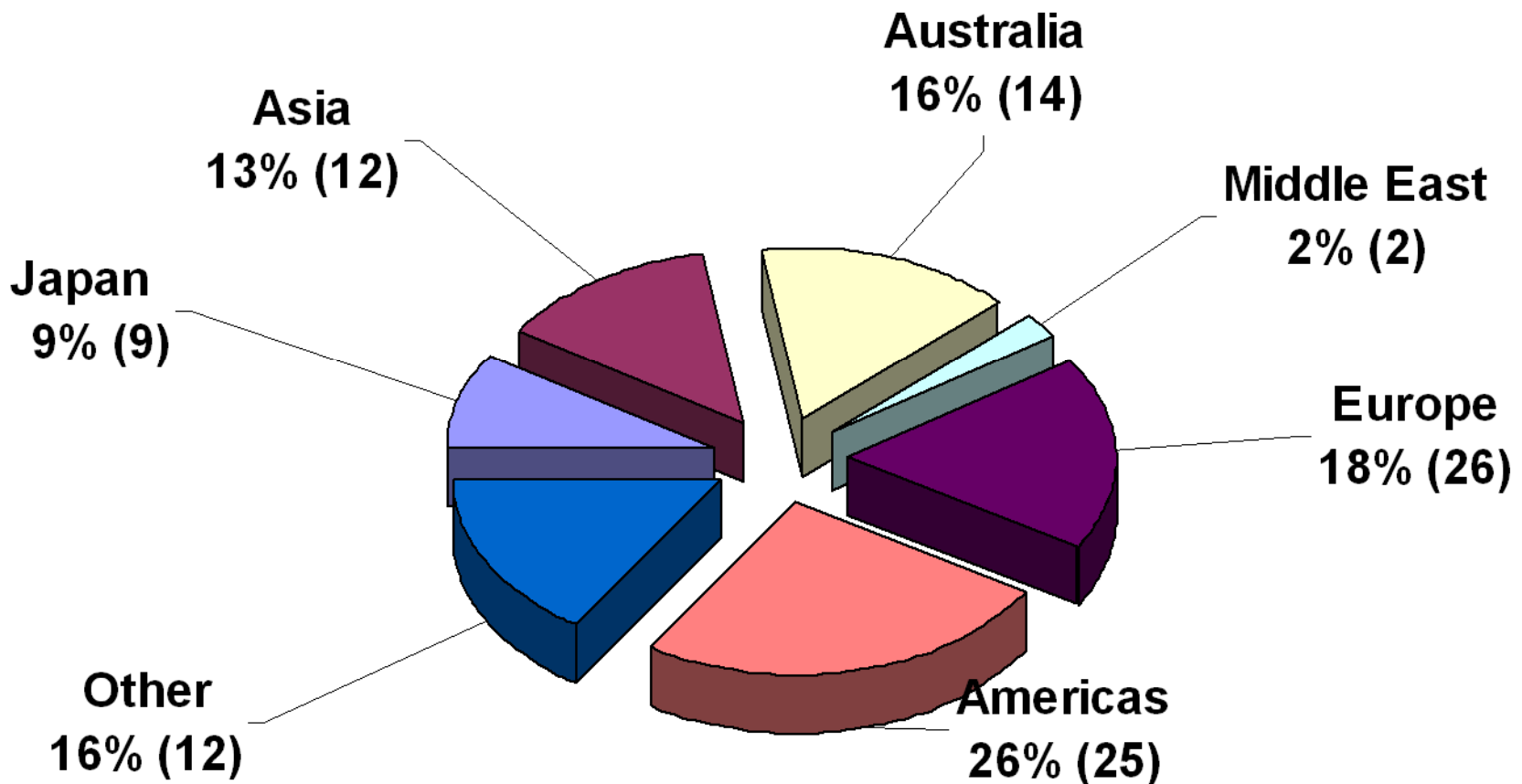




# International trends in food safety – optimising the opportunities

**Andrew McKenzie, Chief Executive  
New Zealand Food Safety Authority**

## Export Percentages 2008 (2007)





# Food Safety Issues Overseas

## Predominantly North America

- Salmonella in peanuts
- Listeria from meat and dairy products
- Salmonella supposedly in tomatoes
- Massive recalls of various products (meat, fresh produce including dandelion tea) with E coli O157H7

## Has become major political issue

- Outdated legislation (1906)
- Multiple agencies
- Attributing cause to inspection agencies' modus operandi

## Checks on Industry

- Lack of audits and/or inspections
- Audits and/or inspections not thorough enough
- Audits and/or inspections announced rather than unannounced
- Auditors/third party verifiers too close to industry and are too lenient

## Standards and enforcement

- Standards not high enough
- Lack of enforcement of legislation



## Consumers want safer food

- NGOs making a lot of noise
- Inspectors' Unions also driving a hard line on the need for more inspections and inadequacy of HACCP and what they perceive as industry 'self regulation'

## Confusion over safety and quality

### Imports

- Pressure on countries to provide evidence of checks on third country imports – e.g. Russia
- Insistence on replication of requirements in many cases
- No cognizance of New Zealand systems based approach



# New Zealand Situation

- 1978 Fish Packing for Export Regulations dragged the industry up by its coattails.
- The 1980's and 1990's saw a period of both push and pull in terms of food standards. Development of Industry Agreed Standards through FIICC
- The move in the last few years to more flexible Risk Management Programmes. Has created an environment where emphasis seems more towards individual company activity rather than the broader industry agreed standards approach.



# New Zealand Situation

Safety standards still adequate for domestic purposes

But - recent audits by Russians and EU show:

- Poor hygienic practice – age old problems
  - ~ Design
  - ~ Condensation
  - ~ Protective clothing
- Verifiers too close to industry and inconsistent
- Not following our own standards
- Age of New Zealand packhouses

New Zealand's reputation for high quality seafood is at risk



# New Zealand Situation

Safety standards still adequate for domestic purposes

Problems detected in the market place with predictable regulatory over-reaction:

- Listeria in shellfish (mussels)
  - ~ Approach in New Zealand and philosophy more focusing on how not to find it (compare Fonterra)
- Sanford's burnt really badly – who will be next in the mussel industry currently worth \$300m per year
- New Zealand needs to protect its reputation in shellfish and maybe across the board by improving standards



# Safety and other 'Quality' aspects

Other countries moving ahead of New Zealand both in terms of safety standards and other 'quality' aspects

- Higher safety standards
  - ~ EU review of biotoxins
  - ~ Singapore testing shellfish for norovirus
  - ~ Russia testing for E coli
- Fall-out from North American issues is a risk



## Other 'Quality' aspects

Other countries moving ahead of New Zealand both in terms of safety standards and other 'quality' aspects

- 'Quality' aspects
  - ~ Country of origin labeling
  - ~ Sustainable fishing techniques
  - ~ Sustainable resources



# Where to from here?

Non-compliance with current standards is unacceptable.

- Verifiers will be better calibrated and will enforce standards where companies are not taking their responsibility to produce safe and suitable food and meet market access requirements seriously
- There is a 'New Zealand Inc.' issue here both in terms of the seafood industry and its reputation for safe and high quality seafood, but also for NZFSA as the competent authority providing official assurances to importing country governments



# Where to from here?

Number of questions need to be addressed --

Do the existing Industry Agreed Standards need modifying to maintain industry's reputation and desired position in the export markets we trade into?

Or do we work off the lowest common denominator and be increasingly non-differentiated from our competitors?

If the former, do we want to improve the food safety standards and in addition introduce 'quality' aspects i.e. commercial issues?

If the former, should improved food safety standards and 'quality' aspects also bring in the other issues around sustainability requiring government assurances?



# Where to from here?

What other opportunities exist?

How do we position ourselves to benefit from those and maximise wealth?



# Dairy Industry

## Current Environment

- Customers require increased confidence in the quality and safety of food

Yet:

- Increasing pressure on industry to reduce costs and deliver value
- Government focus on the regulatory cost burden

**How can we deliver on both?**



# Lean

Lean: A principle driven, tool based philosophy that focuses on eliminating waste so that all activities/steps add value from the customer's perspective.

*Lean is all about continuous waste elimination*

Strive for processes with:

- Higher customer satisfaction
- Shorter lead time
- Higher flexibility
- Higher quality
- Lower costs
- Higher employee satisfaction



# Principles of Lean

The expenditure of resources for any goal other than the creation of value is wasteful

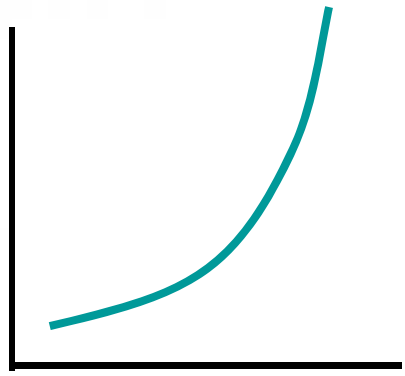
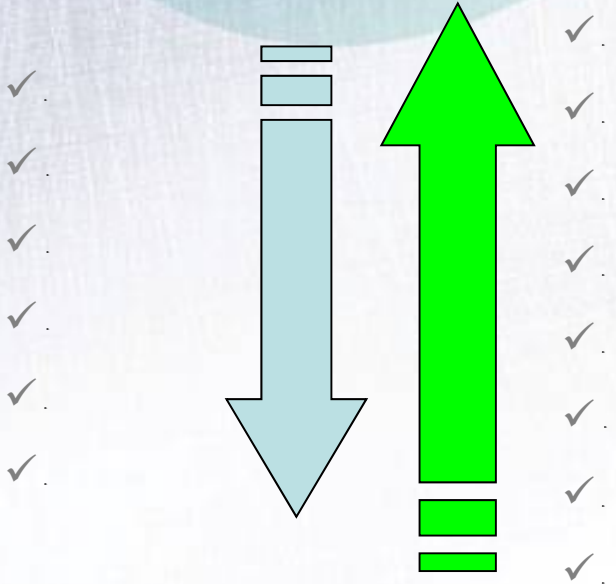
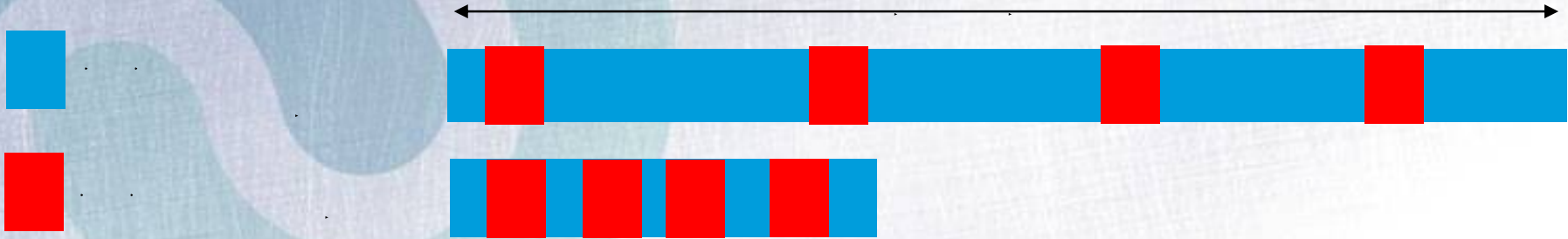
- Value is anything that the customer is prepared to pay for
- Waste is anything the customer is not prepared to pay for

Waste:

- Overproducing
- Inventory
- Rework and correcting errors
- Transportation
- Underutilised people



# Lean Benefits

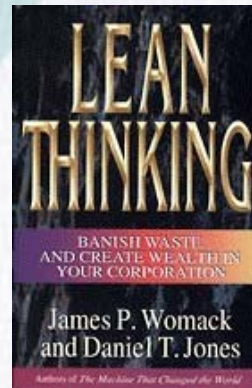
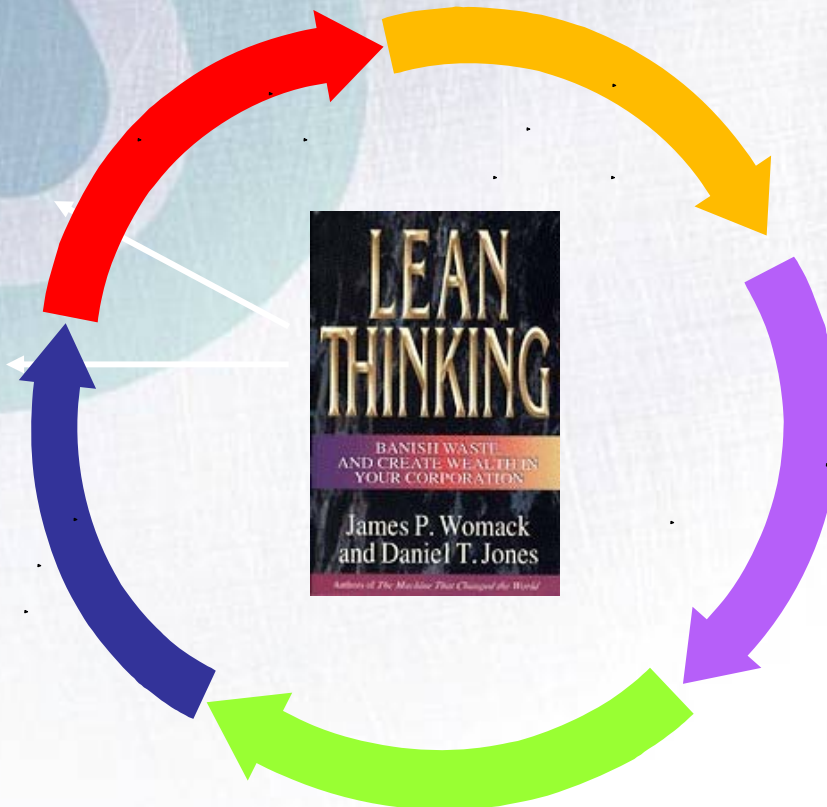




# Five Lean Principles

Define value from the customer's

Map all of the steps – value added and non-value added –





# Possible waste?

- Duplication of requirements or processes
- Requirements over and above those agreed with importing countries
- Excess paperwork
- Indecision or delays in making decisions
- Bureaucratic processes (overly complex)
- Errors
- Under utilised people or resources
- Etc.



# Scope for change/improvement

## Relevance for the seafood industry

- Is the NZFSA/Dairy Industry approach appropriate for the Seafood Industry?
- Do we need more appropriate and comprehensive standards covering food safety and suitability, quality aspects and other features (e.g. sustainability) that require official or commercial assurances?
- How can we better create an environment of commercial certainty for Companies?



# Scope for change/improvement

## Relevance for the seafood industry

- How can NZFSA be more responsive and facilitative and yet at the same time underpin the relationship that the seafood industry has with its customers by administering a quality regulatory programme?
- How can dispositions in cases of problems e.g. listeria in mussels, be better affected?
- We need a more meaningful verification programme that gives overseas countries confidence
- Is the SeaFIC process adequate given today's needs?
- Do current consultation processes give us the best results?



## Suggestion

That the Seafood Industry work with NZFSA and other relevant agencies to review the regulatory (and non-regulatory) value chain to identify opportunities to eliminate waste and position Industry appropriately given existing and future marketing strategies.



Te Pou Oranga Kai O Aotearoa

Thank you