An Appetite for Traceability

Results from OnTraceability 2011

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ABSTRACT

In April 2011, a conference of leaders from industry, government and academia was held in Cambridge Ontario to discuss the status and future of agriculture and food traceability in Canada. A key purpose of the conference was to generate a dialogue that engaged all parts of the food system.

Participants were polled on their attitudes toward traceability and a panel of international speakers discussed the issues around agriculture and food traceability. Although the results are not representative of the entire food chain, several are noteworthy. The main traceability drivers are marketing and branding, and emergency management. Traceability is viewed as critical to the future of agri-food trade. The system should be operated by industry but overseen by governments with costs borne by all who participate.

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Executive Summary

ON APRIL 7, 2011 OnTrace Agri-food Traceability hosted a conference of leaders from industry, government and academia in Cambridge Ontario to discuss the status and future of agriculture and food traceability in Canada. One objective of the conference was to generate a dialogue that engaged all parts of the food system. As part of that discussion, participants were polled on their attitudes toward traceability. Although the results cannot be concluded to be representative of the entire food chain, the outcomes have compelling implications for both governments and industry.

1. While management of recalls and animal health emergencies are considered key motivations for traceability, market drivers were viewed as just as important, particularly among farmers and processors.

2. There was overwhelming agreement that full agri-food traceability needs to be a shared initiative between industry and government. Further, it was felt that industry should operate any national traceability system. Government's role was seen as general governance and enforcement of requirements.

3. More than three quarters of respondents said that, as consumers, traceability was important to some or all of the food they eat.

4. There is a growing sense of urgency from some agricultural commodity sectors for a coherent, aligned traceability approach in Canada. It was almost universally accepted that traceability will be essential to Canadian trade success.

These responses and the ensuing discussions at OnTraceability 2011 have implications for advancing traceability in Canada. There is a strong indication that Canada will need a cohesive traceability system to ensure international competitiveness for exports, especially in light of new regulation such as the U.S. FDA's Food Safety Modernization Act. This system should be administered by industry, with compliance ensured by government. The focus of business and consumers is, at the moment, heavily weighted toward risk mitigation. Both business and consumers can realize additional benefits from traceability beyond just food safety and accountability – for instance, making value chains more efficient, or providing a better understanding of the 'story' of food. Finally, a traceability strategy must be one component of a larger Canadian food strategy.

Background

On April 7, 2011 over 160 representatives of industry, government and academia met in Cambridge Ontario to discuss the status and future of agriculture and food traceability. A panel forum during the afternoon addressed many aspects of traceability.

As part of the discussion, participants were polled using *iClicker* technology. This white paper presents a summary of the results of the *iClicker* polls. Because the sample was one of convenience, including only those who chose to attend the conference, the results cannot be taken as representative of the industry or of any specific groups. However, they do provide insights into the views of some members of the industry and, as such, may stimulate further dialogue about approaches to developing full agriculture and food chain traceability in Ontario and Canada.

The Sample and Process

Attendees were provided with *iClicker* handheld units at the conference. At the beginning of the afternoon panel attendees were asked to self-identify into one of several groups. A total of 104 units were registered and responded to at least one question. Of those 17 self-identified as farmers, 10 as processor-shipper-distributors, 3 as government or academic, 54 as industry service partners or media and 20 did not self-identify. The following analysis grouped respondents into three categories: farmers, processors-shippers-distributors (termed 'processors' in this paper), and other, which included all other categories.

During the discussions, each question was posed to the participants and responses were collected by the *iClicker* software. The question and poll results were then discussed by the panelists with questions and comments from the audience. A few questions were dropped from later discussions due to their similarity to earlier questions.

The panel included:

- Dr. David Acheson, Managing Director of Food Safety at Leavitt Partners

- Eric Biddiscombe, Senior Director Planning, Produce Business Unit, Loblaw Companies Limited

- Richard Halenda, Owner, Halenda's Meats

- Jamie Kennedy, Canadian chef, restaurateur and Member of the Order of Canada

- Bruce Saunders, dairy farmer and Vice Chair of OnTrace

- Dr. David Sparling, Chair of Agri-Food Innovation and Regulation, Richard Ivey School of Business

Results and Discussion

A total of 14 questions were discussed by the panel and participants. The ensuing discussion also yielded some valuable insights. Although the sample may not be fully representative of the industry, the outcomes have compelling implications for both governments and industry concerning traceability.

What is iClicker?

iClicker is an audience response system. The devices, which are distributed to every member in the audience, allow respondents to provide feedback and answer multiple choice questions. Responses can be immediately aggregated and displayed on-screen in charts. This technology has been used extensively in classroom and corporate settings.

FIGURE **1**:

What do you think will be the prime driver for national traceability?

Marketing and Branding
Farmer
Processor
Other

Emergency Management
Farmer
Processor
Other

Supply Chain Efficiency
Farmer
Processor
Other

Recall Management
Farmer
Processor
Other

0 10 20 30 40 50 60 70 80 90 100 %
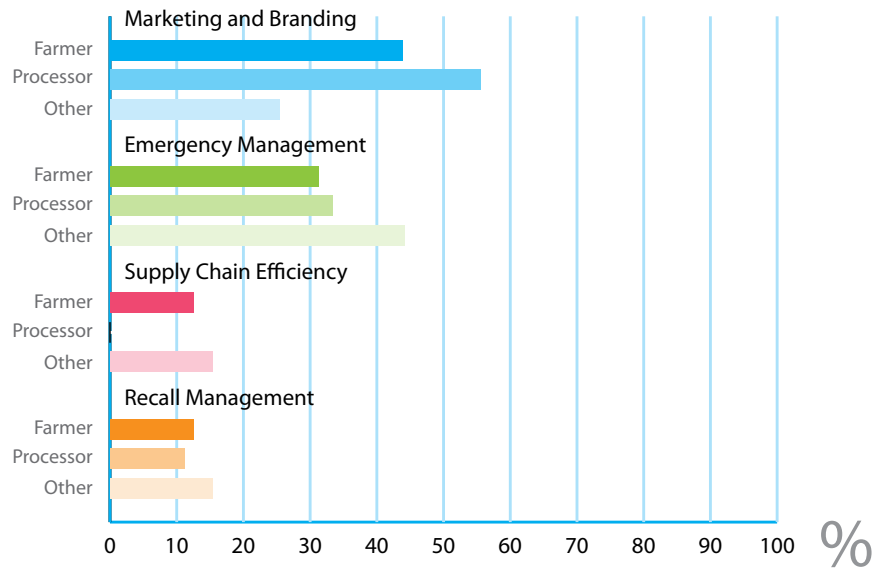
Traceability Drivers

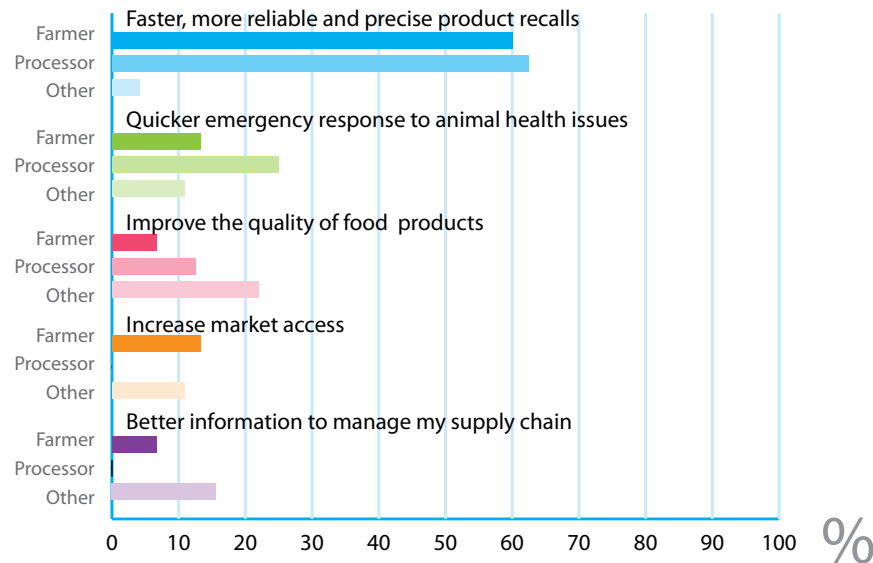Conference participants had varied perceptions of the main drivers for implementing traceability. Processors and farmers placed a higher emphasis on marketing and branding than other respondents. Yet, managing emergencies and recalls were also important.

"Our business is about theatre and telling a story about the food we prepare. Traceability helps me tell that story."

Jamie Kennedy
Toronto chef and Order of Canada recipient

FIGURE **2**:

What do you think is the **most important reason** for having the ability to trace food?

Faster, more reliable and precise product recalls
Farmer
Processor
Other

Quicker emergency response to animal health issues
Farmer
Processor
Other

Improve the quality of food products
Farmer
Processor
Other

Increase market access
Farmer
Processor
Other

Better information to manage my supply chain
Farmer
Processor
Other

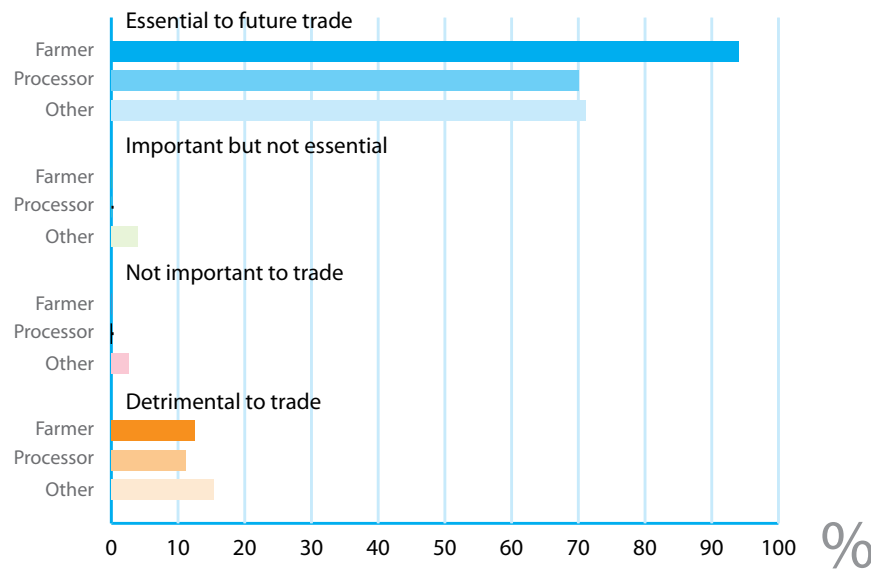0 10 20 30 40 50 60 70 80 90 100

%

Why Trace Food?

Participants felt that the most important reasons for tracing foods were the ability to better respond to product recalls or animal health incidences. Not surprisingly, processors placed the greatest emphasis on reacting to product recalls. Still, both issues were important to both farmers and processors.

The 'other' category (which included representatives of service organizations, academia and media, as well as government and undefined representatives) placed a higher emphasis on the value of information to manage supply chains than either farmers or processors. This may point to a lack of industry understanding of the potential usefulness of traceability data or skepticism that this information can provide true supply chain benefits.

FIGURE **3**:
Traceability is increasingly being used for trade purposes.
How important is having food traceability to Canada?

Essential to future trade
- Farmer
- Processor
- Other

Important but not essential
- Farmer
- Processor
- Other

Not important to trade
- Farmer
- Processor
- Other

Detrimental to trade
- Farmer
- Processor
- Other

0 10 20 30 40 50 60 70 80 90 100 %

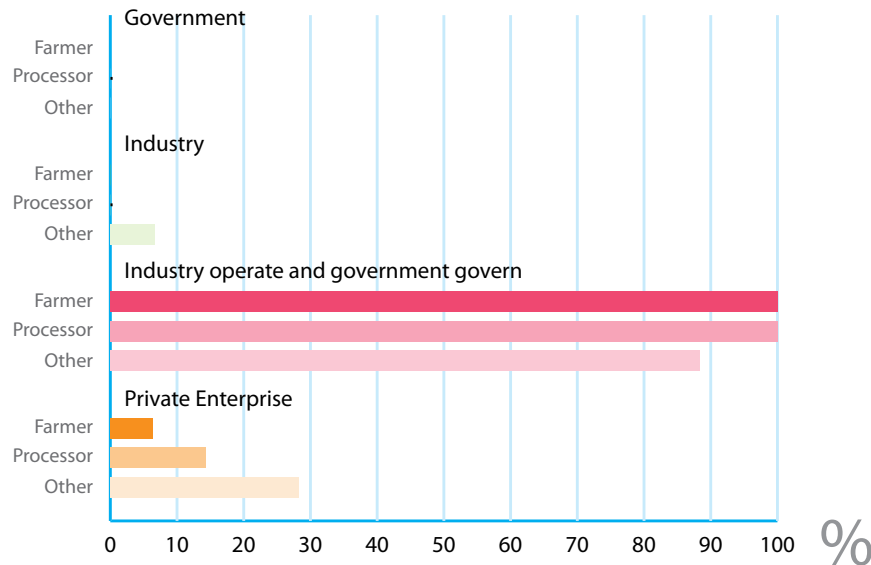# Traceability Is Vital to Canada's Success in Agri-Food Trade

When it comes to trade, traceability is a must. The sentiment was unequivocal among respondents and panellists: traceability will be a fundamental and essential underpinning of our ability to compete in the global agri-food trade system. According to Dr. David Acheson of Leavitt Partners, implementing a strong food safety and traceability system may allow Canadian companies and farmers to gain preferred and expedited access to U.S. markets. Dr. Acheson likened the opportunity to accessing an immigration 'green lane' for foodstuffs. Canadian producers and processors would do well to anticipate the traceability requirements as the new U.S. Food Safety Modernization Act (2011) comes into force for imported products.

"Traceability doesn't work if it stops at the border – it has to be international."

Dr. David Acheson
Managing Director of Food Safety, Leavitt Partners

FIGURE **4**:

Who should be responsible for the operation of a national agriculture and food traceability system?

Government

	Farmer
	Processor
	Other

Industry

	Farmer
	Processor
	Other

Industry operate and government govern

	Farmer
	Processor
	Other

Private Enterprise

	Farmer
	Processor
	Other

0 10 20 30 40 50 60 70 80 90 100 %

"Traceability will be crucial to ensuring Canadian products can access markets around the world."

Bruce Saunders
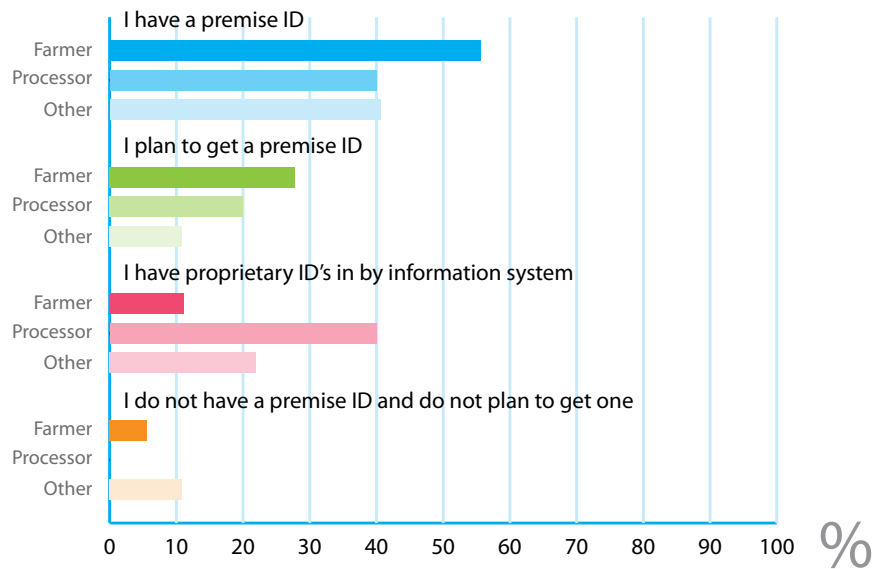Dairy farmer and Vice Chair of OnTrace

Strong Support for Shared Public/Private Responsibility for a National Agri-Food Traceability System

There was near-universal agreement that traceability and a system to support it could not be accomplished by government or industry working independently. Panelists consistently expressed the opinion that neither government nor private enterprise should have full responsibility for the national system under consideration.

Fully 92% of respondents felt that industry and government should have their own roles for the system: industry to operate the system, and government to ensure compliance with standards. Operating could include recording information and managing the software to integrate data from various systems. Government's role could include setting standards as to the type of information that should be collected, response times, ability to access information, the amount of information needing to be shared in the event of a problem, and ensuring compliance with standards. Not a single respondent thought that the system should be owned and operated by government.

FIGURE **5**:

Where does your business currently stand on premises identification?

I have a premise ID
- Farmer
- Processor
- Other

I plan to get a premise ID
- Farmer
- Processor
- Other

I have proprietary ID's in by information system
- Farmer
- Processor
- Other

I do not have a premise ID and do not plan to get one
- Farmer
- Processor
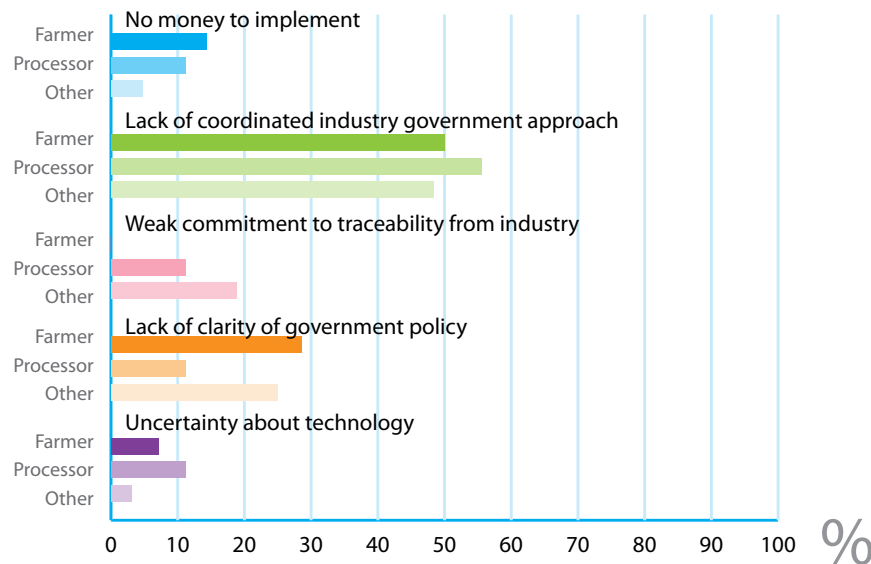- Other

0 10 20 30 40 50 60 70 80 90 100 %

Premises ID – Where Are We Now?

Developing and implementing a premises ID for Ontario farmers and processors has been a priority for OnTrace. Of the farmers who responded, over 83% either had or were planning to secure a premises ID. Premises identification is widespread among the processing and distribution organizations that responded but many use proprietary identification systems integrated into their business operations. It should be noted that only half of the food processing attendees chose to respond to this question. However, it is obvious from Figure 5 that gaps remain in Ontario's industry.

FIGURE **6**:

What is the principal hurdle in our ability to develop a national traceability system?

No money to implement
- Farmer
- Processor
- Other

Lack of coordinated industry government approach
- Farmer
- Processor
- Other

Weak commitment to traceability from industry
- Farmer
- Processor
- Other

Lack of clarity of government policy
- Farmer
- Processor
- Other

Uncertainty about technology
- Farmer
- Processor
- Other

0   10   20   30   40   50   60   70   80   90   100   %

"A key hurdle is identifying the right system that's going to work for everyone involved. It has to make sense for the value chain and regulators."

Dr. David Acheson
Managing Director of Food Safety, Leavitt Partners

Money and Lack of Coordination Are Key Hurdles

Industry representatives at the farm and food processing levels all feel that the main hurdle to developing a national traceability system is the lack of public/private coordination. Other attendees viewed a lack of funding as the main hurdle.

In the discussion that followed, panelists supported the need for governments to help fund initial systems development, mainly to reduce the financial and technology risks for early adopters. It was suggested that pilot studies and impact analyses will be crucial for developing implementation strategies and business cases to help deliver traceability. As systems and technologies mature, there should be less need for governments to support adoption; the focus of government could shift to ensuring continued viability and relevance of the national system.
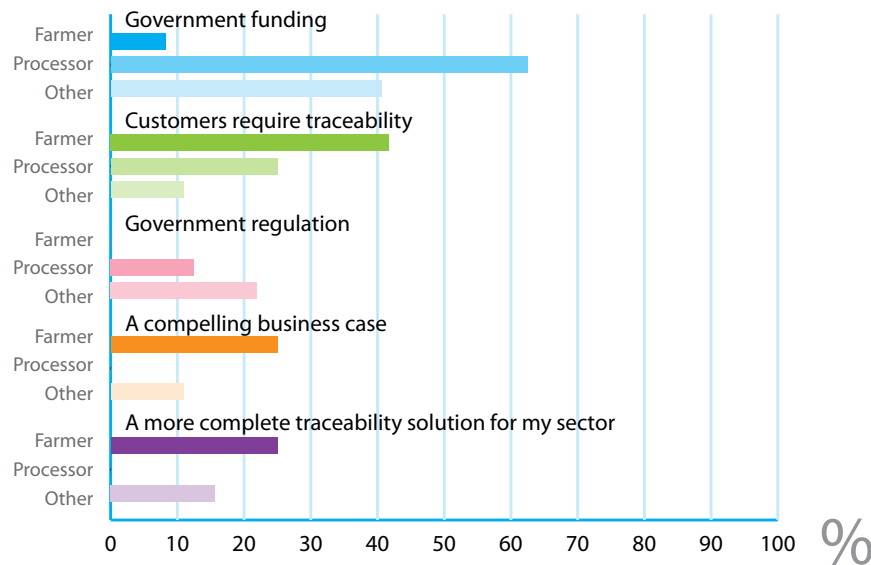
FIGURE **7**:

What one thing would make you accelerate adoption of traceability processes and practices in your operations?

Government funding
- Farmer
- Processor
- Other

Customers require traceability
- Farmer
- Processor
- Other

Government regulation
- Farmer
- Processor
- Other

A compelling business case
- Farmer
- Processor
- Other

A more complete traceability solution for my sector
- Farmer
- Processor
- Other

0 10 20 30 40 50 60 70 80 90 100 %

"The business efficiencies have driven us to full traceability. After seeing the info we could accumulate and the cost savings in distribution, we expanded it into processing."

Richard Halenda
Owner, Halenda's meats

Funding and Customer Needs Will Provide the Greatest Incentives for Adoption

Although only a total of 20 producers and food processors responded to this question, the results shed light on factors that could accelerate adoption.

Adoption of traceability has already become mandatory for farmers in many supply chains and the responding farmers acknowledged that if their customers required traceability, they would adopt it. A number of producers also said they needed a more complete traceability solution for their sector, implying farmers recognize that traceability extends beyond their farm gate. Farm level concerns over a final traceability solution remain, along with the need for a business case. For processors, the main incentive remains government funding to help defray adoption costs.

FIGURE **8**:

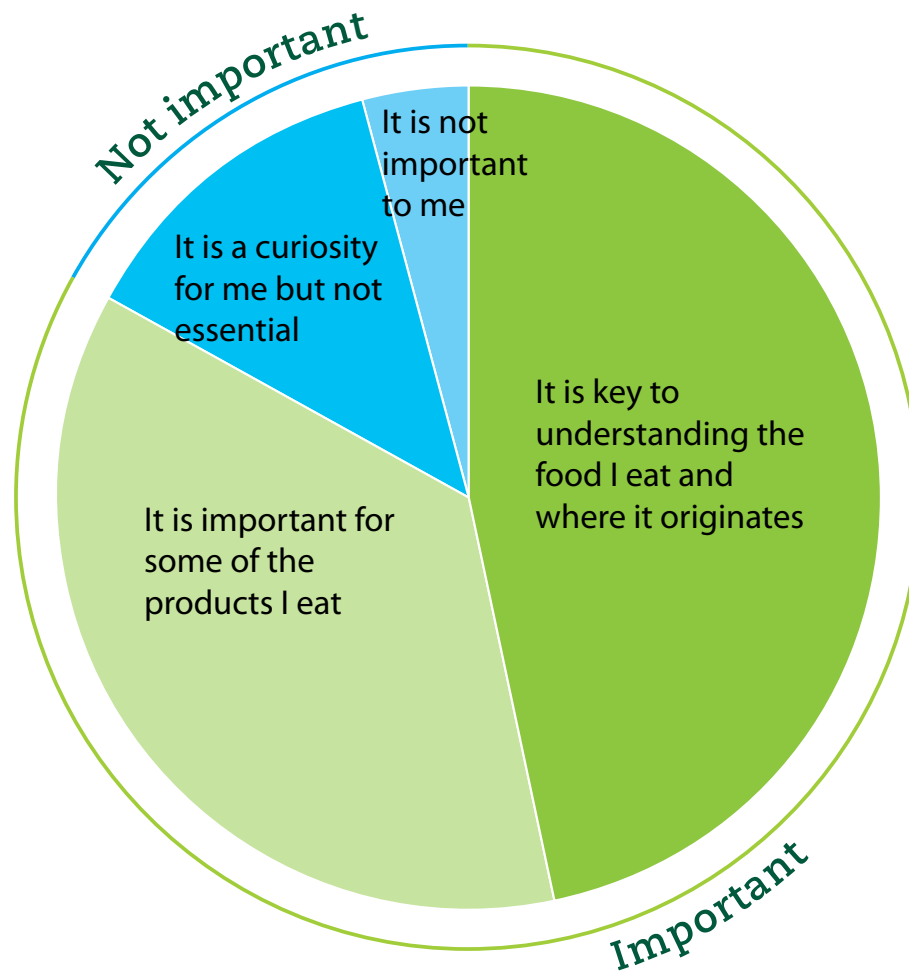How do you think that a national traceability system should be paid for? **Who pays?**
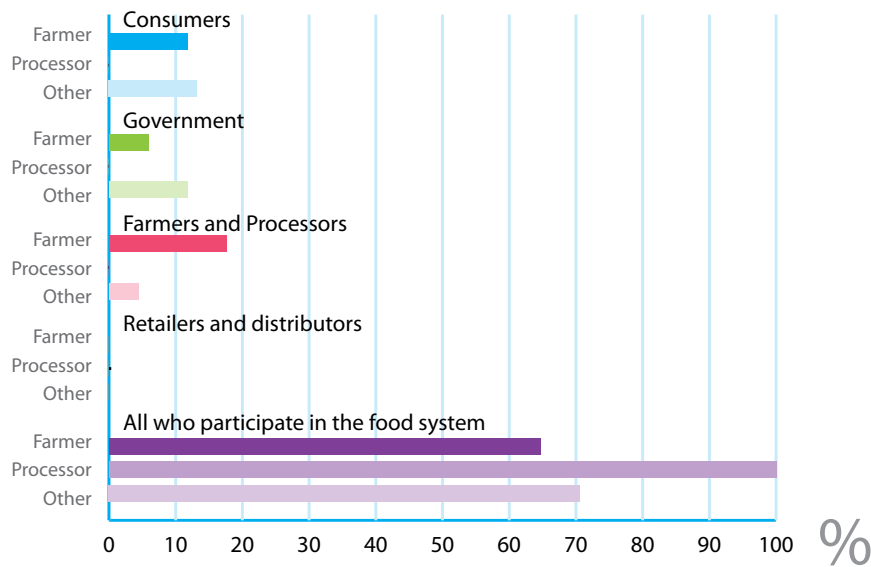
The Cost of Traceability Should Be Shared by All Participants

There was an overwhelming sentiment that traceability was a shared responsibility and that costs should be borne by all members of the chain. In the past, there has been a fear that the costs of traceability would be loaded disproportionately onto one segment of the food chain. The next question for those advancing the traceability agenda will be: In what proportions should different agents pay?
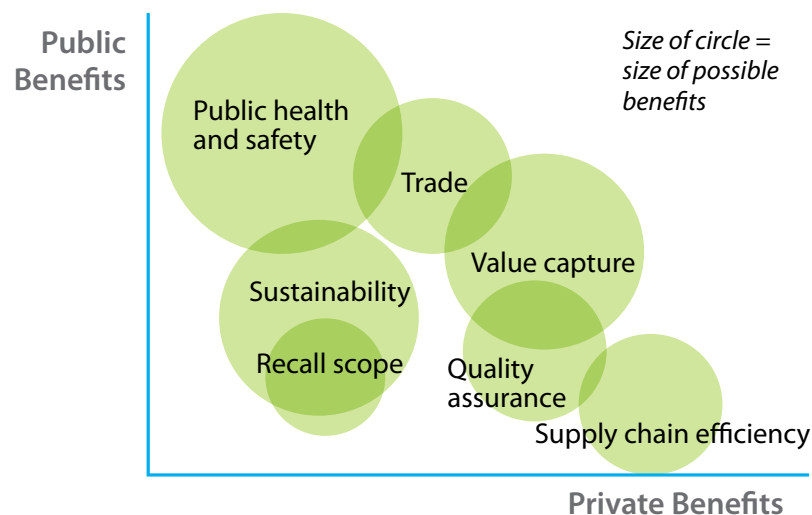
FIGURE **9**:

Positioning traceability benefits.

Not important

Important

It is not important to me

It is a curiosity for me but not essential

It is key to understanding the food I eat and where it originates

It is important for some of the products I eat

Viewpoint of the Consumer

The panel and participants were asked their perspectives on traceability as consumers. The results showed that more than 77% of respondents felt traceability was important to them for some or all of the food they eat. Many respondents suggested that traceability may only be important for some products perceived to be high risk. It is not clear whether participants' views on traceability reflect those of consumers more generally—but, consumer attitudes and demands may create a compelling driver for change and shape any national system that results.

FIGURE **10**:
Benefits from Traceability

Public
Benefits

*Size of circle =
size of possible
benefits*

Public health
and safety

Trade

Value capture

Sustainability

Recall scope

Quality
assurance

Supply chain efficiency

Private Benefits

"We need to move from thinking about supply chains to thinking about food systems."

David McInnes
Canadian Agri-Food Policy Institute

Finding the Value in Traceability

The discussion recognized the different roles for and benefits from traceability. Most of the benefits have both public and private components, but in varying proportions. Figure 10 provides a visual representation of the potential public and private benefits, with the size of the circle representing the relative size of the potential benefits. Benefits can accrue to the public in terms of more rapid and accurate response to food safety events but also in providing consumers with more information on the origin of food. Business stands to realize opportunities through reduced recall scope, greater quality assurance, value capture and supply chain efficiency. The shared nature of these benefits necessitates a frank discussion about where public investment is appropriate to secure the public benefits and where investment should be the responsibility of farms and firms.

Traceability as part of a National Food System

Traceability is one component of the Canadian food system. It is a critical part of the food safety system, providing the information needed to help ensure public safety, but also to operate agri-food chains efficiently and effectively. Traceability will be an essential under-pinning to Canadian agri-food trade and value capture in both export and

domestic markets. A systems approach to traceability recognizes the different stakeholders, roles and benefits that traceability can bring to the Canadian food system. A strategy for implementing traceability must consider how it will integrate with all parts of the food system and the role that it will play in creating a different future for the industry.

Moving Ahead

A key purpose of the conference was to generate a dialogue that engaged all parts of the food system. From that dialogue it is obvious that traceability will be an essential component of the industry in the future, particularly with respect to trade. That system will be operated by industry and will have to support and integrate multiple platforms for traceability. Government's role will be one of oversight and support, particularly in the early stages of development and implementation. There will need to be a high degree of coordination among stakeholders and an open discussion around who will pay and how the system will be administered.

There is a clear role for industry in operating a national traceability system and for government in ensuring compliance. In order to get to such a system, a number of questions will need to be addressed:

- Who pays for the system and in what proportions?

- What should be the governance structure for a national traceability system?

- How can consumers become more involved?

- How can industry leverage the opportunities of traceability (in addition to mitigating risk)?

- What standards need to be met for Canada to become a fast-access company to the U.S. and set the stage for better international competitiveness?

- How does this system support an overarching national food strategy?

We hope the insights from OnTraceability 2011 will help seed this multi-sector conversation, and provide support for a national traceability system.