Banishing Bureaucracy or Hatching a Hybrid? 
The Canadian Food Inspection Agency and the 
Politics of Reinventing Government 

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The Canadian Food Inspection Agency (CFIA) is a means to overcoming long-standing bureaucratic politics while attaining some major policy ends. Contrary to some of the new public management bravado of transforming the public sector, the CFIA is not a bureaucratic revolution in reshaping the Canadian State. Changes in scientific staffing, funding, and inspection have been more incremental than fundamental. Moreover, the CFIA is something less than the special and separate operating agency models discussed in the alternative service delivery literature in terms of autonomy and market orientation, but something more autonomous and entrepreneurial than traditional government departments. These organizational and managerial reforms are modest extensions providing a means for achieving economies and enhanced effectiveness in carrying out the mandate of safety, consumer protection, and market access for Canadian food, animal, plant, and forestry products.

The Canadian Food Inspection Agency (CFIA) is the lead governmental organization in Canada devoted to the regulation of animal, food, and plant health as well as consumer safety in regards to the labeling and packaging of food products. A recent organizational innovation in public administration, the CFIA came into being April 1997, and represents a rich case study for better understanding issues such as how and why regulatory agencies are created in an age of deregulation, as well as the nature of alternative service delivery and accountability arrangements. This innovation is of wider interest because it is the first alternative delivery service agency created at the national level in Canada and thus offers insights into the politics of transforming the public sector in a science-based regulatory field and within a parliamentary system. A second aim of this article is to explore the application of the Reinventing Government (RG) paradigm on government reform by describing the legal and policy mandate of the CFIA and its organizational design, and comparing it to principles of the RG model.

The concept of RG is now a mainstream phrase if not common practice in public sectors across numerous jurisdictions. The phrase itself and the
central ideas from this literature come from the work of David Osborne and his associates (Osborne and Gaebler 1992; Osborne and Plastrik 1997). The main line of argument is that bureaucracy as a method of organization and service delivery is outmoded and bankrupt in the contemporary globalized, service-based economy of modern nation-states. A radically different way of doing the business of the public sector is therefore needed, a way that is entrepreneurial in outlook and approach. Entrepreneurialism in the public domain means organizations that are flexible and innovative using resources in ways that enhance efficiency and effectiveness. Entrepreneurial governments are said to be catalytic, community-based, competitive, mission-driven, results-oriented, customer-driven, enterprising, anticipatory, decentralized, and market-oriented. In a single article on this case study, attention will be focused on a selection of these principles, specifically, the notions that government should steer (set policy and evaluate performance) rather than row or deliver services; that competition be injected in the delivery of services even within the public sector; that government agencies should not just spend money but raise it by such means as user fees; and, that the organization move from an emphasis on hierarchy and rules toward a style stressing participation and teamwork among staff. These are fundamental strategies in the RG literature for transforming government and banishing the dysfunctions of bureaucratic public administration.

The following questions are addressed here. How and why was the CFIA established? In other terms, is the CFIA a new form of entrepreneurial governance? Does it represent a radically different way of conducting the public interest on food safety? Within a parliamentary system such as Canada, what does this case study suggest are the opportunities and limitations on implementing the RG paradigm? The central argument of the article is that the CFIA combines innovative features consistent with an RG orientation with more traditional features consistent with a strong public commitment to maintaining food inspection as a core public role of the state accountable to Parliament through a cabinet minister. Rather than banishing government bureaucracy, the birth of the CFIA represents the hatching of a hybrid public institution.

The article begins with an examination of the context and impetus for the creation of the CFIA. The main forces shaping the agency’s formation were twofold. The first force was the general belief that food inspection was a core role of the state that ought to remain within the public domain. The second was the pressure from central agencies within the federal government, driven by the fiscal agenda of deficit reduction, to achieve savings by consolidating inspectorate activities housed in several departments. The second section describes and assesses the organizational design and mandate of the CFIA. Much more than a single-purpose agency, the CFIA has a range of responsibilities and powers beyond inspection. As an organization type, the CFIA is a hybrid with some unique and some conventional accountability, structural, and management characteristics. The CFIA is partly a department
and partly a crown corporation. This means the agency is not really at arm’s length from the government, but does have elbow room in certain aspects of financial and personnel management. Although the CFIA is a separate agency of various consolidated regulatory activities, the agency retains important working relations with several federal departments.

The hybrid nature of the CFIA is evident in its human resources regime too, in that the agency has separate employer status under the Public Service Staff Relations Act, though the employees remain federal public servants and the collective agreements they had went with them to the new agency. The article concludes that the ideas and language of RG have influenced the organizational design and management philosophy of the CFIA. At the same time, however, the agency has been shaped more deeply by a public culture that holds this function to be an essential state activity; by the conventions of parliamentary accountability, ministerial responsibility, and merit public service; and by a policy community in which industry interests have been successful in resisting efforts by the government to adopt more of a “bottom-line” cost recovery approach to funding the CFIA. As a consequence, the emphasis of the CFIA is on cost reduction and cost avoidance rather than cost recovery through increasing user fees.

IMPETUS AND CONTEXT FOR ESTABLISHING THE CFIA

The idea of an integrated federal food inspection agency is far from new. Before the CFIA was established, the concept of a single inspection system had been languishing in Ottawa’s halls of power for over a quarter of a century (Beaver 1997, 5). A task force on program review in the mid-1980s identified inefficiencies, and a lack of coordination and accountability in federal food inspection. In response to this critical review, the Canadian government authorized the formation of an Interdepartmental Committee on Food Regulation (ICFR) to coordinate and implement various memoranda of understanding, designed to outline the responsibilities of the federal departments involved in food inspection. The Deputy Minister of Health chaired the ICFR with the deputies of the three other main departments involved in the food safety system—Agriculture and Agri-Food, Fisheries and Oceans, and Industry. This group was to coordinate food inspection activities, establish uniform health and safety standards for food processing, clarify accountabilities, and provide for the periodic audit of inspection processes.

A 1994 report on the federal management of the food safety system, however, by the Office of the Auditor General found that little progress had been achieved by the ICFR in implementing reforms (Auditor General of Canada 1994). The ICFR had not evaluated food safety programs as intended; information on objectives, resources, and performance was not made readily available to Parliament; and the federal food safety–related departments were not in compliance with Treasury Board’s policy on cost
recovery, failing to recover, according to the Auditor General, hundreds of millions of dollars from industry for safety and trade inspection services. The ICFR produced a “paper policy”—a government stance on managing the food safety system had been decided upon but then not really implemented. The audit also concluded that “Health Canada cannot ensure that the food-related health and safety provisions of the Food and Drugs Act are applied fully and effectively” (Auditor General of Canada 1994). As the organization responsible for planning and coordinating the science-based federal food safety regime, the ICFR came under sharp criticism also. The committee had a record of reports not prepared; meetings not held; and many initiatives not completed.

A long line of writers in political science, public administration, and public policy studies have convincingly argued that the different yet overlapping responsibilities and resources of government bureaus generate internal competition, conflict, and bargaining. The lack of compliance by several federal departments with the Treasury Board policy on cost recovery illustrates that the proclivities of central agencies do not necessarily triumph in the policy process. Not only do line departments possess resources and control of information in their dealings with central agencies but, as we will see, a departmental clientele may also exercise considerable independent influence on policy intentions.

**Fiscal Pressures and More Cost-Efficient Inspection**

If one factor triggered the creation of the CFIA it was the imperative of reducing the federal deficit. While the logic for integrating federal food inspection activities had been examined and endorsed by a number of reports more than twenty-five years ago, neither the administrative wish nor a sustained political will existed. This changed with the fiscal crunch imposed on the federal public service by the Liberal government through their Program Review and budgets in the mid-1990s. Certainly other factors are important and can be thought of as tailoring the response to the restraint agenda. Reforming food inspection was mentioned in the 1995 and 1996 federal budgets in terms of placing inspection operations on a more commercial basis to reduce budgetary requirements while maintaining service and protecting the public interest. Finance Minister Paul Martin stated in the 1996 Budget:

> Surely we can all agree that it is simply silly for a food processing plant to have a federal meat inspector, a federal health inspector, a federal fish inspector, not to mention a provincial health inspector and a provincial food inspector tripping over themselves on the same day, in the same place, doing essentially the same thing. This sort of duplication wastes business time and government resources. We want to put an end to such waste. (Finance Canada 1996, 9).

While a somewhat exaggerated picture of the nature and degree of duplication in the country’s inspection systems, Martin announced that a new single food inspection agency would be formed that “will consolidate the
activities currently spread around several federal departments. This in turn will allow us to offer a new partnership with the provinces” (Finance Canada 1996, 9). More affordable government was to be achieved by streamlining arrangements and sharing more responsibilities with industry for regulation and inspection, and by moving toward more cost-efficient operations by reducing overlap and duplication within the federal government and across levels of government. This latter point is tied to the Program Review exercise the Liberals began in 1994, with a focus on organization forms and modes of service delivery, influenced partly by the NPM; and to the work the federal and provincial governments had already started, moving toward a national inspection system. This intergovernmental work on a national inspection system took on greater symbolic importance, following the October 1995 Quebec referendum, as a way of renewing the federation and promoting national unity (Moore and Skogstad 1998).

The impetus, then, for creating the CFIA was that the federal government faced a serious financial deficit. A central argument for creating a single federal agency was that the government would realize significant efficiency gains. It was estimated that, in 1995, across the departments of Agriculture, Fisheries and Oceans, and Health, $430 million and 5,100 full-time equivalents (FTEs) in staff were devoted to food safety inspection and regulation activities. There had already been some cuts made in these areas under the Program Review and in the budgets. In creating the CFIA, further annual savings of $44 million were estimated, beginning in 1998–99, from consolidation and rationalization in communications, information systems, enforcement, and administrative overhead in the food safety system. This amount was separate from any new funding that might derive from additional cost recovery.

A Public Good and Private Interests

A second important factor shaping the creation of the CFIA was the pervasive belief within the food safety policy community that the federal inspection and regulation functions ought to remain within the federal government domain. In contrast to the contemporary rhetoric of deregulation, downloading, outsourcing, and privatization of state activities, food inspection was regarded to have a fundamentally essential public interest and benefit. Federal politicians, consumer groups, industry associations, and all the provincial governments generally shared this sentiment. Ronald Doering, Executive Vice-President of the CFIA, explained this support to the House of Commons Standing Committee on Agriculture and Agri-Food when they were considering legislation to establish the agency: “The role of government is absolutely critical to food inspection [in terms of assuring the public of a safe and healthy food supply] and also in terms of the Canada-approved, Canada-certified, Canada-inspected product for trade purposes” (Doering 1996b).
International trade rules and expectations were also important considerations in determining the nature of the reformed food inspection system within the federal government. To quote Doering again: “Our trading partners... do not allow us to have products come to them unless we can show equivalency in terms of how we do inspection. They want a minister on the hook. They want a ministerial system, a departmental system, showing for the most part the government has done this inspection” (Doering 1996c). In evidence to the Standing Committee on the CFIA legislation, the President of the Canadian Meat Council emphasized the role of government in facilitating export trade for his industry: “The food production and inspection branch is involved in those aspects of international trade completely and totally. They support the industry and it’s necessary to ensure that this continues into the future. We would not have been able to amass exports of $2.25 billion [in 1995] without the help of Agriculture Canada” (Evidence, 7 November 1996). Along with the meat industry, fisheries and poultry constitute the major industry groups of this policy community, counting for the vast majority of federal inspection activities. Fisheries and poultry are also international sectors with significant exports.

Industry groups expressed strong concerns that the creation of the CFIA was, or could become, a cost-recovery initiative, pushing far more costs onto industry and thus jeopardizing their competitiveness. Cost recovery was a featured component of reinventing government in the NPM literature; and in consultations officials had on how to restructure the federal food inspection the issue of cost recovery was a hot topic which dominated discussions on whether to establish the CFIA. Industry groups presented these worries also to the Standing Committee. Representatives from the Fisheries Council of Canada feared that the CFIA would download onto industry through cost recovery. They were concerned because their industry is legislated and firms have no choice as to purchase or not purchase the inspection services. The Canadian Meat Council argued against any new user fees or increases in existing fees. They noted that since meat trades freely across the Canadian and American borders with no tariff protection, fees are impairing the competitiveness of the red meat industry in Canada. They urged that the government concentrate instead on cost reduction and streamlining. The Canadian Poultry and Egg Processors Council said they accepted user fees related to a necessary service that conferred private benefits and were delivered in a cost-efficient manner. They wondered, however, what the actual mix was of public good and private benefit. Likewise, they raised concerns over international competitiveness, claiming there are no user fees for inspection services in the United States, while some processors and growers in Canada were paying up to $400,000 a year for such inspections.

Before the CFIA legislation was passed, the Minister of Agriculture and Agri-Food made a clear commitment, both inside and outside the House of Commons, that there would be no new cost-recovery fee introduced by the new agency before the year 2000, and even then only after consultation
with the affected industries. New cost recovery would be a last-resort policy instrument, with the primary emphasis on generating savings by cost avoidance and cost reduction. Existing user fees and planned increases to existing fees, however, were to continue as planned.

ORGANIZATIONAL DESIGN, MANDATE, AND STRUCTURE

As part of the process of stakeholder consultation on reforming the food inspection system, a discussion paper outlined four possible organizational options. These were to strengthen the ICFR; realign the existing federal departmental responsibilities for policy setting, audit, and inspection; legislate a federal department of food safety; and legislate a single food inspection agency. Each option will be briefly outlined, indicating the general response and level of support for each. Again, it can be noted that privatization and provincialization of the function were not even on the agenda of possible options. The issue was framed as how best to restructure science-based food inspection and regulation activities at the federal level. Reorganization of the food safety system was viewed by government officials as a means for signaling restraint and achieving better coordination of the system at the federal level, while also modernizing policy and regulatory relations with client groups and other governments.

Organizational Design as a Governing Instrument and Policy Choice

The first option, in a sense, was a direct response to the Auditor General’s stinging critique of the present management of the federal food safety system by trying to salvage the ICFR. This option proposed the assignment of adequate resources and a permanent secretariat to the ICFR to support the committee’s broad objectives of coordination and communication. There was little support for this option within or without the government. In general it was felt that a committee structure would not adequately align responsibilities and accountabilities; would not allow a clear assessment of duplications and gaps in the food safety system; nor ensure deployment of resources to priorities arrived at by risk-based analysis. Further, as an internal administrative reform, this option would not address the public and political perception that overlapping mandates produce cost inefficiencies.

The second option proposed the reinforcement of Health Canada’s (HC) primacy as the standard setting and auditing agency for food safety, while moving the HC’s inspection functions to Agriculture and Agri-Food Canada (AAFC) and the Department of Fisheries and Oceans (DFO). This option had relatively strong support among stakeholders as it was seen as one step closer to a more streamlined “single window” approach, while minimizing change and potential disruption to the current system. The concept of separating risk assessment (HC) from risk management (AAFC and DFO) was appealing as it fit with practice and thinking of an internal
system of checks and balances among departmental roles (Auditor General 1994). At the same time, however, some stakeholders recognized that such a realignment of departmental responsibilities might not significantly enhance the efficiency and cost effectiveness of the food safety system since there would still be at least two delivery departments.

The third option would involve creating a new federal department by consolidating all food safety policy development, implementation, and review activities. Combining the inspection and quarantine functions of AAFC, HC, and DFO would do this. There was little support for this proposal as it was seen as increasing the bureaucracy—with visions perhaps of Big Brother and the Orwellian state—and would potentially be complicated and time-consuming to establish. A related concern was that establishing a new department would be constraining the food inspection system with traditional government requirements and protocols. Also, by combining policy development and implementation responsibilities, it was felt that the checks and balances that have characterized the Canadian food inspection system would be lost.

The fourth option proposed the creation of an autonomous food inspection and quarantine agency that would report to Parliament through a designated Minister. This would involve HC retaining accountability for food safety standards and related auditing of inspection and enforcement activities of the new agency, while the new agency would be responsible for all food inspection and quarantine services pulled together from various federal departments. The idea of legislating a single federal food inspection agency received strong support in the stakeholder consultations. Primary questions related to the ability to actually create such an entity, and the ability for industry to retain access to traditional contacts and expertise. Provinces felt a single federal agency would facilitate federal/provincial/municipal harmonization initiatives. Consumer groups and individual citizens liked the idea of a single contact within the Ottawa bureaucracy for food safety issues. In late 1995 the government chose to proceed with this fourth option.

Implementation of this organizational change was achieved through a two-stage process overseen by the Office of Food Inspections Systems, which had been formed following the 1995 budget announcement, and had managed the consultation process. The first phase, which was completed by July 1996, captured the essence of option two by transferring resources from AAFC to HC to reinforce HC’s role in food safety standard setting and auditing, while shifting inspection resources from HC to AAFC’s Food Production and Inspection Branch. This phase also involved a thorough review of roles and confirmed, through interdepartmental memoranda of understanding, standard setting for food safety as HC’s responsibility. These shifts in responsibilities and activities entailed moving approximately 250 people and $8 million between the departments. This notion of interdepartmental checks and balances is a notable part of the administrative and political culture of the federal food safety
regulatory regime. It is an expression of procedural norms of what constitutes “good science-based regulation,” and what the appropriate working relationship is between researchers and inspectors. It is, in effect, a version of the classic policy–administration dichotomy.

The second phase involved drafting the enabling legislation to authorize creation of the agency, shepherding it through the legislative process, in particular before the Standing Committee on Agriculture and Agri-Food, presenting, defending, and ultimately proposing amendments to certain sections of the bill. At the same time, implementation teams from HC, AAFC, and DFO were working on agency funding, human resources, enforcement provisions, and many other administrative and accountability issues. The legislation establishing the agency was given Royal Assent in late March 1997 and the second phase of the transition was completed on 1 April 1997, when the AAFC (including the former HC) inspection resources were amalgamated with the DFO component to create the CFIA. The two phases of the reorganization, then, increased both the organizational differentiation and organizational integration in the food safety system.

CFIA’s Mandate and Activities

We should not be misled by the name of the CFIA; it is much more than an organization concerned with food or with only inspection. Like other regulatory agencies, the CFIA’s legislative mandate confers on the agency multiple functions and considerable discretionary powers; this is a feature of Canada’s regulatory style (Doern, Hill, Prince, and Schultz 1999). As the agency’s name suggests, the activities of the CFIA center on inspecting the food supply and administering and enforcing several pieces of legislation and related regulations and orders. The inspection function includes domestic and imports inspection, export certification, quality assurance, registration of facilities, and audit activities. Besides inspecting food, there are inspection services concerned with fish, and animal and plant health. The CFIA is also responsible for managing the quarantine system and a network of laboratories and research centers across the country. Agency research extends to understanding consumer needs and concerns in relation to food safety awareness. The agency has important policy-making and consultation functions with various groups in its policy community, including negotiating trade arrangements and developing international trade standards.

As a departmental corporation, with more flexibility than conventional line departments, the CFIA has the financial authority to establish fees for services, rentals, and sale of assets and intellectual property. The expectation is that the agency will, over time, expand its revenue raising capabilities. In the area of financial administration and human resources, the CFIA also enjoys more flexibility and powers than line departments. For example, the agency has the authority to choose sources for procuring
goods and services other than from the Department of Public Works and Government Services and for legal services other than from the Department of Justice. As a separate employer within the federal public sector, the agency has important employment and labor relations activities. The accountability framework of the CFIA confers on the agency’s executive responsibilities for undertaking corporate planning, performance measurement, and reporting to the Minister of Agriculture and Agri-Food and Parliament. In this area, the CFIA resembles more a Crown corporation than a government department.

The CFIA legislation basically creates the agency in which all federally mandated food and fish inspection, quarantine services, and animal and plant health services are now housed. These responsibilities were previously located in four departments—AAFC, HC, DFO, and Industry Canada. The legislation sets out the CFIA’s responsibilities, corporate structure accountability regimes, and powers and reporting framework. Government officials determined it would not be possible in the time available for creating the agency to consolidate all federal statutes dealing with food safety and inspection into one law. Hence the approach centered on forming the organization, and consolidation of the various laws is presently a work-in-progress by the agency. The CFIA legislation therefore contains amendments to the enforcement provisions and penalty structures of the federal statutes relating to food and fish and animal and plant health that are now enforced and/or administered by the agency.

CFIA’s Organizational Structure: A Science-Based Bureaucracy

In their exploration of new forms of service delivery in Canada, Robin Ford and David Zussman (1997, 12) ask “whether the movement towards ASD methods represents an abandonment of the present system of Canadian government.” The answer, at least for the CFIA, is that reinventing science-based regulation has involved reaffirming core conventions of parliamentary cabinet government. Newer models of public management have affected the organizational structure, management discourse, and policy context of the CFIA, but have not entirely replaced the practices of the traditional model of public administration. In terms of agency autonomy and accountability relationships the CFIA is a mix of classical and unconventional practices. The CFIA is somewhat more autonomous than a department, but not arm’s length like a Crown corporation; it is still subject to some central agency controls, but not as many as before. In short, the CFIA has elbowroom to manage its resources, deliver its range of services, and enforce its statutory and regulatory powers. The agency has shared responsibility for results with the federal government, provinces and municipalities, industry, and consumers.

From Canada’s parliamentary heritage, the principles of ministerial responsibility and bureaucratic accountability are built directly into the CFIA legislation, based on the belief that “inspecting the nation’s food
supply and managing the quarantine system are important public policy issues over which there is a need to ensure the direct scrutiny and control of Parliament” (Beaver 1997, 7). These considerations influenced the type of public organization chosen and the overall accountability framework developed.

If the primary activity of the Agency were to do research and training for food safety, a crown corporation model could have been used, with industry, consumers, and provinces on a Board of Directors. But the CFIA has major regulatory powers of the most intrusive kind; non-compliance can lead to large fines and long imprisonment. The CFIA will make life-and-death decisions applying science and risk analysis, often in circumstances characterized by urgency and crisis. No minister could escape answerability for the death by food poisoning of several children by referring parents to the President and Board of some arm’s length corporation. (Doering 1996a, 9)

At the same time, the wish to make the agency more entrepreneurial and cost-efficient, and to pursue intergovernmental partnerships, meant incorporating some flexibility in the legislation with respect to financial administration, human resource management, and forming federal-provincial corporations. The result of balancing these concerns and goals is that the CFIA is a departmental corporation, under the Financial Administration Act, and reports to Parliament through the Minister of Agriculture and Agri-Food, one of six organizations in the Minister’s portfolio. A President and Executive Vice-President to direct the day-to-day operations of the agency head the CFIA. They are also responsible for providing the Minister and Parliament with a corporate business plan at least every five years as well as annual reports on financial operations and performance measurement.

A Ministerial Advisory Board, as provided for in the CFIA Act, was appointed in December 1997. Advisory boards are a conventional form of institutionalizing the participation of clientele and other organized constituencies in public policy sectors, and for the CFIA, the 12-person Board embodies a number of representational dimensions: seven men and five women; seven provinces/five regions of the country; several categories of agricultural products (beef, crops, dairy, fish, grains, meat, poultry, and vegetables); various steps in the food chain (growing, processing, retailing, consuming); and farmers, researchers, and policy specialists (CFIA 1997a).

Years ago the literature on science and government constructed the notion of an ideal type of organization structure and culture for scientists to effectively do their research. In contrast to public service bureaucracy, scientists’ preferred form of organization was said to be “decentralized, non-hierarchical, nonmission-oriented, and [have an] ‘antibureaucratic’ structure and ideology” (Doern 1972, 192–193). These features correspond to some of the principles of entrepreneurial government articulated by the RG literature (Osborne and Gaebler 1992). This model of the scientist’s organization is based, in part, on the classic philosophy of the laissez-faire researcher with diffuse goals and a high degree of professional freedom.
In the context of government-based science, such as in the CFIA, the ideal model implies organizational autonomy from public service commissions and personnel policies, from central agency program evaluations and budgetary audits, and from the political system. The actual structure of the CFIA, however, is far from this idealized concept and demonstrates the argument put forth recently by Peter Aucoin (1997, 291) that “bureaucracy will survive into and in the twenty-first century . . . because the bureaucratic model is essential to good public management and good public management is essential to good governance.” In terms of evidence of a hierarchy of roles and responsibilities, of specialization in jobs and tasks, and of standardization in practices, there is no doubt that the CFIA is a public bureaucracy. The CFIA highlights another feature of bureaucracy, namely, that employees are technically trained, many with high levels of educational qualifications, and that distinct career levels and paths exist within the agency.

The CFIA’s establishment has reinforced the differentiation of federal powers between the Minister of AAFC and the Minister of Health. Through the CFIA, the Agriculture Minister retains responsibility for establishing animal and plant health standards and providing supporting inspection activities. The CFIA conducts all federal food inspection activities, while the Health Minister is responsible for establishing policies and standards relating to the safety and nutritional quality of food sold in Canada. HC is further responsible for undertaking a systematic and independent audit of the food safety components of the food inspection program of the CFIA, to verify its compliance with Canadian health and safety standards.

This separation of the “steering function” in HC (standard setting) from the “rowing function” in the CFIA (inspection) was done to enhance food safety and to clarify the checks-and-balance nature of the federal system; as well, it was explicitly an effort, influenced by the language of the reinventing government movement, to enable the CFIA to become more entrepreneurial and corporation-like (Doering 1996b). Some responsibilities are still shared between the CFIA and HC. With respect to product labeling, the CFIA is responsible for non–safety related issues such as consumer fraud, while HC is responsible for required labeling related to health and safety issues such as allergies and nutritional composition. Crisis management is another example. A general memorandum of understanding between the two organizations provides that while the CFIA has primary responsibility for the management of food safety emergency situations, HC agrees to make available at short notice its research and testing facilities, as well as expert advice in situations of, or leading to crisis management. In addition to HC and the AAFC, the CFIA works with a number of other federal departments. These include Fisheries and Oceans, Industry Canada, Foreign Affairs and International Trade, Natural Resources Canada, and Environment Canada.
HUMAN RESOURCE MANAGEMENT REGIME

The hybrid nature of the CFIA as an organization and its strong science base as a regulatory agency are both reflected in the human resource profile and policies. In addition to choosing an organizational form, the establishment of the CFIA required choosing a human resource regime under which it would operate. The AFIA is a significant science-based regulatory body: 73 percent of the employees are in the Technical and Scientific and Professional occupational categories. The option of the Canada Labour Code was rejected because, while commercial Crown corporations work under it, no regulatory arms of the federal government do, probably because the Code does not allow designating certain employees as unable to strike. The decision was made that the CFIA stays under the authority of the *Public Service Staff Relations Act* but outside of the *Public Service Employment Act*. The result is that agency employees remain as federal public servants, with pensions and privacy laws and other rules still in effect; that the Treasury Board is no longer the direct employer, rather the agency executive is; and that staffing can be done outside the purview of the Public Service Commission. Under the CFIA’s enabling legislation, the President may appoint and designate analysts, graders, inspectors, and veterinary inspectors and other officers needed to administer and enforce the dozen or so acts in its mandate. The CFIA has what is called “separate employer status.” This means the agency is able to negotiate collective agreements with its staff, though still under the staff relations legislation and general guidance of Treasury Board, and can designate a certain number of positions as essential for public health and safety. Therefore, employees in those positions are not allowed to strike. The CFIA has the authority also to select classification systems, establish staffing policies and redress mechanisms, develop an employment equity plan, performance evaluation, and a host of other personnel practices.

This human resource management regime is not a radical step on the road to reinventing Canadian government. The CFIA is the twenty-fourth organization to become a separate employer in the federal public service. Federal employees who moved from a department to the agency when it was formed were given a two-year job guarantee (1997–98 and 1998–99), and the collective agreements these employees had also went with them. An immediate initiative was to reduce the size of the work force on a voluntary basis through an Early Retirement Incentive in effect for the first year of the agency’s operation (April 1997–March 1998) and the Departure Allowance Program which ended in June 1998. The FTEs allocated to the agency are planned to decline by 6 percent, from 4,556 in 1998–99 to 4,276 in 1999–2000, as part of the government’s second round of Program Review cuts. Over two years, the CFIA’s personnel costs will decline by just more than $9 million annually.
CONCLUSION

The CFIA has gathered together most of the Canadian government’s food inspection expertise and regulatory activities. It has a workable organizational design as a departmental corporation, with elbowroom in which to innovate on the administrative and management side. A major asset of the agency is its strong core of scientific and technical employees, reinforced by multiple linkages to scientists and scientific organizations across Canada and around the world.

Reinventing government is about politics as much as administration, and the present age is one of continuities as well as discontinuities in public policy and management. This case study offers evidence of both opportunities for and constraints to reforming the governance of regulatory institutions. The impact of the four principles of RG examined here on the CFIA’s design and operation is summarized in Table 1.

Organizational reform and the consolidation of inspection activities were strategies for meeting the financial restraint goals of the Canadian government. Some features of reinventing government and the new public management have influenced the design and operation of the CFIA. Examples of RG thinking in the food inspection agency include shifting decision-making authority downward to the agency and outward to industry, and adopting private-sector titles and tools, such as president and vice-presidents, corporate plans, business lines, and the like. Other examples include integrating and streamlining administrative support services and having inspectors use a wider range of skills and inspect a wider range of commodities. Illustrations of a more market based regulatory approach being introduced in the food safety realm include greater benchmarking of regulatory performance; process monitoring by industries themselves; the possibility to contract out for certain services; and an objective to enhance funding from user fees and other measures.

At the same time, certain proposals from the reinventing government movement have been rejected, resisted, or substantially retrofitted to meet with other dictates of the federal public service, parliamentary system, and political economy. The origins and short history of the CFIA reveal genuine constraints and other relevant contingencies involved in attempting to adopt these reform measures. Implementing a “bottom-line” orientation is neither easy nor especially desired by all the stakeholders in the food policy community. Reform ideas of privatization, deregulation, special operating agencies at arm’s length from government, and greater cost recovery have not been adopted in this regulatory realm. While there may have been pressure from the Treasury Board and the Office of the Auditor General to increase user fees in the food inspection system, this was met with intense and vocal resistance by the key food industry groups. The result was that no new user fees would be introduced by the CFIA before 2000, with the emphasis instead on cost avoidance and reduction. The agency remains reliant on annual appropriations from Parliament for about 80 percent
of its budget. Perhaps this division of 20 percent from user fees and 80 percent from the public purse is a proper balance for ensuring the credibility and autonomy of the agency in the eyes of consumers and public interest groups in relation to its clientele’s industries. In any event, concerns for continued ministerial responsibility and parliamentary scrutiny tempered the design of the agency and the introduction of marketlike reforms.

Other influential political and economic realities have been the checks and balances between the CFIA and HC in risk assessment and risk management and international pressures for equivalency of standards and fair trade practices. The separation of policy making (steering) from regulating (rowing) in the federal food safety system actually predates the new public management discourse, and its experience shows that it is not possible nor likely desirable to totally shut off one of these functions from the other.
The gurus of RG themselves have recognized that creating legal rules and sanctions, licensing, and monitoring are among the most traditional service delivery activities of governments. Furthermore, as this case illustrates, public-sector institutions are regarded to be effective, relative to the private and third sectors, in regulating, ensuring equity, and offering stability of services (Osborne and Gaebler 1992).

The CFIA is not totally autonomous from the Agriculture and Agri-Food Canada portfolio. If the norm for government organizations is the line department, then the CFIA is an alternative form for program delivery, but a measured alternative with a low level of commercialization. Some of the traditional financial, administrative, and personnel controls of the public service have been relaxed, but the CFIA is in the public sector and, for employment purposes, remains in the public service, accountable to Parliament through the Agriculture Minister. It is possible, then, to shift public-sector organizations toward an entrepreneurial style of governance, but within a larger constitutional context of responsible government, a public opinion culture of managing risks, and a political economy of business–government relations and international trade considerations.

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Notes

1. In testimony to the Standing Committee on Agriculture and Agri-Food, and executive of the new agency pointed out: “Fiscal pressures have actually resulted in the case where there’s very little overlap between the federal government and the provincial governments. Where the overlap exists is between one federal department and another. At the moment, there are more gaps between the federal government and the provinces than there are overlaps” (Doering 1996b).

2. Approved amendments to the Canadian Food Inspection Agency Act, recommended by officials in light of witnesses’ presentations, included designating the Minister of AAFC as the Minister responsible for the Act; clarifying the role of the Minister, that if he or she delegates powers to the agency executive, those powers cannot be redelegated to other staff (though they can be contracted out for the delivery of certain services); adding to the Act’s preamble a reference to cost-effectiveness; and widening the scope of matters the advisory committee may discuss and on which to advise the Minister (Evidence, 26 November 1996).

4. The portfolio of the Minister of Agriculture and Agri-Food includes AAFC (the department), the Canadian Grain Commission, the National Farm Products Council, the Canadian Dairy Commission, the Farm Credit Corporation, and the CFIA.

5. The other CFIA occupational categories and their approximate share of the agency work force, as of May 1998, are Administrative Support (15 percent), Administration and Foreign Service (9 percent), Operational (2 percent), and Executive (1 percent). The Technical category is the single largest group in the CFIA, representing about 2,100 employees, or 47 percent of the staff. Technical staff is engaged in analytical, experimental, and investigative duties in the natural, physical, and social sciences, and in the preparation, inspection, and measurement of biological, chemical, and physical substances and materials. Scientific and Professional employees are the second largest occupational category, representing more than 1,100 employees, or 26 percent of the agency’s human resources. The Scientific and Professional category comprises occupational groups engaged in the application of a comprehensive body of knowledge acquired through university education, such as veterinary medicine.

References


