

Event Report Halifax - June 14, 2002

1. Statistical Summary

1.1 Overview										
Number of Break-outs	3		Number of Participants			38		Number of Observers		22
Participants by Category	22 Producers	5 Processors	1 Distributor	0 Retailers	1 Trade	0 Consumers	3 Academics	0 Biotech	0 Environmental Representatives	6 Others

1.2 Break-out Session Attendance Summaries		
<u>Break-out # 1</u> 1. Business Risk Management 2. Renewal 3. Food Safety and Food Quality 4. Environment 5. Science and Innovation	<u>16 participants</u> 8 producers 3 processors 1 academic 4 other stakeholders	<u>12 observers</u> 9 federal 2 provincial 1 portfolio agency
<u>Break-out # 2</u> 1. Renewal 2. Business Risk Management 3. Environment 4. Food Safety and Food Quality 5. Science and Innovation	<u>10 participants</u> 8 producers 1 trade 1 other stakeholder	<u>5 observers</u> 2 federal 2 provincial 1 portfolio agency
<u>Break-out # 3</u> 1. Food Safety and Food Quality 2. Environment 3. Business Risk Management 4. Renewal 5. Science and Innovation	<u>12 participants</u> 6 producers 2 processors 1 distributor 2 academics 1 other stakeholder	<u>5 observers</u> 3 federal 2 provincial

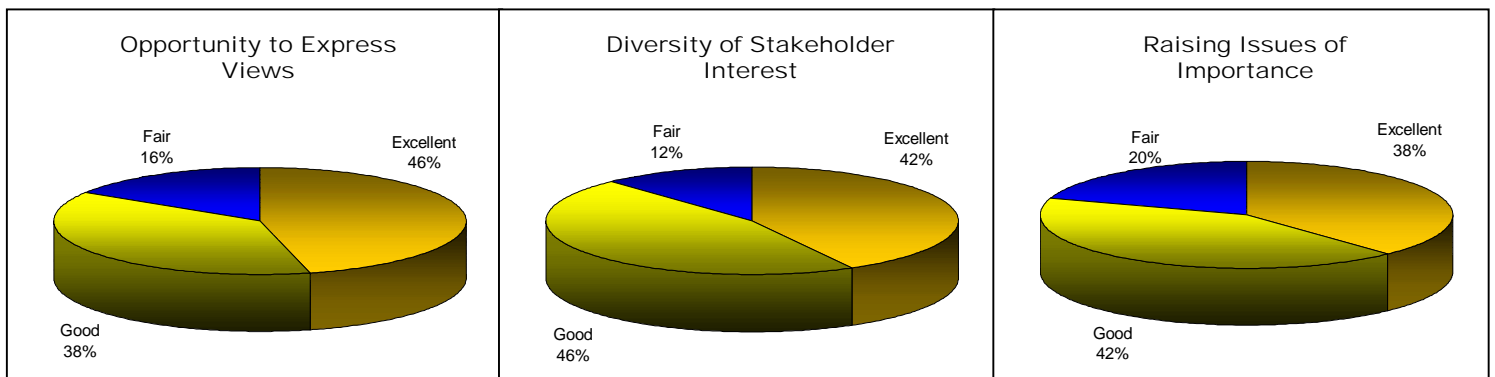
2. Participants’ Evaluation

2.1 Views on the Consultation Process

- Participants were pleased to see some of their input from Wave One clearly reflected in the subsequent work on the policy, but continue to express concern that the Agricultural Policy Framework (APF) does not adequately address trade and international marketplace issues.
- There was generally positive, but qualified support for the goals and principles. Many participants felt that the proposals – especially regarding Business Risk Management – were insufficiently developed for them to provide useful comments. They wanted governments to clearly understand that participants are not yet in a position to either agree or disagree with the implementation approaches suggested, and that general approval of direction and measures proposed does not yet constitute buy-in.
- Industry is eager to continue to work with governments in the articulation of a policy framework and its implementation. Participants highlighted the need for ongoing consultation – before, during and after implementation of the APF.

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:
 - 84% rated the event GOOD or EXCELLENT as an effective forum for providing them with an opportunity to express their views;
 - 88% rated the event GOOD or EXCELLENT as an effective forum for bringing together diverse stakeholder interests; and
 - 80% 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. Thirty-three percent indicated that their views changed “somewhat or a great deal”, with 54% indicating “not very much or not at all.” Thirteen percent of respondents did not answer the question.

3. Discussion Summary

3.1 Synthesis from the Chair	
Conclusions and Consensus	<p>Among participants, there is widespread recognition of the need for change. There was a strong sense from participants that it is time to stop talking about WHY change is needed, and instead to focus on HOW to implement change.</p> <p>Participants strongly expressed a view that imported products must be subject to the same standards as Canadian products in the areas of food safety and food quality and the environment. Canadian farmers can work toward a higher standard but it won't do any good if consumers migrate toward lower priced products coming from foreign markets. The overall program has to reflect all realities of the marketplace.</p> <p>“If it ain't broke, don't fix it.” Many participants felt that Canada is a leader in many areas of agriculture and that farmers are taking the lead in key elements of the APF such as environment and food safety. Farmers deserve credit for the work that they have already done and consumers need to be educated about the work that farmers are doing.</p>

3.2 Business Risk Management

Participants cautioned that Supply Management is an important risk management tool, and want it recognized as such in the APF and its documentation. Those in supply-managed industries wanted to ensure that the system is not altered.

Participants believe that there is still a lot of work to do on the risk management element, and views differ on how this element should be implemented and on what the core programs and implementation measures should be.

Participants also expressed the belief that better education on crop insurance and other risk management tools is required. They don't believe that producers know what they need to know to take advantage of the programs offered.

In light of next year's expiry date on certain safety net agreements, there was concern expressed that timelines are too tight to allow effective changes to be made, or to allow changes to be made effectively.

In this area, perhaps more than in any other, participants wish to ensure they continue to have opportunities to provide input. They are very leery of what government might produce without them.

Principles and Goals

Participants were generally supportive of the goals outlined in the APF and did not request any changes, although there was some concern about who would bear the costs.

That being said, human resource issues were raised by several of the participants in discussions around a number of the elements, and some expressed the view that these need to be factored into the risk management element – particularly with respect to support for farmers suffering injury or illness. Examples included insurance to pay for replacement workers when a farmer is unable to manage.

Targets and Indicators

Participants did not comment on the targets and indicators in any of the three breakouts.

Implementation Measures

It would be difficult to say that there was consensus among participants as to the implementation measures proposed.

Participants in one session suggested that self-directed risk management tools should be an option.

Farmers need more access to capital to expand farms and provisions for this should be considered, although there was no agreement that Net Income Stabilization Account (NISA) should be used for investment purposes.

Participants cited the need for an analysis of the impact on Canadian farmers of the US Farm Bill.

Participants believe that an issue strongly linked to this element is the trend toward concentration and globalization of food retailers. They are looking to governments to provide thorough analysis of the long-term impact of this trend.

Key Questions – Insurance

Participants wanted to ensure that programs cover losses due to both real and perceived food safety concerns. For example, decreases in sales due to unfounded consumer scares are just as costly to farmers as are decreases related to a problem involving the recall of product.

Participants indicated that a major overhaul is needed in crop insurance programs, which they note is not useful for major commercial farmers. They suggested that programs should be national and expanded to include livestock, new crops and forage.

They believed that insurance should be ‘segregated’ to appeal to a wider variety of producers, and that insurance programs must remain flexible enough to tie them to specific perils or situations.

Participants proposed that general business insurance should be available as well.

Opinions differed on whole farm insurance. Some believe it is necessary and good, while others had reservations. Better understanding is needed of what is meant and what the trade-offs might be. There was a feeling among some that it is necessary to be crop-specific in order to have broad participation.

Participants believed that the cost of crop insurance is too high, and that more efficient administration is required.

Business interruption insurance is seen as a necessity, although some concern was expressed that loans might ultimately be tied to a requirement to have business interruption insurance.

Key Questions – Stabilization and Investment

Participants expressed concern regarding outside factors such as foreign market subsidies. There continues to be general concern about profitability, and concern that external forces make stabilization a goal that is difficult to achieve using only risk management tools.

There were a wide range of views regarding a redesign of NISA. Most significantly, there was a difference of opinion regarding the use of NISA as an investment tool. Some believed that it would be appropriate for farmers to have access to NISA funds to reinvest in their business. Others felt that it should be used for income stabilization only, with the concern being that funds might not be there when needed in hard times.

Canadian Farm Income Program (CFIP) remains a concern for many. Participants are concerned about continuity and about having to make difficult or complex adjustments to accommodate replacement programs when they are in the midst of a crisis now.

Participants expressed concern in the current structure of NISA. Specifically, that NISA account balances are not always at a level where they can be useful as stabilization tools. Some also felt that NISA allows financial institutions to make money on the large balances in some instances, while smaller farmers need help now.

Participants want government to maintain an advance payment program, and to expand NISA to include livestock producers. They also suggested that spring credit advance payment program should be expanded to include crops that aren't storage crops.

Participants called for linkages between companion programs and NISA.

Caps on funding levels and Eligible Net Sales (ENS) percentages should be reviewed and raised. Consideration should be given to keeping things equitable between commodities. The investment ratio should be changed to two-to-one.

Participants suggested that programs or eligibility for farmers who are new entrants must be contemplated as well.

3.3 Renewal

Participants felt that “renewal” is a moot point if the APF does not focus on profitability as a key objective. If farms achieve profitability, renewal will happen automatically.

Many participants expressed concerns that the renewal portion of the APF is in fact designed to be an exit strategy to get farmers out of the business, and were not generally supportive of this perceived stance. They want to ensure that the investment stays within the sector.

Participants suggested that the Farm Credit system should be maintained and enhanced. They pointed out that big banks are withdrawing their support to agriculture, and proposed that government could play a role here in terms of guaranteeing loans from both Farm Credit Canada (FCC) and the other financial institutions in order to leverage private sector investment. They also proposed that labour-sponsored investment funds could be made applicable to agricultural operations.

Participants wanted to see stronger support and incentives for beginning farmers, including interest forgiveness for the first several years of operation and mentoring programs that leverage the expertise of retiring farmers or those exiting the industry.

Participants resisted the notion of access to consultants to help in their business planning, etc. and expressed a strong preference for working with provincial or federal agencies. They felt that such support programs could be run by producers who have retired from the business.

Participants also called on government to provide more infrastructure and infostructure support.

Principles and Goals

Participants were generally supportive of the goals outlined in the APF.

They recommended the addition of some principles related to urban encroachment, and the notion of providing support for rural communities.

Implementation Measures

Participants found the measures to be generally useful and realistic, although they were not certain that measures cited would be sufficient.

Participants are looking for programs that will help farmers diversify, but in general do not believe that limited agricultural funding should be targeted for spending on those wishing to leave the industry.

They believe that measures are missing that would help ease inter-generational farm transfers. For example, participants proposed increasing capital gains exemptions.

Participants called for a pension plan for farmers, and also discussed Employment Insurance challenges.

3.4 Food Safety and Food Quality

All participants recognized the importance of this element of the APF, but most felt that Canada is already a leader in food safety and food quality and that the emphasis should be placed on educating consumers rather than restricting farmers through new rules and processes. Participants overwhelmingly believed that consumers must bear the cost of implementing new measures to ensure the quality of their food.

Principles and Goals

Participants were generally supportive of the goals, although they did not agree on a timeline for implementation. Some believed that 2008 is not soon enough; others that it is too soon. Several participants proposed a rolling timetable with phased-in implementation.

They recommended that programs ensure that Canadian producers are not placed at a disadvantage relative to producers in foreign markets -- imported goods must be subject to the same rules as Canadian goods.

Participants cautioned against over-regulation in this area, and talked about the need to ensure that the regulatory burden does not become too great, particularly for smaller producers who are at a disadvantage to larger producers in terms of ability to respond to regulatory requirements.

Some felt that there is an overemphasis on this element – to the effect of implying that our food is not safe or of high quality. Some suggested that an emphasis on healthfulness rather than on quality might be more beneficial to both the industry and to consumers.

Participants talked about shared responsibility across the chain for safety and security, and agreed that producers alone could not be held responsible for the costs.

Targets and Indicators

Participants were generally supportive of the targets and indicators outlined in the APF under food safety and food quality, although the groups did not focus much of their discussions on this aspect.

Participants called for government to provide both baseline data and targets for enhancing awareness of food safety and food quality.

Participants also called for a cost-benefit analysis of some of the measures discussed. This was reflective of the belief that many measures may not be required to enhance the safety and improve the quality of food.

Many suggested that retailers must be held to the same standards as are producers.

Implementation Measures

Participants found the measures to be generally useful, however stressed the need to ensure that the reputation of our food is enhanced in Canada and abroad.

Participants indicated that this must be an industry-led process.

In general, many agreed that for the implementation measures to be successful, a phased timetable would be necessary.

There was no discussion on whether or not industry could take certain steps to help implement these measures and meet the goals, although participants expressed a desire for continued consultation.

In response to questions about the role of industry, participants agreed that, particularly in the area of food safety, a third party is required to manage regulation. Self-regulation is not an option if the program is to have credibility.

Most agreed that in order for these measures to be successful, traceability must be from farm to fork.

Participants felt that there must be a balance between branding attributes and recognizing trade realities.

Border inspection issues were also discussed. Participants cited reports that the United States Department of Agriculture (USDA) will be undertaking destination examinations at the border. Greater pre-shipment inspections will be required, or proper facilities (e.g., refrigeration) will be required at the border crossings.

3.5 Environment

Participants uniformly believed that the agricultural community is already performing very well on all measures related to environmental stewardship, and object to the implication they believe is contained in the document that they need government oversight to ensure that their practices are environmentally sound.

On the other hand, there was discussion about the liberal use of the concept of voluntary compliance with respect to environmental practices, and in general no strong support for having these measures as voluntary over the long term. There was support for a transition from voluntary to mandatory, with incentives being offered to early adopters of leading-edge environmental practices.

Participants again expressed the position that the rules must be the same for food coming into Canada as for food being produced in Canada.

Principles and Goals

Participants were generally supportive of the goals outlined in the APF, with the emphasis on soil, in particular, being viewed positively.

Some participants suggested that goals need to be established with respect to the positive environmental and sociological impacts of rural living vs. urban growth.

Targets and Indicators

Participants were generally supportive of the targets and indicators outlined in the APF under the environment element.

Many felt, however, that the bar was being set too high, and that industry must be responsible for establishing the standards.

Participants believed that, even if compliance starts as voluntary and ends as mandatory, targets should be set (e.g., 20% of farms using environmental farm plans by the end of year one, 40% by the end of year two, etc.).

Participants also believed that best practices can and should be found within industry, and that these could serve as the benchmark for planning.

Participants also suggested that if environmental best practices are to be implemented, then a rating system might be required to ensure consumers better understand the origins of their food.

Implementation Measures

Similar to positions expressed in relation to other elements, there is a concern about who will pay for these measures. It was proposed that costs should be shared by provincial and federal governments.

As outlined above, there was much discussion and little agreement on the notion of making compliance mandatory. Some proposed that the onus should be on industry associations to champion compliance among their members.

It was proposed that compliance would be encouraged by both financial incentives and recognition in other forms.

Skepticism was expressed about the market's willingness or ability to pay for "green" products.

Participants were also interested to learn how agricultural jurisdictions will fare managing issues that are traditionally within the purview of different departments. On this point, some suggested that funding to support these initiatives should come from outside the agricultural envelope (e.g., Environment Canada).

There was also considerable debate on the role and expectation of consumers. Participants agreed that consumers do not fully understand the issues, and believed that education and dialogue are required.

Participants believe that national standards and enforcement are necessary for this to be successful.

3.6 Science and Innovation

While the participants did not spend much time discussing either goals or targets and indicators, this nevertheless was clearly an area of interest to them. Lack of detail in the points outlined below should not be interpreted as lack of interest in or commitment to this element. Participants very clearly had a view as to the direction this element should take, and some very specific points related to applied research and intellectual property.

Participants felt that, in order to achieve the stated goal of being number one, this element is fundamental.

Principles and Goals

There was general agreement for the goals outlined in the document. Technology transfer and access to research results from publicly-funded research were priorities.

Participants stressed the need for industry to be involved in setting direction for research (e.g., through establishing research chairs or granting bodies similar to some in existence today in other fields).

Targets and Indicators

Some participants stated that a better understanding of where Canada is today in comparison with the rest of the world is needed. This is reflected in the APF's proposed benchmarking analysis.

Implementation Measures

Several commented on the amount of money that has been taken out of the system, and stated that there is a requirement to return these funds.

Participants believe that tax incentives and credits must be re-aligned to facilitate research and development. They believe the current system to be cumbersome and not widely understood, and does not provide either the incentives or benefits that it should.

Some participants felt that this was the least well-developed of the five elements, and that much work needs to be done before government and industry can lay a foundation for next steps.

Participants indicated strong support for investment in research, with the proviso that the benefits of the research accrue to them. Concern was expressed that research spin-off benefits would fall into the hands of large multi-nationals, and would never reach the producers.

It was also suggested that some existing research is not accessible. Government needs to facilitate the sharing and dissemination of such research. This applies to research conducted in the environmental arena as well as in agriculture.

Participants underscored that bio-tech research is not all that is required. Production or applied research is just as, if not more important.