be reliable and effective, and where there is sufficient mutual benefit to greater cooperation, private standards represent an opportunity for more efficient and effective food system governance. This would involve a better integration of private standards, audits, and certification systems with public regulatory control and oversight. Such integration could begin in areas where private standards and public regulation systems work in parallel (for example, where a business is compliant with a GFSI-recognized standard for food safety), contributing to the same objectives without the benefit of coordination. Reducing these inefficiencies could free up regulatory resources that may be better allocated to areas of greater priority.

A NATIONAL CONCURRENCE SYSTEM: DEFINING A ROAD MAP

Achieving improved cooperation requires work among stakeholders to better define areas of opportunity and the steps necessary to achieve progress. Given the diversity of risks, strategies, systems, and the varying incentives for industry and government to cooperate, it makes little sense to seek a universal co-regulation approach for Canada’s food system in order to improve overall food system governance. Rather, there is a need for cooperation and harmonization in select areas where there is mutual benefit.

We provide a road map for the private and public sectors to increase their cooperation incrementally over time. At the end of the road, a national concurrence system represents the best possible strategy for maximizing public–private cooperation in food governance. By a national concurrence system, we mean a system in which public and private efforts are aligned and coordinated to identify and manage risks such as food safety. Concurrence has three important senses: agreeing on desired results; acting together or cooperatively; and acting at the same time. It entails the following steps.
RATIONALIZE EXISTING STANDARDS

- Federal and provincial governments should jointly agree to develop a national concurrence system that would eliminate unnecessary costs and system duplication, and begin to incorporate formal recognition of private standards systems.
- Government and industry should agree on and fund a clear process for benchmarking private standard systems to public systems (both federal and provincial) in order to determine what and where overlaps exist, as a basis for rationalization and harmonization.
  - All commodity, industry, or inter-company systems would be studied to determine their overlap with public systems.
  - Especially in Canada’s export-oriented sectors, benchmarking would take into account leading international standards (e.g., GFSI) to facilitate improved international market access and reduced cross-border redundancies.

RATIONALIZE ROLES AND RESPONSIBILITIES

- Separate roles should be delegated to both private and public systems, as part of a national concurrence system, to ensure full and effective coverage of certification, verification, and enforcement.
- Public systems should continue to set base content requirements, register operators, and strengthen processes for monitoring and auditing private standards systems to ensure rigor.
- Public systems should develop a recognition/concurrence program for private standards at the federal and provincial levels in order to break down inter-provincial trade barriers.
- Public responsibilities include reaching agreements with trading partners, preferably through multilateral bodies.
- Private standards systems should cooperate with government programs as a way to monitor compliance, and develop concurrence between private systems.
- Industry commodity groups and inter-company systems should continue to develop their own private standard systems for certification by regulators.
- Government should adjust public systems to take greater responsibility for those parts that are not well covered by private systems (including modifying current farm- and firm-based verification and enforcement processes).

IMPROVE SYSTEM MANAGEMENT

- System performance measures should be assessed annually by independent third-party auditors against each criterion and based on targets. Performing such assessments would require additional investments in the licensing of auditors to ensure that auditing capabilities meet the system’s requirements.
- Enforcement approaches to non-compliance should be shifted toward incentives, facilitation, and encouragement.
- Public regulatory efforts should be reasserted where private systems fail audits. This would result in an evolving private–public partnership. In cases where private standards governance proves reliable, private systems of certification, verification, and enforcement would continue; where there are weaknesses, the public authorities would need to re-establish public governance.
Private standards are more important today than they have ever been. Canadian food industries operate in increasingly competitive domestic and global markets, making private standards more important today than they have ever been.

While private standards are an important means to achieving food system objectives, they can pose a burden for food businesses, which bear the costs of audits and certifications as well as regulatory compliance.

Given the growing importance of private standards, the time is ripe to understand the challenges and opportunities that they hold for the Canadian food system.

The emergence of private standards has been greeted with both enthusiasm and some skepticism. On the one hand, private standards are viewed by many as an important means to achieving food system objectives, given the system’s increasingly complex and globalized nature and the constraints of public regulatory bodies. Private standards can improve business compliance with public regulatory and buyer requirements, speed up the response to emerging demands, and help to focus scarce regulatory resources on higher-risk parts of the food supply chain.

On the other hand, the proliferation of private standards places new burdens on food businesses, which bear the costs of audits and certifications in addition to the costs of existing regulatory compliance. As noted by the Global Food Safety Initiative (GFSI)—which attempts to harmonize private standards around universally acceptable benchmarks—it is not uncommon for some businesses to be audited multiple times a year, contributing little additional value. In addition, there is some question as to whether the multiplicity of private standards can be counted on to protect the public interest.

1 Global Food Safety Initiative, *Once Certified, Accepted Everywhere*, 13.
Given the growing importance of private standards, the time is ripe to understand the challenges and opportunities that they hold for the Canadian food system. There is growing recognition among public and private sector leaders that private standards may contribute to public policy objectives, along with furthering the vitality and competitiveness of the food marketplace. However, before we can determine this potential contribution, we need to understand better how private standards function, how they contribute to quality and safety in the food system, and how effective and efficient they are at achieving their objectives.

Developing the Canadian Food Strategy

The principal goal of the Centre for Food in Canada (CFIC) is to engage stakeholders from business, government, academia, associations, and communities in creating a framework for a Canadian Food Strategy—one that will meet the country’s need for a coordinated, long-term strategy.

The Strategy will take a comprehensive approach to food. It focuses on food in Canada through five interrelated but distinct elements: industry prosperity, healthy food, food safety, consumer security, and food sustainability.

These elements ensure that the Strategy will be focused on the full range of important issues facing the food sector. Our work combines careful research and communications to enhance knowledge of the food sector and spur interest in collaborative action.

The completed Strategy will present a framework of workable solutions and actions, and will identify food sector businesses, governments, communities, and other groups to take the lead on implementing them.

The process for creating, disseminating, and implementing the Strategy involves research, analysis, and synthesis; consultation and a high level of collaboration; the development of a shared understanding and shared objectives among stakeholders; broad dissemination through many communication channels; and a commitment by key players to take action.

THE ROLE OF RESEARCH

The 20 research projects that are being undertaken as part of CFIC, including this report, are essential to the development of the Canadian Food Strategy. The process to develop the Strategy starts with conducting research that develops empirical findings and potential solutions to the challenges and issues facing the food sector. These research findings are being used as the basis for dialogue and consultation with CFIC investors and other major food stakeholders, which will culminate in the completed Canadian Food Strategy.

CFIC research aims to do three things:

1. Understand the current reality of Canada’s food system, including its impact on health, environment, trade, and other major economic and social factors
2. Define a future desired state for the food system
3. Suggest workable solutions for moving Canada from its current reality to the desired state; these solutions will take into consideration the realities of economic activity, market forces, environment, policies, laws and regulations, and the social conditions and health needs of Canadians.

KEY STEPS AND TIMELINES

1. Begin CFIC research studies—July 2010
2. Develop initial draft Canadian Food Strategy—April 2012
3. Begin dialogue and consultations—July 2012
4. Release the Canadian Food Strategy—November 2013

CANADIAN FOOD SUMMIT EVENTS—LAUNCHING THE CANADIAN FOOD STRATEGY

Three major events are being held. The 1st Canadian Food Summit 2012 (February 2012) brought together more than 600 of Canada’s food system leaders and practitioners from business, government, academia, and communities to discuss the latest research, share insights, and discuss how best to address Canada’s major food challenges and opportunities. The 2nd Canadian Food Summit (April 2013) will convene a group of Canadian and international stakeholders to discuss the latest research and engage in a dialogue on the draft Canadian Food Strategy. The 3rd Canadian Food Summit (November 2013) will be held to launch the Canadian Food Strategy.

PURPOSE OF THE REPORT

This report builds on the previous Centre for Food in Canada (CFIC) report All Together Now: Regulation and Food Industry Performance, which considered ways that private and public systems work together to achieve the same ends. In addition to expanding on the themes of the earlier report, it provides a conceptual and empirical foundation to inform future discussions about private standards in Canada, and to contribute to the development of the Canadian Food Strategy. (See box “Developing the Canadian Food Strategy.”)
The following primary research questions are addressed:

- What are the main features of private standards?
- What are the economic forces that shape the market for private standards?
- How are private standards being applied in Canada?
- What challenges and opportunities exist for leveraging private standards to address the public interest?

The report then outlines the steps needed to maximize the contributions that private standards make to overall food system efficiency and effectiveness.

FOCUS OF THE REPORT

Private standards address many aspects of food production, processing, and distribution. These include issues related to food safety, product quality, environmental protection, health, and social justice (such as fair trade). (See box “Other Common Private Standards.”) However, the main focus of this report is private standards relating to food quality and safety, as these are the most prevalent and the ones that most commonly overlap with the public regulatory system.

METHODOLOGY

Research for this report involved qualitative and quantitative methodologies. Interviews were conducted with experts in food business, private standards programs, governments, and academia. An extensive literature review was conducted, focusing on relevant areas of private standards research. The report also draws on original data obtained from the Centre for Food in Canada’s Food Industry Survey. (See box “About the Centre for Food in Canada’s Food Industry Survey.”)

Other Common Private Standards

In addition to food safety and quality standards, other standards and schemes address food issues of interest to consumers and industry.

These include health and nutrition (e.g., the Heart & Stroke Foundation of Canada’s Health Check program), social accountability (e.g., SA 8000), corporate social responsibility (e.g., ISO 26000), sustainable development in international trade (e.g., Fair Trade), sustainability (e.g., ISO 14000, ISEAL, Rainforest Alliance, Marine Stewardship Council, UTZ), labour and working conditions (e.g., Ethical Trading Initiative), best aquaculture practices (e.g., Global Aquaculture Alliance BAP Standards), and standards for various other quality attributes such as gluten-free, vegetarian, vegan, Halal, and Kosher.

However, it is important to note the difference between standards that seek to improve compliance with mandatory regulatory requirements versus those that are used primarily for branding. The latter are schemes that are additional to the many other contractual requirements and regulatory requirements that operate throughout the supply chain.

About the Centre for Food in Canada’s Food Industry Survey

A key mandate of the Centre for Food in Canada is to generate unique insights into Canada’s agriculture and agri-food system. We hope that these insights will inspire original approaches to the challenges facing Canada’s food economy. An important part of this mandate requires the Centre to gather proprietary data on the specific challenges facing Canada’s food industry and the concerns of Canadian consumers. To this end, we designed two types of surveys—a business survey of the Canadian food industry and a household survey. Both surveys were designed by The Conference Board of Canada and executed by Forum Research, a Toronto-based survey company.

Between June 23 and July 22, 2011, Forum Research randomly sampled 1,186 food companies based on the three-digit North American Industrial Classification System (NAICS). The sample included those falling under codes 445 (retail food distribution), 311 (food processing), 111 (crop production), and 112 (animal production). Most (1,177) of the surveys were by phone and were conducted by trained interviewers; 9 were completed in hard-copy form. Aggregate industry survey findings are considered accurate +/– 2.85 per cent, 19 times out of 20.

For the household survey, Forum Research randomly surveyed 1,056 Canadian households between September 8 and 11, 2011—again using a phone survey. In this case, aggregate survey findings are considered accurate +/– 3.02 per cent, 19 times out of 20.

Sub-sample results have wider margins of error for both surveys.

Source: The Conference Board of Canada.
CHAPTER 2

Explaining Private Standards:
The What and the Why?

Chapter Summary

- Private standards are employed more and more by food companies to help them manage risk and differentiate their products.
- Private standards satisfy a company’s need to exceed the regulatory bar, and often serve as road maps for achieving regulatory objectives and other quality outcomes.
- The private standards footprint in Canada is shaped by the market position of private standards adopters, and the costs and benefits of private standards adoption.

Private standards are playing a growing role in today’s food system. Before we explore the coverage and contribution of private standards to the food system, it is important to understand their primary functions, as well as the underlying rationale and drivers in the food economy. Specifically, what are private standards, and why are more and more food companies subscribing to private standards systems?

WHAT ARE PRIVATE STANDARDS?

Private standards are formal systems employed by businesses to help them manage risk and differentiate their products. They are formal in that they are documented systems that typically involve certification, verification, and enforcement. Their power comes from being incorporated into supply chain contracts (e.g., vendor contracts) where they effectively become a contractual commitment. Although there are many types of certification and branding systems, those that are incorporated into buying decisions are the most significant to the food that Canadians eat.

Private standards usually seek to:
- supplement public regulation
- improve control over suppliers, notably in areas where compliance enforcement is weak
- expand consumer loyalty, choice, and information
- manage reputational risk
- guard against tort liability

There are three main types of private standards systems:
- collective-national systems, which are developed by an industry body and implemented among businesses in that industry or sector, within Canada
- international systems, which are developed and applied across national borders
- inter-company systems, which are developed and administered by downstream buyers to upstream suppliers, regardless of location

This report examines the role that each type plays in Canada’s food system.
WHAT’S IN A STANDARD? PROCESS VERSUS PRODUCT REQUIREMENTS

Private standards relating to food safety may contain both outcome benchmarks (e.g., pathogen tolerances) and/or production design requirements. “Production design” entails structural features (e.g., manure storage requirements) and processes (e.g., hand washing protocols). Clearly, these differ in how they contribute to quality outcomes, including food safety, and the degree to which they depend on discretionary decisions and verification for their effectiveness. For instance, it is relatively easy to certify the design of a plant for food safety—once a plant is built, safety management is hard-wired into parts of its design—but less so when it comes to day-to-day management practices, which can vary considerably.

As noted in a 2010 Codex Alimentarius Commission (CAC) report, it is increasingly common for private systems to focus on “process rather than product standards.” In general, the report adds that “collective private food standards such as GlobalGAP refer to prevailing official pesticide residue regulation and do not set additional requirements.” Similarly, a 2006 Organisation for Economic Co-operation and Development (OECD) report noted that “[t]he management systems approach to monitor and evaluate performance of production processes now characterizes most private voluntary standard (PVS) schemes in the food sector. This implies an approach which is seen as more reliable for ensuring a given attribute or avoiding others than are simple controls on specific product performance criteria.”

Although this focus on process is common, there are exceptions. Our interviews revealed that the packaging codes required under the Global Food Safety Initiative (GFSI), a private standards benchmarking system (discussed below), are stricter than corresponding national systems, and that CanadaGAP, a national producer-based standard, contains strict standards for the use of products derived from biological solid waste. However, these appear to be the exception rather than the rule. Our analysis of private standards systems (see Chapter 3) shows that most private standards specify processes—the how rather than the what—and do not set additional numerical tolerances beyond those of relevant public regulations and guidelines. This is most likely due to the fact that, in most cases, the relevant public standards reflect the best available science (often set with conservative margins of error), beyond which improvements in outcomes are likely to be negligible.

There is evidence that company-specific standards imposed by some retailers contain more stringent product specifications than their public counterparts.

The case is somewhat different with company-specific private standards. These are more likely to specify more stringent product requirements (such as lower tolerances for contaminants or residues) in light of the tort liability that a company may face in the event of a food safety incident. There is also evidence that company-specific standards imposed by some retailers contain more stringent product specifications than their public counterparts. The Codex Alimentarius report found that “there is considerable evidence of individual retailers that include pesticide residue provisions that are stricter than corresponding Codex provisions and national regulation,” with some retail private labels imposing more stringent residue limits that are 25 to 80 per cent stricter than maximum public limits.

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1 “Quality” is used in a broad sense to refer to the reduction of error rates and the general improvement of performance. This includes food safety performance. However, the report does differentiate food quality from food safety (e.g., a matter of product grade and freshness) in those cases where confusion could arise.

2 Joint FAO/WHO Food Standards Programme, Consideration of the Impact of Private Standards, 2.

3 Ibid., 9–10.


5 Interviews by The Conference Board of Canada. December 2011.

6 Joint FAO/WHO Food Standards Programme, Consideration of the Impact of Private Standards, 10.

7 Ibid., 9–10.
WHY PRIVATE STANDARDS?

Private standards seek to correct two fundamental market problems: information asymmetries (unseen characteristics of food) and negative externalities (the imposition of costs on others when things go wrong). Although regulation is sometimes a reaction to these market failures, it may be an imperfect solution. Regulations set minimum standards and allowable tolerance levels for all food companies, and these often form the basis for private standards. However, the basic problem with regulations is that they impose standards outside of the mainline processes of quality control—that is, they are imposed from outside the firm. Since they may not be as tailored to individual production processes as those standards that are developed by a firm and built directly into its operations, they may be less effective at achieving their objectives.

The problem with some informal systems is that they are not consistently applied—and therefore are not sufficiently reliable.

Most companies have quality practices, although these vary considerably. Some companies rely on informal, tried-and-true rules of thumb. While these may have worked over time, the problem with some informal systems is that they are not consistently applied—and therefore are not sufficiently reliable. More importantly, it is difficult to demonstrate to downstream buyers that informal systems are reliable. (See box “Private Standards and Quality Management.”) Furthermore, when there are breakdowns in quality, it helps to be able to identify weaknesses in the underlying quality system—this is easier to do with formal quality systems because they are documented.

For these reasons, formal quality systems are typically a superior way for a food company to understand its own quality system, to solve problems and improve performance, and to demonstrate its commitment to downstream buyers.

Private Standards and Quality Management

Many private standards have evolved from quality management practices that businesses have used for many years: they contain elements of these quality management systems in their DNA. As Henson notes, “Arguably, at the level of post farm-gate, and specifically in processing facilities, the introduction of such standards does not represent a major break with pre-existing controls.” Private standards at the primary production level have also emerged from pre-existing quality systems, in some notable cases. For example, the Canadian Horticultural Council notes that its CanadaGAP Good Agricultural Practices manuals have “derived” from previously developed Hazard Analysis Critical Control Points (HACCP) models.

However, private standards systems also serve an added market function by assuring conformity with quality management practices, typically through “schemes” that specify a “governance structure for certification and enforcement,” and that involve third-party audits and certification. In this way, private standards (and their increasing prevalence) are best viewed in the context of the growing global demand for foods that can demonstrate compliance with specified product and production requirements, to provide a bulwark against the liability and loss that can flow throughout food industries. Unlike traditional quality management systems, private standards therefore involve inter-business responsibilities and obligations, extended horizontally (through industry or trade groups) or vertically (through supply chains) throughout the food system, in the form of market governance that often parallels public regulation.

1 Henson and Humphrey, The Impacts of Private Food Safety Standards, 28.

This demonstration effect is especially important to branded suppliers. In large part, a firm’s reputation is based on reliability, consumer trust—which is obviously undermined by poor quality—and especially food safety failures. The importance of brand reputation is demonstrated in the CFIC Industry Survey findings, where brand reputation was found to be a more powerful motivation for branded suppliers to commit to food safety as opposed to regulatory interventions. (See Chart 1.) In other words, brands act as a sort of supply-chain police.
In the past, however, many food companies have relied on regulatory standards to set the quality bar. As noted in the recent Conference Board report *Improving Food Safety in Canada: Toward a More Risk-Responsive System*, Canada’s regulatory system generally does a good job to limit food safety risks, but there is room for improvement. In general, the regulatory system focuses on *maximum allowable* tolerances for pathogens and residues. Although there are some exceptions (primarily in the food manufacturing industry), regulatory systems are less concerned with the *methods* by which suppliers meet these standards.8 Indeed, this focus on outcomes is one of the virtues of the Canadian regulatory system, as it permits innovation and flexibility in how companies meet regulatory requirements.

In contrast, private standards often provide “detailed ‘road-map[s]’ for compliance and conformity assessment,” with the standards set by national, provincial, or multilateral regulations.9 Thus, private standards play an important role in providing the guidance that companies need to achieve the standards set out in public regulatory guidelines. These are at least as important as the actual product tolerances, because while the product standards set the goal, it is the process that achieves the goal.

**RISK MANAGEMENT**

Some regulators of food processors take the view that production plants are regulated and companies are not.10 Yet, the liability for production failures falls to the company, not the plant; the company’s reputation is what is at stake. Increasingly, food businesses are realizing they need to maintain quality systems that cover both regulatory requirements and business risk, including reputational risk. Thus, while the risk management objectives of private standards are not equivalent to those of public standards, they do overlap.

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8 See, for example, Henson and Humphrey, *The Impacts of Private Food Safety Standards*, 4.


10 Interviews by The Conference Board of Canada. April 2012.
Risk management is, therefore, a primary driver of private standards, although this is tightly linked with concerns over firm reputation and brand image. Food safety is part of customers’ core expectations and therefore is not generally used for marketing differentiation—however, it poses downside risks to firm reputation should a food safety crisis ever occur. For this reason, larger food companies are very motivated to adopt private standards systems for their entire supply chain. This allows them to minimize threats by increasing their span of control over quality.

Yet, what about the motivations of upstream suppliers to implement these systems? By considering the market structure of the food system, we can illustrate how the market for private standards imposes costs and benefits.

**MARKET STRUCTURE ISSUES**

Many upstream suppliers are small or medium-sized commodity producers or processors that have little interest in branding, since they sell into markets where it is difficult to identify specific firms. For these businesses, formal quality systems can be very costly to set up and administer. For example, one study estimated that the 1996 regulatory requirement for U.S. meat and poultry processors to adopt a HACCP approach to food safety would cost these processors US$100 million in set-up costs. For a small processor, certification under a typical private standards system can cost up to $12,050 for implementation, and $6,713 every year for ongoing operation, administration, and certification. (See Chapter 4 for more on costs.)

---

**Table 1**


<table>
<thead>
<tr>
<th>Year</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1981</td>
<td>Canada—Nova Scotia, Listeria, coleslaw, 18 deaths, 41 ill</td>
</tr>
<tr>
<td>1985</td>
<td>Canada—Ontario, E. coli, sandwiches, 17 deaths, 73 ill</td>
</tr>
<tr>
<td></td>
<td>United States—Salmonella, milk, 9 deaths, 5,295 ill</td>
</tr>
<tr>
<td></td>
<td>United States—Listeria, cheese, 52 deaths, 86 ill</td>
</tr>
<tr>
<td>1987</td>
<td>Canada—Prince Edward Island, contaminated mussels, 3 deaths, 100 ill</td>
</tr>
<tr>
<td>1993</td>
<td>United States—E. coli, hamburgers, 4 deaths, 700 ill</td>
</tr>
<tr>
<td>1996</td>
<td>United Kingdom—Bovine spongiform encephalopathy (BSE), 2.75 million cows killed</td>
</tr>
<tr>
<td></td>
<td>United States—E. coli, juice, 1 death, 66 ill</td>
</tr>
<tr>
<td>1997</td>
<td>Netherlands—Swine Fever, 1.8 million pigs killed</td>
</tr>
<tr>
<td>1998</td>
<td>Canada—Newfoundland and Labrador, Salmonella, cheese, over 800 cases</td>
</tr>
<tr>
<td></td>
<td>United States—Listeria, cold cuts, 21 deaths, 100 ill</td>
</tr>
<tr>
<td>2001</td>
<td>United Kingdom—Foot and Mouth Disease</td>
</tr>
<tr>
<td>2003</td>
<td>Canada—Alberta, BSE, no known human deaths or illnesses</td>
</tr>
<tr>
<td></td>
<td>Germany—Dioxin in animal feed</td>
</tr>
<tr>
<td></td>
<td>Global—Bird flu</td>
</tr>
<tr>
<td>2004</td>
<td>Canada—Ontario, Salmonella, sprouts, 648 ill</td>
</tr>
<tr>
<td>2008</td>
<td>Canada—Ontario, Listeria, ready-to-eat meat, 22 deaths, 57 ill</td>
</tr>
<tr>
<td></td>
<td>Canada—Quebec, Listeria, cheese, 2 deaths, 38 ill</td>
</tr>
<tr>
<td></td>
<td>Canada—Ontario, E. coli, hamburgers, 235 ill</td>
</tr>
</tbody>
</table>

Source: The Conference Board of Canada.

---

already employed through public regulation. (See box “Hazard Analysis Critical Control Point and the Codex Alimentarius Commission” for more on HACCP and the Codex.)
Table 2
The Evolution of Private and Public Standards Since 1906

<table>
<thead>
<tr>
<th>Year</th>
<th>Public (Bold) and Private Standard Developments</th>
<th>Product/Process</th>
</tr>
</thead>
<tbody>
<tr>
<td>1906</td>
<td>United States Department of Agriculture (USDA) Food Safety and Inspection Service (FSIS)—meat and poultry; and Food and Drug Administration (FDA)—Processed</td>
<td>Public sector product standards until 1990</td>
</tr>
<tr>
<td>1938</td>
<td>Good Manufacturing Practices (GMPs) enforced in U.S.</td>
<td></td>
</tr>
<tr>
<td>1959</td>
<td>Hazard Analysis Critical Control Points (HACCP)</td>
<td></td>
</tr>
<tr>
<td>1961–63</td>
<td>Codex Alimentarius Commission (CAC)</td>
<td></td>
</tr>
<tr>
<td>1990</td>
<td>U.K. Food Safety Act</td>
<td></td>
</tr>
<tr>
<td>1991</td>
<td>Canada Food Safety Enhancement Program (FSEP) and Quality Management Program (QMP)</td>
<td>Public sector process standards until 1998</td>
</tr>
<tr>
<td>1993</td>
<td>CAC includes HACCP</td>
<td></td>
</tr>
<tr>
<td>1994</td>
<td>HACCP mandatory, seafood (U.S.)</td>
<td></td>
</tr>
<tr>
<td>1997</td>
<td>Canada establishes the Canadian Food Inspection Agency (CFIA)</td>
<td></td>
</tr>
<tr>
<td>1998</td>
<td>British Retail Consortium (BRC)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>HACCP mandatory (USDA)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>HACCP for fruit juice/cider in U.S. (Canada in 2000)</td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>Global Food Safety Initiative (GFSI)</td>
<td></td>
</tr>
<tr>
<td>2001</td>
<td>EurepGAP (GlobalGAP in 2007)</td>
<td></td>
</tr>
<tr>
<td>2002</td>
<td>EU General Food Law</td>
<td></td>
</tr>
<tr>
<td></td>
<td>European Food Safety Agency</td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>International Featured Standards (IFS)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Safe Quality Food (SQF—American ownership of 1994 Australian public standard)</td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td>Foundation for Food Safety Certification (FSSC 22000)</td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>EU HACCP obligations</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>CanadaGAP</td>
<td></td>
</tr>
</tbody>
</table>

Source: The Conference Board of Canada.
In light of this, a supplier must weigh the cost of adopting private standards against the benefits and/or risk of not doing so, especially when these standards exceed regulatory requirements. This calculation involves a judgment as to whether the costs can be passed on to the buyer, in the form of a price premium or a long-term sales contract (a supplier may be willing to assume these additional costs if a buyer agrees to reduce market risk). Although small suppliers are not forced to sell into private standards-governed markets, the adoption of these systems by major retailers prompts small suppliers to weigh the burden of additional costs against the advantages of a relationship with a large retailer (e.g., business volume, potential for long-term sales). On the other hand, larger suppliers may have an easier time adopting formal quality programs because they have larger volumes over which they can spread their costs—and the market power to pass those costs onto buyers.

Another way that downstream companies can assure quality is through backward integration, which effectively brings suppliers under their direct management and quality control systems. But that sort of integration is not always desired by companies. This is because, from a strategic perspective, they prefer to focus their managerial resources on what they do best—their core competencies. For example, primary agriculture requires a very different set of managerial competencies than does food processing or food retailing.

Larger suppliers may have an easier time adopting formal quality programs because they have larger volumes over which they can spread their costs.

The tendency is for firms in each sub-industry to focus their managerial resources on their speciality. However, the ability of downstream buyers to impose quality systems on upstream suppliers depends on their negotiating position with the suppliers. If buyers purchase only a small percentage of a supplier’s product, they are unlikely to have sufficient leverage to impose costs on that supplier. The opposite also holds true.

This explains why company-based standards work best for very large purchasers with a limited range of suppliers. For instance, McDonald’s can lock in beef and potato producers into its quality system because a high proportion of the meals it serves are hamburgers and fries. But a large retailer like Loblaw Companies Limited has hundreds of suppliers and tens of thousands of stock-keeping units (SKUs). A survey of U.S.-based

Product and quality standards have been employed in the food industry since the early 20th century, but have become more sophisticated in recent years. Beginning in 1906, USDA-led inspections of meat and poultry were an extension of quality grading systems, where safety was based on sight, taste, and smell.

In 1959, the United States’ National Aeronautic and Space Agency (NASA) approached Pillsbury to co-produce safe food for astronauts. This led to the development of the first Hazard Analysis Critical Control Point (HACCP) system. HACCP is a science-based production and inspection system designed to prevent food safety hazards, which can be applied throughout the supply chain. The current HACCP approach is based on seven principles:

1. Conduct a hazard analysis.
2. Determine critical control points.
3. Establish critical limits.
4. Establish a monitoring system of critical control points.
5. Take corrective action if a control point is not under control.
6. Establish verification procedures.
7. Keep documentation on principles and their application.

HACCP was adopted into Codex Alimentarius Commission (CAC) guidelines in 1993. Created in 1961 by the U.N. FAO, the Commission has been jointly operated with the U.N. WHO since 1963. CAC comprises hundreds of food and commodity standards; thousands of residue limits and additive evaluations; dozens of technological or hygiene codes of practice and contaminant guidelines; and labelling, presentation, and sampling requirements. However, it was not until the early 1990s—and the proliferation of many major food scares and consumer demands—that HACCP progressively became a regular requirement, both in legislation and in private quality management systems administered by food industry firms.

Hazard Analysis Critical Control Point and the Codex Alimentarius Commission

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1 Knutson, Penn, and Flinchbaugh, Agricultural and Food Policy, 142.
food retailers by the Food Marketing Institute found that
the number of SKUs varied from 15,000 to 60,000 per
store. 12 For this type of retailer, it often makes more
sense to rely on industry-wide standards in order to
pre-qualify vendors—and to focus their proprietary
inter-company standards on private brands.

Gereffi and Lee explain the market structure of private
standards schemes, 13 noting how commodity-specific
“integrators” play a critical intermediary role between
downstream buyers and upstream suppliers. For instance,
the poultry supply chain in the U.S. is largely organized
around two large integrators: Pilgrim’s Pride and Tyson
Foods. Their share of the poultry market increased from
30 per cent in 1996 to 46 per cent in 2006. Although the
two companies depend on thousands of small farms for
their supplies, they tightly control many aspects of farm
operations, including the provision of baby chickens,
veterinary practices, feed, and roosting. 13

The authors draw interesting parallels between market
structure and the probability of using inter-company or
industry-based quality systems to achieve the desired
regulatory outcomes, including food safety. They point
out that one of the reasons why China has a poor reputa-
tion for milk safety is because of the diffuse system

12 Food Marketing Institute, Supermarket Facts.

13 This is especially true for the parts of the supply chain that are
fragmented, with no concentration points for quality control. Quality
demands are successfully met by integrating quality management
systems across the supply chain. van Plaggenhoef cites the work
of Dutch food regulators to introduce private quality schemes into
the regulatory process, in his study of Dutch agri-food firms, which
showed that integrated supply chains provided more effective self-
regulation of quality management systems—resulting in improved
quality, firm financial performance, and revenue growth. van
Plaggenhoef, Integration and Self Regulation of Quality Management.

Exhibit 1
Value Chain Governance and Food Standards Typology

<table>
<thead>
<tr>
<th>Food demand (retailer/buyer)</th>
<th>Food supply (processor/supplier)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concentrated</td>
<td>Bilateral oligopolies</td>
</tr>
<tr>
<td></td>
<td>Private</td>
</tr>
<tr>
<td></td>
<td>Most comprehensive standards</td>
</tr>
<tr>
<td>Fragmented</td>
<td>Producer-driven chains</td>
</tr>
<tr>
<td></td>
<td>Public + private</td>
</tr>
<tr>
<td></td>
<td>Safety- and quality-focused product standards</td>
</tr>
</tbody>
</table>


by which milk moves from the farm through the pro-
cessing sector to retailers. In contrast, in Canada, there
is upward concentration, initially through licensed milk
plants and then to concentrated dairies—which are
dominated by Saputo, Agropur, and Parmalat.

The implication is that concentrations in the supply
chain can be leveraged as gatekeepers of product quality.
However, fragmented markets continue to present chal-
lenes, as they are least likely to organize around inter-
company or industry private standards. As Gereffi and
Lee illustrate, concentrated demand or supply bases can
foster buyer- or producer-driven standards chains, with
the most comprehensive standards occurring where there
is concentrated demand as well as concentrated supply
(bilateral oligopolies). (See Exhibit 1.) On the other
hand, where supply and demand are both fragmented
(traditional markets), there is the greatest likelihood
that public and private standards are limited.
Globalization has increased market fragmentation. Food ingredients move across borders more than ever, which helps to explain why many private standards systems are international in scope.

**CONCLUSION**

This chapter highlights the substantial role of private standards in risk management, and how there is an overlap between business risk and public risk management objectives—notably, in ensuring food safety. Driven by a requirement of companies to manage business risk, private standards satisfy a need to exceed the regulatory bar, and often provide detailed road maps for achieving regulatory objectives and other quality outcomes.

The emergence of a private standards market has been shaped by the market position of businesses in the food economy, as well as the relative costs and benefits of adopting private standards. These factors play a significant role in determining the private standards footprint in Canada, which is considered in the following chapter.
CHAPTER 3

Private Standards in Canada

Chapter Summary

- Private standards have emerged in three forms—collective-national systems, collective-international systems, and inter-company standards—and have been adopted and applied at all levels of the food system.
- Concentrated markets allow for a more effective use of private standards than fragmented markets.
- There is a high chance that foods have gone through one or more private standards systems on their way to the consumer.

Although private standards are becoming more important to the food system, empirical evidence concerning their exact scope and coverage is lacking. This is partly a reflection of the fact that private standards are not only diverse but also an emerging element of the food system. In this chapter, we help fill this gap by identifying the adoption rates of private standards across different segments of the food economy; by examining the characteristics of each private standards scheme; and by considering what is known about the adoption of standards in terms of total market share.

There are three types of private standards systems:

1. Collective-national systems are developed and implemented by sector and industry groups.
2. Collective-international systems are developed and applied globally, and benchmarked against the Global Food Safety Initiative.
3. Inter-company standards are developed by specific companies and include their suppliers.

SETTING THE CONTEXT

Exhibit 2 provides an overview of the private standards systems that are in place across the food supply chain, and outlines their relationship to national and international standards and regulations. The exhibit highlights the tremendous complexity of food system standards. This complexity, which stems in part from the gradual, organic nature of private standards development, can be viewed through the relationships between public and private systems, international and national systems, position in the supply chain, commodity groups, and approaches.

COLLECTIVE-NATIONAL STANDARDS

THE ON-FARM FOOD SAFETY PROGRAM

In Canada, national producer organizations (NPOs) have been active in developing and implementing voluntary standards programs, particularly in the area of on-farm food safety. In 1998, the first major producer-led initiative, the Canadian On-Farm Food Safety (OFFS) program, emerged as a non-competitive framework to proactively meet rising food safety expectations. Under this program,
# Exhibit 2
Public and Private Food Standards Systems Along the Supply Chain

<table>
<thead>
<tr>
<th>Food Supply Chain</th>
<th>Inputs (feed, seeds, machinery)</th>
<th>Production (crop, animal, aquaculture)</th>
<th>Manufacturing, Processing</th>
<th>Transportation (logistics, trade, packaging)</th>
<th>Retail</th>
</tr>
</thead>
</table>
| **Public and quasi-public standards** | International—Codex Alimentarius Commission (CAC)  
International Plant Protection Convention (IPPC)  
World Organization for Animal Health (OIE)  
World Trade Organization Sanitary and Phytosanitary Measures (SPS)  
**International Standards**  
FSSC 22000 = ISO 22000 + ISO 22002-1 (previously PAS 220) pre-requisite programs module  
**National (mandatory)—Food and Drugs Act and Regulations**  
Canadian chemical, microbiological, and other food standards  
(e.g., Minimum Residue Levels [MRLs], concentration of microorganisms)  
(Government of Canada—Health Canada Food Directorate, Health Canada Pest Management Regulatory Agency) | | | | |
| **Critical control point principles system** | Hazard Analysis Critical Control Points (HACCP)  
(voluntary unless federally regulated; quasi-official role and basis for other private schemes) | | | | |
| **Good practices** | Good Hygiene Practices | Good Practice Models (not regulated) | | | |
| | GMP | GAP | GMP | GDP, GTP | GRP |
| **Incorporated into federal regulations** | | | FSEP, QMP | | |
| | | | FSEP, QMP | | |
| | | | BRC-Food | BRC-IOP  
BRC S+R | BRC |
| | | | IFS-Food | IFS-Logistics  
IFS-PACsecure | IFS |
| | | | SOF  
(combines all previous codes [e.g., SQF 1000, SQF 2000]) | | |
| | | | FSSC 22000 | | |
| | | | Food Alliance | | |
| | | | GMP+ Feed Safety Assurance  
FeedAssure | | |
| | | | CanadaGAP  
OFFS (e.g., VBP, CQM, CQA) | | |
| **Benchmarks**  
(private standard recognition and concurrence system) | **Global Food Safety Initiative (GFSI) + Packaging 2012 + Logistics 2013**  
(increasingly required by large retailers) | | | | |
| | **GlobalGAP** | | | | |
| **Customer specifications** | | | | | |
| | Across the supply chain.  
Importing customer country regulations and firm specifications may differ from source country. | | | | |

Notes: Boldface text is Canada’s market governance structure; blue boxes are government or quasi-governmental; plain boxes are private.  
**BR**—British Retail Consortium Global Standard for Food Safety; **S+R**—Storage and Distribution; **FSEP**—Food Safety Enhancement Program for federally registered meat plants; **IFS**—International Featured Standard; **GMP**—Good Manufacturing Practice; **GAP**—Good Agricultural Practice; **GDP**—Good Distribution Practice; **GTP**—Good Trade Practice; **GRP**—Good Retail Practice; **OFFS**—On-Farm Food Safety; **VBP**—Verified Beef Production; **CQA**—Canadian Quality Assurance (pork); **CQM**—Canadian Quality Milk; **QMP**—Quality Management Program for federally registered fishing plants; **SQF**—Safe Quality Food  
Source: The Conference Board of Canada.
initiatives were designed “so that farmers would have available to them a Canadian approach to on-farm food safety that is composed of officially recognized, national, commodity-specific, auditable, HACCP-based on-farm food safety programs that are consistent, affordable and meet the requirements of both the Canadian and international marketplaces.”^1

OFFS has seen considerable uptake among the country’s major producer groups, helping them to comply with public regulatory requirements and to demonstrate food safety performance to governments and downstream buyers. (See Table 3.) Many retailers have required producers to be OFFS-compliant for some years.

Table 3  
Farm Operations Certified Through On-Farm Food Safety Programs, as of March 2011 (per cent)

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Certification Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chicken Farmers of Canada Safe, Safer, Safest</td>
<td>97</td>
</tr>
<tr>
<td>Grain elevators with ISO designation</td>
<td>95</td>
</tr>
<tr>
<td>Canadian Pork Council Certified Quality Assurance (CQA)</td>
<td>94</td>
</tr>
<tr>
<td>Turkey Farmers of Canada</td>
<td>70 (90 trained)</td>
</tr>
<tr>
<td>Canadian Cattlemen’s Association Verified Beef Production</td>
<td>35–45</td>
</tr>
<tr>
<td>Dairy Farmers of Canada Canadian Quality Milk (CQM)</td>
<td>41 (and 99 trained)</td>
</tr>
</tbody>
</table>

Sources: Canadian On-Farm Food Safety Working Group; Dairy Farmers of Canada.

OFFS initiatives were developed and implemented with the assistance of the CFIA and Agriculture and Agri-Food Canada (AAFC), for 29 commodity groups and sub-groups. OFFS initiatives for NPOs consist of five essential components: generic HACCP models; producer manuals; conformity assessment systems; auditor training programs; and program management systems. These components, which are based on both government and ISO guidelines,^4 give NPOs the necessary framework to set consistent food safety protocols. They also provide the basis for verifying producer compliance through auditing and certification systems, which differ among OFFS initiatives (e.g., some NPOs, such as the Chicken Farmers of Canada, require annual audits;^5 others, such as the Canadian Cattlemen’s Association, require a one-time audit for certification^6).

CANADAGAP

One OFFS initiative in particular deserves special consideration for the role it plays in the risk-prone horticultural sub-sector. A growing number of retailers require that producers of horticultural crops, including fresh fruits and vegetables, meet the requirements of CanadaGAP, an OFFS initiative that is managed by the Canadian Horticultural Council (CHC). CanadaGAP is now a requirement of major retailers and processors such as Loblaw Companies Limited, Metro, McCain Foods Canada, Cavendish, Simplot Canada, and Lamb-Weston—with the result that an estimated 2,000 horticultural producers that supply to these and other retailers have now enrolled for certification in CanadaGAP.^7 In a CHC publication, one farmer was quoted as saying that CanadaGAP “is a necessity in order to do business with retailers in Canada.”^8

The number of producers in the two main areas of horticulture—vegetable and melon farming (4,822), and fruit and tree nut farming (8,253)—totals 13,075.^9 Producers enrolled in CanadaGAP represent over 15 per cent of Canada’s horticultural producers. However, one expert interviewee estimates that this figure includes the majority of large farms and produce packers that supply to major retailers, stating that it is now an industry standard for large horticultural producers to be part of a

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5. Chicken Farmers of Canada, *On the Farm / Food Safety and Animal Care.*
quality assurance scheme, since large retailers require it of their suppliers.\textsuperscript{10} By comparison, many smaller operations are not being certified because they are selling only to local retailers, farmers’ markets, and so on.

As well, although many major retailers require suppliers to comply with CanadaGAP guidelines, not all require CanadaGAP audits and certification—perhaps in recognition of the added costs this imposes on producers.\textsuperscript{11} In addition to the over 900 farms that are CanadaGAP-certified, thousands more have received CanadaGAP manuals, and are thought to be using them to some extent.\textsuperscript{12} Without formal mechanisms to assess their conformity to these standards, however, it is not clear what contribution the standards are making to improved food safety performance.

Data collected from the Canadian Organic Growers group show that, as of 2009, 3,914 farms, 815 processors, and 380 handlers were organic-certified.\textsuperscript{14}

COR is therefore an example of a public–private partnership where compliance with government-defined standards is verified through third-party audit systems. (These issues are discussed in greater detail in Chapter 4, in the section “Models of Cooperation.”)

**COLLECTIVE-INTERNATIONAL STANDARDS**

In Canada, there is some uptake of collective-international standards systems—notably the British Retail Council (BRC) series of private standards, Safe Quality Food (SQF), International Featured Standards (IFS-Food), and the Foundation for Food Safety Certification (FSSC 22000).\textsuperscript{15}

The Marine Stewardship Council (MSC) certificate for sustainable fisheries also has considerable uptake in Canada. In June 2011, Loblaw Companies Limited was the first major retailer to introduce MSC-certified fresh seafood into its product base.\textsuperscript{16} Although six Canadian fisheries are currently engaged in the MSC certification process, no Canadian fisheries are currently certified. However, MSC’s website indicates that 301 products are available from Canadian retailers that are MSC-certified.

Many private standards in Canada and elsewhere are coalescing around the Global Food Safety Initiative (GFSI). GFSI emerged in response to the recognition that many suppliers were facing requirements for multiple audits and certifications to private standards that had marginal differences. To expand mutual acceptance of private standards among buyers (which is easier than harmonizing them),\textsuperscript{17} retailers and manufacturers partnered to develop a benchmarking system based on leading

\begin{itemize}
  \item \textsuperscript{10} Interview by The Conference Board of Canada. December 2011.
  \item \textsuperscript{11} Ibid.
  \item \textsuperscript{12} Ibid.
  \item \textsuperscript{13} Organic Trade Association, *History of Canadian Standards and Regulations*.
  \item \textsuperscript{14} Canadian Organic Growers, *Certified Organic Production in Canada*, 2.
  \item \textsuperscript{15} International Trade Centre, *Standards Map*.
  \item \textsuperscript{16} Canada Newswire, *Loblaw First Major Canadian Retailer to Introduce Fresh Certified Sustainable Seafood*.
  \item \textsuperscript{17} Henson and Humphrey, *The Impacts of Private Food Safety Standards*, 20.
\end{itemize}
international standards. Commonly accepted benchmarks enable suppliers to be “once certified, accepted everywhere,”\textsuperscript{18} and help to reduce compliance costs and facilitate trade. Table 4 profiles major private standards that are GFSI-benchmarked.

\textsuperscript{18} Global Food Safety Initiative, Once Certified, Accepted Everywhere, 2.

Canada’s largest retailers are increasingly demanding GFSI-benchmarked private standards certification. Loblaw, for example, now requires its private-label vendors worldwide—about 860—to be certified under a GFSI-benchmarked private standards system.\textsuperscript{19} Other

\textsuperscript{19} Androich, “Major Retailers Talk Food Safety.”

| Table 4 |
|--------------|-----------------|-----------------|-----------------|
| **System** | **Origin** | **Methods** | **Auditing** |
| GlobalGAP | European retailers, EurepGAP—2001 (GlobalGAP in 2007) | • Benchmark for quality systems against GlobalGAP standard in primary production sector | Annual plus possible unannounced audits |
| CanadaGAP | Canadian Horticulture Council 2008 | • Does not address environmental, sustainability, or worker welfare standards | Annual to 2, 3, and every 4 years depending on certification option |
| SQF (Safe Quality Food) | Public Australia 1994, Private US (FMI) 2003 | • HACCP-based; combines quality management systems (ISO 9000) and adds requirements on identification and traceability | Annual |
| BRC (British Retail Consortium) | British retailers 1998 | • Requires operational quality management system | Governed by product risk and supplier competence |
| FSSC 22000 (Foundation for Food Safety Certification) | Dutch Foundation 2004 | • For any firm in the supply chain, from feed providers onwards | Annual |
| International Featured Standards (IFS Food) | German/French retailers 2003 | • Requires operational quality management system | Annual |

Source: The Conference Board of Canada.
major retailers have introduced similar requirements, also beginning with their private labels. In 2010, Metro and Walmart made GFSI-benchmarked certification necessary for both their private-label products as well as those that posed a high risk. By the winter of 2012, Sobeys reported that most of its private-label suppliers were GFSI-compliant, and 40 per cent of Metro’s private-label vendors were reported to be GFSI-compliant.

Given that Canadians buy most of their food at large retailers, the adoption of GFSI-benchmarked standards by these businesses is an important part of the overall quality contribution of private standards in Canada.

**INTER-COMPANY STANDARDS**

Inter-company standards—the third form of private standards systems to have emerged in Canada’s food system—are typically designed and implemented by large downstream food retailers, processors, and food service providers. These standards include food production requirements and auditing procedures, and extend throughout the system’s supply chains and upstream suppliers.

Although private standards requirements vary among suppliers and products, most are process-based—specifying how certain procedures must be conducted. In some cases, however, additional product-based requirements are specified. For instance, Costco requires suppliers of fresh produce to test for the six main strains of E. coli before they ship the produce; it also requires that each supplier test its beef trimmings before these are combined (some companies perform tests only once the trimmings have been combined from multiple suppliers). As another example, according to regulations, ketchup products must consist of between 5 and 12 per cent solid foods; however, some commercial supplier agreements exceed this by requiring between 9 and 12 per cent solid foods.

Stringency often depends on the market position of the adopter. For dairy processors such as Parmalat, requirements are stricter if a plant is a co-packer rather than a supplier of raw products. For retailers, the requirements for providing a product for a private label are stricter than other finished products. In addition, the history of a supplier’s relationship with the firm, the scale of the supplier, and the risk profile of the product all help to shape the private standards requirements they must meet. (See box “Loblaw Vendor Operating Standards” for details on its company-specific standards system.)

Some plants are audited over 10 times a year by third-party auditors—in addition to those carried out by government regulators.

Audits are used to verify compliance with inter-company standards. Some plants are audited over 10 times a year by third-party auditors—in addition to those carried out by government regulators. While scheme benchmarking through GFSI can, in theory, reduce the number of audits a supplier faces, buyers will often add addendums to standards systems that negate this. Indeed, many firms will make a number of additions to collective standards such as GFSI to meet their specific company needs. Thus, audits to multiple standards systems are still a reality for many food businesses.

One example of this is McCain Foods Limited, which requires its manufacturing facilities to be certified to a GFSI-benchmarked standard as well as to the American Institute of Bakers (AIB) Gold Standard. These certifications are in addition to the company’s own food safety and quality management program.

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20 McShane, “Costco Introduces Mandatory Testing.”
21 Moss, “Companies Strike Deal on Testing for E. coli.”
Food service companies, on the other hand, may require suppliers to make structural adjustments to their facilities, such as installing dedicated production lines and storage facilities, as well as requiring private standards certifications such as ISO. For example, McDonald’s Restaurants of Canada Limited sets out expectations for its supply chain through its Supplier Management Quality System (SQMS). This system, which is based on ISO 9001, ISO 22000, PAS 220, and McDonald’s own requirements, also specifies testing frequencies as well as reporting and test sampling procedures to ensure that all products produced by the company’s 108 suppliers in Canada and the U.S. meet, or exceed, the SQMS standards. In turn, many of these suppliers set their own requirements for the raw material producers that supply them.

**COVERAGE AND MARKET SHARE**

It is important to understand the distinction between private standards adoption (in terms of sheer numbers of businesses certified) and impact (in terms of market share of coverage) in the marketplace. Simply put, higher-volume adopters have more impact than smaller-volume adopters.

Table 5 presents coverage data for collective-national, collective-international, and select examples of inter-company standards, and for comparison, coverage data on public systems.

As the table shows, while coverage is not high in terms of total number of sites and firms, the impact is much higher due to the large market share of private standards adopters.

Most consumers buy their food from downstream businesses—either retailers or restaurants. Retailer-based private standards can therefore extend significant quality coverage, giving their dominant role in the food supply chain. In 2010, Canada’s “top five food retailers account[ed] for approximately 80 per cent of sales.”

Two of the largest, Loblaw and Metro, will soon be

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**Loblaw Vendor Operating Standards**

For more than 25 years, Loblaw has developed and marketed its own store brands (and control brands): President’s Choice, PC, and No Name. These three brands include over 7,000 products covering a full spectrum of foods, which range from instant dinners and ice cream to meats, seafood, and others. Loblaw estimates that its control brand foods represent approximately one-third of its food sales across Canadian stores, with the average store carrying almost 30,000 unique food products.

Loblaw does not manufacture these products on its own account. Private-label products are produced at over 800 manufacturing sites operated by more than 500 different companies that have been contracted by Loblaw. Given the scope of its store brand food offerings, the company has developed controls on all of the food produced for its store brands. These standards cover all aspects of product safety and quality, and contain highly detailed obligations for vendor compliance with private standards and quality management processes.

To provide an overview of the scope of these standards, some of the key vendor requirements are outlined below:

- conformance to all relevant industry codes of practice and government laws and regulations
- effective and verifiable traceability systems
- annual accreditation to a Global Food Safety Initiative (GFSI)-certified system, with certifications made available to Loblaw, as well as any GFSI Corrective Action Reports
- prior agreement from the relevant Loblaw quality assurance specialist before any proposed change to raw material sourcing or specification is made
- agreement to the appropriate frequency and testing of raw materials and finished products based on the risks associated with the products and the targeted consumer
- a member of senior management charged with being responsible for food safety and quality

Loblaw is clear in its operating standards that “v[endors] are responsible for all costs and expenses they may incur in complying with these expectations.”

When updating standards, Loblaw consults with its vendor partners to ensure the standards are achievable. For example, 14 different food suppliers are accredited to a Global Food Safety Initiative (GFSI)-certified system, with certifications made available to Loblaw, as well as any GFSI Corrective Action Reports.

Loblaw credits its Vendor Operating Standards for reducing food safety risks across its control brand supplier base.

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1 Interviews by The Conference Board of Canada.

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29 Grant, Butler, and Stuckey, *All Together Now*, 27.
Processors also have a powerful influence on upstream producer adoption. In essence, concentrated markets allow for a more effective use of private standards systems than do diffuse markets. Concentrated markets allow for fewer suppliers to be taken into consideration when assessing the reliability of a supply chain. They also result in “choke points,” at which greater degrees of control can be exerted. Chart 2 indicates the high degree of concentration among major food processing industries.

Canada’s dairy sector provides a good illustration of concentration at the processing level. Among the hundreds of Canadian dairies in operation, the top four processors account for over 65 per cent of the market, and

<table>
<thead>
<tr>
<th>Chart 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Share of the Top Four Food Processors by Category, 2008 (per cent)</td>
</tr>
</tbody>
</table>

Source: Agriculture and Agri-Food Canada.
in terms of value share, the top three dairy processing firms (Saputo, Agropur, and Parmalat) account for 87 per cent of the Canadian drinking milk product sector.30 This means that the private standards systems of these major dairies generate a significant quality footprint for the milk that most Canadians drink. Table 6 gives a breakdown of market share for these dairy processors, along with the private standards systems that they employ.

**CONCLUSION**

Private standards have become an increasingly important part of Canada’s food system. They have emerged in three main forms, and have been adopted and applied throughout all levels of the food system. In terms of the market share of adopters, data show that private standards coverage is high across the food system—in other words, food passing through concentrated integration, processing, and retailing points have likely gone through one or more private standards quality control systems.


<table>
<thead>
<tr>
<th>Table 6</th>
<th>Quality Assurance for the Top Three Canadian Dairy Processors</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Saputo</td>
</tr>
<tr>
<td>Plants</td>
<td>26</td>
</tr>
<tr>
<td>Share of dairy market (per cent)</td>
<td>35</td>
</tr>
<tr>
<td>2011 sales ($ 000s)</td>
<td>6,025,470</td>
</tr>
<tr>
<td>Suppliers</td>
<td>250–300</td>
</tr>
<tr>
<td>CFIA federally inspected</td>
<td>Yes</td>
</tr>
<tr>
<td>Quality assurance</td>
<td>15 GFSI</td>
</tr>
<tr>
<td></td>
<td>Some BRC</td>
</tr>
</tbody>
</table>

n.a. = not available

Notes: GFSI—Global Food Safety Initiative; BRC—British Retail Consortium; PQMS—Pharmaceutical Quality Management Systems
Sources: The Conference Board of Canada; Canadian Dairy Information Centre; Saputo; Agropur; Parmalat.

Having explored private standards coverage, we now consider how effectively they function alongside the public regulatory environment, and where there are opportunities to increase their contribution to achieving public objectives such as food safety.
Chapter Summary

- Governments are facing pressure to rationalize regulatory burdens and reduce public expenditures, and policing a complex and global food supply is becoming more difficult.
- There is reason to believe that market-based enforcement mechanisms can be more powerful than regulatory penalties in achieving quality outcomes—although all standards are only as good as their implementation on a day-to-day basis.
- Some steps have been taken toward greater public–private cooperation in the area of food safety. These provide insight into the challenges, opportunities, and conditions for cooperation, such as mutual benefit.
- There is both a need and an opportunity to enhance the contribution of private standards.

Achieving food system objectives requires contributions by both private and public sectors; and those of the private sector will likely become more important in the future. In many advanced countries, including Canada, governments face pressure to rationalize regulatory burdens and reduce public expenditures. As well, policing an increasingly complex and global food supply—where expectations for food safety are likely to increase—is becoming more difficult. In Canada, new federal legislation proposes to significantly increase the penalties for food safety violations—from a maximum of $250,000 for serious offences to $5 million and higher.

A system that makes the most of the potential of private standards to achieve regulatory objectives is one that will be more effective and efficient. Indeed, the potential benefits of public–private cooperation are, as one expert put it, “self-evident … coercion can breed minimalistic approaches to compliance resulting in sub-optimal improvements to public health [or other objectives] alongside significant expenditure of resources on enforcement and monitoring.” Another expert notes that public and private standards can be “mutually reinforcing, contributing to system efficacy and resulting in higher quality food.”

1 Grant, Butler, and Stuckey, All Together Now, 24.
2 Senate of Canada, Safe Food for Canadians Act, 39 (a),(b).
3 Garcia Martinez, “Co-Regulation as a Possible Model,” 1.
As private standards become more prevalent in the food system, two questions arise:

1. Can private standards be relied upon to contribute effectively to formal regulatory functions (such as verifying compliance through third- or second-party audits)?

2. If so, what are the opportunities to improve the level of formal cooperation between the two systems?

The following sections consider these questions.

DEMONSTRATING EFFECTIVENESS

How reliable and effective are private standards? As we saw in Chapter 1, the value of private standards is often to fill gaps in regulatory compliance, by providing detailed guidance to firms on how to achieve regulatory outcomes. It is also recognized that private standards often exceed public ones in terms of their stringency. A 2009 World Trade Organization (WTO) survey found that over two-thirds of respondents surveyed by the Committee on Sanitary and Phytosanitary Measures agreed that private standard requirements exceed relevant international standards.  

There is also good reason to believe that market-based enforcement mechanisms and incentives for compliance are often more powerful than regulatory coercion (e.g., the threat of fines) in their ability to achieve quality outcomes such as food safety. As Cafaggi notes, “…self-enforcing contracts, by threatening contract termination or lack of renewal, [act] as a better incentive to comply than legal accountability before domestic courts.” Indeed, if a vendor fails a private audit from a buyer or experiences a large product recall, the result can be a significant loss of profit or market share—which far exceeds corresponding regulatory penalties.

To illustrate this point, in 2010–11, there were only 30 guilty counts and 202 charges laid in Canada by the CFIA. One of the largest single fines was given to LIF Foods Inc., which was fined $50,000 in April 2010 and placed on a two-year probationary period for unlawfully importing and selling a quantity of olive oil that contained approximately 50 per cent sunflower oil. By contrast, there are stories of companies being driven out of business in failing to prevent food safety crises. As an example, in 1997 Hudson Foods was forced out of the U.S. market following a national recall for E. coli-contaminated meat products they had sold—after which Walmart and Burger King terminated their contracts with the firm. This weakened the firm to the point where it was forced to sell its operations to long-time rival Tyson Foods, which at the time had fewer sales to Walmart than did Hudson. Within one year, Hudson went from a company with $1.7 billion in sales to a company that was absorbed by a major rival.

Support for any re-orientation of regulatory effort requires a demonstration that the private standards model can reliably guard the public interest in safe food.

However, in order to address concerns about the degree to which private standards and certification systems can be counted upon to contribute in a more formal way to food system governance, it is important that private standards prove their effectiveness at achieving regulatory objectives. There may be some skepticism about the ability of private standards to correct what have traditionally been seen as market failures (proving their legitimacy to perform these functions is also important to garnering greater public acceptance; see box “Demonstrating Legitimacy”). As such, support for any re-orientation of regulatory effort requires a demonstration that the private standards model can reliably guard the public interest in safe food.

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5 Survey respondents numbered 22, making the results notable but not statistically significant. World Trade Organization, Effects of SPS-Related Private Standards, 3.

6 van Plaggenhoef, Integration and Self Regulation of Quality Management, 221.

7 Cafaggi, Private Regulation, Supply Chain and Contractual Networks, 9.

8 Forty-nine per cent of all fines and over two-thirds of the penalty values went to violations in animal transportation. Canadian Food Inspection Agency, “Enforcing Regulations and Verifying Compliance.”

9 This is contrary to section 6(1)(a) of the Food and Drugs Act. Canadian Food Inspection Agency, LIF Foods Inc. Fined $50,000 and Placed on Probation.

10 Warner, “How Tyson Ate Hudson.”
Demonstrating Legitimacy

The legitimacy of private standards becomes an important issue when they assume regulatory functions, or are integrated into public regulations such as with HACCP and GMPs. Legitimacy involves effectiveness and the quality of enforcement mechanisms, as well as “input” criteria such as the transparency of the standards setting and implementation process, and stakeholder inclusion in the standards setting process, which underpin public trust.1 The latter criteria may see greater involvement in the private standards setting by other actors, such as NGOs and consumer groups.

While the legitimacy of private standards is strengthened by official recognition from both regulators and trading partners, as well as the degree to which standards are scientifically based, perceptions are also a critical component. To this end, some consumers may require even greater degrees of reassurance that any changes in food governance will result in safe, quality food.

For private standards to assume a greater role and responsibility for food governance, it will be important that private actors be sensitive to public perceptions around the issue.

There are data on the effectiveness of private standards in improving safety and other quality outcomes. For instance, Toffel found that ISO 14001 certification is a strong predictor of good environmental managerial practices—adopters were more likely to exceed environmental regulatory standards after receiving certification. Toffel concludes that “regulators could redeploy their scarce resources from adopters of voluntary management programs that credibly indicate superior environmental performance levels or trends.”11

Other survey data also provide evidence that private standards can be effective at improving quality outcomes. A survey conducted by International Featured Standards shows that businesses realize many benefits from private standards adoption, including “reduced regulatory issues,” “reduced defects,” “fewer customer complaints,” and “fewer recalls.”12 (See Table 7.)

Naturally, private standards systems are only as good as the effectiveness with which third-party auditors inspect and audit—two functions upon which certification typically depends. A high-performing private standards system requires third-party auditing resources that can consistently deliver reliable services. As demand for third-party certification increases in the future, some food businesses may find it difficult to acquire auditing services in a “timely and economical fashion.”13 Key informant interviews suggest that some food businesses in Canada are already experiencing this problem.

Thus, while there is a need for ongoing research on the effectiveness of private standards and third-party audits at achieving quality objectives such as food safety, it must also be noted that private standards—as with public standards—are only as good as their implementation on a day-to-day basis. This depends on many factors, including workplace culture, the skills and attitudes of employees and managers, and the company’s overall commitment to quality.

Where there are shortfalls, errors are inevitable—a fact that was highlighted in the 2009 case of tainted peanut butter in the U.S. (which resulted in nine deaths there and in Canada). Both public and private auditors failed to identify a host of sanitary and managerial shortcomings, which resulted in the crisis.14

1 Toffel, Resolving Information Asymmetries in Markets, 23.
2 International Featured Standards, Food Safety Certification.

Table 7: Companies Reporting Benefits From Adoption of International Featured Standards (IFS-Food) (per cent)

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Per cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Some sales increase (up to 10 per cent)</td>
<td>55</td>
</tr>
<tr>
<td>Reduced regulatory issues</td>
<td>51</td>
</tr>
<tr>
<td>Reduced defects</td>
<td>40</td>
</tr>
<tr>
<td>Fewer customer complaints</td>
<td>27</td>
</tr>
<tr>
<td>Fewer recalls</td>
<td>17</td>
</tr>
<tr>
<td>Significant sales increase (between 10 and 20 per cent)</td>
<td>14</td>
</tr>
</tbody>
</table>

Source: International Featured Standards.

13 Thompson, Groenewegen, and Collis, Audit Services for Agri-Food Industry, 86.
If private standards can be shown to reliably protect the public interest, what opportunities exist for greater cooperation? As Henson and Humphrey indicate, the choice is not between total government control on the one hand or pure self-regulation on the other. In fact, there is a continuum of approaches. (See Table 8.) Maximally effective and efficient food governance structures fall somewhere within this continuum.

To some extent, regulators around the world already recognize the role that private standards play in the design of their regulatory interventions. For instance, the United Kingdom’s Food Standards Agency requires its enforcement agencies to “take into consideration membership of a ‘recognised’ farm assurance scheme in determining the frequency of inspection of production facilities.”

Also in the U.K., the food industry delivers regulatory meat hygiene controls. In the French cooperative model, importers of fresh produce have self-managed and monitored their quality control systems since 1998, which has led to a number of benefits. (See box “Self-Monitoring by French Importers of Fresh Produce.”)

While there are similar examples of cooperation in Canada, for the most part, our private standards, audit, and certification systems remain largely un-integrated with public regulatory control and oversight. As such, there are many areas where private standards and public regulation systems work in parallel, contributing to the same objectives without the benefit of coordination. This is the case when, for example, certification to a private standards program carries no weight when it comes to the risk assessment and inspection activities of the relevant public authorities.

Inefficiencies such as these are problematic for two reasons. First, redundant efforts hurt a business’s bottom line and tie up resources that could be used in more productive ways—for example, to invest in new equipment, personnel, or training that could have a direct

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**Table 8**

<table>
<thead>
<tr>
<th>Regulations</th>
<th>Public voluntary</th>
<th>Legal mandated private</th>
<th>Voluntary private</th>
</tr>
</thead>
<tbody>
<tr>
<td>Setting</td>
<td>Legislators/regulation</td>
<td>Regulation</td>
<td>Private entities</td>
</tr>
<tr>
<td>Coverage</td>
<td>Legislators/regulation</td>
<td>Regulation</td>
<td>Through market</td>
</tr>
<tr>
<td>Verification</td>
<td>Public inspection</td>
<td>Public or private inspection</td>
<td>Private auditors</td>
</tr>
<tr>
<td>Enforcement</td>
<td>Criminal or administrative courts</td>
<td>Public–private bodies</td>
<td>Criminal or administrative courts</td>
</tr>
</tbody>
</table>

Source: Henson and Humphrey, “Understanding the Complexities of Private Standards in Global Agri-Food Chains.”

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**OPPORTUNITIES FOR COOPERATION**

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**Self-Monitoring by French Importers of Fresh Produce**

A recent European Union (EU) law on food safety allows French fresh produce importers to obtain a collective self-monitoring “auto-control” safety agreement based on HACCP protocols. The agreement delegates quality controls to the sellers, and is enforced by the threat of cancellation of business.

For public authorities, drivers of the law included extending coverage of quality controls across the market, reducing inspection costs, and shifting efforts to higher-risk areas. All helped to foster more results-oriented control systems. For sellers, efficiency gains were achieved through economies of scale by fewer public controls, as well as cost-sharing control measures. Public recognition of properly implemented auto-control measures also lowered sellers’ legal obligations.

Source: Codron, Fares, and Rouvière, “From Public to Private Regulation?”

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impact on food safety and quality. Second, they tie up regulatory resources that may be better allocated to other priority areas. Private companies and public regulators both claim that they operate risk-based management systems—suggesting it is possible to design a comprehensive, efficient, and effective risk-based system that considers both public and private approaches to risk management.

**THE COSTS OF OVERLAPPING EFFORTS**

As considered earlier in the report, private standards are most likely to overlap with public regulation in areas where business and public risk management coincide—notably, on consumer protection issues such as food safety and quality control. Within these areas, private standards may overlap with public regulation where compliance efforts are required—for example, in terms of documentation, audits, and responding to enforcement measures.

It is difficult to determine precisely where there is duplication of effort in the system. Nevertheless, the foundation of many private standards systems includes the principles of HACCP and Good Management Practices (GMP), which are often the basis for federal and provincial regulatory oversight. Since many private standards systems, such as GFSI, SQF, and BRC, are built off of these models, it is clear that there is overlap in the kinds of requirements with which some businesses are made to comply.

It is also clear that the costs of standard certification can be significant—even onerous—especially for smaller firms. Table 9 shows the costs for SQF certification, a standard that is increasingly required in order to do business with trading partners in the United States. Auditing services alone represent a sizable share of the costs of private standards certification (e.g., for the Guelph Food Technology Centre, costs range from $5,000 to $10,000). Businesses must shoulder these and other costs, such as those related to the time and effort required to implement changes to production and processing practices—even when they are paying regulators through cost-recovery to provide regulatory services that involve some of the same activities and benefits.

An example illustrates this point. The average federally registered meat or poultry processing facility pays about $29,180 per facility, per year, for regulatory services. This is based on the share of CFIA revenues ($54,299 million in 2009) that is attributable to the Meat Inspection Program (41.65 per cent), divided by the number of federally inspected meat and poultry establishments (775).

<table>
<thead>
<tr>
<th>Year one</th>
<th>Development, documentation, and implementation costs</th>
<th>$9,140–$10,400</th>
<th>$11,900–$14,900</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Audit and certification costs</td>
<td>$1,650</td>
<td>$1,650–$3,300</td>
</tr>
<tr>
<td>Total costs year one</td>
<td>$10,790–$12,050</td>
<td>$13,550–$18,200</td>
<td></td>
</tr>
<tr>
<td>Annualized SQF systems maintenance costs (ongoing)</td>
<td>Small</td>
<td>$1,800–$2,250</td>
<td>$3,750–$4,500</td>
</tr>
<tr>
<td></td>
<td>Medium</td>
<td>$2,250–$2,813</td>
<td>$4,690–$5,625</td>
</tr>
<tr>
<td>Operational costs</td>
<td>$1,650</td>
<td>$1,650</td>
<td>$3,300</td>
</tr>
<tr>
<td>Administration and support costs</td>
<td>$5,700–$6,713</td>
<td>$10,090–$13,425</td>
<td></td>
</tr>
</tbody>
</table>


19 Canadian Food Inspection Agency, *Revenue Analysis: 2008–2009*. This is based on the share of CFIA revenues ($54,299 million in 2009) that is attributable to the Meat Inspection Program (41.65 per cent), divided by the number of federally inspected meat and poultry establishments (775).
20 These costs are not unique to Canada. In France, the costs induced by regulatory constraints in the poultry industry represented 6 per cent of the value of chicken meat, with 40 per cent of the costs occurring at the processing level. Pascale and Chesnel, « Évaluation des surcoûts générés par les contraintes réglementaires en volaille de chair : conséquences sur la compétitivité de la filière. »
it is possible that areas do exist where efficiencies can be gained (e.g., by minimizing duplication in documentation, sampling, and inspection).

Of course, different sub-sectors will have different degrees of overlap between private standards and public regulation. For example, private standards in the dairy sub-sector (both collective standards such as BRC and company-specific standards from major dairies) have had considerable uptake and coverage (see the section “Coverage and Market Share” in Chapter 3)—even while many processing firms have also implemented the government’s FSEP program. A 2005 study found that 43.8 per cent of dairy plants required “their suppliers of milk and other raw materials to follow food safety guidelines over and above federal and/or provincial regulatory requirements.” Approximately 28 per cent required suppliers to follow more stringent food quality guidelines—mainly in terms of compositional standards (16.9 per cent). Additionally, 38.5 per cent of dairy processing plants had implemented other types of food quality systems such as GMP (21.5 per cent).

With many processors implementing private standards, it appears there is an increasing likelihood of overlap between private standards and public regulation.

On the other hand, redundant costs are perceived to be fewer in the pork sub-sector, which traditionally has not adopted private standards to the same degree. Instead, due to the high degree of concern about the safety of meat production among the public as well as trading partners (which receive two-thirds of all Canadian pork production23), regulatory systems have always been very tightly integrated into the daily operations of meat processing facilities. Many in the industry view this system to be efficient and responsive.24 However, given that many processors have now begun to implement private standards (company-specific as well as collective standards, such as BRC), it appears there is an increasing likelihood of overlap between private standards and public regulation.

Of course, the value of private standards is sometimes to fill gaps where regulatory oversight is relatively light (as compared to federally registered commodity groups). For example, OFFS initiatives, including the Canadian Pork Council’s Canadian Quality Assurance (CQA) program, deal with primary producers, which often fall under provincial regulation and where the CFIA has no mandate to carry out on-farm inspections. In these cases, the government may have a role to play in helping to foster further implementation of these private standards among producers.

MODELS OF COOPERATION

Many policy-makers are aware of the opportunities that private standards offer, and in light of resource constraints, some have indicated that private standards should be used more as a basis for reallocating scarce regulatory resources. To quote one senior policy-maker: “[T]he day of inspectors going in and doing stuff that industry can be responsible for is coming to an end.”25 Although discussion about private standards is largely absent from official policy discourse, this is beginning to change. The recent federal–provincial agricultural policy framework, Growing Forward II, notes an interest in ensuring that “[w]here a firm needs to meet GFSI it has the capacity to do so.”26

In Canada, there has been some integration of private sector food management systems with public systems in order to improve effectiveness and efficiency—particularly in the area of food safety. This includes the HACCP and FSEP models implemented throughout

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21 Henson and others, “Traceability in the Canadian Dairy Processing Sector,” 24. Sighted most frequently were microbial guidelines (13.1 per cent), GMP (9.2 per cent), and HACCP (6.9 per cent).
22 Overall, plants that adopted food safety and quality systems were larger, generated higher sales revenue, and acquired larger shares of sales revenue from supermarkets and markets outside the plant’s home province.
26 Agriculture and Agri-Food Canada, Charting the Way Forward to 2010, 13.
many of Canada’s federally registered commodity groups. These firms are increasingly responsible for internal food safety management strategies, and for implementing and reporting for HACCP plans, good management practices, and sanitary arrangements. However, outside of these collaborations, private standards still remain largely separate from public regulatory processes.

There are good Canadian examples of institutional frameworks for public–private cooperation that help to underscore the challenges and opportunities for cooperation. For example, in 2001, CFIA implemented the On-Farm Food Safety Recognition Program (OFFSRP), which provides a framework for national producer organizations (NPOs) to have their OFFS program standards and certifications programs formally recognized. Under the OFFSRP, NPOs undertake a three-stage process to acquire a CFIA Letter of Recognition. According to one government interviewee, these letters would potentially offer higher levels of quality assurance, along with lighter public regulatory interventions from provincial authorities. The three OFFSRP stages are as follows:

1. **Technical Review:** CFIA, along with provincial partners, reviews HACCP models and program manuals for technical soundness and conformity with provincial and federal regulations. Letters of non-objection are then issued.

2. **Implementation and Third-Party Audit:** The NPO facilitates the implementation of the OFFS program among producers, and a CFIA-accredited third-party auditor conducts audits to assess producer compliance.

3. **Pre-Recognition Assessment:** The NPO’s management of the OFFS program, combined with third-party audit reports, are used to determine if a Letter of Recognition can be issued for an OFFS program.

Of the 19 NPOs and 29 commodity programs in Canada, 12 OFFS programs had passed the Technical Review stage as of March 2012. Although some retailers require that producers and processors be on an OFFS program (such as CanadaGAP for produce, and CQA for pork), to date, not one OFFS program has completed the final audit stage required to receive a CFIA Letter of Recognition. Thus, while there is market demand for OFFS best practices, it is less clear that NPOs (or, ultimately, retail buyers) see a concrete benefit in broader governance partnerships with public authorities.

The Canada Organic Regime (COR) is another co-regulation model that is useful to consider. Following demand for public regulatory oversight, as well as the need to meet EU requirements for mandatory organic standards (prior to which, standards were voluntary), COR emerged as a partnership between CFIA and the organic industry. The regulatory framework provided by COR has benefited the organic industry, with the use of relatively few public resources. This is because CFIA is tasked only with regulatory administration and the accreditation of organic certification bodies, as opposed to the resource-intensive work of inspecting and auditing Canada’s thousands of organic operations.

Nevertheless, some concerns have been raised about COR’s effectiveness. Recently released CFIA records show that “[s]ome organic produce in Canada contains pesticides ... including nearly 24 per cent of organic apples.” Although residue levels were, for the most

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27 Canadian Food Inspection Agency, “On-Farm Food Safety Recognition Program.”

28 Interview by The Conference Board of Canada. December 20, 2011.

29 Canadian Food Inspection Agency, “On-Farm Food Safety Recognition Program.”

30 Several groups including the egg industry are currently pursuing the second stage of implementation to allow for third-party audits, which will feed into the third, and final, assessment phase.

31 Interview by The Conference Board of Canada. December 20, 2011.

32 Ibid.

33 Thompsos, Groenewegen, and Collis, Audit Services for Agri-Food Industry, 38.

34 Annual audits are conducted by 20 Canadian organic certification bodies—in addition to a number of accredited international counterparts—that have been accredited to provide auditing and conformity verification services to organic growers. Canadian Food Inspection Agency, Certification Bodies Providing Organic Certification.

35 CBC News, Pesticides Found in Canadian Organic Produce.
part, far below the average for conventional produce, the findings raise some concern about the strength of COR’s governance mechanisms and its ability to meet consumer expectations. It was noted, for example, that CFIA did not “have enough information to track down specific certifying bodies to find out how the pesticide got on certain produce.”

As illustrated by these examples, several conditions are necessary for a greater degree of cooperation to be established between the public and private systems. Above all, the benefits of cooperation—for regulators, businesses, and the public—must outweigh the costs. The following section explores some of the conditions that should be satisfied for this to occur.

**CONDITIONS FOR COOPERATION**

**MUTUAL BENEFIT**

Ultimately, greater cooperation will occur only in areas where there is sufficient mutual benefit for regulators, the food industry, and the public as a whole. It is unlikely that businesses will seek the cooperation of public authorities if the costs outweigh the benefits—for example, if there is insufficient buyer demand for the government’s “stamp of approval” or if there is little to gain from potential reductions in public regulatory intervention (e.g., at the pre-farm-gate level, where public inspections from provincial authorities are not major cost burdens). This may be the case for the On-Farm Food Safety Recognition Program, in which the real value of collaboration appears to have been in the initial program design and technical review phase (with no producer group OFFS programs yet receiving a CFIA Letter of Recognition).

In other areas of the food economy, it appears that some businesses are satisfied with the current regulatory model, and are unwilling to shoulder a greater degree of responsibility. As one interviewee noted, in some parts of the food industry the common view is that “government inspection is good—I pay for it, and I’m happy with it.” In these parts of the industry, there is little appetite for change.

Public regulators, on the other hand, may be unwilling to cede any areas of oversight and control where the public interest is in question. Thus, sweeping reforms across the food system will not likely be the way that private standards receive greater recognition. More likely, the food system will see a gradual evolution toward greater government recognition of third-party audits and certifications, beginning in areas where private standards have demonstrated a high degree of trustworthiness and reliability.

The food system may see a gradual evolution toward greater government recognition of third-party audits and certifications.

For example, just as the CFIA moved away from beef grading many years ago, there may also be an opportunity for third-party auditors to replace government inspectors in areas such as imported fresh fish inspection.37 One interviewee also suggested that small and centralized programs, such as for the maple syrup subsector, are likely candidates for third-party audits.

Consider the Animal Nutrition Association of Canada’s FeedAssure program. FeedAssure was developed in 1999 as a HACCP-based system for ensuring the safe production of feed.38 As of 2010, there were 170 FeedAssure-certified production facilities in Canada, representing 70 per cent of the commercial feed industry.39 In 2010, CFIA acknowledged that FeedAssure meets all the standards of its Food Safety Enhancement Program (FSEP), is “an effective food safety management system,” and “it enhances the establishment’s ability to achieve and maintain compliance with the relevant regulatory standards.”

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37 Interview by The Conference Board of Canada. March 1, 2012.
39 Ibid., 8.
requirements.”40 As a result, while the government still conducts inspections of feed processing facilities, certification to FeedAssure can result in up to 25 per cent fewer inspections for a facility while still maintaining quality standards.41

FeedAssure could be a useful model for other parts of the food system. In this model, audit results from accredited third-party auditors are systematically shared with public regulators. A corresponding release of regulatory pressure would be possible once confidence in the private standards is established. However, as it currently stands, many businesses may be unwilling to have details of their supply chains, including the results of their audits, exposed to scrutiny. As this kind of information is often treated confidentially by many businesses, which have no obligation to share these details with public regulators or others, it would seem they still consider that the costs of cooperation exceed the benefits.

HARMONIZATION OF PRIVATE STANDARDS

An “alphabet soup” of private standards, comprising many different programs and schemes, has emerged in the food economy. Although the diversity of private standards is a natural result of the wide variety of actors that have driven their development and uptake, it is not yet optimally configured for food system effectiveness and efficiency. As noted, many companies still go through multiple private standards audits and certifications.

The lack of harmonization between private standards may also impede their ability to play a more formal role in food system governance. According to one interviewee, the differences among private standards create an added challenge to the government’s ability to give them more formal recognition. This includes differences in the standards themselves, the ability of firms to implement them as intended (e.g., the quality of employee training and workplace culture), and the reliability of auditors to consistently monitor and certify them. It is easier for the government to recognize generic models such as HACCP.

Harmonizing standards internationally could improve international trade. Currently, inefficiencies remain, as more than one GFSI-benchmarked system is still required when selling in some international markets (e.g., IFS for EU buyers and SQF for American buyers). As Büthe and Walter note, about one-third of global trade goods involves a standard. As such, the “boost in trade from the complete international harmonization of product standards would be equivalent to the reduction of tariffs by several percentage points.”42 The same case could be made for interprovincial trade. Canada’s food regulatory system operates at the federal and provincial levels. If both federal and provincial systems recognize the same private standards, a key barrier to interprovincial food trade would be resolved, by allowing for mutual acceptance across provinces.

It appears there is much overlap between private standards and audit criteria that can provide a basis for further harmonization.

There are ongoing efforts to rationalize the private standards market. These include several global benchmarking efforts to promote equivalencies among food standards and quality assurance mechanisms. The leading example of this is GFSI. Other examples include GlobalGAP for good agricultural practices, the International Foundation for Organic Agriculture Movement (IFOAM) for organic standards, and the International Organization for Standardization (ISO) for a host of other standards.

Yet, more can be done, and it appears there is much overlap between private standards and audit criteria that can provide a basis for further harmonization. A 2009 U.S. study compared 10 different audits available in the American food industry. Half were benchmarked to GFSI. When measured against the Codex Alimentarius’ 37 General Principles of Food Hygiene, 98 per cent of the audits’ components were the same—91 per cent when all 67 food safety, regulatory, and quality management

criteria were included. It is therefore likely that overlaps among these systems add little to the quality of outcomes, either for businesses or the food-consuming public.

Ultimately, greater harmonization of private standards will not occur unless the benefits exceed the costs. The development of private standards into a narrower set of equivalencies depends on the value that industry finds in improving mutual recognitions—and perhaps in providing a more consistent basis for government recognition. However, as the costs of overlap are often not borne by the large processors or retailers that require them from suppliers, it may be that a full rationalization of private standards is not yet near.

43 Robinson, “Audits: Concerns, New Challenges and Solutions.”

CONCLUSION

There is both a need and an opportunity to enhance the contributions of private standards. Each of the models of cooperation discussed above demonstrates strengths and shortcomings. The possibility of cooperation depends on one key condition—that there be sufficient mutual benefit for both public and private sector stakeholders. In fact, the calculus of benefit does not play out equally across all areas of the food economy, with the benefits of improved cooperation in some areas not yet exceeding the costs. In areas where they do, there is already a basis for greater cooperation, which would result in a more efficient and reliable food governance system.
CHAPTER 5

Potential Solutions: Road Map to Cooperation

Chapter Summary

- There is an opportunity to leverage the contribution of private standards to food system objectives where they can be shown to be reliable, effective, and protect the public interest.
- It falls on both public and private sector stakeholders to work together to identify areas of overlapping effort, and to develop a national concurrence system by rationalizing existing standards, rationalizing roles and responsibilities, and improving system management.
- This could require considerable work by food system stakeholders as well as possible changes to food legislation, but would enhance the ability of the food system to meet the challenges of food governance in the 21st century.

In Chapter 4, we showed how private standards are becoming a means by which shared goals can be realized more effectively and efficiently. Some aspects of food governance, such as minimum standard setting and providing a Canadian government “stamp of approval” for certain food exports, will always remain with public authorities. However, other aspects, such as compliance verification, have increasingly been taken up by food businesses—a trend that is likely to continue.

There is an opportunity to leverage the efforts that are already being made in quality control and safety assurance to improve the ability of the food system to meet the challenges of food governance in the 21st century. However, since no inventories or assessments that compare and benchmark the functions of private standards against their public regulatory counterparts have been taken, we can only point to broad areas of opportunity.

On the private sector side, commodity groups, supply chain groups, major processors, and retailers together have all the information they need to assess the costs and benefits of greater collaboration, and the degree of overlapping efforts. Public regulators could work with these private sector groups to find areas for cooperation—where it makes sense. The first steps have already been taken: there has been a recent move toward regulatory consultation, with CFIA engaging in stakeholder discussions as part of a multi-year regulatory modernization process.1

It is apparent that a one-size-fits-all approach will not work. Given the diversity of risks, strategies, systems, and the varying incentives for industry to cooperate, it makes little sense to seek a universal co-regulation approach for Canada’s food system in order to improve overall food system governance. Rather, there is a need for cooperation and harmonization in select areas where there is mutual benefit. This approach would involve

1 Canadian Food Inspection Agency, Summary of Stakeholder Feedback.
public sector regulators ceding territory to a private standards system only where such a system can be shown to be reliable, effective, and protect the public interest.

The idea would be for public sector regulators to formally take private standards systems into consideration when they assess risk. Public regulators already hold that their systems are “risk-based” so it is not a departure from their current approach to suggest that they adjust their risk management activities where there are higher levels of private sector effort and attention.

Again, it falls on stakeholders in both the public and private sectors to work together more closely to identify areas of overlapping effort and adjust governance mechanisms accordingly. Instead of recommending specific areas for improved cooperation, we believe it is more appropriate to provide a road map for the private and public sectors to increase their cooperation incrementally over time.

**ROAD MAP TO COOPERATION**

Our road map to increased cooperation calls for a *national concurrence system*. Concurrence has three important senses here: first, agreeing on desired results; second, acting together or cooperatively; and third, acting at the same time.

A national concurrence system would greatly enhance the contribution of private standards to food system control, in order to achieve the public interest’s goals of safety, reliability, and effectiveness. It would maintain the ongoing setting of standards by the public sector, but with more industry input. As well, public system oversight and monitoring efforts would be adjusted based on the use of private standards by farms and firms, and that are determined by independent auditors to reliably achieve full compliance with national, provincial, and municipal regulations. At all levels, a national concurrence system would stimulate compliance and innovation in achieving public standards, quality, and performance across the entire supply chain.

By helping to harmonize standards within Canada, and between Canada and its trading partners, such a concurrence system would reduce overlaps and cost redundancies. As a result, the system would raise overall standards beyond regulatory base levels in addition to fostering trade. It would also allow regulatory resources to focus more effectively on areas of greater risk in the system.

To achieve these objectives, the proposed road map sets out three broad steps in the journey:
1. rationalize existing standards
2. rationalize public and private roles and responsibilities
3. improve system management

These steps offer a general foundation for effective cooperation, and the necessary changes to improve the effectiveness and efficiency of food system governance. Each step would involve considerable work by both public and private sector stakeholders. Changes to food-related legislation might be needed in order to enable and facilitate new governance partnerships required to operate the concurrence system.

**RATIONALIZE EXISTING STANDARDS**

- Federal and provincial governments should jointly agree to develop a national concurrence system that would eliminate unnecessary costs and system duplication, and begin to incorporate formal recognition of private standards systems.
- Government and industry should agree on and fund a clear process for benchmarking private standard systems to public systems (both federal and provincial) in order to determine what and where overlaps exist, as a basis for rationalization and harmonization.
  - All commodity, industry, or inter-company systems would be studied to determine their overlap with public systems.
  - Especially in Canada’s export-oriented sectors, benchmarking would take into account leading international standards (e.g., GFSI) to facilitate improved international market access and reduced cross-border redundancies.
RATIONALIZE ROLES AND RESPONSIBILITIES

- Separate roles should be delegated to both private and public systems, as part of a national concurrence system, to ensure full and effective coverage of certification, verification, and enforcement.
- Public systems should continue to set base content requirements, register operators, and strengthen processes for monitoring and auditing private standards systems to ensure rigor.
- Public systems should develop a recognition/concurrence program for private standards at the federal and provincial levels in order to break down interprovincial trade barriers.
- Public responsibilities include reaching agreements with trading partners, preferably through multilateral bodies.
- Private standards systems should cooperate with government programs as a way to monitor compliance, and develop concurrence between private systems.
- Industry commodity groups and inter-company systems should continue to develop their own private standard systems for certification by regulators.
- Government should adjust public systems to take greater responsibility for those parts that are not well covered by private systems (including modifying current farm- and firm-based verification and enforcement processes).

IMPROVE SYSTEM MANAGEMENT

- System performance measures should be assessed annually by independent third-party auditors, against each criterion and based on targets. Performing such assessments would require additional investments in the licensing of auditors to ensure that auditing capabilities meet the system’s requirements.
- Enforcement approaches to non-compliance should be shifted toward incentives, facilitation, and encouragement.
- Public regulatory efforts should be reasserted where private systems fail audits. This would result in an evolving private–public partnership. In cases where private standards governance proves reliable, private systems of certification, verification, and enforcement would continue; where there are weaknesses, the public authorities would need to re-establish public governance.

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APPENDIX A

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The Conference Board of Canada has launched a major, multi-year initiative—the Centre for Food in Canada (CFIC)—to address one of the mega-issues facing our country today. Food impacts Canadians in an extraordinary range of ways: it affects our lives, our health, our jobs, and our economy.

**Key Objectives**

CFIC’s key objectives are to:

- raise public awareness of the nature and importance of the food sector to Canada’s economy and society; and
- create a shared vision for the future of food in Canada articulated in a framework for the Canadian Food Strategy.

Achieving these purposes requires a combination of research and effective communication to stimulate public understanding of the significance of the food sector and spur the demand for collaborative action.

**Who Should Invest**

CFIC will appeal to investors from both the private and public sectors. Private sector firms have an interest in understanding the long-term food trends in Canada. These firms also have experience in the operation of their businesses, and they understand the opportunities and challenges their businesses face.

Public sector organizations clearly have an interest in the operation of Canada’s food sector. They are responsible for the policy and regulatory environment within which the private sector corporations operate. In addition, public sector organizations understand the interconnections between food and Canada’s health care system, the nutrition of its citizens, and the health and viability of its communities. They are also familiar with the complexities and interrelationships among federal departments and, as well, among these federal departments and their provincial counterparts.

Membership from these organizations, each of which has a vested interest in the food system in Canada, will help to ensure that a balanced and holistic research approach is taken—one that reflects the priorities and concerns of Centre members.

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