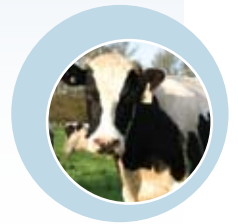




THE YEAR IN REVIEW

ANIMAL NUTRITION ASSOCIATION OF CANADA

2010



Animal Nutrition Association of Canada



Association de nutrition animale du Canada

Message from the CHAIRMAN

This year, ANAC's board of directors updated the association's strategic plan to reflect the challenges and opportunities the association and the industry will face in the near to medium term. The new plan – Vision 2015 – is focused on the leadership role to be played by ANAC, improvement of the business environment and our continued efforts to ensure industry sustainability.

We have already made important strides toward realizing that vision, and the coming year promises more progress still. ANAC's proposals to improve the regulatory framework and, the association's ongoing outreach to government and to our industry's partners have all cemented the notion that regulatory change is needed to enhance the safety and competitiveness of Canada's feed industry.

I am optimistic about the future of our industry and our association, but I will not be able to join you to usher in the change that we have all worked so long to achieve. In June 2011, I will be leaving my position with Cargill in Canada to take on exciting new challenges with the company in Europe.

I would like to thank my colleagues on the board of directors for their commitment and dedication to our association and to the industry. Together with the ANAC staff, you have all made the past year a success.

Phil Graham
Chairman, 2010–11

A word from the EXECUTIVE DIRECTOR

ANAC's vision for the feed industry is centred on a modern set of regulations that would enhance safety, ensure market access, and maintain the right level of consumer protection. The industry's view is that the regulatory focus must shift away from attempts to control the nutrient content of feed, and concentrate instead on the identification and management of risk.

In late 2010, ANAC published a comprehensive policy paper calling for regulatory change. The positions set out in this paper, and now communicated to the government, flow from the experiences of ANAC members in dealing with a regulatory system that fails to respond to the realities of today's industry.

We are now focused on a cooperative dialogue with the Canadian Food Inspection Agency to explore solutions. Our hope is that the proposals we have made will be seen as constructive, practical and appropriate. As we move forward, the continued support of ANAC members will be crucial to helping us achieve the goals the industry has established.

Graham Cooper
Executive Director

MODERNIZING CANADA'S FEEDS REGULATIONS

THE INDUSTRY'S TOP PRIORITY

Feed industry regulation in context

Canada's feed industry accepts that, as an integral part of the agri-food value chain, it should be subject to regulation. However, the prevailing view within the industry is that the current regulatory framework – largely unchanged for over a quarter-century – is outdated and misdirected. It must therefore be refocused and modernized to reflect the realities of today's feed industry, and allow government to redirect enforcement resources where they are most needed.

The primary emphasis of the regulatory system should be on the identification and control of risk, both in the ingredients used to produce feeds and in the manufacturing environment itself. Therefore, the regulations should focus clearly on safety, and not attempt to control the nutrient content of feeds, as is now the case.

Guiding principles for regulatory modernization

To lay the groundwork for ANAC's efforts to bring about regulatory reform, the association's board of directors in 2009 endorsed a set of guiding principles and core objectives for a new regulation. These objectives are intended to provide the context for more detailed regulatory proposals going forward.

SAFETY – maintenance of animal health and welfare, protection of the human food supply, and mitigation of environmental risks.

MARKET ACCESS AND COMPETITIVENESS – regulations must not create barriers to innovation and market entry, nor put the Canadian feed industry at a competitive disadvantage with its international counterparts.

CONSUMER PROTECTION – control over false or misleading claims, and assurance that labeling reflects the intended use of the product.

The role of ANAC's FeedAssure program

ANAC's FeedAssure program is a Hazard Analysis Critical Control Point (HACCP)-based feed safety management system under which almost 170 facilities are certified, accounting for more than 70 percent of Canada's commercial feed production. To maintain their status, certified facilities undergo annual independent audits by an internationally recognized testing and verification firm.

In 2010, FeedAssure was formally recognized by the Canadian Food Inspection Agency to be equivalent to the agency's own Food Safety Enhancement Program (FSEP). ANAC is currently exploring the feasibility of adding a further enhancement to the program through the addition of an ISO 22000 component to the already rigorous FeedAssure standards.



Proposals for a modernized regulatory framework

In late 2010, ANAC published a policy paper titled *The Case for Modernization of the Canadian Feeds Regulations*. This document sets out the rationale for regulatory change and advances three specific proposals for a way forward:

- **Establish a collaborative process between government and industry** – The first step is to institute a formal dialogue between ANAC and CFIA aimed at working cooperatively to reach agreement on a modernized regulatory framework.
- **Provide enhanced recognition of FeedAssure** – ANAC recommends further recognition of FeedAssure as a risk-control measure, coupled with government oversight to the extent needed to ensure adherence to accepted safety standards. This would allow CFIA to deploy enforcement resources more effectively, by focusing on program compliance for certified facilities, and by stepping up inspections of establishments with no accredited risk control measures in place.
- **Refocus registration system to include facilities** – ANAC proposes that the feed regulatory system undergo a shift in focus, to include the registration of feed mills based on their risk profile, rather than the current concentration on only nutrient content through registration of feeds and feed ingredients. In addition, the existing Table 4 of the Feeds Regulation, which attempts to control nutrient ranges, would be eliminated and replaced with a science-based screening process to evaluate ingredient risk.

VISION 2015

ANAC will be a national leader and international partner in the agri-food sector, committed to improving the business environment, resulting in the sustainable production of safe animal feed

Pillar of Success

Strategic Intent

Multi-Year Objectives

	LEADERSHIP	IMPROVE THE BUSINESS ENVIRONMENT	SUSTAINABILITY
	<ul style="list-style-type: none"> • Enhance recognition of ANAC as the credible voice of the Canadian feed industry • Engage stakeholders in the agri-food value chain to advance the interests of the industry • Proactively influence public policy 	<ul style="list-style-type: none"> • Implement key initiatives in the white paper strategy • Ensure technology/ingredient access from emerging science • Partner with provincial and international animal nutrition industry organizations 	<ul style="list-style-type: none"> • Promote feed safety for food safety • Environmental sustainability through regulatory reform
	Invest in scientific, legal and economic support for industry positions Implement a communication strategy for membership, government and industry stakeholders Leadership in proposing policy and structural solutions to regulatory and industry issues Anticipate emerging policy, political and scientific trends	Establish a dialogue between government and industry on regulatory modernization Obtain enhanced government recognition of FeedAssure Refocus registration system to facilities Explore international best practices and synergies	Continuous improvement of FeedAssure to meet industry and customer needs Investigate enhancements/additions to ANAC feed safety program, including other food safety systems Promote changes to <i>Feeds Regulations</i> to reduce nutrient waste

ANAC BOARD OF DIRECTORS

Executive Committee

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Cargill Animal Nutrition

VICE CHAIRMAN

Peter Bennett
Federated Co-operatives Ltd.

TREASURER

Dennis Kornelsen
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New-Life Feeds
Division of Parrish
& Heimbecker

Directors

Owen Jones
Canadian Bio-Systems Inc.

Michel Duval
Provimi Canada ULC

Patrice Brochu
Agri-Marché Inc.

Beyvn Litke
Masterfeeds Inc.

Associate Members

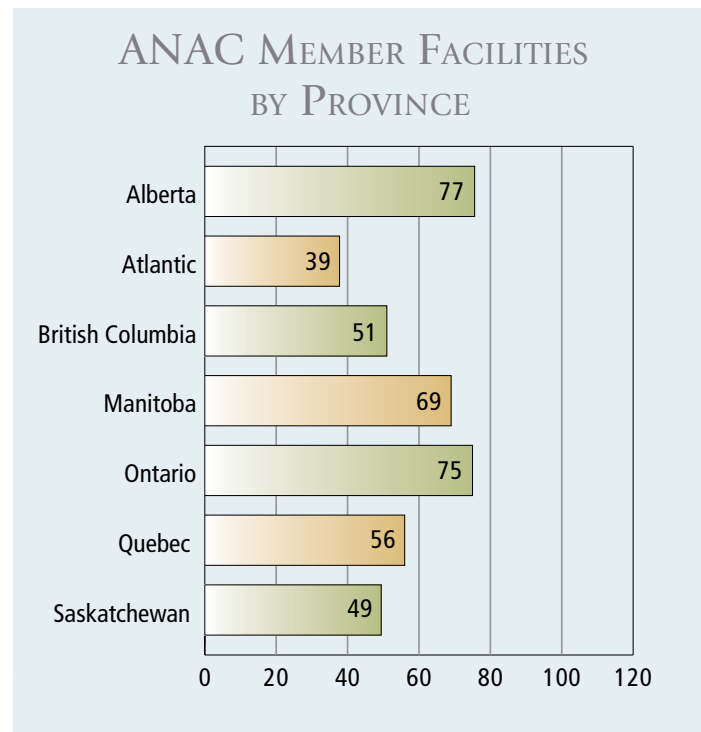
Dr. Maurice Smith
Alpharma Canada Corp.

Paul Primeau
Premier Ag Resources Ltd.

Nutrition Committee

– Past Chair

Nancy Fischer
Viterra, Feed Products Group



ANAC AND THE CANADIAN FEED INDUSTRY

The Animal Nutrition Association of Canada (ANAC) is the national trade association for Canada's animal feed industry. ANAC's 170 member companies manufacture livestock, poultry and fish feed and supply grains, oilseed meals, micro-ingredients and other commodities and services to the industry. ANAC member companies account for approximately 90 percent of commercial feed production in Canada.

The key role for ANAC is to advocate on behalf of the feed industry with government regulators and policy makers. The association's objective is to foster a favourable business environment for its members while maintaining the highest standards of feed and food safety.

The feed industry is an important part of Canada's agri-food economy and a critical partner in the country's food safety system. Feed represents the largest input cost for livestock and poultry producers – up to 75 percent of the total cost, depending on species. The estimated total commercial production of feed in Canada is 20 million tonnes and, in addition, an estimated 10 million tonnes is produced on-farm.

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