

REPORT OF THE MEETINGS OF

THE ADVISORY COMMITTEE
FOR
THE ADVANCE PAYMENTS PROGRAM

AND

THE ADVISORY COMMITTEE
FOR
THE PRICE POOLING PROGRAM

ON THE

REVIEW FRAMEWORK

FOR

THE AGRICULTURAL MARKETING PROGRAMS ACT

December 4th and 5th 2000
Mississauga, Ontario

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Held December 4th and 5th ,2000
at the Days Hotel and Convention Centre, Mississauga, Ontario.

Although the two committees met on two consecutive days, this report merges the comments of the two committees to present the overall consensus on the Review Framework. Any comments that are program specific are so noted.

THE COMMITTEES AND THEIR ROLE

Members of the committees were selected to provide a good cross section of the users of the programs as well as a representative of an academic institution and representative of other stakeholder (financial institutions, finance, policy, and program areas of the federal government). A discussion document was provided to each committee member, containing historical and descriptive information on the programs, issues and concerns raised in previous studies, issues raised by program managers, and a summary of the Review Framework document including the listing of the review questions, the subject of these meetings.

The Department's Review Framework outlines the steps required to gather the information needed for the review. It suggests six studies to be completed for the evaluation of the programs. The role of the advisory committees is to provide direction on the adequacy of the Framework especially with respect to whether all of the questions on the programs have been identified and whether the steps identified will address the questions. The committees were asked to ensure that the Review Framework, when finalized, could reasonably be expected to answer all questions that may be raised when the report is tabled in Parliament . A list of members for each committee is listed in Appendix A.

GENERAL COMMENTS

As discussions proceeded throughout the meetings, several comments of a general nature were made that applied more to the overall Framework than to any specific questions. These comments are listed here.

- Many of the questions were found to be global in nature and lacking the specifics

necessary for committee members to make specific comments or recommendations. It was clarified that the more detailed questions would be developed from these, to be used in interview guides and survey questionnaires. In response to the committees' request, it was agreed that the detailed pieces of the Review Framework (parameters, detailed interview questions, survey questions) would be circulated to all committee members for review and comment prior to implementation. A concern was expressed over the effect of this on the timeliness of the Review. It was agreed that any lack of response by a specified deadline, would be taken as approval.

- The committee considered that it was essential that the information from each Data Source be coordinated with each study as the information becomes available, to avoid any gaps or overlaps and to ensure that all analyses take into account all information that is available.
- The committee stressed that the Review needs to take into account the changes that have taken place in the industry and those that will take place in the future, relative to their effect on the program.
- The Advisory Committee for the Price Pooling Program expressed concern over the absence of a budget for the Government Purchases Program (GPP). It was felt that budgeted funds for the GPP are needed so Canada can re-act promptly to the industry's needs, as was stated to be the case in the U.S.
- Under Program Management & Delivery, it will be important that the assessment of AAFC's performance be done in an unbiased way.
- Some concern was expressed that the wording of some of the questions could be seen as biasing the answer. The committee requested that the interview and survey questions be developed in a neutral fashion so they don't lead the respondent to a specific answer, either negatively or positively.
- Some producer organizations have a policy of not releasing producers' names to outside parties. Concerns would arise if the organization is identified as the source of producers names for the purpose of carrying out this review. Some organizations may be willing to send the questionnaires out to their producers themselves rather than provide a list of producers names for AAFC to make the contact.
- When it was pointed out that the producer survey was intended to be a phone survey, the committee suggested that a written survey may be a better option for the producers if it is well written and if the producer is made aware of the importance of it. Producers may not have the time or desire to do a phone survey.
- The selection criteria for the producer survey should ensure equitable representation on an organization, region and commodity basis.

- The parameters of the producer survey should be established by AAFC and then confirmed by the producer organizations relative to the availability, the confidentiality, etc.

SPECIFIC RECOMMENDATIONS AND COMMENTS ON THE QUESTIONS

- **It is important that the survey questions be sufficiently detailed to ensure this global question is fully answered.**
 - Add the Economic Analysis Study to the Data Source for this questions to ensure that all critical elements of this broad question are taken into consideration.
 - All past briefing documents made by industry to the government should be made available to this committee so that it can be assured that those concerns are considered in this review. The AAFC web site was suggested as a means to share these documents.
 - ADD - Is there public good being achieved from this program?
- Add the Economic Analysis Study to the Data Source
 - Study what is done in other countries
 - Suggested the question be reworded by adding “and for the future” to the end of the existing question and add a part (b) “Are there impediments to its effective use, eg. Funding.”
 - Add producer organizations and other stakeholders to the interview list
- It was suggested that the capability of the producer organizations to provide the desired producer profile should be investigated.
 - Need to profile non-participants as well and those using the various options within the PPP program.
 - Add comparison to non-participating producers
 - Should investigate the sources of credit available to producers. Then ask producers about the sources they take advantage of now and about their awareness of other sources.
 - Should include producers who use the program intermittently as well, and determine why they do not use it every year.
- Add an option for suggesting changes or improvements to the program.
 - Include a question on the desirability of including the Spring Cash Advance Program in AMPA. **However, it may be wise to consider the response that would come out of such a question before considering adding it. It is logical to think that producers would be totally favourable to the idea of receiving money sooner, which would provide biased results. A Spring Advance would take the program further from its objective of facilitating the marketing of a producer’s crops in a manner to maximize returns.**
 - Need to ensure clarity between all of the provisions that are available in the overall program and the extent of the program that the individual producer organizations have decided to offer and deliver, including the related

- administration fees **and all other costs to the producer to participate in APP.**
- Answers to the question may reflect the most recent experience and situation of the producer rather than a more global assessment.
 - The answers to the question could relate to three (3) different levels - availability of the program, delivery of the program, and the results. The question needs to be specific to get the answer to all three.
 - ADD to the question - “Are producers aware of how the program operates / functions”.
 - ADD - “What changes / improvements could be made to the program to make it more effective”.
5.
 - Need to ensure that the year the Advance Payments Program operated without interest-free advances is considered in the analysis.
 - Split the question in a manner similar to the way question #6 is laid out.
 - **Establish parameters at the start of the question and provide examples of possible changes that could be considered.**
 6.
 - Under Data Source, ensure that cooperative marketing organizations are included.
 7.
 - Add producer organizations and the CWB to the interview list.
 - Add “capitalization” and “Government On Line” as suggested alternatives.
 8.
 - Must keep in mind that not all sectors have these tools available to them
 - Break the question into two parts with the first part dealing with these options as an alternative to AMPA and the second part dealing with these options in conjunction with AMPA.
 - **Within the economic analysis, add the question “How do you use the Advance Payments Program from the point of view of marketing your crops?”**
 - Add producer organizations to the interview list.
 - Change “private sector” to “alternative”.
 9.
 - Reword the question - “Are there other administrative forms for **the efficient** delivery of the program eg. Financial institutions, Provincial departments of agriculture, credit union centrals, Government on Line.
 10.
 - Change the question to read “Is AMPA’s eligibility criteria appropriate *and equitable to all producers* (eg. ...)
 - Add non-participating producer organizations and broader industry groups to the interview list eg. Cattle, pork, & poultry organizations, CFA, etc.
 11.
 - Total cost to be included - government, industry, producers’
 - The presentation of the information needs to consider potential international repercussions.

- need to consider the benefits of the program to rural communities.
 - Should identify secondary economic benefits as well.
 - Under “Information Desired” (Indicators) need to clarify to which other agriculture programs the cost/benefit ratio will be compared **and be aware of the usefulness of such comparisons.**
12. • Reword similar to question # 13 - “What benefit does the APP loan guarantee provide to producer organizations?”
- **It may be desirable to conduct a survey among producer organizations before the access to credit study.**
13. • O.K.
14. • Add Economic Analysis Study to the Data Source to fully flesh out all the benefits, **including the benefits of obtaining a critical mass of participation to reduce market pressures at harvest time, and the benefit** to western grain producers with limited delivery options for their crops.
- Need to look at what producers would have done without the program - to be collected through the producer survey and the Economic Analysis Study.
15. • Need to clarify that this question refers only to AAFC’s management of the program.
- Need to ensure that the consistency of management from one organization to the next is evaluated.
 - Include “financial institutions” in the question and add them to the interview list. The financial institutions are concerned that at present they are often the ones who have to reject an advance in cases where producers are at the limit of their credit capability, due to the APP’s requirement for the priority agreement.
 - **ADD A QUESTION** - “What effect does the program have on a producer’s relationship with his/her financial institution?” Both financial institutions and trade credit organizations should be interviewed for this question. This question should be placed next to question 29, or at least ensure there is a link between the two questions.
16. • For PPP, feedback from producers may not be very meaningful. Should perhaps focus on feedback only from producer organizations.
17. • O.K.
18. • Add financial institutions to the interview list.
19. • O.K.
20. • **Make a link with the results of question # 15.**

21. & 22 O.K.
23. • Delete the first part of the question, to the first comma. Change to read “**To what degree has AMPA been effective** in reducing current crop and regional inequities, inconsistencies in program administration, and overall program costs?”
24. • O.K.
25. • For APP, under the second point in “Information Desired” (Indicators) look at dollar value, percentage of defaults, and write off experience. Statistics on the amount turned over to AAFC for collections to be included in the default analysis.
- Need comparison i.e. to pre-AMPA, to established ratios
 - For PPP, under “Information Desired” (Indicators) need to add a point related to PPP loss/payouts.
26. • Add “and processed product” to the end of the question.
- There is a conflict between the information desired and the data source. DELETE “producers” from the survey and add producer organizations and commodity marketing specialists to the interview list.
27. • Legal assessment needs to include an assessment of the impact of **the specific legislation of each provincial government** on the program.
28. • Need to include marketers and commodity specialists in the interview list.
- the term “orderly marketing” is open to various interpretations - change question to read “Does AMPA improve the flow of product into the market?”
 - Economic Analysis Study should review whether the impact is significant to a producer’s financial situation - Does it actually change his marketing decision?
 - It is difficult to assess the impact of a program when a comparison can’t be made to a time when the program didn’t exist.
 - Need to consider the global benefits and not just the individual benefits (**eg. the impact on the entire market structure**).
29. • ADD to end - eg. Bridging, costs
- “Improve” must NOT be interpreted as “increase”.
 - The survey needs to clarify which program is being addressed.
 - ADD a question - “Does AMPA increase producers’ access to short-term capital?”
 - Add credit unions to both the original question and the added question.
 - **Add “Survey producers” to the Info Source for the forth point under Information Desired.**
30. • Reword - “Does AMPA *affect* producers returns?”
- The answer to the question may be difficult to determine.

- the first point under “Information Desired” (Indicators) may be difficult to determine. Difficult to compare, as the program has an effect on the price for those that don’t participate as well as those that do.
 - Need to take another close look at this question.
 - An additional questions was proposed - “What are the benefits of the loan guarantee to local financial institutions delivering the program? Why are they so anxious to attract the producer organizations using this program? After lengthy discussion it was suggested that consideration be given to working this line of questioning into question # 9.
31. • Reword - “Does AMPA encourage the cooperative marketing of agricultural products and does it enhance other government activities relative to cooperatives?”
- Need to look at past participants and why they are no longer participating.
 - Need to compare participants to non-participants.
32. • Change the word “strengthened” to “impacted” to neutralize the question.
- Add Economic Analysis Study to the Data Source.
33. & 34. - O.K.

ADDITIONAL QUESTIONS / COMMENTS

- “Have there been any changes to market mechanisms, or government regulations affecting market mechanisms, that have impacted on the underlying rationale for the program?”
- What effect has SCAP had on AMPA? Should it be rolled into AMPA? **It is important that Producer Organizations be surveyed on such questions rather than individual producers to adequately study these questions given that the objective of SCAP is somewhat different from that of AMPA, providing readily available short-term financing rather than facilitating the orderly marketing of crops.**
- Do changing demographics change the uptake of the program or will they in the future?
- What effect does trade credit have on marketing patterns? Compare the size of trade credit to the size of the advance.
- Need to analyze the impact / relationship of these programs on the WTO.
- **Need to pay attention to future changes that would affect the results of the review of AMPA and consider including these in the discussion now.**

- Need to provide the opportunity for producers and producer organizations to get additional program information.

MEMBERS OF THE ADVISORY COMMITTEE FOR:**ADVANCE PAYMENTS PROGRAM**

Facilitator : Dave Cuthbertson

Canadian Wheat Board - Ed Thomas
 - Larry Hill

Canadian Canola Growers - Charlie Froebe
 - Ernie Doerksen
 - Dean Clarke

P.E.I. Potato Board - Brenda Simmons
B.C. Tree Fruits Ltd - John Bernard
Ont. Corn Producers' Assoc - Don LeDrew
Fédération des producteurs - Marc Labelle
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Canadian Bankers Assoc. - Bob Funk
Univ. of Saskatchewan - Harvey Brooks
Policy Branch, AAFC - Jack Gellner
Review Branch, AAFC - Marco Valicenti
Farm Financial Prog Branch - Benoit Blangez
 - Rosser Lloyd
 - Randy Bismonte
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PRICE POOLING PROGRAM

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Ont. Wheat Prod Marketing Brd - Jaye Atkins
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