

## Event Report Edmonton– June 12, 2002

### 1. Statistical Summary

1.1 Overview										
<b>Number of Break-outs</b>	<b>5</b>		<b>Number of Participants</b>			<b>80</b>		<b>Number of Observers</b>		<b>15</b>
<b>Participants by Category</b>	54 Producers	4 Processors	0 Distributors	1 Retailer	0 Trade	0 Consumers	4 Academics	3 Biotech	4 Environmental Representatives	10 Others

1.2 Break-out Session Attendance Summaries		
<b><u>Break-out # 1</u></b> 1. Business Risk Management 2. Renewal 3. Food Safety and Food Quality 4. Environment 5. Science and Innovation	<u>19 participants</u> 15 producers 4 other stakeholders	<u>2 observers</u> 2 provincial
<b><u>Break-out # 2</u></b> 1. Renewal 2. Business Risk Management 3. Environment 4. Food Safety and Food Quality 5. Science and Innovation	<u>11 participants</u> 6 producers 1 processors 1 academic 3 other stakeholders	<u>2 observers</u> 2 federal
<b><u>Break-out # 3</u></b> 1. Food Safety and Food Quality 2. Environment 3. Business Risk Management 4. Renewal 5. Science and Innovation	<u>18 participants</u> 12 producers 1 processor 1 retailer 1 academic 2 environmental representatives 1 other stakeholder	<u>7 observers</u> 7 federal
<b><u>Break-out # 4</u></b> 1. Environment 2. Food Safety and Food Quality 3. Science and Innovation 4. Business Risk Management 5. Renewal	<u>15 participants</u> 13 producers 2 environmental representatives	<u>3 observers</u> 2 federal 1 provincial
<b><u>Break-out # 5</u></b> 1. Science and Innovation 2. Environment 3. Food Safety and Food Quality	<u>17 participants</u> 8 producers 2 processors 2 academics	<u>1 observers</u> 1 federal

1.2 Break-out Session Attendance Summaries		
4. Renewal	3 biotech	
5. Business Risk Management	2 other stakeholders	

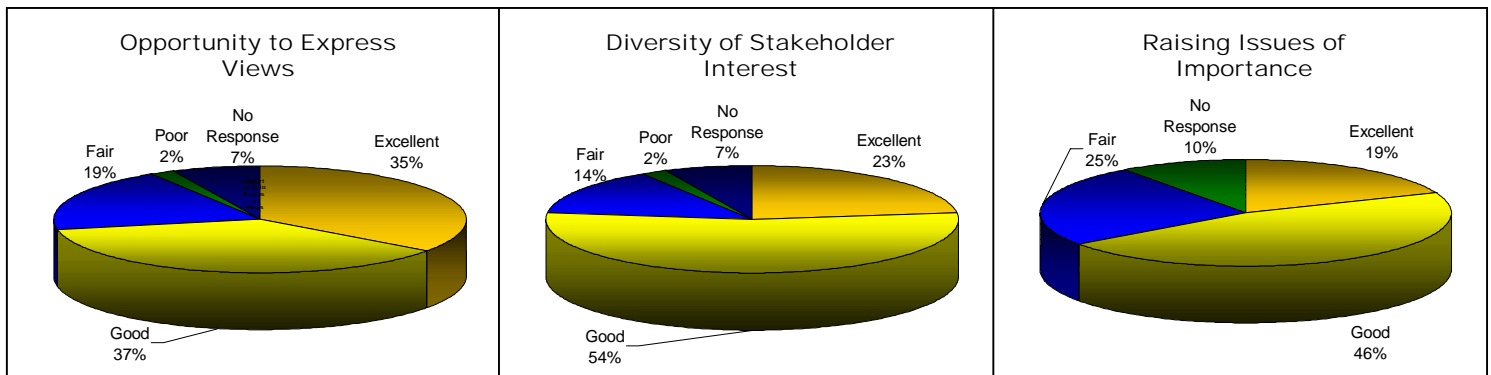
## 2. Participants' Evaluation

### 2.1 Views on the Consultation Process

- There was some concern, especially from national organizations, about the short notice of the events, and the short time lines between the consultation and the Ministers' meeting in Halifax in late June where a framework agreement could be finalized. There was also a sense from some that the Agricultural Policy Framework (APF) is a “done deal”, in part because of the proximity of Wave 2 consultations to the Halifax meeting.
- Many participants appreciated the increased level of detail in the revised APF documents, however more detail was requested in regard to implementation measures, especially in defining environmental outcomes and changes to business risk management.
- While most were pleased to see Wave One input reflected in the APF, others were concerned that some key areas did not appear to be addressed. Key concerns included: more focus on international trade, organic farming, animal welfare, explicitly addressing Aboriginal issues, supply management, and rural economic development.

### 2.2 Views on the Consultative Meeting

- Participants were asked to complete an Exit Survey at the end of the day, with the following results:
- When asked to rate the value of the meeting:
  - 72% rated the event GOOD or EXCELLENT as an effective forum for providing them with an opportunity to express their views;
  - 77% rated the event GOOD or EXCELLENT as an effective forum for bringing together diverse stakeholder interests; and
  - 65% rated the event GOOD or EXCELLENT as an effective forum for raising issues of importance to them.



### 2.3 Changing Views on the APF

- Participants were asked to indicate to what degree their views on the APF had changed as a result of the consultation. Forty-eight percent indicated that their views changed “somewhat or a great deal”, with 39% indicating “not very much or not at all.” Fourteen percent of respondents did not answer the question.

### 3. Discussion Summary

3.1 Synthesis from the Chair	
<b>Conclusions and Consensus</b>	<ul style="list-style-type: none"> <li>▪ The passion and commitment that people brought to the discussion indicates that they recognize the need for change and improvement, and they are looking to governments for leadership.</li> <li>▪ There was recognition of the importance of inter-governmental, inter-provincial and international cooperation and coordination in order to resolve issues that face the Canadian agriculture sector.</li> <li>▪ Cost and funding were key issues for participants.</li> <li>▪ Participants stressed that resolving the trade challenges facing the sector is a necessary condition for all of the APF elements to succeed. Some participants stated that the trade injury compensation issue is totally a federal responsibility, and the government needs to take a tougher stand on this.</li> <li>▪ There was agreement that the APF needs to build on existing best practices, rather than reinventing government or industry programs that are working well.</li> <li>▪ There was support for common standards that treat everyone equitably, both across the country and internationally (imports and exports).</li> </ul>

### 3.2 Business Risk Management

There was general support for the goals and principles outlined for this element.

Many participants noted that trade issues faced by Canadian producers must be dealt with effectively and separately from traditional risk management tools.

Some suggested that the federal government should be more aggressive in the trade arena, for example, by taking action to reject products from countries that maintain barriers to Canadian products. There was a concern that any new risk management programs would have to be trade neutral. There was concern that the proposed measures to evaluate the effectiveness of risk management are based solely on domestic factors and do not take into account international market forces.

#### Proposed Implementation Measures

##### Insurance

Many participants indicated that they would support whole farm insurance, if there was commodity specific crop insurance inside the whole package. In some sessions, however, participants were concerned that moving to a whole farm insurance system would not be beneficial to producers.

There was general agreement on the expansion of crop insurance to other commodities.

Participants supported government involvement in an industry-led program to identify and develop affordable private business interruption insurance in the case of specific perils.

### **Stabilization**

Many agreed that governments should review the recommended increase in the contribution formula for the Net Income Stabilization Account (NISA), which refers to higher than 3% of Eligible Net Sales (ENS). They also suggested that triggers for NISA should be reviewed and money should be made more accessible, particularly as farmers reach the end of their career.

Participants noted that specific contribution formulas should be developed for each commodity and should stay with the farm when ownership is transferred. Some felt that NISA is not an appropriate tool for stabilization, but is good for the transition of farm ownership between generations.

Many also agreed that the APF should include increased emphasis on supply management as a tool for risk management.

### **Investment**

There was general support for the expanded use of NISA for investment. At the same time, however, there was strong opposition to linkages between NISA investment and requirements to fund government mandated food safety or environment measures.

Some recommended changes to the tax system that would allow producers to improve their profit margins. There was a specific recommendation for an RRSP-type program that would have higher contribution caps and allow farms to contribute.

There was also some discussion about whether risk management policy is a social policy or a business policy. Some participants felt that the social policy element is required because the lack of market power in the international arena impairs Canada's ability to compete and be profitable.

## 3.3 Renewal

Participants agreed that renewal must be broadly focused and that there should be recognition within APF that rural communities and infrastructure need to be supported for renewal strategies to be successful. Many felt that renewal is more than re-training and skills development and government should focus their efforts on establishing a business climate that creates favourable conditions for wealth creation and investment.

Renewal means diversity of opportunity – beginning farmers, mid-career farmers, and retiring farmers. There should not be any discriminatory treatment in the APF.

Participants felt that renewal should be market-driven, not government-driven. Additionally, many expressed concern that the renewal element within the APF discussion document implies that government is in the business of picking winners and losers and participants felt this was not government's role.

Some participants were concerned that the trade issue was not a major focus of the APF. If the government does not deal with the trade issue “head-on”, renewal implementation measures will be ineffective. Until the playing field is leveled and competitiveness and profitability are enhanced, youth will not be attracted to agriculture.

Participants believe that there is lack of clarity in the APF around what is meant by government support of off-farm opportunities.

### **Proposed Implementation Measures**

Participants indicated that renewal implementation measures should address such matters as tax policy, human resource policy, inter-provincial government relations and immigration policy within the scope of implementation measures.

There was support for increased education, consulting services and information-sharing on best management practices. Government’s role should be as a facilitator and to act as a clearinghouse for information, so that those involved in the agricultural sector are aware of and can access available opportunities.

Many indicated that the APF needs to ensure training and skills development programs are brought to the producer, rather than having producers go to them.

Off-farm opportunities were also cited as being important to ensure that there is an adequate pool of human resources within rural communities to support the viability of agriculture. Any support by the federal government for an exit strategy should be provided through other departments such as Human Resources and Development Canada (HRDC), and should not form part of the APF.

Some noted that the APF should recognize the need for renewal strategies that encourage new entrants to join the industry who may not have been part of the industry in the past. To that end, priorities should be established for beginning, mid-career and retiring farmers.

Participants suggested that the APF look at farm succession and inter-generational transfer from a tax policy perspective, which is currently an impediment to this.

In the area of skills assessment and training, participants felt that the APF should examine the feasibility of establishing an Agriculture Sector Council to establish priorities and encourage partnership between industry and government on renewal issues.

## 3.4 Food Safety and Food Quality

In general, the participants supported harmonization of food safety and food quality standards nationally and across the food chain. Many noted that these standards should be applied to imports as well.

Participants also supported increased public education and communication to domestic and international markets, emphasizing that this must be based on sound science.

Definition of standards and certification was an issue for many participants, both in terms of whether government or industry is responsible and in respect of how changing international standards will impact on competition.

Participants indicated concern about who will bear the cost of these measures – the 80% goal is not feasible if producers are expected to bear the cost. If standards are government-driven, not market-driven, then government, not producers, must bear the cost.

### **Proposed Principles and Goals**

Participants highlighted the importance of harmonization and coordination between the federal and provincial governments in food safety.

Communication was also cited as being key. Specifically, participants felt that standards should be communicated and marketed, but questioned who would pay for this once stakeholders adhere to the system.

Many felt organic agriculture and Genetically Modified Organisms (GMOs) should be recognized in the APF, noting that there is not enough formal or practical recognition of their importance to this sector.

In addition to working towards a common safety standard, participants indicated that governments should invest in marketing Canadian food quality nationally, as well as internationally, since there is a competitive domestic marketplace.

### **Proposed Implementation Measures**

Food Safety and Food Quality Standards:

- There is support for science-based standards, such as the Hazard Analysis Critical Control Points (HACCP) model, but there is a feeling that these cannot be applied consistently across commodities and sectors.
- There is a strong expectation that governments will pay the costs, including the costs of inspections, auditing, on-farm changes, and training for industry.
- Standards should be voluntary, with consumers who want the higher standards paying higher prices.

Traceability is generally supported, but there are questions about feasibility for some sectors (e.g., grains and oilseeds) and there is not complete acceptance that traceability is being demanded by consumers. Some participants felt traceability/safety measures needed to be extended to include consumer responsibility.

Harmonization:

- Harmonize standards across jurisdictions (i.e., apply the same standards to imports as to domestic produce and exports, so that Canadian producers aren't at a cost disadvantage).
- Legislative harmonization is crucial within Canada and with trading partners.
- Link the APF and food safety plans.
- Involve many ministries in the effort and not just Agriculture and Agri-Food Canada – there is a concern that Health Canada is out of date in its definitions of health, safety and nutrition.

Government has a role to play in helping ensure adoption of standards based on market-based research. Set a standard internationally with Europeans and other trading partners to which all producers adhere. This could be a HACCP-based program. It needs to be recognized by consumers that this standard is generally accepted across jurisdictions. Consumer recognition is critical with standards and, more specifically, a traceability system.

### 3.5 Environment

There was general support for the environment goals proposed in the APF, but there are many questions about the details of implementation. Some participants registered their support for national and international environmental standards and compliance coordination.

There was a belief that economic sustainability is an essential and primary goal of the APF, and some participants further believed that it also must be recognized in the environment section of the framework, specifically as it relates to the link between environmental standards and profitability.

Many participants noted that the APF should recognize positive environmental practices, not just identify problems. Furthermore, they felt that the impact of agriculture on the environment should be considered in the context of other environmental issues, such as urban sprawl and intensive land use by cities.

Some suggested that this policy should be built on outcomes and be results-based, versus a prescriptive approach, allowing for common outcome standards across sectors and product areas.

Participants noted that the APF does not address the Kyoto Protocol, despite a sense that there are opportunities for the agriculture sector to benefit and that a focus on investment in technology and techniques under the Kyoto framework would be helpful.

#### **Proposed Principles and Goals**

Participants suggested that the APF should aim to improve producer education regarding the market benefit of participating in environmentally responsible management practices.

Most agreed that average farmers should be encouraged to participate in the policy development process in order to ensure that environmental rules are written from a farmer's point of view rather than from a pure science or government standpoint.



## **Proposed Implementation Measures**

Some participants believe that if farming is going to contribute to the enhancement of environmental standards, farmers need to be compensated for meeting those standards.

Participants suggested that the APF incorporate measures that lead to the development of cost-shared programs for responsible waste management such as composting, fuel storage, chemical storage, chemical and pesticide application, watershed management and carbon sequestering.

There were differences among participants on the feasibility and usefulness of environmental scans. While some felt that they were a waste of time, many believed that environmental scans are a necessary and welcome trend for future marketability.

There were also divergent views on certification. Some stated it is important for future product marketability. Others expressed concern about the possibility of creating more bureaucracy and paperwork for farmers to endure.

Participants recommended the development of incentive programs to encourage producers, as well as research and education to demonstrate the economic benefit of adopting new environmental standards.

## **3.6 Science and Innovation**

In general, participants supported the science and innovation element of the APF, noting that governments should work to promote a business climate that encourages access to capital for research. This could be done, in part, by ensuring stable and long-term funding, focused on the prospects for future commercialization.

There was a sense among participants that there needs to be better coordination of research, better management of research dollars and better planning/integration of research priorities. One suggestion is to limit public funding to pure research, and let private research do product development work and then benefit from it.

While many supported the APF's proposed benchmark study, some participants felt there have been enough studies, and resources could be better spent in some other way.

Some also raised a concern about Canada's "slow response time" in approving new products, which, they suggested, puts Canadian producers at a disadvantage as compared to American producers.

## **Proposed Targets and Indicators**

Participants suggested that science and innovation should be measured for effectiveness, such as number of new companies created, cost savings to the agri-food sector, and the number of products commercialized.

Some indicated that the inputs and results from research should be measured with different timeframes for different types of research.

Some suggested that the realignment of science and research resources should have a goal of 2% of Gross Domestic Product (GDP).

### **Proposed Implementation Measures**

Participants generally support the need for some government-funded and operated research facilities. The public's expectation is that governments will invest in basic research.

Most supported the development of an inventory of agri-food research activities, in order to help minimize duplication of effort.

Participants supported setting research and innovation priorities, including:

- Research should deliver social/economic benefit to producers and processors (which, in turn, supports the APF goal of improving farm profitability).
- Research should achieve a balance between commodities and yields and focus on value-added products, such as nutrients and ingredients.
- Research needs to focus more on quality and less on quantity.
- Focus on market-driven studies, similar to the nutraceutical research in the United States, which leads to increasing market share for the agri-food industry.

Participants indicated that the APF should enhance strategic networks to address:

- Value-added foods
- Bio-products
- Industrial uses
- Agri-health
- Sustainable practices