

The Federation of Bakers Annual Conference – 20<sup>th</sup> May 2009

## “A SLICE OF LIFE”

### TIM SMITH

#### Chief Executive, Food Standards Agency

*Joe Street: Good morning. Time is against us a little so I'd like to move on fairly quickly by introducing Tim Smith who is the Chief Executive of the Food Standards Agency and he will be our lunch time speaker, he will be speaking before lunch. He will at the end take probably one or two questions at most but we will try and get a question or so in if people want to ask one. Tim was previously the Chief Executive of Arla Foods and he took over at the FSA on the 1<sup>st</sup> April 2008. So Tim, the floor is yours.*

**Tim:** I always say it was the 2<sup>nd</sup> April for obvious reasons! But it is just about a year and thank you very much indeed for allowing me to address your gathering and I am very conscious that I am standing between you and lunch but this particular lion's den that I have walked into this morning is fairly opulent so it will no doubt take the edge off the grilling you'll no doubt want to give me later.

Just a couple of thoughts I think to start with on the panel conversation that I was able to sit at the back of the room for, as Peter Kendall observed. The first was something about how high food is on the government agenda at the moment. If you are not already aware of this, you should be aware, that food has probably never been closer to the centre of government than it currently is. Lots of concerns, lots of issues and I think that gives you an opportunity as an industry, as a body, as manufacturers and as part of the food chain to really do what I suppose my kids would say, big up your particular sector because there isn't much wrong with this sector is there? That's basically what you would conclude if you looked at the advice we're able to give on healthy eating. Basically what is being said I guess is that bread good, salt bad and salt bad is smaller than bread good, so I think you ought to be working harder than you probably already are to make sure that your positioning in that whole thing is positive because that's what food should be about, it's not about the negatives.

The second is that bread and the bakery industry generally, you are increasingly, like all of us, seeing a disconnection between your consumers and the industry. If I can just tell you a very short anecdote to bring that to life. Before I joined the Agency I was in fact taking part in a round the world yacht race – what's that got to do with bread? Well every day on those boats, there were about 16 or 17 of us, you have to bake a couple of loaves of bread. Now to me that is just one of those things where you have got the core ingredients and you can just do it, as long as you have got the heat and all the ingredients that's fine. However, for the vast majority of the people in my crew who needed to do this to sustain themselves in any sort of meaningful way, it was the best source of carbohydrate on board, it was like a miracle. The first time they were shown how to do it and the first time they did it, it was like somebody had pulled the famous white rabbit out of the hat. It is that concern that I've got, having been in the industry thirty years, that we have got this disconnect. People don't know where food comes from. It comes from the supermarket, is what kids usually say. What happens before that is actually pretty important.

The third item I would pick up from, if this is as it seems to me to be a strong and vibrant sector, then that's good. There's nobody who works in government, there is nobody who works in the whole of the regulatory system who doesn't want a strong and vibrant bakery industry, so that's just some observations from your panel discussion.

The first thing to do from the core of my talk here, is thank you very much for the massive contribution you have already made to achieving a healthier diet for us as a nation. I recognise that talking, as we will inevitably end up doing, about salt reduction, you have

been making progress in that area since before the Agency was born, never mind since I was there and we go back quite a long way before we find no correlation between salt reduction and this industry. You will remember, before my time but only just, that folic acid was on the agenda for quite some time and the last time somebody from our organisation was given the opportunity to talk to you was back in May 2007 when folic acid was very much on the agenda and in fact that day our board made a recommendation to Ministers. Many of you here today, because this is a very scientifically oriented industry, were able to provide us with evidence and data, technical expertise and so on, to make us a proper informed judgement as to what should happen and we recommended, as you'll remember, mandatory fortification of bread with folic acid alongside various controls on voluntary fortification and supplements. Our overall aim, as it has been throughout this, has been to improve public health and we know that the Scientific Advisory Committee on Nutrition estimated that between 700 and 900 pregnancies were affected by neural tube defects so that's what we had in our minds and since then, as you will know, things have gone a little bit quiet but we are about to have, having had a bit of a moratorium whilst the Committee on Carcinogenicity and other experts looked at the risks for colorectal cancer, we're about to have some more information which will come about I'm told probably by the middle of this year which by my reckoning is next month.

We live in a very interesting set of times don't we? When I joined the Agency we were starting to think of a strategic plan and more of that later but a dramatic series of things had already happened so whilst I was away on the boat we had a commodity crisis the like of which we'd never seen before, farmers had very little certainty about what was happening to prices. They knew what was happening to diesel and they knew what was happening with other input costs but the idea of having certainly more information than they had previously had about the markets had diluted beyond recent history and that is clearly very challenging for all of us trying to regulate. Maybe things have stabilised a bit now but we certainly had a bit of a shock to the system. We've now got as we know two core themes, if we're ignoring Members of Parliament's expenses for a moment. One is, what are we going to do with potential for a swine flu pandemic and secondly, what is very real already – swine flu is obviously a potential risk rather than an actual one just at this moment – is the economic crisis and again we think that will have an impact on your industry and I'll come back to that in brief later on but we know that the Agency, in terms of its trust from consumers, is never going to be able to do very much more than give people good advice in respect of what might be happening with swine flu and we have got a well educated population that didn't ever think that this was potentially a risk from eating pork. We are now able to establish, using very simple communication methods, that that poses no risk as long as the cooking regime is as it normally is.

All of that comes across from where we would begin our life and that was in the guts of the entrails of a BSE crisis in this country. There are of course hidden epidemics that are food related on this and I suppose we would say we are silently killing hundreds of thousands of people in this country but we've moved on from being primarily concerned about smoking now to being concerned about the epidemic which is obesity and the epidemic which is cardiovascular disease. We've got a very interesting statistic building against us at the moment which is not only are two-thirds of our children overweight or obese by 2050 is the projection, but we are facing a very interesting time for all of us as parents in that there is a very real prospect that for the very first time in history, the current generation of children may have shorter lives than we expect to have ourselves. Now that is pretty daunting and the only people who will be looking at that with more interest than us are the actuaries. Those of you running pension schemes might want to think about that. But I think genuinely we have got these serious concerns in our mind when we are thinking about what we might be able to do. We know that around 70,000 deaths a year are diet related, that's going into the cardiovascular pot as it were and coming out through the diet route.

If I can just say a bit more about our strategic plan. It's important to us that Gordon and members of his team and others in this room are contributing to that strategic plan. We are working on the simple premise that we won't change our basic beliefs which is safe food and

healthy eating for all is our primary goal. That means that we never talk about exercise, it doesn't mean that it's not important; we don't talk about sustainability, it doesn't mean that's not important either. It just means that our remit is as narrow as that, which allows I suppose if I were being straightforward about this, allows us to concentrate and focus on what we think is really important. We are going to change the emphasis though and I'm certain of that only because the consultation process is now coming to an end and that is you will see more work done on food imports, however that impacts on you is for you to determine. You will see a lot more focus on meals eaten out of home and it doesn't take an expert in this field to see that if for example salt reduction is going on in packaged groceries sold in supermarkets, if you don't do the same when people are eating out you've lost the cause. So that type of activity.

We are also working very hard with industry in a different way I think, to get commitments rather than necessarily setting pure targets and that's to get what are healthy ingredients and clearer labelling of what's in food. We've just seen an independent panel conclude its work on what is seen to be I think the most robust evaluation in Europe ever undertaken as to what consumers in the UK actually understand when they are looking at the front of pack labels they have now got and that's going to lead us, not surprisingly, to follow what the consumers are telling us we're there for, to a single system. So you will see us starting to devise, starting to work with industry, starting to work with lots of other stakeholders, lots of industry representatives in the room, to ensure that all of us when we're out in the supermarket make good informed choices about the packaged food we're buying. Similarly, as we are thinking about the way that might be extrapolated into choice when we are eating out elsewhere, we are now getting chains that I would never have thought would necessarily have been friends of the Agency, committing to providing at least the trial of calorie labelling as the first and simplest step of foods when we are all eating out. Now is that ever going to happen in fine dining? Who knows but for most of us, the mass effect of this is that it is quite important to be able to give people that choice. You can ignore it, that's fine, that's not what we are about, what we are about is providing that high quality information backed up by good education so that people know what it is we're advising them about.

Alongside the strategic plan, we are also looking at our science and evidence strategy and that's not a great surprise given that more than 50% of our staff have in fact a science background and either a second degree or at least are skilled in a particular area. The other interesting statistic about the Agency is around 20 million of our expenditure goes on research every year. Some of you I know will be participating in that and now I think turning a little bit towards your specific area, that work on mycotoxins is something that we think is directly benefiting the milling and baking industry.

We've seen an interesting trend in recent years and I've kind of inherited this situation so it's almost I would say normal to me but certainly not to my colleagues, and that is due to the conditions, the wet conditions and the harvest, we've seen considerably elevated levels of mycotoxin. Now I am not going to try and say this, I am just going to use the abbreviation if you'll forgive me, DON, and that is not the extent of my knowledge on the subject but I don't want to get too tongue twisted at this moment. The scale of the problem seems to be really big. If you look at our incidence chart every week you'll know that we have over 1100 incidents a year in the Agency, I think it's fair to say that the majority are actually coming from these notifications of rejected consents of royal grain, it was 265 last year and I think 93 which I think is a very high year in 2007. If I am looking at the chart now we are seeing lots of these incidents turning up and as a result of that the Agency has to keep updating its advice. The reason that that works is because we work in conjunction with the industry, there is no way we can do any of this stuff, whatever it is, without your co-operation and collaboration and because we know that your belief in this is that consumers and their interests are at the heart of what you do, and similarly they are aligned with ours, that we know that the potential for contamination is being minimised and obviously you can never eliminate all of these risks but that's our objective.

I suppose what we are hoping is that this is not something that we will face an ever increasing tide of in a climate change world but we don't know and if some of you do know,

then please share that information with us. The industry is obviously funded and contributed I think fairly significantly to work on fusarium mycotoxins and recent projects and activities in that area, I know that if I look at the list of research objectives that we've got, we're talking about a total that includes agronomy, food processing studies and so on, of about 650,000. So not a small amount but it is also I think in proportion to the risks and those toxins are as you know likely to cause at least discomfort, ill health, in much the same way as a number of the other acute problems that we deal with on a day to day basis, things like campylobacter in chicken, potential risk for e-coli and listeria in ready to eat foods which is particularly now affecting the older end of the spectrum. So tackling those diet related illnesses which are acute is one part of the job and the second part of course is diet related illnesses which are more chronic and more insidious and that is the tricky part of the piece for us and why we need the full involvement of the industry.

I couldn't come here and not talk about salt and I chose exactly the right moment or Gordon chose exactly the right moment to have the conference. If we'd had our normal timetable and hadn't been affected by the incidence of the new flu pandemic then we would have been making this announcement a week or so before but it neatly coincides with this gathering and that's pretty helpful. Clearly, as far as we are concerned, you know all this stuff that salt is a major contributor to high blood pressure which in itself risks a higher incidence of cardiovascular disease and it is a key success story for the Agency. You might not be aware of this and you might care less about it, but it is seen as a regulatory story with which people round the world are measuring themselves, it is a case study and it is a case study I think of success mainly because of what industry does and how consumers then respond to that. In other words, it is being done fairly gently, it is being done with a huge amount of involvement and behind the scenes work but it is a kind of choice editing which seems to work very nicely. The Federation of Bakers of course, I am reminded by my team on a constant basis, plays a central role in all of that.

Now you know the numbers, we've come down by around a gram from nine and a half to 8.6 grams in 2008 and that is a huge quantity, it is just under 20,000 tons of salt that has been eliminated from the diet and obviously we are measuring that on a constant basis. Our new targets, and I am hesitant about using the word targets because we are moving perhaps to a more grown up world where we'll be looking as much to set the targets with collaboration and co-operation but also for working on commitments because we know that this industry like any other, one size fits all is not particularly helpful and that where we are getting commitments from industry and where we're actually holding those people to account, we're probably making as much progress as if we'd simply set a target and then headed off back to our bunker in Whitehall.

We know that the numbers are stretching targets for you, if not more than that for some parts of the industry and your Federation has committed itself to achieving the 2010 target of 430mg per 100g of bread and that's fantastic, well done for going in that particular direction. Our experts are evidence based which means that we're as confident that we can be that if we set this new limit of 400mg by 2012, that's a reduction of 7% for those of you without a calculator in your pocket, then we think that will be the bread industry's contribution but the way the Agency is intending to work, and I have been reminded of this recently, that we might have disconnected slightly in terms of communication on this one, is that whilst Gordon is doing a great job of representing you, the Federation, and talking in the press about how technically impossible this might be, our guys need to understand that and at the moment if I ask them why do you think this is not possible, they pull a face rather than being able to explain it to me. I think we need to be able to engage even more than we have so far to be able to know what it is that's feasible, what it is that's not. Where you'll be able to sell that story to me is on here's the technological innovation we'll need to do, here's what we need to do to consumer perceptions and here is real investment that will be needed. In these difficult times if you've got a business case to make to your boards and some of you are plc's, some of you are private businesses, it matters not. Whoever your banker is needs to be convinced that this is going to have a pay back and that pay back in human terms is

something that we have got to put into the equation but we need to understand your side of that equation.

There isn't any point in setting impossible targets, we want a strong vibrant bread industry, bakeries sector. There is no point in us driving businesses to the point of extinction, that's not what we're there to do. We're there to benefit consumers, we're there to use science and evidence to do that, what we're not there to do is to drive industry to the point where it can no longer satisfy its own consumers needs. I think in this salt area we know that sometimes companies have gone too far. I talked to a very big cheese manufacturer who said we did this to one of the very big cheese brands and people stopped buying it, put a bit more back in. Do it gently, take it stepwise, make us a commitment, don't ruin your business. What we are trying to do is achieve a salt reduction target which is achievable and if it can't be done in that single big step, break it down into smaller steps. So we don't think that the targets we've set are unrealistic but we don't think we should be closed in our minds to responding to you when you tell us what it is that would cause that problem.

I think the concentrate our minds feature though of this is that once you have started to make your positions clear, once we've started to make our positions clear, we need to get back behind the scenes. Having had thirty years in the industry I'm a great believer that most of this is fixable if people sensible enough to do that get together in a room and sort it out. I think the emphasis that we've got in our minds in the Agency might not be self evident to you and that is that the balance that I mentioned at the beginning of bread good, salt bad, just needs to be clearer. So if you look at our healthy eating advice, if you look at our 'eat well' plate and that gets quite a lot of press, you won't find anybody in the Agency demonising any part of your industry, there is no point in doing that. We want people to understand what a healthy balanced diet is and it is a cliché but there is no such thing as bad foods, only bad diets. You all know that and that is something we all need to be very clear about.

What we think is going to happen with the economic environment though is maybe that sometime you are going to get some version of a benefit from that in that we know from looking at our own numbers that sandwich making as a way of fuelling ourselves at lunch time is going to increase and there is an increasing sector obviously who are interested in that whole area of sandwich manufacture but a lot of that is now reverting back to in home consumption. So as home made sandwiches are making the Prets and the other chains have a run for their money I think we know that seven out of ten consumers who have gone back to having sandwiches for lunch, are actually doing that with their own bought in ingredients, which is great news for you and actually potentially because of the ingredient mix, is great news for us too. We won't be asking consumers to calorie label their own sandwiches though.

I hope you will join us in this commitment process but when I'm talking to Gordon and others, I will be emphasising that what's as important are commitments that we can all measure and set ourselves targets internally for. So a sort of global picture, the way that some of our lobbyists want us to do this doesn't work, it has to be more targeted. You may have heard me, some of you, talk about that in the meat industry – there is no point having a once size fits all regulation for every abattoir because if you've been to an abattoir every one is different. The same is true of bakery products generally.

We do understand though that this is about bottom line. We know that return on capital invested, we know your ROI measures should not be impacted by what we do so the way that investment is made and the way that the whole sourcing of these new ways of doing things is being done, has got a price tag. I suppose the other side of that coin and one that I've learned to embrace as part of my new job here, is that for every one of those kind of bottom line consequences, we've got in our minds just thinking about salt 6000 people who are alive in this country now who if salt reduction had never been started way back and the progress hadn't been made, those people almost certainly would not be alive today. Now there are something like I think 18,000 employees in companies represented in this room so every three years your industry would be completely decimated by that number were it not for the salt reduction that you've actually achieved and again, the Agency never, ever works alone in this. We have never taken a single gram of salt out of anything, we have never

reduced the fat percentage of a single chicken tikka masala by one gram, it's never happened. It has always been done by collaboration and co-operation from industry, from retailers, sometimes retailers pushing, sometimes the push coming from brands. It matters not, what actually matters is the outcome.

All of that signals I think that if we are not working closely enough together on this then Gordon no doubt will tell us and he is one of those figures who if says that, we'll take it seriously and we'll work harder at making sure the collaboration is actually there.

Really that concludes my comments for this afternoon. I know that you are waiting for your lunch and I apologise if I have taken rather longer than I should have. Thank you.

[Applause]

**Joe Street:** *Tim, thank you very much for that presentation. I guess if there is a burning question we will take it – there are no burning questions! You are all too excited about lunch. Okay Tim, thank you very much. Thank you.*

**Joe Street:** *It was a pleasure to have you here. I would like to thank all the presenters who I think have done extremely well this morning and this brings to an end the morning session and lunch will be served now. Thank you very much.*