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NATIONAL STANDARDS FOR FOOD SAFETY

A presentation by

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Good afternoon.

Introduction and scope

Expenditure by Australians on food amounted to nearly \$90 billion in 2003-04 – around 46% of total Australian retail spending.

Despite the drought and strengthening Australian dollar, the value of Australian food exports was \$22.3 billion in the same year – one-fifth of total Australian merchandise exports. We are a net exporter of food to the tune of some \$16 billion a year.

By any stretch of the imagination, therefore, the food industry is a large, integral part of the Australian economy and a major player on the world stage.

The challenge before us is to maintain that reputation in the face of changing consumer tastes and behaviours, and emerging threats to the food supply from lapses in food hygiene practices at home or exotic pathogens from overseas.

Never before in the history of food consumption have people been so conscious of the safety of their food – and so dependent on others for protection, both within and outside the food supply chain

Food emergencies overseas are potential emergencies here. It matters not that the regulatory failures occur overseas. Consumers the world over are linked by the click of a mouse.

The ramifications of similar regulatory failures occurring in Australia would impact on every component of the food supply chain, from producer to consumer. Fortunately, Australia is well placed to maintain its reputation of having one of the safest food supplies in the world.

Through the Australia and New Zealand Food Regulation Ministerial Council, Australian governments adopted a whole-of-chain approach to food safety in 2002.

I intend to explore this approach during my talk in the context of the globalisation of the food supply, arguing that globalisation is causing regulatory convergence at a national and international level.

We first heard about regulatory convergence during the rapid growth in the IT and telecommunications industries. It then emerged during reforms to financial markets. Here, I am applying it to the rationalisation of food regulatory systems at State, national and international levels.

In fact, Australia and New Zealand can probably claim to have started the ball rolling when the two countries, in 1996, agreed to develop joint food standards.

The resulting *Australia New Zealand Food Standard Code* was a milestone for two sovereign countries to agree to share a common set of standards governing food composition, labelling and contaminants.

Regulatory convergence of functions and standards associated with food safety is now making itself felt in Australia. It has obvious consequences for the way that agricultural businesses operate and trade.

The driving force behind these changes is the protection of public health and safety. However, I believe that countries that succeed in regulatory convergence will have a market-access advantage over those that are less successful.

Regulatory convergence of this type – involving common approaches, processes and standards – can only serve to facilitate trade and to provide consumers throughout the region with assurances of a safe food supply.

Globalisation as a driver of regulatory convergence

So, what do I mean by regulatory convergence? And why should globalisation affect the way that national governments regulate food supplies?

When our ancestors learned not to eat the leaves of the rhubarb plant or green potatoes, we ate food that we had either grown ourselves or were grown locally. Today we consume foods – mostly processed foods – from every continent, grown under every condition possible.

I rely on the manufacturer to tell me what is in the food I eat, how to use it and to guarantee the safety of the product. The headlong dive by food manufacturers into foods fortified with everything from caffeine to ginseng only increases my dependence on the food industry and food regulators to do the right thing.

Our diets and eating habits are changing.

As an illustration, a report released in January by the market analysts Datamonitor reported that Europeans eat a little over 4.5 times a day and that the margin between meals and snack frequency consumption is declining.

French consumers on average skip 77 breakfasts a year. Eating out of the home now accounts for almost a quarter of all food occasions.

Closer to home, a survey in New Zealand has just shown that Asian foods have replaced fish and chips as the preferred take-away meal.

Globalisation in all its forms is driving these changes. National food regulations must not only keep pace with such developments, but must also find appropriate regulatory approaches to manage novel foods and new food technologies.

As I mentioned earlier, our diets are trending towards international diets, foods are transcending national boundaries and consumer expectations of food safety are not being restricted by our location on the face of the planet. Yet, as a global food economy, we can't even agree on something as basic as regulating low levels of contaminants.

The recent furore over the importation of honey and prawns contaminated by nitrofurans highlighted the problem.

Most of the world has adopted a zero tolerance approach to chemical residues in food – they are prohibited unless specifically permitted. In other words, if no ADI or MRL exists for a chemical, the food containing that residue cannot be sold.

But some countries, in addition to their own domestic MRLs set for chemical residues, also recognise MRLs developed by the Codex Alimentarius Commission as default values.

Australia, at present, only recognises MRLs approved by the Australian Pesticide and Veterinary Medicines Authority (APVMA) and Food Standards Australia New Zealand (FSANZ). This is because MRLs are related to good agricultural practice in the country concerned and Codex limits may not be appropriate to Australian conditions.

Australian Government agencies are currently examining this issue, with the objective of harmonising as closely as possible with the approaches of other countries and fulfilling our WTO obligations.

Fortunately, the FAO and WHO, through Codex, are attempting to bring order to standard setting by developing principles and guidelines for member countries.

Australia is a key player in the work of Codex committees. And, by aligning our national standards to the international benchmark, I feel that we are in a strong position to act as a food safety role model to countries in our region.

FSANZ's role in a fragmented food regulatory system

My agency, Food Standards Australia New Zealand, is but one element of Australia's food regulatory system.

Until the ministerial decision in 2002, and the transformation of the former Australia New Zealand Food Authority into FSANZ, food regulation in this country was bedevilled by fragmentation – industry and governments, national and State.

Under a ministerial council that now has representation from health and agricultural portfolios, food regulation in Australia is in the process of achieving a convergence of approaches, leading to a convergence of functions. The establishment of the Implementation Sub Committee (ISC) has been particularly important in aligning jurisdictional thinking on food matters.

The result is a system that protects the health and safety of Australians, but which better affords consumers and food businesses – including those associated with the primary industries – with legitimate opportunities to influence food policy. It also provides food businesses with a greater certainty about how food regulations will be enforced which, in turn, can lower transaction costs.

In addition, the new system has prompted States and Territories to re-examine their structures and operations towards the regulation of food.

New South Wales has amalgamated the food compliance activities of its health and agriculture portfolios into the NSW Food Authority. We will hear more about this initiative later.

In the midst of this convergence, FSANZ has expanded its standard-setting role to the primary sector.

FSANZ's standard-setting process has always contained a statutory requirement for public consultation. We have now taken this requirement one step further for our work with primary producers by forming Standard Development Committees for each commodity under consideration.

We are thereby able to do our work in partnership with industry and in close collaboration with consumers and State and Territory jurisdictions. Consultation has been replaced with engagement. And engagement leads to convergence of ideas and approaches.

In this way, by the time a standard has gone through all the hoops, the ambiguities about implementation have been settled and the implications for an industry sector are clear and concise.

Our Chief Scientist, will be taking us through FSANZ's risk analysis process in a minute, so I won't dwell on it here. Suffice it to say that our approach is underpinned by the best science available to us. It is consistent with Codex guidelines and it conforms to the principle of minimum effective regulation advocated by the Productivity Commission.

Australia's whole-of-chain approach to food safety

Codex also advocates a whole-of-chain approach to food safety.

What does this mean in practice? Why was its adoption by food ministers in 2002 such an advance in controlling foodborne illness in Australia? And what does it have to do with regulatory convergence?

As the name implies, the whole-of-chain approach to food safety involves the identification of potential hazards along the entire food chain and applies management controls appropriate to the risks at key points in the chain.

The *Australia New Zealand Food Standards Code* already regulates food safety requirements for the processing and retail ends of the food supply chain. These requirements mandate good hygienic practice in food businesses and a model HACCP-based food safety program that States and Territories can adopt into their Food Acts.

These initiatives came into effect five years ago. I believe that they have changed the hygiene culture of many businesses and their employees.

However, the incidence of foodborne illness is on the rise around the world. Australia is not immune to this trend. Despite the best efforts of food safety regulation, the consumption of food continues to cause personal distress and economic loss to the nation.

Why is this happening?

A number of reasons stand out. The first is that surveillance and reporting mechanisms for foodborne illness have been vastly improved in recent years, including the establishment of the OzFoodNet program by the Department of Health and Ageing.

We now have a much better handle on the numbers of people affected – and it does not make pretty reading. Consumers are also becoming more aware of the need to report bouts of food poisoning.

The food ministers requested that FSANZ take responsibility for extending its risk analysis approach to good hygienic practice and food safety programs to primary production, thereby plugging a gap in the chain.

The rationale of moving down this path is to reduce the pathogen burden as low as possible before food products reach the manufacturer or retailer. By doing so, food processors and retailers stand a better chance of controlling hazards at their end of the chain.

In addition, fresh thinking within the jurisdictions has led to new alliances and new working arrangements. Regulatory convergence is becoming more a reality than rhetoric.

Primary Production and Processing (PPP) Standards

Armed with its new mandate, FSANZ has commenced a program of developing Primary Production and Processing (PPP) Standards for primary industries.

These standards will be commodity-specific, mandatory, Australia-wide food safety regulations that will largely replace existing State-by-State requirements and voluntary industry codes of practice.

We have almost completed a PPP standard for seafood and have embarked on standards for the poultry meat industry and the dairy industry.

I have spent a large part of my two years with FSANZ talking with industry leaders from the primary sector. FSANZ does not have a tradition of working with primary producers and so it has become necessary to establish relationships from scratch. It is clear to me that Australia's primary producers are world leaders in the supply of safe food.

Primary food businesses, especially those that form part of vertically integrated business systems, are implementing management strategies and controls that often exceed those that we might require under the principle of minimum effective regulation.

One issue of concern is that of implementing PPP standards at the border, because they apply to imported products as well as to domestically produced food items.

The challenge here is to put in place a compliance regime that can assess the food hygiene practices in the originating country. Clearly it is impractical to require evidence that handlers overseas have washed their hands at appropriate stages of food production.

Australia is currently considering an Application from the French Government to permit the sale of Roquefort cheese made from unpasteurised milk.

Similar arrangements may be put in place for the importation of seafood and other primary commodities. They are necessary to achieve an even playing field for domestic and overseas producers. They mirror the requirements of many nations to which Australia exports food products.

Benefits of national mandatory food safety standards

A legitimate question is: if the Primary Production and Processing Standards are replacing existing State and industry requirements, are we simply re-inventing the wheel or are there tangible benefits?

My view is that most of the public health gains to arise from PPP standards will accrue from the smaller, less knowledgeable and less resourced end of the market. I do not believe the new food safety requirements will raise the top bar for the primary industries concerned. Rather, the PPP standards will capture smaller players into the regulatory net, thereby raising the lower, minimum safety bar for an industry.

The benefit of this could be enormous.

We all know that it only takes the careless action of a small or backyard producer to bring an entire industry sector down. Names like Garibaldi and Wallis Lakes still reverberate around the country. They stand as examples of how public confidence can be damaged overnight – and for a considerable period of time.

It remains to be seen what the long-term impact of the whole-of-chain approach to food safety will have on foodborne illness statistics. Obviously, it's too early to tell, or even predict with a fair degree of certainty.

But, even if it only halts the growth of food poisoning incidents in Australia, this will be a major accomplishment against a backdrop of global rises.

The new approach will also, for the first time, produce a detailed understanding of hazards along the entire food supply chain, standing Australia in good stead in times of food emergency.

Data and scientific information that were once the preserve of individual businesses are being brought into the public domain during the risk assessment processes to create an improved understanding of food production by government regulators.

The result will be regulation that is not of the one-size-fits-all, broad-brush variety. Rather, it will lead to food safety requirements that are commensurate with the likely risks to human health. This will ensure that Australia does not contravene any of its WTO obligations, while providing consumers with high levels of protection.

However, primary producers should be left in no doubt that there are market access advantages to Primary Production and Processing Standards. National, mandatory standards provide an extra assurance to buyers of our produce that we do not have an uneven supply market in Australia.

Buyers will know that, from a food hygiene point of view, Australia is an homogenous market. Moreover, because our approach to food safety is that of world best practice, they can have every confidence in the rigour and outcomes of our approach.

Finally, I must mention a spin-off from FSANZ's work on PPP standards, which has the potential to achieve more than incremental advances in market access.

I refer to programs funded by AusAid and other agencies that enable FSANZ to promote Australian food standards and Australian regulatory methodologies to countries in our region.

As a leading country in Codex, we have an obligation to assist other countries to adopt international benchmarks, principles and guidelines. And, what better way to achieve this than by offering the *Australia New Zealand Food Standards Code*, including the new Primary Production and Processing Standards, as a model?

Late last year, I was in Beijing doing just that. Our Chairman, Rob Knowles, has spoken at an ASEAN food safety forum about it. India and Singapore have already taken steps to revamp their food codes along our lines.

And we run training programs, both here and overseas, for individuals from the region who want to learn about our processes of risk assessment, risk management and risk communication.

This is regulatory convergence at a regional level.

Countries that understand each other's regulatory systems are better placed to trade with each other. In this respect, familiarity breeds trust. I'm sure that most of you would agree with this.

So, in answer to my original question: I believe there are significant public health and trade benefits to accrue from Australia's whole-of-chain approach to food safety. Much will depend on the speed and effectiveness of all partners in the process – especially primary producers – to adapt to the new regulatory regime.

Summary

To conclude, therefore, I hope that I have given you an overview of not just the Primary Production and Processing Standards that will govern on-farm hygiene and food safety, but also the thinking behind this approach.

Like globalisation, regulatory convergence is inevitable as the world shrinks.

Whereas a few decades ago national food emergencies and controversies could be quarantined behind borders, this is no longer possible. For this reason it is in the self-interest of all industry sectors to follow and attempt to participate in the work of Codex.

Many of your industries have recognised this for some time. Others are only just waking up to the long-term benefits of this approach.

While it is fashionable to blame inefficiency on the federated nature of our country, in the food area at least, real progress is being made towards a unified regulatory system, with each jurisdiction adding value to the process.

If the whole-of-chain approach to food safety does not realise the benefits I outlined earlier, it will not be because government is at cross-purposes with itself. It will be because industry has been slow or unwilling to take advantage of the opportunities presented by the new regulatory climate.

The new climate is also one of outcomes-based regulation, not imposed prescription of how food businesses should conduct their affairs.

This is vital to innovation, as we found when the *Australia New Zealand Food Standards Code* came into effect in 2002. Suddenly, the marketplace was awash with new food products – fortified foods, functional foods and the like. It was as though the chains of restrictive practice had been discarded overnight.

The new approach to food safety is beginning to show similar signs. People are questioning the need, for example, for dairy products sold in Australia to be made from pasteurised or heat-treated milk. The concept of “equivalence” is gaining currency.

I started this presentation by acknowledging Australia’s reputation as a source of high-quality, safe food products. That is a reputation based on yesterday’s performance. Tomorrow, our reputation will be based on our ability to protect consumers from new hazards and unpredictable risks.

We can’t know the unknown. But we can have structures and procedures in place with the flexibility to address those unknowns.

Standing still, with the food safety management systems of today, is not an option. By standing still, we fall behind.

Australia’s whole-of-chain approach to food safety is a bold attempt to move forward.

Thank you.

