

# Advancing a Policy Dialogue



Series II: Addressing Issues and Perspective on Policy Options

## An Overview of Policy Goals, Objectives, and Instruments for the Agri-Food Sector

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## About this publication

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# SUMMARY

Successive Canadian governments have articulated economic, social and environmental goals for the agri-food sector. The desired end state of policy has changed somewhat over the last 20 years. In *Growing Together* (1989), the federal government described a vision for the sector that emphasized market orientation, market reliance, and profitability through expanded trade in agricultural commodities. In the Agricultural Policy Framework [APF] (2003), the government stressed that the long-term profitability of the sector could be achieved by making Canada a world leader in food safety, innovation, and environmentally responsible agricultural production. The current *Growing Forward* (2007) vision does not differ appreciably from the APF. It identifies three key strategic outcomes: a competitive and innovative sector; food safety and improved environmental performance; and managing risks by implementing biosecurity, traceability systems and business risk management (BRM) programs.

Unlike the 1989 and 1994 strategies, market reliance is not a goal of *Growing Forward*. The current use and expenditure profiles in BRM and regulatory instruments for supply management suggest that goals of profitability are an over-riding objective; this objective is to be achieved through a market-responsive sector, and not necessarily a market-reliant sector.

Government goals and policy instruments (for achieving goals) differ to some degree across Canada. The provinces are focused on the economic development of their agri-food sectors, goals that can be at odds with the federal government's aim to achieve a nationally competitive agri-food sector. Once-prominent inter-provincial differences between Quebec and the other provinces have narrowed. Nonetheless, Quebec is still more willing to use its expenditure and regulatory powers to promote its agri-food sector and improve farmer income. Meanwhile, provinces such as Alberta and Saskatchewan delineate goals of competitiveness and self-reliance, while others such as Ontario and Manitoba essentially push for thriving agricultural

sectors and strong rural communities. National, sector-wide competitiveness is not necessarily a goal synonymous with profitability for food producers, or with provincial economic and rural development goals. Goals of food safety and environmentally responsible production can add to production costs, yet governments agree that food safety and resource sustainability goals are necessary for economic goals of profitability and competitiveness. Balancing these multiple goals is a challenge, especially when they must be reconciled with provincial efforts to promote local economies and rural communities.

Various policy instruments are used to promote profitability, innovation and competitiveness in the non-farm segment of the sector. These instruments include: intellectual property rights for developers of new crop varieties; deregulation of freight rates to allow railways to realize larger profits; favourable tax measures and other incentives; allowing mergers and consolidation to advance competitiveness; harmonizing regulatory standards with major trading partners; and spending on research and development for value-added products.

The government's policy goals reflect the preoccupation Canadians have for: safe food, a sustainable environment, and resilient rural communities; the obligations of international treaties (NAFTA and WTO); and the needs of foreign consumers on whom the profitability and competitiveness of much of the Canadian agri-food sector depends. The addition of new goals to the policy debate, while retaining existing policy goals, can hamper effective policy development. The bigger challenge is striking the appropriate balance among these goals. The goals of competitiveness, growth in exports, producer profitability, environmental sustainability, and regional economic development must be weighed in a way that meets the expectations of consumers and domestic taxpayers. Building a consensus among Canadians on desired ends (goals) and means (policy instruments) can help strike and maintain that balance.

## Overview

Canada's federal and provincial/territorial governments set economic, social, and environmental goals for the agri-food sector. These include economic goals for a profitable and innovative agri-food sector, one that is domestically and internationally competitive, while contributing to economic development (including that of rural communities). Social goals include food safety and consumer health, and environmental goals are the sustainable use of resources and environmental protection.

The federal and provincial/territorial governments have agreed on these multiple goals, as reflected in the intergovernmental Agricultural Policy Framework and Growing Forward strategies. Moreover, governments have substantially harmonized their policy instruments to achieve some of these goals, as exemplified by business risk management programs and national supply management initiatives that promote goals of producer profitability.

At the same time, government goals and policy instruments differ to some degree. The provinces' support for the economic development of their agri-food sectors can be at odds with the federal government's desire for a nationally competitive agri-food sector. Historically, economic development policies have varied at the provincial level, particularly in Quebec as compared to Ontario or the Prairie provinces. Quebec has been more willing to use not only its expenditure powers but also its regulatory power to promote its agri-food sector and improve its farmers' incomes. The other provinces also vary in the degree to which they emphasize some goals and the instruments they use to pursue them. Some (e.g., Alberta and Saskatchewan) delineate goals of competitiveness and self-reliance. Others (e.g., Ontario, Manitoba) simply refer to thriving agricultural sectors and strong rural communities. Alberta has been more willing than Ontario or the other Prairie provinces to use its ample fiscal resources to advance its economic goals for the agri-food sector.<sup>1</sup>

For the federal and provincial/territorial governments, rendering compatible goals is a challenge. Economic goals designed to achieve sector-wide competitiveness at the national or even provincial levels are not necessarily synonymous with profitability for food producers, or with wider provincial economic and rural development goals. Food safety and environmental goals can add to production costs and undermine profitability and competitiveness. Nonetheless, the explicit linkage of economic and social/environmental goals in recent intergovernmental agri-food strategies suggests that governments share the view that economic goals of profitability and competitiveness cannot be achieved without addressing broader societal goals, such as food safety and sustainability of resources.

Governments at both levels use policy instruments to balance sector goals. Their expenditure and regulatory involvement is such that goals of a profitable and competitive agri-food sector are being sought by means of a market-responsive sector, rather than the market-reliant or self-sufficient one that federal governments envisioned in the 1990s and that some provincial governments (e.g., Alberta, Saskatchewan) continue to articulate.

Increasing the profitability of producers has been an over-riding shared objective of federal and provincial agriculture departments. Chosen policy instruments vary across commodity sectors and over time. Governments use their expenditure powers to support and stabilize farm incomes. Business risk management programs that protect farmers from income losses constitute by far the largest share of agriculture ministries' expenditures (see Appendix III). Coordination of federal and provincial marketing powers and regulatory instruments (production, border and pricing controls) are especially important for the supply-managed dairy, poultry, and egg sectors. Market promotion and trade liberalization have long been favoured policy instruments to secure profits for the export-oriented grains, oilseeds, and livestock sectors. In addition, federal and provincial governments have created and underwrite the operations of farm credit agencies that have a mandate to provide capital and operating loans to farmers and farm-related businesses.

Policy goals of profitability, innovation, and competitiveness in the non-farm components of the agri-food sector are also prominent. Governments have used a variety of policy instruments to promote them: intellectual property rights for developers of new crop varieties; deregulation of freight rates to allow railways to realize larger profits; favourable tax measures;<sup>2</sup> and spending on research and development, including in partnership with new firms, for value-added products such as functional foods and new agricultural-based products like biofuels.<sup>3</sup> At other times, government inaction to prevent mergers and consolidations has been a route to enhanced competitiveness of remaining firms in the upstream and downstream sectors.<sup>4</sup>

Broader societal goals of food safety and environmental sustainability are prominent in governments' articulated visions for the sector. Federal governments use their regulatory powers to set food safety standards and monitor their enforcement. However, they also rely considerably on industry self-regulation to meet food safety standards. Voluntary instruments backed by government fiscal incentives are the major policy instruments to advance goals of environmental sustainability, although Quebec has been more willing than most other provinces to advance environmental goals through regulations. Mandatory renewable fuel (biofuel) standards also reveal a more recent willingness to use regulatory instruments to advance environmental sustainability goals aimed at reducing greenhouse gas emissions.

Canadian agri-food sector policy goals and policy instruments have been shaped by the changing preoccupations of Canadians and their governments, the material circumstances of the agri-food sector, and integration into the North American economy under NAFTA and the global trade regime of GATT/WTO. NAFTA and WTO trade agreements have strengthened goals of competitiveness, risk management, innovation, and food safety. NAFTA integration has created incentives and pressures for the convergence of Canadian policy instruments, including food safety and environmental regulatory standards, with those in the United States. WTO agreements have affected the design of business risk management programs for farm income.

## ***Government Agri-Food Policy Goals, Objectives, and Policy Instruments 1940s-2010***

Over time, the objectives for agriculture of Canada's federal and provincial/territorial governments have been remarkably similar. But the policy instruments chosen to advance the objectives have varied. The following account is a chronology beginning in the 1940s, when the foundations of contemporary policy goals and instruments were laid.

### **A. The 1940s-early 1980s: Securing Goals Via Regulatory and Expenditure Instruments**

In Canada, the current government policy goals, objectives, and instruments for the agri-food sector can be traced to the Second World War. In 1944, the goal of supplying wartime allies with sufficient grain supplies led the federal government to bestow the Canadian Wheat Board with a monopoly to sell prairie wheat, a monopoly extended to barley and oats in 1949. The goal of increasing and stabilizing food production, while simultaneously preventing domestic price inflation, also led the federal government to provide financial assistance to stabilize the prices of farm commodities, including grains, dairy, and meat products.

During the 1950s and 1960s, the federal government augmented its expenditure powers in the agri-food sector. The government: expanded the price stabilization program in 1958; supported industrial milk prices and transferred subsidies to dairy producers via the Canadian Dairy Commission in 1966; subsidized credit to farmers to encourage them to become more efficient and productive; established a voluntary crop insurance program in which costs were shared with farmers and provincial governments; and subsidized advance payments by the Canadian Wheat Board to prairie wheat, oat, and barley growers. Stabilization programs resulted in a threefold increase in government financial transfers to farmers over the period from 1957-58 to 1977.<sup>5</sup> Between 1951 and 1967, capital investment in Canadian farming more than doubled.<sup>6</sup>

In the 1970s, amid continuing depressed commodity prices, the federal and provincial governments were

compelled to act in ensure producer profitability. Governments used not only their expenditure policy instruments, but their powers to regulate markets to raise and stabilize farm incomes. A major policy innovation was supply management in the dairy, egg, chicken, and turkey industries.<sup>7</sup> In implementing supply management, the federal and provincial governments agreed to establish national marketing agencies that administered production controls. These controls set prices, restricted domestic supply to domestic demand, and operated within quantitative import controls. The resulting supply-management plans also reflected the goal of provincial governments to promote local economic development.<sup>8</sup> While flawed, these plans soon allowed dairy and poultry producers to receive higher prices in the marketplace, and to expand and to become more profitable.

Programs to raise and stabilize farm incomes were expanded. In 1975, the federal government made price support under the Agricultural Stabilization Act (ASA) mandatory for producers of nine commodities. It was supplemented by the 1976 Western Grain Stabilization Act (WGSA), which provided prairie grain farmers with a voluntary, contributory scheme to stabilize their net returns from exports of grains. ASA and WGSA together covered virtually all agricultural commodities and took into account production costs.

Income distress was one cause for the heightened priority given to the goal of farm income stabilization. Another cause was the more aggressive use of expenditure powers by provincial governments to support local agriculture. At the vanguard of this development was Quebec, where nationalist aspirations led to policy goals of provincial self-sufficiency in cereal, horticultural, and animal products. These goals were successfully promoted by a comprehensive stabilization program, agricultural zoning laws, and subsidized credit provision. (See Figures 7 and 8 in Appendix III for data on the comprehensive coverage of Quebec's stabilization program and the province's degree of self-sufficiency in foodstuffs.) Other provincial governments shared similar goals of agricultural development and introduced their own programs to stabilize their producers' incomes. The result was an uneven treatment of producers from province to province. This uneven treatment made the goal

of harmonizing federal and provincial income stabilization schemes achievable in a significant way only in later years.

## **B. Mid-1980s to Mid-1990s: Advancing Competitiveness Goals Via Market-Oriented Instruments**

From the 1980s through to 1995-96, Canadian governments sought to align agriculture with the goals of domestic and international competitiveness, with producers relying more on market signals and less on government programs for their incomes. Their efforts began at a time of depressed prairie grain farmers' incomes, resulting in: greater federal farm program costs; mounting public debt for the government of Canada and several provinces; more American trade actions against Canadian stabilization programs; and the launch of trade liberalization agreements with the US and GATT members.

These circumstances posed challenges to existing farm programs. But they also stimulated growth opportunities through new markets, and led to a wholesale review of agricultural programs. Growing Together was launched by the Progressive Conservative government in 1989 under the themes of: a) more market responsiveness by removing interprovincial and other barriers to markets, developing new markets, and lowering production costs; b) greater self-reliance through improved safety nets and governments not masking market signals; c) regional diversity; and d) increased environmental sustainability and food safety and quality protection (see Appendix I). After the 1993 federal election, the Liberal government maintained this reformist direction, in an environment of debt-riddled governments and increased foreign market prospects due to the implementation of NAFTA and the WTO Agreement on Agriculture. A major difference was that buoyant commodity prices made many producers more open to market-oriented reforms.

A federal and provincial agreement on the principles and funding of farm income support programs was a major outline of reform efforts.<sup>9</sup> The principles, as enunciated in the 1991 Farm Income Protection Act, were that programs should: a) not unduly influence production or marketing decisions of

producers; b) be equitable across regions in their level of protection; c) “encourage the long-term social and economic sustainability of farm families and communities”; d) “be compatible with Canada’s international obligations”; and e) “encourage long-term environmental and economic sustainability.”<sup>10</sup> Moreover, they would be cost-shared by the two orders of government and producers. Two of these principles (a and d) were strongly influenced by WTO rules that provided incentives to replace commodity-specific programs with “whole farm” safety net programs intended to decouple financial support from production decisions.

Although they eventually secured an agreement on farm income safety net programs, the provinces went through difficult negotiations because of differences in their agri-food policy goals. All of the provinces sought to develop their agricultural economies, but doing so put them at odds with one another and the federal government. Quebec and Alberta, in particular, wanted and secured greater latitude over provincial expenditures. They were opposed by Saskatchewan and Manitoba, whose smaller treasuries led them to urge greater equity in treatment of producers across provinces and greater federal financial responsibility for program costs. The provinces reluctantly agreed to shoulder larger shares of responsibility for farm income support under these programs.

Canada intensified its efforts to increase exports and remain competitive in international markets. This initiative was motivated by the dependence of much of the country’s agri-food sector on export markets and its goal to generate a more market-oriented agriculture. In the early 1990s, federal and provincial governments set a goal of \$20 billion in agricultural exports by the year 2000 — double the 1981-1991 range of about \$10 billion per year.<sup>11</sup> In Quebec, agreeing with this strategy of increasing farm incomes through agricultural exports (especially pork) marked a retreat from its earlier goals of self-sufficiency.

For Canada, securing access to markets for bulk commodity exports has been a key goal. But so has increasing exports of higher value-added food products. With the elimination of export subsidies — for prairie grains and dairy products — governments

have used a variety of policy instruments to promote competitiveness through exports: liberal trade agreements, trade missions, and advisory and informational services to trade exporters. They have also provided financial guarantees to help Canadian exports remain competitive against the export credit programs of other countries.<sup>12</sup>

In some cases, market-oriented reforms for agriculture coincided with government-wide goals of reducing federal deficits and debt. Terminating federal subsidies for prairie grain freight costs in the 1995 budget was a cost-saving measure that also promoted the goal of diversifying agricultural economies on the prairies. Phasing out dairy subsidies also helped balance federal budgets.<sup>13</sup> By 1995, Canadian government spending in support of producers’ incomes reached a 10-year low and it continued to drop through 1998-99. Transfers to Canadian agriculture as a percentage of the total value of production were substantially below those in the European Union and the OECD average.<sup>14</sup>

Efforts to make supply management consistent with a more market-oriented and self-reliant sector produced more modest outcomes. Compared with farm income safety nets, the context was not conducive to supply management reform, neither in the 1990s nor since then. The reasons are three-fold: external pressures from international trade agreement strictures have not been as acute; supply management does not create government budgetary pressures; and provincial governments’ economic development goals give them strong incentives not to agree to radical reforms.<sup>15</sup> Tariff rate quotas have replaced quantitative import controls, as required under the WTO Agreement on Agriculture. But they maintain a high level of domestic protection for supply-managed products.<sup>16</sup> In the dairy sector, WTO limits on dairy export subsidies have, however, reduced opportunities to expand export markets within existing instruments of supply management.

Reforms to supply-management pricing and production quotas (and their inter-provincial distribution) went some way to further competitiveness goals, although they were limited and fell short of what some wanted. Changes to pricing and quota allocation policies in the dairy, egg, and chicken supply-management plans have enabled

some growth in the domestic market, and increased the profit-making ability of the firms that dominate the concentrated dairy and poultry processing sectors.<sup>17</sup>

In the 1990s, initiatives were launched which continue today to promote goals of competitiveness in the non-farm segments of the agri-food sector. These initiatives have included legislation to protect intellectual property rights, which alongside government-funded research and public-private research partnerships stimulated private sector investment in innovative technologies.<sup>18</sup> Fiscal incentives by federal and provincial governments support innovative technologies such as plant biotechnology and bioenergy. As well, government action to prevent mergers and consolidation can also be viewed as a way in which competitiveness has been encouraged in the downstream and upstream sectors of the agri-food industry.

### **C. The Late 1990s and 2000s: Intergovernmental Agreement on Multiple Goals**

From 1997-98 onward, the circumstances that had permitted policy reforms aimed at a more market-oriented agriculture disappeared. Commodity prices were depressed for hogs and grains, with cattle prices following the May 2003 discovery of BSE in Alberta cattle. The rise in costs was not compensated by increases in prices, despite farmers having increased their productivity. Total realized net farm income in Canada was negative over 1999-2002. As well, optimism that farmers could rely on more liberalized markets withered as American and EU government payments to their farmers rose and access to foreign markets continued to be restricted.

Given this situation, in 1998 the provinces – other than Quebec – began again to focus on farm profitability goals. Quebec's comprehensive income stabilization program sheltered its farmers, though did so amid mounting government program costs. Although Alberta's policy goals articulated a more market-driven competitive industry, this objective was trumped by the goal of sustainable rural communities; the province brought in ad hoc programs to top up existing cost-shared safety net programs.<sup>19</sup> Pressure mounted on the federal government to use its improved budgetary situation

to level the playing field for Canadian farmers vis-à-vis their foreign competitors, who were more generously subsidized.<sup>20</sup>

In Quebec, pollution from the expansion of the hog industry (as a means to increase producer profitability through exports) elevated goals of more environmentally friendly agriculture, leading the province to introduce rigorous agro-environmental regulations.<sup>21</sup> The aging farm population led the provincial governments, with Quebec at the forefront, to focus on recruiting a new generation of farmers. Food safety crises in Europe also heightened goals of food safety.

The federal and provincial governments responded to these circumstances in the 2002 Agricultural Policy Framework (APF). Implemented as an inter-governmental agreement over the period 2003-2008, it was a historical departure in two respects. First, it signalled a five-year government commitment of funding (rather than the earlier three-year agreements) for income safety nets/business risk management. Second, it explicitly linked goals of business risk management to public goods such as food safety and environmental protection. These two realities came together in the articulation of five "pillars" for agri-food policy: 1) business risk management (to encourage producers to be proactive to reduce business risks); 2) food safety and quality; 3) environmental performance; 4) renewal of farmers skills; and 5) science and innovation (to support sustainable development, innovation, and instil confidence in food safety and quality).

The vision articulated in the APF was that long-term profitability could be achieved by making Canada a world leader in food safety, innovation, and environmentally responsible production (see Appendix I). The APF was focused on niche markets and on branding a unique Canadian product.<sup>22</sup> This contrasted with *Growing Together*, produced in 1989, which emphasized profitability through expanded trade in agricultural commodities.

Not surprisingly, securing an inter-governmental agreement on its risk management programs was protracted because of disparate goals across governments. As in the 1990s, the provinces, especially those like Saskatchewan that had large



agricultural sectors, resisted the 60:40 federal-provincial ratio of financing that the federal government insisted upon. Other provinces, like Alberta and Quebec, sought to minimize federal interference in their province and maximize provincial flexibility on income safety net program spending. The federal government, and provinces with smaller treasuries (Saskatchewan and Manitoba), put a priority on equitable treatment of producers, including limits on the provinces' ability to subsidize their own producers more generously than other provinces. Notwithstanding considerable inter-governmental conflicts over the details of risk management programs, the federal and provincial governments agreed on both their joint fiscal responsibility for assisting agricultural producers to manage their income risks, and on the design of the programs that would put these responsibilities into effect.

Growing Forward (2008-12) succeeds the APF and renews the inter-governmental agreement on agri-food sector goals and on governments' share of spending for agriculture to advance these goals. Its vision does not differ appreciably from APF, seeking "a profitable and innovative agriculture" in which agri-food and agri-based products industries "seize opportunities" in responding to market demands and contribute to the health and well-being of Canadians. Growing Forward identifies three strategic outcomes: a) a competitive and innovative sector; b) a sector that contributes to society's priorities of food safety and improved environmental performance; and c) a sector that is proactive in managing risks by implementing biosecurity and traceability systems and business risk management programs. As with APF, and unlike the 1989 and 1994 agri-food strategies, the goal of market-reliance is not present in Growing Forward.

Both the APF and Growing Forward signal considerable harmonization of federal and provincial/territorial goals for the agri-food sector, and, more precisely, on an amalgam of economic (profitability and competitiveness in the sector), social (food safety) and environmental goals. Balancing these multiple goals is a challenge, especially when they must be reconciled with provincial goals of promoting the development of local economies and rural communities.

Reviews of the progress the APF made toward meeting its multiple goals and realizing a comprehensive agri-food policy reveal the difficulty of the challenge. Not only did APF business risk management programs fail to ensure producer profitability,<sup>23</sup> there was no evidence that goals of improved environmental performance had been promoted, despite financial incentives in the order of over \$600 million for farmers to reduce agri-environmental risks.<sup>24</sup> Agriculture and Agri-Food Canada reports not only a lack of progress, but slippage, in meeting goals concerned with water quality and preserving biodiversity.<sup>25</sup> And while goals of innovation through science were advanced under the APF, and helped to overcome the 1995 budget cuts to AAFC's Research Branch, only partial steps were taken to implement them.<sup>26</sup>

While it is premature to determine whether the federal and provincial/territorial governments will have more success in balancing the multiple goals of Growing Together, they are proceeding with initiatives on innovation, food safety and improved environmental performance. Spending on innovation differs considerably from province to province.

Biofuels provide an example of policy goals in which innovation and environmental sustainability (through reduced greenhouse gas emissions) and rural economic development appear to be compatible. Provincial and federal governments have invested in ethanol and biodiesel research and production. Using their regulatory powers, provincial governments (Saskatchewan, Ontario, Manitoba, and BC), and, more recently, the federal government have mandated renewable fuels standards to increase biofuel consumption.<sup>27</sup> A federal government analysis indicates that the major beneficiary of the renewable fuel standards will be renewable fuel producers, rather than producers of biofuel feedstock crops.<sup>28</sup> This may explain why Saskatchewan makes loans to biofuels projects contingent on a minimum of 5% farmer/community investment.<sup>29</sup>

Governments are pursuing improved environmental performance and sustainable use of resources – which were targeted in recent inter-governmental accords as well as provincial agri-food ministry mandates – largely via expenditure instruments. Governments provide advice and financial assistance

to farmers on the implementation of environmental plans, and encourage voluntary adoption of other measures to mitigate agriculture's detrimental impacts on soil and water resources and biodiversity. Some provinces, notably Quebec, have gone further in their attempts to manage tensions between non-agricultural interests and farmers over the negative environmental effects of the intensive livestock (pork) operations that are often equated with more competitive production. Quebec governments have been at the forefront of using regulatory powers to prescribe production practices that are consistent with environmental standards. Other provinces have been more reluctant to go this route and have relied overwhelmingly on using carrots (fiscal incentives and voluntary measures) rather than regulatory sticks.

Food safety goals are long-standing in Canada, and intersect with competitiveness concerns. The federal government establishes prescriptive regulatory standards that industry is responsible for implementing. Compliance with safety standards is monitored and verified by government inspectors. Canadian governments have adopted international food safety standards as a way to enhance international market access and prevent domestic firms from facing higher regulatory costs than their foreign competitors.<sup>30</sup> The implementation of mandatory animal identification and movement reporting systems (for dairy and beef cattle, sheep, and bison) is another instrument that promotes goals of food safety and competitiveness (as well as animal health and welfare) by allowing animals to be tracked throughout the entire food supply chain. As well, governments financially support food safety through research, and, in much smaller amounts, through farmers' implementation of on-farm programs.

The report of the Independent Investigator into the listeriosis outbreak at a Maple Leaf plant in Toronto in the summer of 2008 – which resulted in 22 deaths – singled out the inadequacy of existing instruments to realize goals of food safety. The report identified shortcomings on the part of both the private company and public officials in ensuring that food standards were respected.<sup>31</sup> Another ongoing concern is that the integrity of the food safety system as a whole can be compromised by

the division between agri-food products that are marketed internationally and inter-provincially, and so must meet (high) federal safety standards, and food products sold within the province, which are subject to provincial food safety/inspection standards that can deviate from the federal standards.<sup>32</sup>

## Conclusion

Canada's federal and provincial and territorial governments agree to a considerable degree on core economic, social and environmental goals for the agri-food sector, and on their mutual responsibility for addressing them. This is quite remarkable, given the opportunities and incentives for policy divergence created by Canada's federal system and the regionally specific features of Canada's agri-food sector. This similarity across policy goals and instruments can be attributed not only to the shared preoccupations of Canadians (for safe food, sustainable environments, and resilient rural communities), but also to the obligations of international treaties (NAFTA and WTO) and the concerns of foreign consumers on whom the profitability and competitiveness of much of the Canadian agri-food sector depends.

The challenge for Canadian governments is prioritizing these goals. They must weigh, for example, goals of competitiveness and producer profitability against environmental sustainability and regional economic development. Canadian citizens – as consumers and taxpayers – will be the ultimate judge of whether governments are striking an appropriate balance.

# Appendix I

## ***Policy Objectives and Visions of the Government of Canada for the Agri-Food Sector***

### **1986: A National Agriculture Strategy (agreed to by Federal and Provincial Ministers of Agriculture)**

Policy objective: “The primary objective of federal and provincial action in the agriculture and food sector is to increase income and employment.”

Key elements of a national agriculture strategy are: measures to improve farm financial security; improved protection against climatic and economic risks; soil and water conservation and development efforts to protect and enhance our resource base, thereby guaranteeing agricultural productivity in the future; technology development and transfer policies to improve the long-term competitive position of the Canadian agriculture and food industry; and improved interprovincial and international agriculture and food trade measures.

### **1989: Growing Together**

Vision: A more market-oriented agri-food industry; a more self-reliant sector that is able to earn a reasonable return from the marketplace; recognizing and responding to regional diversity; environmental sustainability.

Policy Goals: Develop and liberalize markets; diversify agriculture; recognize regional diversity; increase environmental sustainability; protect food safety and quality.

### **1994: Future Directions for Canadian Agriculture and Agri-Food: A Vision of Growth through Security, Security through Growth: Creating the Balance**

Vision: “A growing, competitive, market-oriented agriculture and agri-food industry that is profitable and responds to the changing food and non-food needs of domestic and international customers, is less dependent on government support; and contributes to the well-being of all Canadians and the quality of life in rural communities while achieving farm financial security, environmental sustainability, and a safe, high quality food supply.”

Policy goals: Sustainable growth, rural opportunities; long-term financial security; resource and environmental sustainability; safe, high-quality food supply.

### **2003 Agricultural Policy Framework**

Objective: “To secure the long-term profitability of the sector by making Canada a world leader in food safety, innovation, and environmentally responsible agricultural production.”

Five pillars: Business risk management (to encourage producers to be proactive to reduce business risks); food safety and quality; environmental performance; renewal of farmers skills; and science and innovation (to support sustainable development, innovation, and instill confidence in food safety and quality).

### **2007: Growing Forward**

Vision: “A profitable and innovative agriculture, agri-food and agri-based products industry that seizes opportunities in responding to market demands and contributes to the health and well-being of Canadians.”

Three strategic outcomes: A competitive and innovative sector, a sector that contributes to society’s priorities (of food safety, environmental performance), and a sector that is proactive in managing risks.

## 2008-09 Agriculture and Agri-Food Canada

Three strategic outcomes: a secure and sustainable agriculture and agri-food system that a) provides safe and reliable food; b) uses environmental resources in a manner that ensures they are sustainable for present and future generations; and c) is innovative in developing food and other agriculture-related products and services that capture market opportunities. (Agriculture and Agri-Food Canada 2008-09 Departmental Performance Report.)

## Appendix II

### ***Current Articulated Policy Objectives and Visions of Provincial Governments for the Agri-Food Sector***

#### **British Columbia Ministry of Agriculture and Lands**

Three Ministry goals:<sup>33</sup>

1. Agriculture, aquaculture, and food sectors and Crown-land use contribute positively to the economic well-being of the province. The Ministry promotes sector profitability and self-reliance through programs that improve market access, foster innovation and efficiency, and provide farmers with the tools needed to sustain their businesses in the face of environmental and market risks. The Ministry also focuses services and initiatives to support British Columbia in continuing to be recognized as a producer of safe food and agricultural products, and to support producers in the development of healthy, nutritious food.
2. World-leading environmental stewardship in Crown land management, agriculture, aquaculture, and food practices.
3. Socially responsible management of land and water resources.

Objectives for goal 1:

- a. Strategic growth of the agriculture, aquaculture, and food sectors.
- b. Animal, fish, plant and human health are safeguarded.
- c. Crown land dispositions that support government's strategic objectives and provide the greatest economic, social and environmental benefits.

Objectives for goal 2:

- a. Effective management of environmental risks.
- b. Risks created by the historical use of land are managed to minimize risks to human health and the environment and facilitate the restoration of land.
- c. Create a positive urban/agriculture relationship to facilitate sustainable growth of farms while enhancing the overall quality of life for British Columbians.

Objectives for goal 3:

- a. Robust economically, socially, and environmentally sustainable agriculture and Crown land management practices that reduce greenhouse gas emissions and foster successful adaptation to climate change.
- b. Crown land policy framework and supporting strategies enable administration of the Land Act to achieve government objectives.

### **Alberta Agriculture and Rural Development<sup>34</sup>**

Three core businesses:

1. Facilitate a market-driven, environmentally responsible industry.
2. Food safety, plant health and animal health and welfare.
3. Rural development.

Four goals:

- a. A competitive, self-reliant industry: Ministry “works with industry partners on market-driven initiatives to improve competitiveness and ... to assist industry in managing their risks. This includes the continued development of effective and robust policies that drive programs aimed at offsetting income variability and volatility in the industry and at addressing natural disasters.
- b. Environmental stewardship.
- c. Farmed animal health and welfare, plant health, safe food products and legislative compliance.
- d. A vibrant, resilient, and sustainable rural Alberta: “a strong rural Alberta contributes to the province’s prosperity.”

A mandate letter from Premier to Minister of Agriculture states that the Ministry’s role is: “To enhance value-added activity, increase innovation, and build a skilled workforce to improve the long-run sustainability of Alberta’s economy.”<sup>35</sup>

## **Saskatchewan Ministry of Agriculture**

“The Ministry fosters a commercially viable, self-sufficient and sustainable agriculture and food sector. The Ministry encourages farmers, ranchers and communities to develop higher value-added production and processing and promotes sustainable economic development in rural Saskatchewan through better risk management.”<sup>36</sup>

### 2010-2011 Annual Plan<sup>37</sup>

To contribute to government goal of economic growth through several strategies, including:

- ❑ Business risk management programs for farmers, ranchers, producer groups, industry.
- ❑ Creating an attractive business climate.
- ❑ Establishing infrastructure to support business development.
- ❑ Investing in research, innovation and commercialization to benefit the agriculture sector.
- ❑ Promoting the agriculture sector and its benefits.

## **Manitoba Ministry of Agriculture, Food and Rural Initiatives<sup>38</sup>**

“Our priorities are: profitable primary agriculture [through market development, diversification, capturing higher value for agricultural products, adapting production technologies, managing risk and providing affordable loan products];

- ❑ Increased economic activity and investment to sustain and grow rural communities;
- ❑ Opportunities to add value to Manitoba commodities for food, animal feed, bio-energy, bio-fibre and other uses;
- ❑ Products, such as nutraceuticals, functional foods and pharmaceuticals, to increase the health and wellness of Manitobans and the world;
- ❑ Solutions to enhance environmental sustainability in Manitoba.”

## **Ontario Ministry of Agriculture, Food and Rural Affairs**

Strategic priorities are:

- a. Thriving agriculture and food sectors.
- b. Strong rural economies.
- c. Safe food, healthy animals and a healthy environment.<sup>39</sup>

To achieve these priorities, the Ministry invests in: innovation and research; agriculture and food sector economic development; rural economic development and infrastructure; food safety and overall health; environmental stewardship; farm income stabilization; and emergency preparedness.

## Quebec Agriculture, Fisheries and Food (MAPAQ)

To support a value-added industry that produces healthy food, respects the environment, and supports the development of Quebec and its regions.

La fierté d'en vivre, le plaisir de s'en nourrir (2008): « Permettre l'expression d'initiatives diverses, laisser s'épanouir la créativité des entrepreneurs, faire une place à la relève, donner accès à un territoire agricole de qualité ... permettre de mieux répondre aux signaux du marché ... répond[re] aux attentes des citoyens et des consommateurs, que ce soit à l'égard de la qualité des aliments, de la contribution à une saine alimentation, de la protection de l'environnement ou de l'établissement de rapports harmonieux avec les divers acteurs économiques et sociaux sur le territoire. »<sup>40</sup>

## New Brunswick Ministry of Agriculture and Aquaculture<sup>41</sup>

Goals:

1. Enhance farm profitability for all sectors, business management skills and return on investment.
2. Enhance image of sector.
3. Ensure consultation and decision-making processes geared to regulatory reform and cooperative ventures are comprehensive, integrated and inclusive.
4. Increase understanding of consumer preferences and local and global market characteristics and dynamics in order to facilitate rapid and effective response to changing demands.
5. Ensure sustainable utilization of soil, water and air.

## Nova Scotia Ministry of Agriculture<sup>42</sup>

Department Vision is “of an agriculture and agri-food industry that is diversified, market-focused and profitable.... recognized for its adaptable, collaborative business approach and its safe, exceptional quality products ... valued for contributing to the economy, the environment, and vibrant rural communities.”

Core businesses:

- Sustainable resource management (environmental sustainability).
- Industry growth and development (proactive in managing business risks, new investments in the agricultural industry, economic growth).
- Responsible governance (integrity and security of food system).
- Education and life-long learning (high-quality agricultural research and education; skilled agricultural work force).

## Prince Edward Island Department of Agriculture

No vision; goals listed are those of Growing Forward: a competitive and innovative sector that contributes to society's priorities and is pro-active in managing business risk.

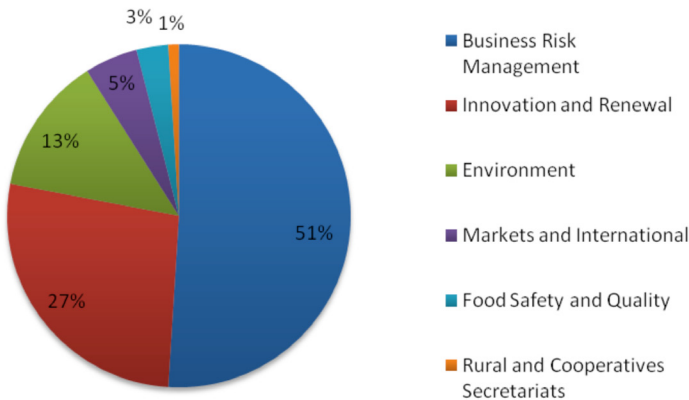
## Newfoundland and Labrador Department of Natural Resources, Forestry and Agrifoods Agency

No articulated vision; lists Growing Forward goals: to enhance the competitiveness, profitability and innovative capacity of province's agriculture industry; and support food safety and environmentally sustainable practices.

# Appendix III

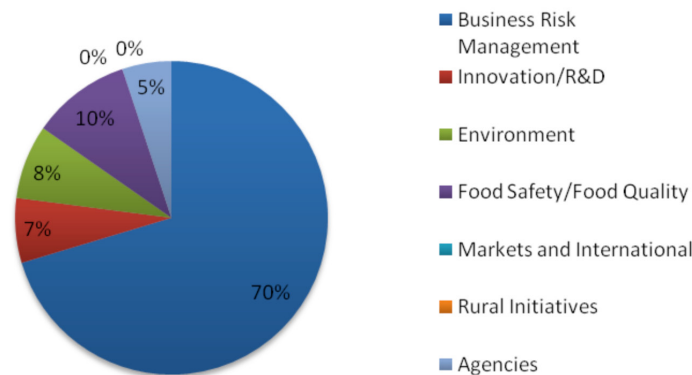
## Government Expenditures

### Canada



**Figure 1. 2008-2009. Departmental Performance Report for Agriculture and Agri-Food Canada.**  
**Source:** <http://www.tbs-sct.gc.ca/dpr-rmr/2008-2009/inst/agr/agr03-eng.asp#anc-5>

### British Columbia



**Figure 2. British Columbia Agriculture and Lands Non-Administrative Program Expenditure, 2009-10 (Estimate).** **Source:** [http://www.bcbudget.gov.bc.ca/2010/estimates/2010\\_Estimates.pdf](http://www.bcbudget.gov.bc.ca/2010/estimates/2010_Estimates.pdf)

#### Business Risk Management

- Business Risk Management: 31,559,000
- Production Insurance: 11,500,000
- Total Expenditure: 43,059,000 (70%)

#### Innovation/Research and Development

- Strategic Policy, Investment and Innovation: 4,083,000
- Total Expenditure: 4,083,000 (7%)

#### Environment

- Sustainable Agriculture Management: 4,683,000
- Total Expenditure: 4,683,000 (8%)  
Food Safety/Food Quality
- Food Safety, Plant, Animal and Fish Health: 6,253,000
- Total Expenditure: 6,253,000 (10%)

#### Markets and International

None

#### Rural Initiatives

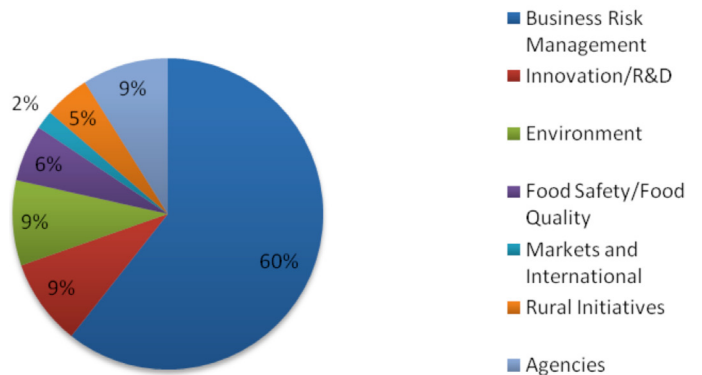
None

#### Agencies

- BC Farm Industry Review Board: 1,017,000
- Agricultural Land Commission: 2,098,000
- Total Expenditure: 3,115,000 (5%)

### Alberta

**Figure 3. Alberta Agriculture and Rural**



#### Development Non-Administrative Program Expenditure, 2009-10 (Projected).

<http://www.finance.alberta.ca/publications/budget/estimates/est2010/agriculture-rural-development.pdf>

#### Business Risk Management

- Farm Fuel Distribution Allowance: 33,500,000
- Lending Assistance: 7,178,000
- Production Insurance: 166,163,000
- Wildlife Damage: 5,662,000
- AgriStability: 153,808,000
- AgriRecovery: 1,150,000
- Total Expenditure: 367,461,000 (60%)

#### Innovation/Research and Development

- Agriculture Research: 16,025,000
- Food Processing Development: 5,407,000
- Bio-Industrial Technologies: 2,401,000
- Rural Extension and Industry Development: 29,100,000
- Agricultural Initiatives: 1,450,000
- Total Expenditure: 54,383,000 (9%)



## Environment

- Resource Integration: 1,429,000
- Irrigation and Farm Water: 9,432,000
- Environmental Stewardship: 13,804,000
- Irrigation Infrastructure Allowance: 29,050,000
- Total Expenditure: 53,625,000 (9%)

## Food Safety/Food Quality

- Food Chain Traceability: 6,600,000
- Food Safety and Animal Health: 23,331,000
- Surveillance Support: 5,675,000
- Total Expenditure: 35,606,000 (6%)

## Markets and International

- Economics and Competitiveness: 3,913,000
- Policy, Strategy and Intergovernmental Affairs: 7,797,000
- Total Expenditure: 11,710,000 (2%)

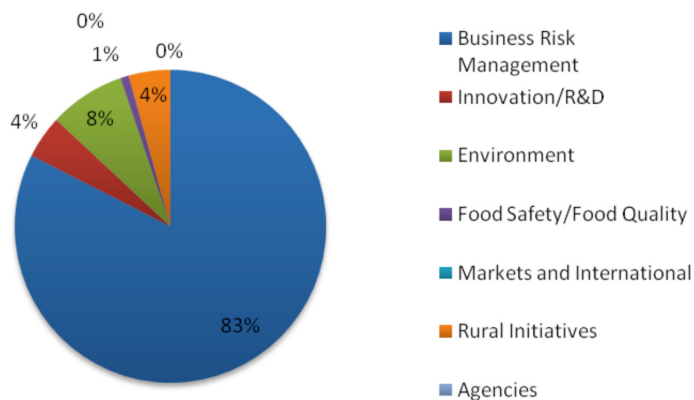
## Rural Initiatives

- Rural Development: 13,180,000
- Rural Utilities: 6,331,000
- Regulatory Services: 9,175,000
- Total Expenditure: 28,686,000 (5%)

## Agencies

- Marketing Council: 1,360,000
- Alberta Grains Council: 231,000
- Agricultural Service Boards: 10,600,000
- Agricultural Societies: 8,670,000
- Assistance to the Alberta Livestock and Meat Agency Ltd.: 33,435,000
- Total Expenditure: 54,296,000 (9%)

## Saskatchewan



**Figure 4. Saskatchewan Agriculture Non-Administrative Program Expenditure, 2009-10 (Estimate).** Source: <http://www.finance.gov.sk.ca/default.aspx?DN=edffb244-348a-4aa8-9d33940437923c6>

## Business Risk Management

- Financial programs: 5,963,000
- Business Risk Management: 376,650,000
- Total Expenditure: 382,613,000 (83%)

## Innovation/Research and Development

- Research and Technology: 16,198,000
- Industry Assistance – Contributions for General Agriculture Interests: 4,336,000
- Total Expenditure: 20,534,000 (4%)

## Environment

- Land Management: 24,071,000
- Industry Assistance – SaskBio Program: 1,000,000
- Irrigation and Water Infrastructure: 11,632,000
- Total Expenditure: 36,703,000 (8%)

## Food Safety/Food Quality

- Industry Assistance – Comprehensive Pest Control Program: 4,000,000
- Total Expenditure: 4,000,000 (1%)

## Markets and International

None

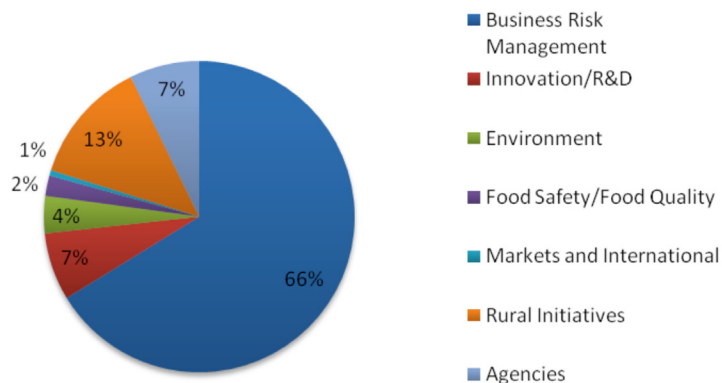
## Rural Initiatives

- Regional Services: 20,076,000
- Total Expenditure: 20,076,000 (4%)

## Agencies

None

## Manitoba



**Figure 5. Manitoba Agriculture, Food and Rural Initiatives Non-Administrative Program Expenditure, 2009-10 (Estimate).** Source: [http://www.gov.mb.ca/finance/budget10/papers/r\\_and\\_e.pdf](http://www.gov.mb.ca/finance/budget10/papers/r_and_e.pdf)

## Business Risk Management

- Manitoba Agricultural Services Corporation: 58,423,000
- Agricultural Income Stabilization: 53,718,000
- Food Industry Development: 1,026,000
- Farmland School Tax Rebate: 32,778,000
- Total Expenditure: 145,945,000 (66%)

### Innovation/Research and Development

- Livestock Industry: 7,403,000
- Crop Industry: 3,211,000
- Agri-Food Innovation and Adaptation: 1,712,000
- Agri-Food Research and Development Initiative: 750,000
- Food Development Centre: 2,385,000
- Total Expenditure: 15,461,000 (7%)

### Environment

- Agri-Environment: 5,133,000
- Land Use: 1,733,000
- Agricultural Sustainability Initiative: 1,118,000
- Irrigation Development: 544,000
- Total Expenditure: 8,528,000 (4%)

### Food Safety/Food Quality

- Chief Veterinary Office/Food Safety: 4,653,000
- Total Expenditure: 4,653,000 (2%)

### Markets and International

- Food Commercialization and Marketing: 1,269,000
- Total Expenditure: 1,269,000 (1%)

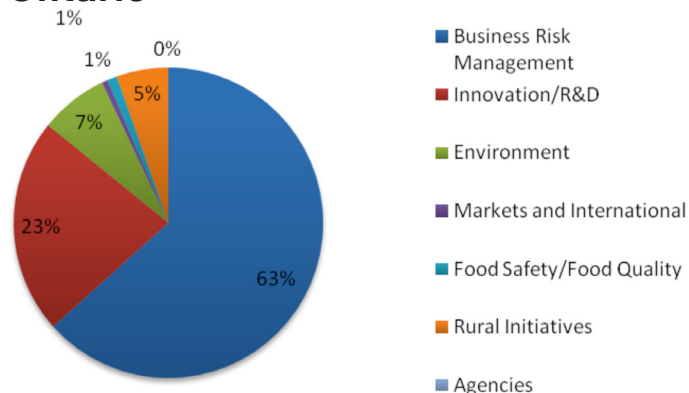
### Rural Initiatives

- Economy and Rural Development: 4,001,000
- Infrastructure Development Grants: 2,715,000
- Rural Economic Development Initiative: 24,400,000
- Total Expenditure: 28,401,000 (13%)

### Agencies

- Grant to the University of Manitoba: 869,000
- Grant to the Prairie Agricultural Machinery Institute: 333,000
- Growing Opportunities Centres: 14,814,000
- Total Expenditure: 16,016,000 (7%)

## Ontario



**Figure 6. Ontario Agriculture, Food and Rural Affairs Non-Administrative Program Expenditure, 2009-10 (Estimate).** Source: <http://www.fin.gov.on.ca/en/budget/estimates/2009-10/volume1/OMAFRA.html>

### Business Risk Management

- Agricorp: 19,158,800
- AgrilInsurance: 38,750,000
- AgrilInvest: 21,000,000
- AgriStability: 88,000,000
- Other Assistance for Risk Management: 3,031,900
- Provision for Loan Guarantees – Commodity Loan Guarantee Program: 380,000
- Ontario Risk Management Program: 155,095,000
- Total Expenditure: 325,415,700 (63%)

### Innovation/Research and Development

- Agriculture Development: 4,353,500
- Ontario Ethanol Growth Fund: 42,000,000
- Competitive Research: 1,350,000
- Food Safety Research: 500,000
- Grants in Lieu of Taxes: 550,000
- Growing Forward – Federal – Research: 6,390,000
- Strategic Partnerships: 632,500
- University of Guelph: 59,650,000
- Total Expenditure: 115,336,000 (23%)

### Environment

- Agricultural Drainage Infrastructure Program: 6,667,000
- Agri-Environmental Standards Research: 300,000
- Environment Partnerships: 570,000
- Growing Forward – Federal – Better Public Health and Environment: 14,689,900
- Lake Simcoe Agri-Environmental Partnerships: 917,500
- Biogas Climate Change: 3,000,000
- Ontario Small Waterworks Assistance Program: 4,600,000
- Orchards and Vineyards Transition – Federal: 5,856,000
- Total Expenditure: 36,600,400 (7%)

### Markets and International

- Growing Forward – Federal – Economic Development: 3,073,300
- Total Expenditure: 3,073,300 (1%)

### Food Safety/Food Quality

- Food Safety and Traceability Partnerships: 250,000
- Other Assistance for Public Health: 335,000
- Transitional Assistance for Meat Processors: 4,700,000
- Total Expenditure: 5,285,000 (1%)

### Rural Initiatives

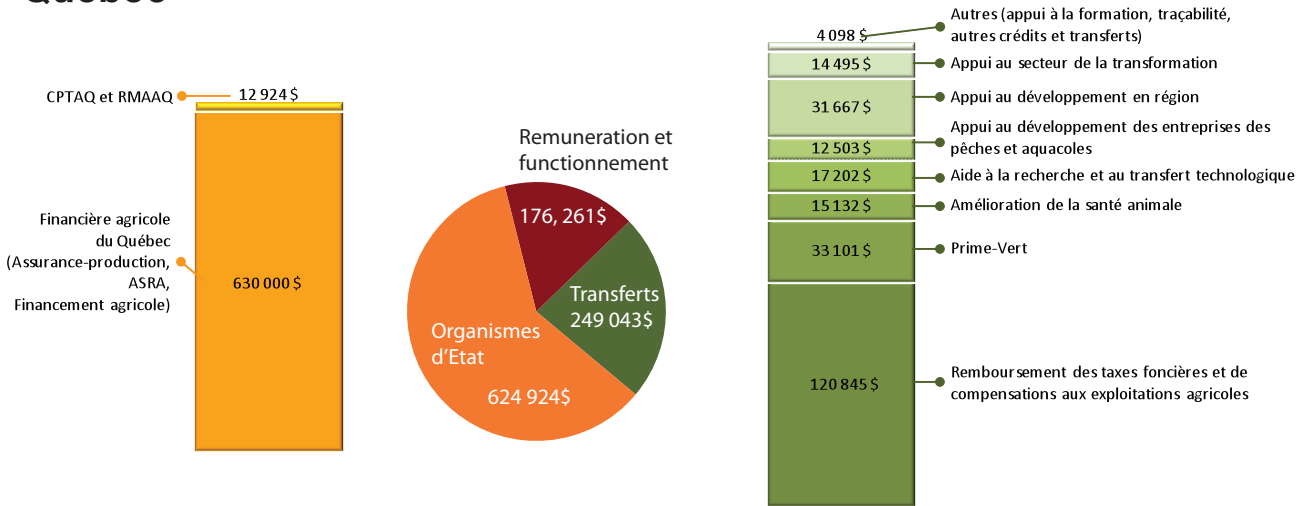
- Other Assistance Rural: 3,569,000
- Rural Economic Development Program: 18,405,000

- Rural Summer Jobs Program: 3,865,000
- Canadian Agricultural Skills Service – Federal: 2,000,000
- Total Expenditure: 27,839,500 (5%)

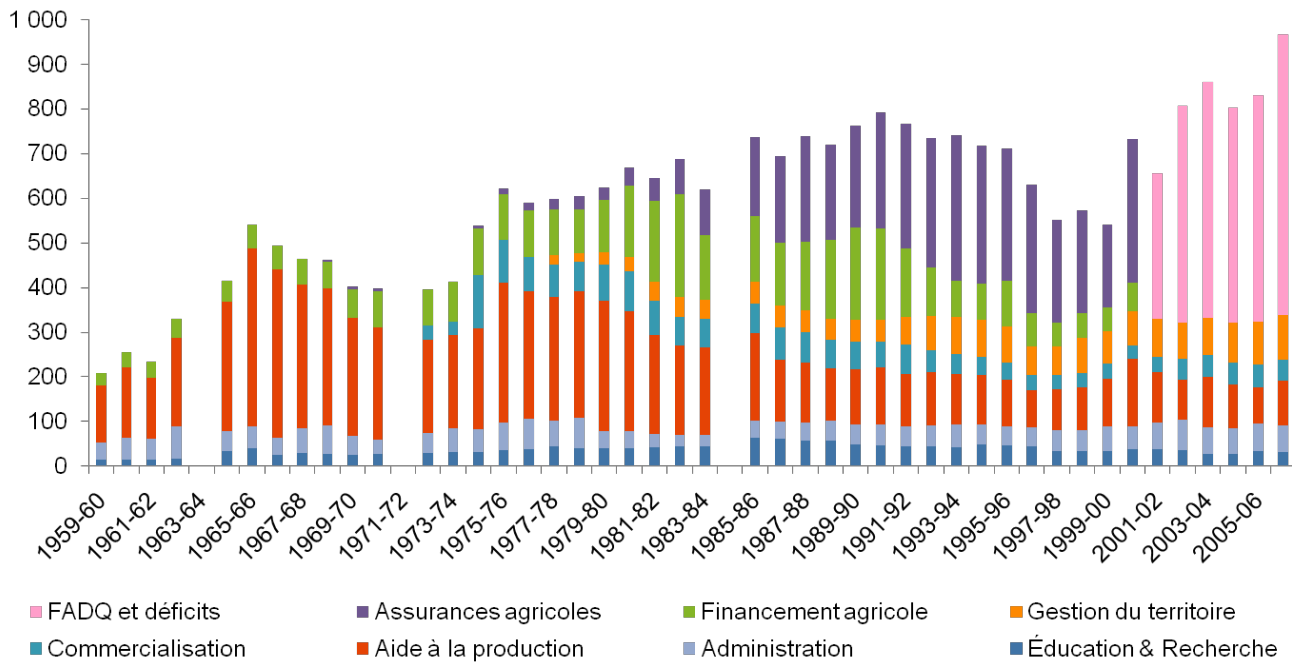
**Agencies**

None

**Québec**

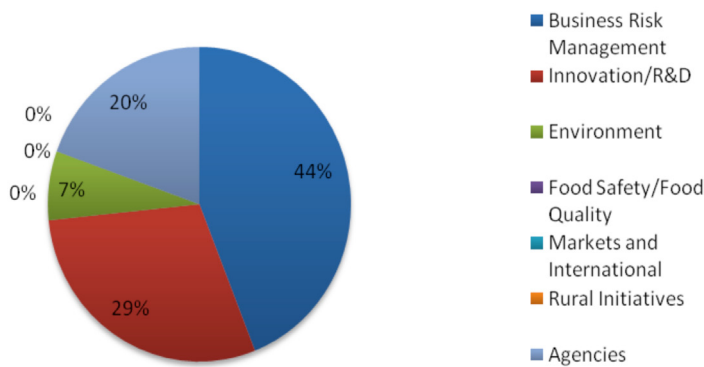


**Figure 7. Budget de dépenses, MAPAQ, 2009-2010. Source: Secrétariat du Conseil du trésor, Budget de dépenses 2010-2011, Volume 2, Budget de dépenses.**



**Figure 8. Soutien à l'agriculture, gouvernement du Québec, millions de dollars constants de 2005, 1959-60 à 2006-07. Note : À partir de 2001-2002, création de La Financière agricole du Québec, chargée d'administrer les assurances agricoles et le financement agricole. Source : Comptes nationaux, compilation Groupe AGÉCO 2009.**

## New Brunswick



**Figure 9. New Brunswick Agriculture and Aquaculture Non-Administrative Program Expenditure, 2009-10 (Estimated).** Source: [http://www.gnb.ca/0160/budget/buddoc2009/ME2009-10\\_final.pdf](http://www.gnb.ca/0160/budget/buddoc2009/ME2009-10_final.pdf)

### Business Risk Management

- Agricultural Financial Programs: 14,573,000
- Total Expenditure: 14,573,000 (44%)

### Innovation/Research and Development

- Agri-Business Development: 1,880,000
- Crop Development: 2,991,000
- Livestock Development: 4,842,000
- Total Expenditure: 9,173,000 (29%)

### Environment

- Land and Environment: 2,346,000
- Total Expenditure: 2,346,000 (7%)

### Food Safety/Food Quality

\* included in "Crop Development" and "Livestock Development"

### Markets and International

\* included in "Crop Development" and "Livestock Development"

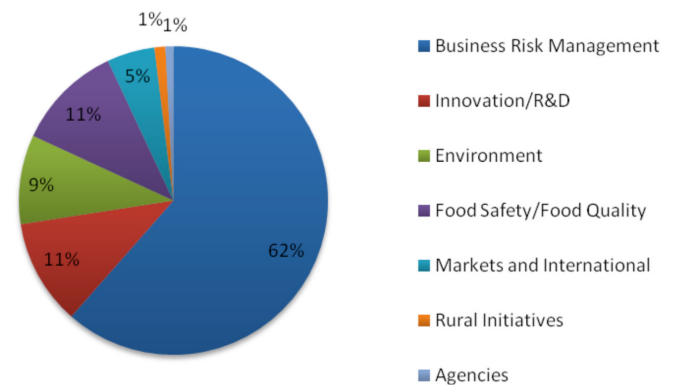
### Rural Initiatives

None

### Agencies

- Farm Products Commission: 368,000
- New Brunswick Agricultural Insurance Commission: 6,100,000
- Total Expenditure: 6,468,000 (20%)

## Prince Edward Island



**Figure 10. Prince Edward Island Agriculture Non-Administrative Program Expenditure, 2009-10 (Forecast).** Source: <http://www.gov.pe.ca/budget/2010/estimates.pdf>

### Business Risk Management

- Farm Income Risk Management: 15,281,700
- Total Expenditure: 15,281,700 (62%)

### Innovation/Research and Development

- Agriculture Innovation: 2,750,700
- Total Expenditure: 2,750,700 (11%)

### Environment

- Sustainable Agriculture Resources: 2,322,900
- Total Expenditure: 2,322,900 (9%)

### Food Safety/Food Quality

- Plant Health Regulatory Program: 942,900
- Regulatory Services: 429,300
- Soil and Feed Lab and Plant Health
- Diagnostics Lab: 793,600
- Dairy Lab: 599,700
- Total Expenditure: 2,765,500 (11%)

### Markets and International

- Agricultural Information: 1,244,800
- Total Expenditure: 1,244,800 (5%)

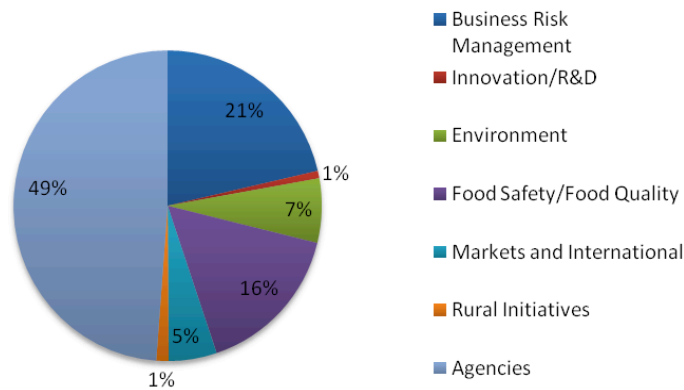
### Rural Initiatives

- 4-H: 283,800
- Total Expenditure: 283,800 (1%)

### Agencies

- Women's Institute: 117,400
- Marketing Council: 88,600
- Total Expenditure: 206,000 (1%)

## Nova Scotia



**Figure 11. Nova Scotia Agriculture Non-Administrative Program Expenditure, 2009-10 (Forecast).** Source: <http://www.gov.ns.ca/finance/site-finance/media/finance/budget2010/EstimatesAndSupDetail2010-11.pdf>

### Business Risk Management

- Agriculture Services—Programs and Risk Management: 12,942,000
- Total Expenditure: 12,942,000 (21%)

### Innovation/Research and Development

- Industry Development and Business Services—Product and Quality Development: 466,000
- Total Expenditure: 466,000 (1%)

### Environment

- Agriculture Services – Resource Stewardship: 4,055,000
- Total Expenditure: 4,055,000 (7%)

### Food Safety/Food Quality

- Legislation and Compliance Services: 9,683,000
- Total Expenditure: 9,683,000 (16%)

### Markets and International

- Industry Development and Business Services – Marketing Services: 3,054,000
- Total Expenditure: 3,054,000 (5%)

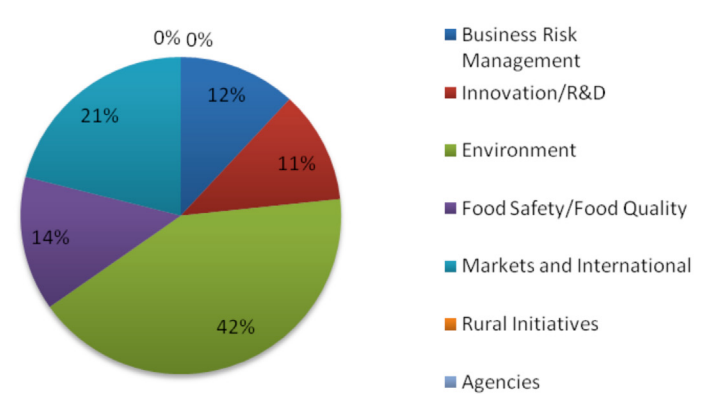
### Rural Initiatives

- Industry Development and Business Services – Business Management and Economic Development: 778,000
- Total Expenditure: 778,000 (1%)

### Agencies

- Agriculture Services – Legislated Organizations: 1,590,000
- Industry Development and Business Services – Nova Scotia Farm Loan Board: 7,503,000
- Nova Scotia Agricultural College: 20,656,000
- Total Expenditure: 29,549,000 (49%)

## Newfoundland and Labrador



**Figure 12. Newfoundland and Labrador Natural Resources, Non-Administrative Agriculture Program Expenditure, 2009-10 (Revised).** Source: <http://www.budget.gov.nl.ca/budget2010/estimates/estimates2010.pdf>

### Business Risk Management

- Agricultural Business Development – AgrilInsurance and Livestock Insurance: 121,500
- Agricultural Business Development – Growing Forward Framework: 1,907,000
- Total Expenditure: 2,028,500 (12%)

### Innovation/Research and Development

- Agricultural Business Development – Agriculture and Agrifoods Development Fund: 1,127,000
- Agrifoods Research and Development: 821,800
- Total Expenditure: 1,948,800 (11%)

### Environment

- Land Resource Stewardship: 4,896,700
- Agricultural Business Development – Agriculture Initiatives: 2,250,000
- Total Expenditure: 7,146,700 (42%)

### Food Safety/Food Quality

- Animal Health: 2,326,800
- Total Expenditure: 2,326,800 (14%)

### Markets and International

- Production and Market Development: 3,593,500
- Total Expenditure: 3,593,500 (21%)

### Rural Initiatives

None

### Agencies

None

# References

1. Data on comparative government agri-food sector spending are provided in Appendix III. Agriculture and Agri-Food Canada, "An Overview of the Canadian Agriculture and Agri-Food System," 2009, Chart D1.3, p. 135, also documents that provincial expenditures in the sector, relative to federal, are larger in Alberta and Quebec.
2. See Agriculture and Agri-Food Canada, "An Overview of the Canadian Agriculture and Agri-Food System," 2009, Chart D1.9 for the decline in combined federal and provincial income tax rates for manufacturers and processors in Ontario and Quebec, where most are located. Chart D1.8 documents the increase in tax expenditures for farm producers over the period 1991-92 to 2007-08.
3. See Agriculture and Agri-Food Canada, "An Overview of the Canadian Agriculture and Agri-Food System," 2009, Chart D1.7 for the increase in publicly-funded research expenditures on agriculture and agri-food.
4. There is an important debate as to whether governments can regulate to prevent the consolidation that has gone on throughout the agri-food supply chain. Yet there is no debate either that Canadian governments have chosen not to do so or that consolidation has occurred throughout the supply chain – in the chemical fertilizer, seed, fuel supply, animal feed, farm machinery, grain handling, meat packing, food processing and retail sectors. Agriculture and Agri-Food Canada, "An Overview of the Canadian Agriculture and Agri-Food System," 2009, documents consolidation in the food retail (chart C2.2) and food processing (chart C3.7) sectors. Wayne Easter, *Empowering Canadian Farmers in the Marketplace*. Report to the Minister of Agriculture and Agri-Food, 2005 provides data on consolidation in the upstream sector. "Overview" documents the rise in farm input costs (Chart C5.3) alongside the consolidation, and Easter discusses how consolidation has undermined farmers' ability to exert market power and extract profits from the market place.
5. D. Berthelet, "Agriculture Canada Policy and Expenditure Patterns, 1868-1983," *Canadian Farm Economics* 19, 1(1985), p.10.
6. Federal Task Force on Agriculture, *Canadian Agriculture in the Seventies*. Ottawa: Information Canada, 1970, p. 300.
7. In the dairy sector, the provinces and the Canadian Dairy Commission agreed to a comprehensive marketing plan for industrial and fluid milk over the period 1971-74. Under the auspices of the 1972 federal Farm Products Marketing Agencies Act, the Canadian Egg Marketing Agency was created in 1972, the Canadian Turkey Marketing Agency in 1973, and the Canadian Chicken Marketing Agency in 1978. The much smaller Canadian Broiler Hatching Egg Marketing Agency followed in 1986.
8. Provincial economic development goals are on display in the conflicts over the allocation of new quotas across provinces when consumer demand creates growth in the market. In the chicken marketing agency, for example, provinces with growing populations (BC, Ontario, Alberta) seek to expand their market share while provinces with more stagnant populations want extra quotas allocated on the basis of historic market share. For an extended discussion, see Grace Skogstad, *Internationalization and Canadian Agriculture*, 2008, chapter 5.
9. A good overview of development of farm income safety net programs can be found in Douglas D. Hedley, "Origins of Canadian Agricultural Support and Stabilization Policy," 2004; and Grace Skogstad, *Internationalization and Canadian Agriculture* (Toronto: University of Toronto Press, 2008), Chapter 3.
10. Hedley, in the paper cited above, p. 24, observes that this principle "provided the first significant link between agricultural support funding and the protection of the environment." Further, its inclusion in the farm legislation reflected the belief of the farm sector "that the Minister of Agriculture would be more responsive to their concerns than a Minister of the Environment."
11. See statement of Ralph Goodale, Minister of Agriculture and Agri-Food to the Standing Committee of Agriculture and Agri-Food, House of Commons, March 26, 1996. Goodale states that, given that Canada is a very trade-dependent country and its agri-food sector particularly so, opening access to new markets is a government priority. The latter measures are reported in *Agriculture and Agri-Food Canada, Building for success: next steps in securing our future in agriculture and agri-food*. 1996.
12. The Government of Canada has also provided financial underwriting of the payments and borrowing (including credit sales to foreign buyers) of the Canadian Wheat Board.
13. The loss of the federal dairy subsidy by 2002 was replaced by higher industrial milk target prices.

14. OECD, *Agricultural Policies in OECD Countries: Measurement of Support and Background Information*. Paris: Directorate for Food, Agriculture and Fisheries, 1997, p. 31.
15. Quebec undertook its own review of marketing plans in the province in the 1990s through a process that put the various elements of the supply chain in dialogue. The results did not fundamentally alter the functioning of marketing boards in the province.
16. Dairy producers argue that substitutes for dairy products that are not subject to high TRQs are entering Canada in sufficiently high volumes to cost them tens of millions in annual sales. Food processors for whom dairy products are a major input cost argue they need these substitute products to be competitive.
17. A detailed description of the changes to supply management programs in the past two decades can be found in Grace Skogstad, *Internationalization and Canadian Agriculture*, (Toronto: University of Toronto Press, 2008), Chapter 5. On how supply management contributes to market power of chicken processors, see Murray Fulton and Y. Yang, "Testing the Competitiveness of a Multistage Food Marketing System: The Canadian Chicken Industry," *Canadian Journal of Agricultural Economics*, 47, 1999, 225-50; and Jean-Phillippe Grvais and Stephen Devados, "Estimating Bargaining Strengths of Canadian Chicken Producers-Processors Using a Bilateral Monopoly Framework," *Agribusiness*, 22, 2006, 159-73. As of 2008, five companies accounted for 55-60 percent of poultry processing, and 10 for 80 percent; in the dairy sector, three companies processed 70 percent of milk.
18. The Plant Breeders Rights Act was passed in 1990.
19. See Kevin G. Wipf, "Contemporary Farm Income Support in Canada: The Case of Prairie Agriculture since 1996" *Canadian Journal of Agricultural Economics* 56 (4), 2008: 473-492.
20. This argument appears to have prevailed. Agriculture and Agri-Food Canada's 2008-2009 Departmental Performance Report states that besides the 'inherent risks' to agricultural production of 'weather-related disasters, climate change, pests, and disease', 'The sector also faces risk in terms of market and trade conditions.'
21. The Quebec government undertook a public consultation on the sustainable production of the hog industry in 2002, and in 2006 it created a commission on the future of Quebec agriculture and agri-food (CAAAQ). Its report referred to a context of "resserrement des normes environnementales," "prise en compte des impératifs du développement rurale" and "perte de confiance d'une certain proportion de citoyens et de consommateurs à l'égard de la production agricole et de tout le secteur agroalimentaire" (p.13).
22. This description is that of James Rude and Karl D. Meilke, "Two Unknowns and No Equations: Implications of the Doha Declaration for Canadian Agricultural Policy," *Canadian Journal of Agricultural Economics* 50, 2002: 415-437.
23. See APF Review Panel. 2006. *Assessing Progress: APF Review Panel Technical Report*. May 31, 2006. At: [www.agr.ca/cb/apf/infor/pdf/etch\\_e.pdf](http://www.agr.ca/cb/apf/infor/pdf/etch_e.pdf). A major net farm income crisis occurred, with cattle and hog prices declining while input costs rose. APF business risk management programs proved inadequate and were supplemented with additional ad hoc payments.
24. See Office of the Auditor General of Canada, Report of the Commissioner of the Environment and Sustainable Development to the House of Commons, Chapter 3, December 2008.
25. See Agriculture and Agri-Food Canada, 2008-2009 Departmental Performance Report. At: <http://www.tbs-sct.gc.ca/dpr-rmr/2008-2009/inst/agr/agrpr-eng.asp?format=print>.
26. See Spring Report of the Auditor General of Canada, Chapter 5 (Scientific Research - Agriculture and Agri-Food Canada), 2010. Available at: [http://www.oag-bvg.gc.ca/internet/English/parl\\_oag\\_201004\\_05\\_e\\_33718.html](http://www.oag-bvg.gc.ca/internet/English/parl_oag_201004_05_e_33718.html).
27. The Canadian renewable fuel standard requires biofuels to comprise 5% by volume of gasoline produced and imported by 2010, and 2% of diesel and heating oil by 2011.
28. According to the Regulatory Impact Analysis Statement that accompanied the Government of Canada's Renewable Fuels Regulations in the *Canada Gazette*, April 10, Vol. 144, No. 15, the renewable fuel standard is expected to increase income for the crop sector by a meagre amount (.7%) and likewise cause a modest drop in livestock sector incomes (less than 1%). As a consequence, the impacts on downstream meat and food processing sectors and food prices are also "expected to be minimal."

29. There are several federal expenditure programs. Federal financial incentives include \$200 million under the Biofuels Capital Initiative to farmers to assist with constructing and expanding biofuel production facilities; \$10 million under the Opportunities for Producers Initiative to help agricultural producers develop sound business proposals to expand biofuels production capacity; and \$1.5 billion under the ecoENERGY for Biofuels Initiative to biofuels producers to partially offset their investment risks arising from fluctuating feedstock and fuel prices. An additional \$500 million funds investment with the private sector in establishing large-scale facilities for the production of next-generation biofuels from crop residues (wheat straw, corn stover), wood residues and grasses. The Canadian government also funds research for the development and commercialization of biofuels in the amount of \$20 million under the Agricultural Bioproducts Innovation Program. The prairie provinces and Ontario also encourage biofuel production in their provinces through fiscal incentives. Manitoba provides an excise tax exemption for Manitoba-produced biodiesel motor fuel. The federal excise tax exemption for renewable fuel purchases has been discontinued.

30. International standards include Hazard Analysis and Critical Control Point (HACCP) systems. Effective January 1998, the United States made HACCP mandatory for its poultry and meat industries and for imported poultry and meat as well. Canadian firms exporting to the US adopted US HACCP guidelines and by 2004, the Canadian government had made HACCP systems mandatory for all federally inspected and registered meat and poultry processing establishments.

31. See Government of Canada, Report of the Independent Investigator into the 2008 Listeriosis Outbreak. July, 2009. At: [http://www.listeriosis-listeriose.investigation-enquete.gc.ca/lirs\\_rpt\\_e.pdf](http://www.listeriosis-listeriose.investigation-enquete.gc.ca/lirs_rpt_e.pdf). The Report stated that senior management in both the private and public domains were not sufficiently focused on food safety, lacked a sense of urgency at the outset of the listeriosis outbreak, and were not adequately prepared to prevent and deal with the crisis. Maple Leaf did not implement fully its listeriosis control procedures. Government inspections (by the Canadian Food Inspection Agency) did not occur at the prescribed frequency. Following this report, the government of Canada agreed to hire more CFIA inspectors.

32. In 1994, the Auditor General signalled the threat to consumer confidence and export markets because of gaps in the standards of inspection between federally and provincially inspected meat processing plants. Some provinces were not inspecting at all or inspecting only infrequently processing plants that sold only in the local retail market. The latter plants resist the costs of introducing HACCP systems and they have been supported by their provincial governments.

33. See BC Ministry of Agriculture and Lands. Service Plan Summary 2008/09-200/11.

34. Government of Alberta. Budget 2010. Striking the Right Balance. Agriculture and Rural Development. Business Plan 2010-13.

35. See letter from Premier to Minister of Agriculture, February 2, 2010 at: [http://www.premier.alberta.ca/documents/agriculture\\_and\\_rural\\_development\\_Mandate\\_Letter.pdf](http://www.premier.alberta.ca/documents/agriculture_and_rural_development_Mandate_Letter.pdf).

36. Saskatchewan Ministry of Agriculture. Ministry Mandate. At: <http://www.agriculture.gov.sk.ca/ministry-overview/>

37. Province of Saskatchewan. Plan for 2010-11. Ministry of Agriculture. At: <http://www.finance.gov.sk.ca/PlanningAndReporting/2010-11/AgriculturePlan1011.pdf>.

38. Manitoba Agriculture, Food and Rural Initiatives. At: <http://www.gov.mb.ca/agriculture.intro/about01.html>.

39. At: <http://www.omafra.gov.on.ca/english/about/rbp/0910/0910.htm..>

40. This document can be found on the website of MAPAQ: <http://mapaq.gouv.gc.ca>.

41. New Brunswick Agricultural Strategy. Transforming Agriculture Together. 2010. At: <http://www.gnb.ca/0168/NB-Agriculture-Strategy.pdf>.

42. Nova Scotia. Agriculture 2010-11 Statement of Mandate. At: [http://www.gov.ns.ca/agri/department/business\\_plans/2010\\_12usplan\\_agri.pdf](http://www.gov.ns.ca/agri/department/business_plans/2010_12usplan_agri.pdf).