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**Canada's Agri-Food Policy Framework - Growing Forward II  
Just a Spending Plan? A new National Food Strategy? Or is there an Alternative?**

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**Introduction**

One of the strengths of economics is the decision process to allocate scarce resources among competing demands. The current Growing Forward II consultations and National Food Policy discussions imply that for Canada's agri-food sector there is limited desire to do such allocations or decisions among competing demands.

The Federal-Provincial-Territorial (FPT) Ministers of Agriculture just completed their Annual Meeting on July 6-8, 2011 in St Andrews, New Brunswick. The Ministers on July 7th released a St Andrews Statement (SAS) on the Growing Forward II framework direction. On July 8th they released a more fulsome communiqué on their discussions regarding the future directions for this sector (with Ontario abstaining from part of it). In addition, as has been the recent history of these annual meetings, the FPT Ministers met with a number of Canadian stakeholders led by the Canadian Federation of Agriculture (CFA) which resulted in a statement (released by the CFA) with a positive endorsement of a National Food Strategy.

As the FPT Ministers of Agriculture work their way towards a 2013 decision on the proposed changes to the existing national Growing Forward framework, it is not surprising the discussions by Ministers (and sector leaders) are more directional than definitive actions. Indeed, given the views of many Canadian farm industry leaders, and the status of the current consultations on Growing Forward, it may be unreasonable in some quarters to suggest that any alternative approaches would be put forward.

But, alternatives do need to put forward, and discussed.

**Missed Opportunities**

The content of the SAS noted above is indicative of an apparent unwillingness of FPT Ministers to engage the full dynamics of Canada's changing landscape for its agri-food sector. The SAS and accompanying FPT Ministerial communiqué on July 8<sup>th</sup> on the national agri-food policy framework seem to contemplate only modest changes if any to the status quo policy environment.

The market issues facing the Canadian agri-food sector are evolving. There are now some very clear prosperity opportunities facing this sector in its domestic and global markets. The accompanying shifts

in the underlying sector structure and capacity for growth/prosperity strongly suggest that the current mix of national or provincial/territorial programs and policies must be more closely examined as to the real results of these multiyear efforts.

Another key challenge here is that such measures of such results are few, and mostly focus on processes/program delivery effectiveness (important issues for participants and Canadian taxpayers). In any new agri-food policy framework there must be an increased imperative to establish clear, transparent measures that reflect real results and success/failure in achieving the goals established by the FPT Ministers and the sector leadership.

This is especially true in a changing domestic and global marketplace, with tougher international competition at home and abroad. There are greater concerns for more effective innovation, productivity, sustainable production with greater expectations for improved nutrition/health benefits of the foods/beverages consumed

Second, as agriculture is a joint Federal-Provincial-Territorial jurisdiction, the forum of FPT Ministers of Agriculture is an appropriate one to debate, analyze and develop national public policy on major Canadian agri-food issues. The history of such FPT Ministers of Agriculture sessions is generally one of more consensus among governments and sector stakeholders on spending programs and overall policy direction. That is, unless disaster aid/ food health and safety issues are on the table-then prompt action is likely.(The less said about Ontario's decision not to agree on the broad policy framework in the July 8<sup>th</sup> communiqué the better)

Third, the desire to discuss/analyze policy alternatives in most cases exists, but the capacity to do so, or the willingness to outline the likely tough tradeoffs between mutually desired goals or activities may not always be available. Even when the economic context for this sector is stable and changes seem manageable, tradeoffs and decisions on the best allocation of resources- capital, people, natural resources-have to be made. For Canada's agri-food sector, the national and global economic contexts are not stable or easily managed. Priorities for the goals of national policy have to be made and tradeoffs between policies and programs will have to be made

### **Growing Forward is not a National Food Strategy-Fortunately**

The national Growing Forward policy framework has evolved over years. FPT Ministers and sector stakeholders have discussed and decided on joint activities, and funding of various FPT initiatives. During these years, programming has shifted in response to domestic or global market conditions; new priorities on environmental programming for Canadian farmers/food industry; changing views on domestic market opportunities; improved understanding of roles of innovation, productivity across segments of the agri-food sector. A key challenge continues to develop appropriate measures, monitoring and reporting of such measures of success/failure in such FPT programming so as to aid future national agri-food policy discussions.

The Growing Forward policy framework-as complex as it is- was not set up to be an all-encompassing national farm/food strategy. It has evolved based on spending priorities in this sector by the FPT governments. Strong views held by the proponents/participants for such programs funded by one/both levels of government usually set the tone for the analysis of program effectiveness.

The lack of capacity, or unwillingness, to link the Growing Forward policy framework with other FPT agri-food policies, legislation or funding initiatives erodes any capacity of Growing Forward to be a National Food Strategy. The lack of measures and transparency in those policies/legislation also weakens the determinations of effectiveness, efficiency, achievement of desired results and goals, and whatever conflicts may exist between competing results, or competing policy mechanisms.

The St Andrews Statement released by the FPT Ministers of Agriculture last week outlines a number of logical and desired directions/goals for the new Growing Forward policy framework. This provides an allure of a strategy. But, the SAS remains focused on spending priorities/levels. The SAS is also limited by past decisions over the program activities designed to best meet focused goals as well as stakeholder concerns over those existing programs/goals. In the long list of desired policy directions in the Statement, there is no recognition that in a changed economic environment, a different fiscal outlook for all governments, and increased global competition, that not all the goals can be achieved simultaneously. Tradeoffs do, and must, exist.

### **Growing Forward II-More Than a Spending Program**

The comments above acknowledge that the FPT Ministers and the Canadian agri-food sector need to work with what they have in place yet what also can be adapted readily. This will mean that in other forums, the sector and governments can better examine the development of a true national farm/food strategy.

Within the Growing Forward policy framework, there must involve a more complete analysis and fuller discussions of the effectiveness of the Growing Forward suite of programs- at both levels of government. This analysis must go beyond simply expenditure levels and total program participation.

These analyses must include detailed impacts on the key goals of the sector- competitiveness, productivity, innovation, adaptation, resilience to shifts in domestic and global markets. Unfortunately, such measures are not immediately available across all programs, or the necessary data sets are not available to have discussions on the choice of these measures. For example, there is little analysis and discussion on Canada's true market performance, its real market opportunities/constraints, and the capacity of Canada's competitors. These are critical to the determination of an improved Growing Forward policy framework beyond 2013, and for the development of a national farm/food strategy- if that is what industry/governments wish to develop. This should also include the analysis of shifts in farm and food technologies-across commodities, production practices and processing capacities. The analysis would also focus on sources/uses of investments to help achieve the needed improvements in productivity, innovation, and sustained competitiveness.

The most critical analysis must examine the tradeoffs which face the sector. As noted, the SAS outlines some very positive principles for future work to be provided to Ministers, with the clear implication that such directions can be developed and implemented with minimal if any conflicts. It is not clear that the same efforts to innovate, to improve productivity and become more competitive domestically and globally; can be achieved without changes in Canada's mix of risk management strategies, research funding/research practices, or at what impact on existing or future environmental/health measures affecting the Canadian agri-food sector. A singular focus on spending priorities evades the very practical reality that public and private sector resources are limited. The Growing Forward II policy framework must move beyond spending priorities or it cannot achieve the desired public policy results. Even, a national agri-food policy framework, or strategy, must require decisions on priorities and on tradeoffs.

### **Alternatives to Growing Forward II**

The current policy direction by FPT Ministers, and indeed by many in the sector, is to continue to pursue modest changes in the existing Growing Forward policy Framework. The SAS provides considerable detail on the overarching and operational principles for the proposed Growing Forward II framework. The underlying assumption is that with modest changes only-small increases in funding/reallocations- the existing framework will meet the needs of the sector for the next 5 years beyond 2013.

But, if anything the current outlook- pricing volatility, variations in farm/food industry incomes, increasing domestic and global marketplace opportunities and competition, and increased domestic demands on the sector for environmental, health and rural economic development benefits all point to a need to fundamentally re-evaluate the framework and look seriously at alternatives. This outlook also indicates the need to analyze, establish report on, and verify impacts of any new policy framework on the desired results of any new agri-food policy framework, or strategy.

One challenge is examining new policy directions, or determining the appropriate policy/program measures to test those directions is to avoid continuation of a polarized agri-food policy debate- and instead focus on real impacts, real results.

For example:

- if continuation of risk management initiatives is a desired goal, then what are the desired results- continued consolidation of the primary production and processing industries in the nation? continued bi-polar farm and food industry structures?;
- if innovation and productivity are key goals- then what are the most effective instruments in agri-food research, commercialization ,management and technological change to accomplish that and in what contexts?;
- if local/regional food markets should be a new priority focus , what does this imply for improved management/scale of farming and food processing activity- can that be achieved without limiting resources for global/national markets or without jeopardizing Canada's international efforts at securing new market access?;

- -if innovation and productivity improvements are key to increased value added production and processing for domestic and global markets, then what are the real constraints on such improvements by existing legislative or regulatory frameworks? What has to change for real changes to occur while meeting other public policy goals on safety, transparency, equity if those goals themselves do not change?;
- if investment and innovation are critical to Canada's sustained agri-food prosperity, what roles do Canada's financial institutions/research institutions, agribusinesses, and retail/foodservice organizations play in both innovation and competitiveness policy development and implementation;
- if they, and others, refrain from participating in decisions (or not involved) about the desired results for the sector, what are the implications at the individual farm/food firm level?

These are but some samples of the more focused discussions and analyses that must be undertaken. The existing FPT Ministerial discussions, the CFA National Farm/Food Strategy, the Conference Board of Canada's Centre for Food, provincial strategies and many other policy processes can all be used to broaden and deepen these policy discussions. The decision point of 2013 provides too limited a time to undertake all of the necessary discussions/analyses. Still, it does provide sufficient time to accomplish some of the major steps needed to re-examine Growing Forward in a different context. This would provide that future decisions by the FPT Ministers are not just funding allocations. More thorough analysis and discussions on tradeoffs will provide FPT Ministers and the sector the real opportunity to make serious shifts in policy outcomes if those are determined to be improvements upon the status quo.

## **Conclusion**

The FPT Ministers communiqué at the end of their meeting on July 8<sup>th</sup> outlined the wide range of discussions. Little is noted if there were differences of views, and why, or if the implied consensus was strong or weak. Improved transparency in analysis, consultation and measurement of results would improve the existing and future Growing Forward policy frameworks. They would also assist the FPT Ministers, officials and sector participants in holding a more thorough and exacting determination of the next steps, and at what expenses and at what tradeoffs.

Indeed, it is this last point where the FPT Ministers in their discussions with the sector come into their full role- the need to make decisions on scarce public resources- capital, talent, and natural resources- and determine for what gains/losses to the public good can these be achieved. It is their responsibility and one which they chose to run for elected office- to make decisions in the wider public interest, but with best analysis and public participation.

While this summer's meeting of FPT Ministers did not drive a change agenda, the next round of FPT Ministers of Agriculture meetings can provide the focus point for both FPT officials as well as sector participants to re-examine the desired goals, to determine improved measures of success/failure in achieving such goals and with what policy/program instruments. Heightened transparency, far better

analysis of both results and tradeoffs between competing goals/results and the explicit efforts to seek out a wider participation in the ongoing consultative processes can all improve the breadth and quality of the policy discussions. All of these efforts will assist the sector and the FPT Ministers in seeking and establishing improved choices for a new policy framework.

An alternative policy framework would prioritize the choice of policy directions, settle on the selection and use of various policy or program measures to test against the real results of those choices. It would also actively encourage not just an immediate consensus of opinions on policy/program options, but a much needed wider debate. That debate must focus on what is wanted to be achieved, how, what measures to know that the results wanted are those to be obtained. An alternative agri-food policy framework would provide a stronger focus on real growth and prosperity opportunities, the costs of obtaining and securing such domestic and global market opportunities, and the needed investments and talent to achieve desired levels of innovation, productivity and sustainable growth- while explicitly acknowledging the trade-offs which must occur even between mutually desired policy goals.