

APF Review Panel (2005)

**Assessing Progress:
APF Review Panel Policy Report**

**APF Review Overview
and
Conclusions and Recommendations**

May 31, 2006

Disclaimer

The APF Review Panel is independent and operates at arm's length from government and industry, although members are drawn almost exclusively from these groups. The recommendations follow from the activities of the Panel as a whole. However, not every member of the Panel is necessarily supportive of every recommendation.

Letter from the Chair

Dear Ministers,

On behalf of the APF Review Panel, I am pleased to submit ***Assessing Progress: APF Review Panel Policy Report – APF Review Overview and Conclusions and Recommendations***. This report is a condensed version of a much lengthier “Technical Report,” produced under a separate cover. The technical report is designed to provide a benchmark reference document for future APF programming.

This was the first APF Review Panel, and consequently considerable time was spent establishing a “process” for the Panel as well as generating an information base before any meaningful review could be undertaken.

Given the time and resource constraints imposed on the Panel, much of the “analysis” in this Review was based on readily available sources. These sources included presentations by government officials and other experts, examples, literature reviews, and accounts of first-hand experiences. Panel members raised many questions that could not be adequately answered in the allotted time frame. Nonetheless, we feel we have identified important considerations for future Review Panels, and for the evolution of the Agricultural Policy Framework or whatever future incarnation it takes.

Overall, the APF has begun to improve relations among governments and the agricultural industry in Canada. The APF is contributing to the efforts of farmers and government support agencies to pursue common goals. Yet much work remains to be done before a truly effective framework will be in place. The APF must strive to put a greater emphasis on profitability for the agricultural value chain, especially at the primary agriculture level. As well, partnerships between producers and governments require greater attention. Despite widespread consultations in the evolution of the APF, many producers and other members in the value chain felt excluded from the process.

I wish to commend my fellow Panel members for their dedication to the Panel process, given other commitments, and their contributions and counsel in the deliberations and preparation of the report. I appreciate their professionalism in generally “checking their guns at the door” as we deliberated and debated the myriad of issues raised in this review.

The Panel wishes to express its gratitude for the dedication of experts consulted for this report, and for the high quality and informative nature of the presentations we heard. We are very appreciative of the support of staff from Agriculture and Agri-Food Canada. They were most helpful in arranging the logistics of Panel meetings and preparing and distributing background material. We acknowledge

the superb writing and technical skills of David Wylynko of West Hawk Associates and Heather Gregory of Agriculture and Agri-Food Canada in the preparation of the Panel's reports. Their assistance was invaluable.

This has been a challenging exercise and a collective learning experience. For the most part it has been an enjoyable one. The Panel thanks Ministers for the opportunity to participate in this review. It has been my privilege and pleasure to chair this important consultation.

Respectfully,

A handwritten signature in cursive script, appearing to read "Ed Tyrchniewicz".

Ed Tyrchniewicz, Chair
APF Review Panel

APF Review Overview

1. Background to the APF Review

Agriculture is integral to Canadian life. Farming and the agri-food sector are central to the economy and rural society. The sector accounts for one in eight jobs and 8% of the gross domestic product. It generates roughly \$25 billion in annual exports, or 7% of the value of total Canadian exports. Yet the industry faces many challenges. Globalization and rapid advances in agricultural science, technology, and business practices pose challenging new issues for the industry.

In June of 2001, the Federal, Provincial, and Territorial Ministers of agriculture met in Whitehorse to address these challenges. They agreed that Canadian agriculture required a new vision, and enunciated this perspective in the Whitehorse Accord.

The Accord set the groundwork for the announcement, in June of 2002, of the Agricultural Policy Framework (APF). The APF is a partnership of the two levels of government and has a budget of nearly \$9.4 billion over five years (2003-2008). The APF objective is to secure the long-term profitability of the sector by making Canada a world leader in food safety, innovation, and environmentally responsible agricultural production.

The APF is based on a national consensus built around several key principles:

1. Partnership:
 - National policy reflecting common federal, provincial and territorial goals, with flexibility to respond to local priorities
 - All elements of the agriculture and agri-food value chain are engaged
2. Integration: Integration of policies across all elements of the value chain
3. Stability: Stable, long-term funding to sustain the framework (60% federal, 40% provincial-territorial)
4. Transparency: Regular progress reports to Canadians on results achieved

Under the APF, five pillars were established:

1. **Food safety and quality:** to make Canada the world leader in producing, processing and distributing safe and reliable food to meet the needs and preferences of consumers.
2. **Environment:** to help producers as resource stewards, and to respond to consumer demands regarding environmental performance.
3. **Science and Innovation:** to support sustainable development, and innovation

- that generates profit, and to instill confidence in food safety and quality.
4. **Renewal:** to help farm families develop skills to succeed in the knowledge-based economy.
 5. **Business Risk Management:** to encourage producers to be proactive to reduce business risks.

On April 29, 2005, the Ministers of Agriculture established the APF Review Panel to review the progress of the APF. The Panel was tasked with providing advice to the ministers on how well governments and the agriculture industry in Canada are progressing on shared objectives under the APF.

2. Mandate

The APF Review Panel was mandated to review all elements of existing APF programming against the common goals set out in the

Framework Agreement on an annual basis, and provide advice on changes to programs that would enhance their performance.

3. Principles

The APF Review Panel process was based on several key principles:

1. Partnership: the review process must be acceptable to federal, provincial/territorial governments and industry in order to ensure that investments in APF programming meet the goals and principles of both industry and governments.
2. Transparency: to maintain credibility, the review process must be an open and transparent process.
3. Independence: the review process must be at arm's length from government and industry in order to ensure the objectivity of the review.
4. Expertise and Objectivity: the methodology for the review process must be sound and based on expert, objective and unbiased assessments of program performance.
5. Minimal complexity: the review process must be straightforward and easy to navigate.
6. Breadth: the review process must be capable of covering any issue of concern to governments and/or industry.

4. Process

Former Agriculture and Agri-food Minister Andy Mitchell appointed Ed Tyrchniewicz as the chair of the Panel. Dr. Tyrchniewicz is an agricultural economist at the Asper

School of Business at the University of Manitoba. The Panel consisted of a 31 member Steering Committee (Appendix A) and a six member Executive Committee. "Panel and

“Steering Committee” are used interchangeably throughout the report. The Steering Committee was appointed by Ministers for a term of one year. The membership had representation from federal, provincial and territorial governments and the primary agricultural sector. Panel members were expected to serve as individuals and not as representatives of organizations or

interest groups. The Executive Committee was drawn from the Steering Committee, and included one federal government representative, two provincial government representatives, and three non-government representatives (two producers and the Steering Committee Chair). Its mandate was to guide the overall direction of the review.

5. Work Plan

The Steering Committee met five times in person and the Executive Committee met an additional five times by conference call. Experts were invited to make presentations at Steering Committee meetings, and a questionnaire soliciting views on the APF was distributed to approximately 100 organizations and

individuals. The conclusions and recommendations in this report are based on: these presentations, a synthesis of questionnaire responses, the views of individual Steering Committee members, and considerable debate and deliberation by the full Steering Committee.

Conclusions and Recommendations

Overall, the APF has begun to improve relations among governments and the agricultural industry in Canada by providing a five-year platform of committed funding to agriculture and its programs. This is a positive step in developing stable agricultural policy. The mere existence of the APF has also helped broaden general awareness of agricultural issues. The framework is helping government agencies and producers to pursue common goals. The five pillars, in combination, have focused the visions and policies of Canadian agriculture around some unified themes. Some progress has been

made on each of the pillars, especially on the Environment and Renewal pillars.

Yet the Panel had difficulty in quantifying the accomplishments of the APF. Insufficient benchmarks and supporting information is available to adequately measure the success of APF pillars and programs. The APF is only in its third year and many of the programs were delayed in getting started; the Panel found it difficult to meaningfully evaluate the impact or effectiveness of the APF when few measurable outcomes exist.

With respect to APF strategy, two issues stand out. Firstly, assessments of the framework's success must be based on long-term outcomes. The APF has been perceived as a mechanism to eliminate ad hoc, crisis-oriented approaches to the farm income problem. But the APF was meant to be a long-term strategy, not a vehicle to solve short-term crises. Secondly, the APF must evolve strategically by building on past experiences to achieve better overall results in the agricultural sector, rather than fixating on the details of the framework's individual pillars.

The APF must put a greater emphasis on profitability for the

agricultural value chain, especially at the primary agriculture level. As well, partnerships between producers and governments require greater attention. Despite widespread consultations in the evolution of the APF, many producers and other members of the agricultural value chain felt excluded from, or were not treated as partners in, the process.

Below is the Panel's full slate of 20 recommendations, broken out thematically. The themes are: a shared vision for Canadian agriculture, strategic policy, partnerships, governance, operations, and measuring success.

1. Shared Vision for Canadian Agriculture

The agriculture industry cannot reasonably expect to implement a successful policy agenda in isolation of society's needs and expectations. The APF Review Panel understands that a potential dichotomy exists between society's expectation of environmental protection and food safety, and the agricultural industry's expectation of profitability. Society's expectations need to be a part of the overall vision for the sector. At the same time, society (and governments) must decide what is expected of agriculture and how much they're willing to pay to meet these expectations.

The vision for agriculture should focus on building an agriculture industry that is profitable, self reliant, adaptable, market driven and sustainable. It should be based on a

"value chain" approach. Current APF programs have limited relevance to value-added activities; the framework must exploit potential opportunities all along the value chain. The agriculture sector is important to the Canadian economy. It generates jobs, income and a positive balance of payments. Agriculture also exerts a strong influence on the rural social fabric of Canada, and serves a stewardship role in maintaining the health of Canada's land and water resources. Agriculture in Canada should be viewed as the foundation of a sustainable and healthy society, rather than as a chronic problem. The Panel felt that profitability in the agriculture sector can benefit from a focus on these "public good" considerations as well as production concerns. In summary, the vision

should focus on the reconciliation of society's expectations for agriculture and on building a profitable agricultural industry for all segments of the agricultural value chain.

Recommendation 1:

GOVERNMENTS AND SOCIETY MUST RECOGNIZE AND SUPPORT AGRICULTURE AS AN INTEGRAL PART OF CANADA'S ECONOMIC AND SOCIAL MAKE-UP.

Recommendation 2:

THE PANEL RECOMMENDS THAT A VISIONING PROCESS FOR CANADIAN AGRICULTURE BE UNDERTAKEN THAT IS BROADLY CONSULTATIVE AND TRANSPARENT. It should include all of the participants in the agricultural value chain as well as other Canadians, and it should take account of society's expectations and needs. The exercise should produce a shared vision for Canadian agriculture.

2. Strategic Policy

The current APF is rooted in a set of five pillars designed to be complementary to one another. The pillars are meant to address the long-term profitability of the sector by making Canada a world leader in food safety, innovation, and environmentally responsible agricultural production. In the course of the Panel's deliberations, a number of questions arose as to whether the five pillars were the appropriate ones, whether the emphasis was appropriate, and whether others should be added.

Many observers suggested that too much emphasis was being placed on the BRM pillar, and insufficient consideration was being given to other pillars, especially the Science and Innovation pillar. The reason so much emphasis has been put on BRM is because the Canadian agricultural sector is currently affected by a major net farm income crisis and the current BRM pillar is

not doing the job adequately. This is not to suggest that Innovation and BRM are "in competition"; in fact they are complementary. Indeed, more investment in innovation is necessary to improve the competitiveness of the agricultural sector. However, between now and the time that investments in innovation yield results, it is necessary to have a strong BRM pillar.

A wide range of suggestions was made on including other pillars in a future version of the APF. For example, the Canadian Federation of Agriculture has proposed a three-pillar approach, including the existing Business Risk Management pillar and two new ones: Strategic Growth and Public Goods and Services.

It should be noted that significant variations in farm incomes exist that are masked by the use of averages. These variations are often driven by

differences in typology, e.g., age of the operator, size of operation, importance of off-farm income, and regional and commodity differences. Clearly, a single national agriculture policy will not meet the needs of this wide array of farmers.

Recommendation 3:

CONSIDERATION OF ADDITIONAL PILLARS SHOULD BE STRATEGIC; WE SHOULD NOT SIMPLY ADD MORE PILLARS TO DEAL WITH SPECIFIC PROBLEMS.

Any future APF should make agriculture in Canada the foundation of a sustainable and healthy society. The APF Review Panel agreed that profitability in the agriculture sector can benefit from a focus on sustainability and health as well as production concerns. The three pillar approach proposed by the CFA gives consideration to sustainability.

Recommendation 4:

GOVERNMENTS SHOULD NOT TRY TO SOLVE SHORT TERM FARM INCOME CRISES USING ONLY THE CURRENT CAIS PROGRAM.

The CAIS program has some features that are worth maintaining. However, CAIS also has some major flaws in its responsiveness, predictability and ability to stabilize agriculture into the future. To that end, the Panel urges Ministers of Agriculture to proceed with caution in making significant changes to CAIS until there is a clearer articulation of risk management objectives, and the ramifications of any proposed

changes are well understood by governments and producers. Any changes must achieve the objectives of stabilizing and building the agricultural industry. Consideration should be given to making CAIS two programs: one focused on stabilization and the other on disaster relief. Consideration should be given to self-stabilization programs as well.

Recommendation 5:

FUTURE APF PROGRAMS MUST RECOGNIZE THE VARYING SIZES AND UNIQUE NEEDS OF DIFFERENT REGIONS AND FARMS.

The “one size fits all” approach of APF business risk management programming is ineffective. Some programs, such as CAIS, seem to have been designed according to this approach. This concept is not working in practice and is causing considerable problems for producers and program managers. BRM program administration and implementation should be more flexible and adaptable. Varying views exist among provinces and territories as to how much flexibility should be permitted.

Recommendation 6:

ALTERNATIVE BUSINESS RISK MANAGEMENT PROGRAMS SHOULD BE EXPLORED, ESPECIALLY TO MEET THE NEEDS OF PROVINCES AND TERRITORIES WITH UNIQUE AGRICULTURAL CHARACTERISTICS.

APF programs and funds need to be made more flexible to address regional differences and to better meet local needs. While national programs have their advantages, the provinces and territories should be permitted to establish companion programs that can address unique local and regional issues. It should be noted that not all provinces and territories share this view. Most producers on the Panel, however, believe that companion programs are an integral part of attaining the flexibility needed to meet regional and commodity specific needs.

Recommendation 7:

THE APF NEEDS TO FOCUS MORE ATTENTION ON NON-BRM PILLARS, ESPECIALLY SCIENCE AND INNOVATION. The emphasis on BRM is understandable given the financial pressures facing primary producers, but it has created a large imbalance among the pillars. Non-BRM pillars have had resources but program implementation has taken more time and uptake has been slower. From a long-term profitability perspective for all segments of the value chain, it is vital not to neglect Science and Innovation.

Recommendation 8:

THE PANEL ENCOURAGES THE DEVELOPMENT OF A RURAL STRATEGY, EITHER AS PART OF, OR IN COLLABORATION WITH, THE APF. Rural prosperity is driven by opportunities for employment and income both within and outside of agriculture.

Recommendation 9

THE PANEL ENCOURAGES GREATER RECOGNITION OF INTERNATIONAL TRADE DIMENSIONS (BOTH WTO AND BILATERAL) IN THE NEXT APF.

This will have implications not only for export oriented sectors, but also for supply managed sectors. A related concern is how Canadian agriculture policy will deal with the effects of farm programs in countries that compete with our farmers. A more strategic approach in multilateral and bilateral trade negotiations is needed to achieve a balanced trade position and enhance Canadian farm income.

Recommendation 10:

FURTHER CONSIDERATION SHOULD BE GIVEN FOR THE IMPLEMENTATION OF SOCIETY'S PURCHASE OF ECOLOGICAL GOODS AND SERVICES (EGS) FROM FARMERS WITH A VIEW TO IMPLEMENTING SUCH A PROGRAM UNDER A FUTURE APF.

The Panel was impressed with a presentation on the ALUS concept (Alternative Land Use Services) from the Keystone Agricultural Producers, and agreed that the concept of society purchasing ecological goods and services from producers warrants further consideration. The analysis should explore to what extent environmental (and food quality) actions can be rewarded by the marketplace and what program or policy support may be needed.

Recommendation 11:

STRATEGIES ARE NEEDED FOR VALUE-ADDED INCOME AND ECONOMIC GROWTH OPPORTUNITIES, ESPECIALLY FROM AGRICULTURAL INPUTS TO THE BIO-ECONOMY AND FROM ALTERNATIVE ENERGY

SOURCES GENERATED BY AGRICULTURE. This focus must be complemented with a significant emphasis on appropriate science and innovation initiatives, regulatory efficiency, tax incentives and other components. It is also important that producers share in the benefits arising from these opportunities.

3. Partnerships

Producer members on the APF Review Panel expressed the concern that governments have not achieved a true partnership with producers. Producers require a greater sense of partnership and ownership in the APF. Granted, extensive consultations have occurred in the past several years to develop the framework, involving industry stakeholders and the federal, provincial, and territorial governments. The APF is an inter-government agreement. But more is needed. Many producers strongly feel there is scope for improvements in interaction between the industry and governments, particularly in policy and program development.

Recommendation 12:

GREATER EMPHASIS SHOULD BE PUT ON DEVELOPING PARTNERSHIPS ALONG THE VALUE CHAIN. Producers and other participants in value chains should

be involved in policy development at the outset, and must take ownership and responsibility to ensure beneficial outcomes. The next APF must support the development of a strong and vibrant agriculture and agri-food industry that provides equitable benefits and opportunities for all partners in the value chain.

Recommendation 13:

NON-AGRICULTURAL GOVERNMENT DEPARTMENTS SHOULD BE INCLUDED IN FUTURE CONSIDERATIONS OF APF. The strategies and spending of departments such as environment, natural resources, health and trade can have a significant bearing on APF programs and on the agriculture sector generally. Society expects them to participate. But this has to be a true partnership built on trust. This should not come at the expense of delays in implementation and effectiveness.

4. Governance

The APF Review Panel acknowledged that its mandate involves “big picture” matters and not detailed operations of specific programs. Yet producer members of the Panel are concerned about the apparent absence of a coordinated, responsive approach to evolving producer concerns. Similarly, the APF governance and decision-making structure was perceived to be quite inefficient. Some pillars, such as Food Safety and Quality, have lacked efficiency due to an overly complex governance structure. The pillar has been hampered by an overly burdensome, multi-jurisdictional food safety governance structure involving Health Canada, Agriculture and Agri-Food Canada, the Canadian Food Inspection Agency, as well as local authorities.

Recommendation 14:

GREATER CLARIFICATION IS NEEDED OF THE ROLES OF THE FEDERAL, PROVINCIAL, AND TERRITORIAL GOVERNMENTS IN APF GOVERNANCE. The federal, provincial and territorial government officials appear to have a clear

understanding of their roles and responsibilities but producers and other participants in the value chains do not. Roles and responsibilities are specified in the Implementation Agreements but they are complex and not easily understood.

Recommendation 15:

THE PANEL RECOMMENDS THAT MORE DECISION-MAKING AUTHORITY BE DELEGATED TO REGIONAL AND LOCAL LEVELS TO EXPEDITE APF PROGRAM IMPLEMENTATION AND THE DELIVERY OF PROGRAMS AND ACTIVITIES. The centralized management of funds and of coordination imposes significant limitations on timely implementation. Decentralization will achieve greater success in meeting local goals. As well, accountability for results dictates that people implementing and delivering programs on the ground should have the approved resources available to get the job done. This process will involve a trade-off; guiding principles will still be required to ensure the consistent and equitable treatment of producers across Canada.

5. Operations

APF administrative processes are very complex and burdensome. These complexities vary by program and jurisdiction. To date, few measurable APF outcomes exist, due to delays in program approvals

and implementation. Measures should be taken to minimize delays when programs are changed or introduced. The Panel recognized society’s increasing concern for accountability in the spending of

public funds, but program implementation needs to be more streamlined and efficient. This could serve to: reduce application costs and increase program uptake; reduce project approval times (e.g. by making decisions closer to the ground through the delegation of authority); reduce administrative burden and associated costs not currently funded; shift the focus from processes and procedures to outcomes; enable efficiency gains to be invested in activity areas offering a higher return, and; facilitate course corrections to optimize the effectiveness of the agreement.

Recommendation 16:

A STREAMLINING OF PROCEDURES IS NEEDED FOR MORE EFFECTIVE PROGRAM IMPLEMENTATION. To date, few measurable APF outcomes exist because of delays in program approvals and implementation. Measures should be taken to ensure that delays do not occur when programs are changed or introduced.

Recommendation 17:

MORE EMPHASIS IS REQUIRED TO IDENTIFY AND IMPLEMENT CREATIVE AND NECESSARY ACTIVITIES UNDER THE NON-BRM PILLARS. Funds allocated for

non-BRM pillars should not be allowed to lapse, nor should they be re-allocated to BRM. The Panel observed that concern with the immediate crisis in farm incomes has put the predominant emphasis in APF on the BRM pillar. The focus on BRM should not occur to the neglect of the other pillars.

Recommendation 18:

MORE EFFORT SHOULD BE DIRECTED TOWARDS APF COMMUNICATIONS AND OUTREACH AIMED AT POTENTIAL NEW PROGRAM PARTICIPANTS. Without suitable communications, stakeholders are not being informed about program activities and potential new participants are not being reached.

Recommendation 19:

APPROPRIATE THIRD-PARTY DELIVERY AGENCIES SHOULD BE MORE INVOLVED IN APF IMPLEMENTATION. Organizations such as ACAA Councils, provincial research councils, and commodity organizations, can be effective tools for the implementation and administration of programs for farmers. Properly balanced, such organizations provide less expensive administration and better peer review, and bring industry into the decision-making process.

6. Measuring Success

The Panel grappled with the meaning of success. It agreed that profitability is the most significant

benchmark. However, views vary on how profitability should be defined. Profit margins, or losses, can range

widely from farmer to farmer, or by commodity or sector. The Panel noted that other viable measures of success exist, including: a reduction in the need for ad hoc policies and programs; a stable policy environment that will encourage investment and new entrants into agriculture; premiums for Canadian food products in world markets; healthy biological systems in rural areas, and; a better understanding of rural-urban issues.

Whether through studies or consultations, the need exists to more clearly define what is meant by profitability. Similarly, what are the factors that contribute to or hinder producers' ability to participate in APF programs? A better understanding is needed of producer costs versus the benefits of APF participation. A review of competitiveness and concentration in the agricultural value chain and how that impacts on farm level profitability should also be undertaken.

The Panel found it difficult to identify the benchmarks and supporting information that would adequately measure APF success. Some benchmarks do exist in Implementation Agreements, but they do not lend themselves to be easily understood by anyone who is not familiar with program details. The

Panel also found it particularly difficult to obtain consistent and comparable information on program expenditures, especially at the provincial level, to say nothing of measures of actual outcomes. In addition, the Panel could not appropriately evaluate the impact or effectiveness of the APF when few measurable outcomes exist.

However, from the information and outcomes that were available, it appears that the most successful programs share four key attributes: (1) a common understanding of the shared goals, (2) flexible program designs that can respond to local needs, (3) an efficient and responsive governance structure, and (4) adequate resources. Notably, considerable progress has been achieved in certain provinces, both in terms of APF implementation and the measurement of results where these attributes exist.

Recommendation 20:

THE PANEL STRONGLY RECOMMENDS THAT GREATER EMPHASIS BE PLACED ON ESTABLISHING CLEARLY UNDERSTOOD BENCHMARKS AND MEASURABLE OUTCOMES FOR THE IMPACT OF EACH APF PROGRAM AND THE APF OVERALL.

Concluding Thoughts

This was the first APF Review Panel, and consequently considerable time was spent establishing a “process” for the Panel as well as generating an information base before any meaningful review could be undertaken. Given the time and resource constraints imposed on the Panel, much of the “analysis” in this Review was based on readily available sources. These sources included presentations by government officials and other experts, examples, literature reviews, and accounts of first-hand experiences.

Panel members raised many questions that could not be adequately answered in the allotted time frame. Nonetheless, we believe that we have provided an information base and identified important considerations for future Review Panels and for the evolution of the Agricultural Policy Framework, or whatever future incarnations of the APF may be called.

One of the issues the Panel did not fully discuss during the review process was the role of supply management and collective marketing in Canadian agriculture. However, the Panel clearly acknowledged the importance of supply management and collective marketing in Canadian agriculture. Indeed, the APF agreement recognizes supply management as a BRM tool. It is anticipated that the next generation of APF will address the matter of supply management and collective marketing more directly.

This review has been a challenging exercise and a collective learning experience. For the most part it has been an enjoyable one. The Panel sincerely hopes that Ministers will give serious and immediate consideration to our conclusions and recommendations. We thank Ministers for the opportunity to participate in this review.

APF REVIEW PANEL MEMBERS

Federal Government representatives

Susie Miller, Agriculture and Agri-Food Canada
Jean Lamoureux*, Agriculture and Agri-Food Canada
Tom Shenstone, Agriculture and Agrifood Canada

Provincial/territorial government and industry representatives

Peter Leitz, BC Government
Nithi Govindasamy, AB Government
Rick Burton, SK Government
Greg Fearn, MB Government
George McCaw*, ON Government
Laval Poulin, QUE Government
Kevin McKendy, NB Government
George D. Macintosh*, NS Government
Brian Douglas, PEI Government
Cindy MacDonald, NFLD Government
Bob Kuiper, YK Government
John Colford, NWT Government
Mark Boudreau, Nunavut Government
Garnett M. Etsell, BC producer
John Kolk*, AB producer
Arlee McGrath, SK producer
David E. Rolfe, MB producer
Graeme Hedley, ON producer
Laurent Pellerin*, QUE producer
Philip Christie, NB producer
Laurence Nason, NS producer
Robert MacDonald, PEI producer
Mervin Wiseman, NFLD producer

Members appointed by Federal Minister of Agriculture

Edward W. Tyrchniewicz*, Review Panel Chair, University of Manitoba
Bob Friesen, President CFA
Dale Verbeke, SK producer
Marcel Groleau, QC producer
Randall Affleck, PEI producer

* Members of APF Executive Committee

APF Review Addendum

NOTE: This addendum was prepared as an additional commentary by a number of Panel members to enhance the recommendations of the Panel. It is not a dissenting view.

The mandate of the APF Review Panel was to review all elements of the existing APF programming against the common goals set out in the Framework Agreement, and to provide advice on changes to programs that would enhance their performance.

The results of the Panel's work reflected in its final report are generally positive. This addendum is not to detract from the final report, however, the undersigned feel that three additional recommendations are necessary to complete the report's existing recommendations. The following three recommendations are consistent with the mandate of the Panel and, in our opinion, add considerable import to the results of the review process.

Recommendation #1) Development of a complete Agricultural Policy Framework that integrates the successful components of Canadian agriculture.

The APF is a framework of policies for agriculture and agri-food as a whole. The principal goal should be to achieve profitability and growth for the sector and needs to go beyond only identifying solutions for problems but also identify and strengthen the components that are successful as well. The next APF must continue to identify and strengthen those mechanisms that work to maintain farm incomes and bargaining power in the marketplace including cooperatives, collective marketing, supply management and its three pillars and the Canadian Wheat Board. Decisions on these policies must be made by farmers. Collective marketing and supply management should be fully recognized in the next APF as a BRM program, farmer supported domestic policies should be strengthened and defended in international agreements to ensure these programs are strong and sustainable into the future.

Recommendation #2) Establishment of an independent annual review of the APF and its components

To be accountable to governments, all stakeholders in the agricultural and agri-food industry and Canadians at-large, the APF must to be continually and thoroughly evaluated. The APF must have an annual review process to determine if it is meeting its objectives.

However, greater resources are required if a review process is to be useful and meaningful for all stakeholders. Due to a lack of resources, a number of problems and issues arose with respect to the current review process including: presentations and information on programs were provided, almost entirely, by government bodies that administered the programs; much of the information

provided was anecdotal, and; benchmarks, timelines for measurable outcomes, and surveys of participants, users and developers did not appear to be readily available.

To be accountable, the APF and its component programs need thorough, critical analysis. The decision making process on determining the critical issues that need to be addressed must be open and transparent to all stakeholders. In addition to the Panel's information gathering, research should also be done by impartial, independent parties and all results should be made public for all stakeholders to see and comment.

Recommendation #3) Strategic Policy

Building on Recommendations 3 and 6, is the need to be more specific on the development of strategic policy. Uncertainty kills businesses. Agricultural policy has many risks and uncertainties and these must be addressed. As the industry tries to increase value-added, increase productivity and contribution to the Canadian economy, business and investment decisions are based on competitiveness and stability. Policy must be strategic in building this environment for growth and profitability. This starts with strategic Business Risk Management programs. It is not just about how much we spend but also how well we spend. BRM programs must provide certainty for business decisions. The programs must be accountable, predictable and responsive. Programs must also be flexible as specific regions and commodities have specific problems, strategies and trade sensitivities. As a step forward we recommend consideration of several components to make BRM programs more effective, some of which Ministers are already considering:

- Splitting of stabilization programs from disaster;
- Maintenance of a disaster program;
- Consideration of a new and improved NISA-like stabilization program;
- Continued flexibility to account for regional and commodity specific needs;
- Strong commitment to meet the objective of Production Insurance or something comparable for all commodities; and
- A "competitive policy" program that addresses the competitive disadvantage faced by trade-distorting subsidies from EU and US in the grains and oilseeds sectors. Canadian grains and oilseeds producers are competitive. Competitive policy is needed.

Garnett Etsell
Phillip Christie
Bob Friesen
Marcel Groleau
John Kolk
Robert MacDonald

Arlee McGrath
Laurence Nason
Laurent Pellerin
David Rolfe
Mervin Wiseman
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