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**Canada's Agri-food Policy Directions  
What's Important?:  
What Provincial Election Platforms Tell Us**

**Janalee Sweetland and Al Mussell**



**GEORGE MORRIS CENTRE**

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**SPECIAL REPORT**

## **1. Introduction**

Four Canadian provinces- Manitoba (MB), Ontario (ON), Prince Edward Island (PEI) and Newfoundland and Labrador (NL)- are holding provincial elections this October, and agriculture and food policy and programming are among the issues being discussed by the various parties vying to form the government. Saskatchewan will also be holding a provincial election in early November, however platforms are still forthcoming. What do the emphases of party platforms reveal about what political parties see as priorities for the agriculture and food sector? Should these be the priorities? What are their logical ramifications? At a time of relative scarcity and higher prices for many farm products and food products alike, it is important that we understand the opinions and intents of our elected officials, and that they understand the nature of issues.

### ***1.1 Purpose and Objectives***

The purpose of this special report is to provide an overview of agri-food platforms in this fall's provincial elections, and to subject them to analysis and context. The objectives are to catalogue the policy platforms of parties in upcoming elections, to provide some analysis of the platforms, and to place them in context.

### ***1.2 Organization of the Paper***

Section 2 below presents an overview of party platforms in MB, ON, PEI, and NL along with basic analysis. Section 3 presents the basic context for the platforms. Section 4 concludes the paper.

## 2. Provincial Agri-food Platforms

To analyze provincial election platforms, the published party platforms for major parties in MB, ON, PEI, and NL were reviewed from party websites, and collated/tabulated as describe below.

### 2.1 Cumulative Platform Elements

The platform planks were grouped into 7 broad categories. The following is a brief summary of the type of issues that were grouped into each category. It is important to note that some campaign promises fall under more than one of these categories; to avoid double counting they were categorized under a single heading.

- Environment and Food Safety
  - Initiatives to do with environmental protection, water quality or clean energy
- Government Support
  - Existing support programs, new income support programs, insurance programs
- Production
  - Programs, initiatives and policies that affect primary production. Examples: effort to expand production in a specific sector or that dealt directly with production units or farm land use (aside from environmental measures)
- Productivity
  - Infrastructure development, development and implementation of new technologies or legislative reforms such as tax breaks or re-zoning to improve processes and adoption of innovation
- Marketing
  - Efforts to improve or support the sales and marketing of agriculture and food products, locally, interprovincially or abroad
- Research
  - Specific investment and direct funding for research at the scientific level and economic impact analysis of environmental stewardship
- Processing
  - Programs or policies in improve or expand value-added processing

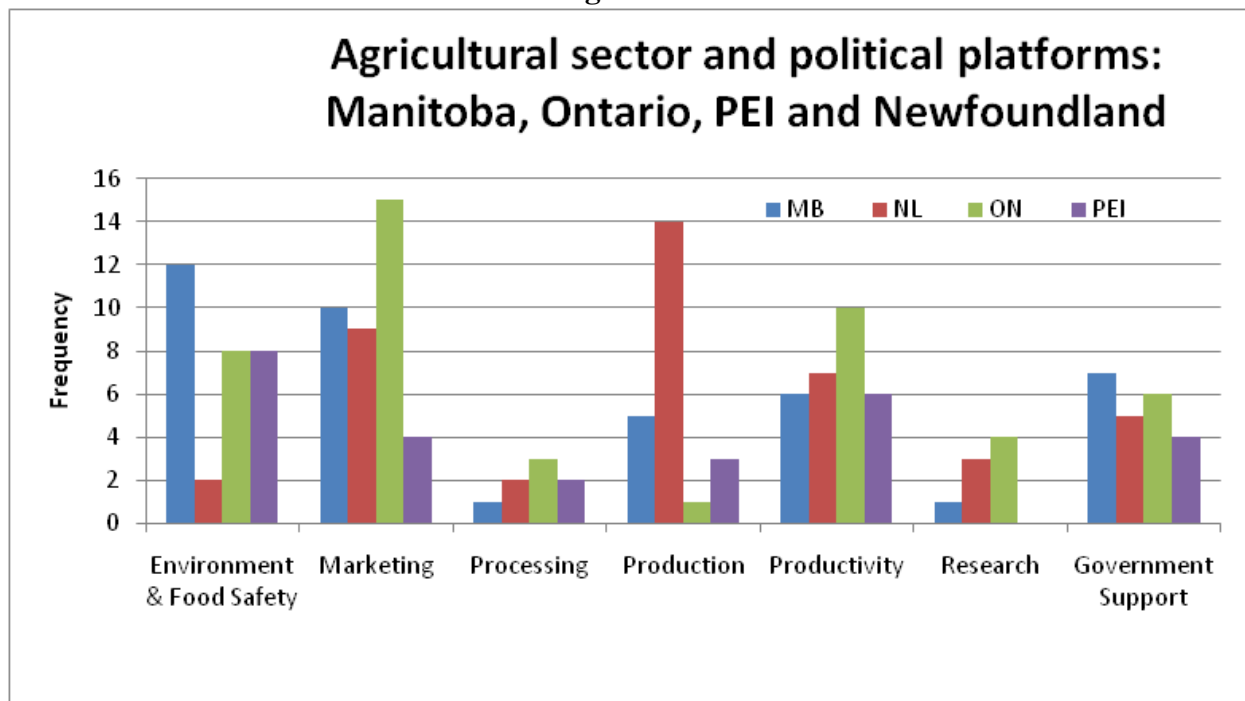
### 2.2 Analysis of Platform Elements

When the election platform elements are grouped in this way, the frequency of each is as represented in Figure 2.1 below. The observations on the frequencies presented in Figure 2.1 are the following.

#### ***Government Support and Development***

Parties in every province are eager to support or tweak existing business risk management programs or to create new ones, and provide financial assistance to farmers. This support covers

Figure 2.1



a number of different initiatives from crop insurance and risk management programs, loan programs, to disaster assistance for farmers affected by flooding in MB. Programs to encourage new farmers or facilitate land transfer and succession planning were highlighted in platforms in PEI and NL.

### **Marketing**

“Local Food” is the major buzz word in most agricultural platforms this fall. Promoting local products and pushing for government purchases of local food in institutions such as hospitals and schools are commonly found in platforms in Ontario, PEI and Newfoundland. However, the Atlantic focus is more on self-sufficiency and food security, whereas the Ontario focus is more on marketing local products. Manitoba political parties have largely left this out of their agriculture platforms. Supply management enjoys overwhelming support, with all parties either formally supporting supply management or not putting forward a position on the topic in their platforms.

### **Environment**

Environmental sustainability is featured in platforms across the country. Water quality, wetland and riparian protection are the most commonly noted issues. Parties are proposing a number of initiatives for environmental protection from compensation for protected lands to regulations that require better traceability of pesticide use and the reduction of phosphorus in fertilizers. It seems that political parties across the country are emphasizing the value of ecological goods and services, but provide only vague statements describing their strategy for environmental

protection. Organic production is promoted in platforms in Newfoundland, PEI and Manitoba but not in Ontario.

### ***Processing***

The processing sector seems to have been missed by all parties as an area for improvement, investment and productivity increases. With such emphasis on local food production and marketing it is somewhat surprising that politicians have not put more emphasis on investments in processing local farm products. The preferred strategy by most parties is to remove zoning restrictions and offer tax incentives to expand processing.

### ***Productivity***

Improvements in infrastructure such as road construction is part of the larger economic strategy in Manitoba and Ontario, while providing assistance to producers in adopting new technologies seems to be the strategy for improving productivity in PEI.

### ***Research***

Research focuses included impact studies of aquaculture and environmental stewardship, as well as basic funding for crop research, particularly in the areas of organic production and specialty crops, such as the creation of a “Northern Berry Centre of Excellence”, in Newfoundland.

### ***Production***

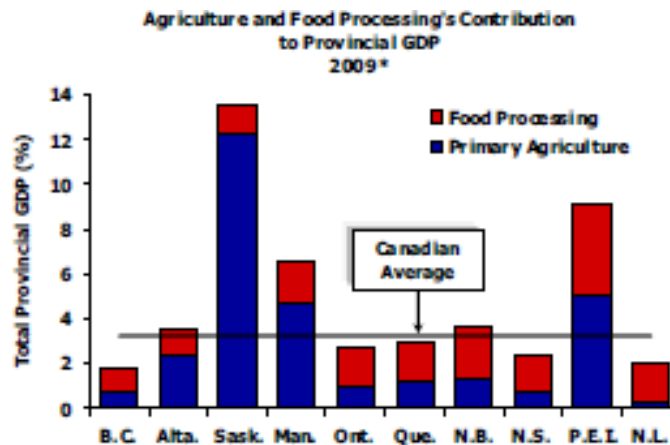
When platforms mentioned specific production efforts, these were largely focused on diversification, suggesting expansion and development of non traditional agriculture crops or organic production.

## ***2.3 Provincial Agriculture***

The state of agriculture and its role in the overall economy of each province should play a significant role in shaping the agriculture platforms. The focus at the provincial level is influenced by the mix of crops and the overall importance of agriculture to the provincial economy.

Figure 2.2 shows the share of provincial GDP derived from agriculture and food processing. Of the 4 provinces examined PEI and Manitoba see the largest contribution to their economy from primary production. PEI also has the largest proportion of GDP as a result of food processing.

Figure 2.2



Source: AAFC, An Overview of the Canadian Agriculture and Agri-Food System 2011.

In NL the dairy sector accounted for 39% of total farm cash receipts, with eggs as the second largest sector at nearly 13% in 2010. At \$115 million NL had the lowest total farm cash receipts. Food processing, particularly fish processing is of much larger importance to the Newfoundland economy than primary production. NL political parties more than any other are presenting ideas to expand and improve primary production in their province. No one party stands out as having a unique agriculture and food platform from the others.

The PEI agriculture economy is largely driven by potatoes which accounted for 50% of total farm cash receipts in 2010. Potato processing is also the largest food processing sector in the province. However, potato acreage has decreased in each of the past 3 growing seasons, resulting in an overall decrease in plantings of 11% indicating that producers are beginning to diversify crops. Political parties in PEI tended to focus on adopting new technologies to assist in production and processing sectors as well as activities promoting PEI grown products. Environmental issues related to agriculture also played strongly in the Green and Liberal platforms with an emphasis on water quality and organic production. The Liberals are offering support in the certification process for organic production and the Green party is promoting a shift to 100% organic production.

Ontario presents a much more diverse agriculture sector from those in eastern Canada. With 18% of total farm cash receipts from dairy, 11% from soybean production, 9% from corn and 11% from vegetables, in 2010. Ontario political parties focus largely on two policies; local food and business risk management programs. The emphasis for the food processing sector is largely on removing zoning restrictions and changing taxation policies to facilitate new small-scale processing investment. All three major parties addressed their commitment to supporting supply management.

Manitoba agriculture also presents a mixture of farm types. In 2010, 23% of farm cash receipts were from canola, 17% from hogs, 15% from wheat sales and 9% from cattle. The export market being the primary destination for most Manitoba agriculture production is reflected in the lack of “local food” focus relative to the other provinces. Manitoba platforms focused more on

environmental issues than those in other provinces, particularly in protecting water sources. The Liberal and PC parties also suggest implementing Ecological goods and Services plans across the province. Manitoba political parties also emphasize the importance of business risk management programs for the agriculture sector. The NDP are the only party that have committed to defending the single desk of the Canadian Wheat Board.

#### **2.4 Observations**

The above suggests that political parties see marketing (local food development and support for supply management), production/productivity, and environmental initiatives as leading priorities. Interestingly, farm support programs (business risk management) remain a mainstay among political parties. The relative significance of agriculture and food ranges widely across provinces, but appears not to produce stark differences in policy direction.



### 3. Agri-food Context

Beyond the current state of agriculture in each province further context is necessary to fully understand the agri-food election platforms. Two other important considerations examined are consistency with the federal/provincial/territorial direction for agriculture and Agrifood and trends impacting the agri-food sector in Canada.

#### 3.1 Agricultural Policy Direction

The intent for Canadian agri-food policy direction was recently presented by federal-provincial-territorial agriculture ministers in the *Saint Andrew's Statement*<sup>1</sup> after a meeting of the Federal/Provincial/Territorial Agriculture Ministers in July. The *Saint Andrew's Statement* identifies the following directions:

- Competitiveness in domestic and international markets
  - Being cost competitive
  - Meeting customer requirements for attributes
  - Taking advantage of new market opportunities
  - Gaining and maintain market access
- Adaptability and sustainability for the sector
  - Maintain and improve productive capacity
    - Making effective use of appropriate skills and knowledge
    - Managing human, natural and financial resources
    - Attracting young farmers and new investors to the sector
  - Anticipates and adapts to changing external circumstances
  - Manages risks effectively
  - Contributes to key food policy objectives such as health or food safety
  - Recognizes and responds to societies demands

The two policy “drivers” that were identified to get there were: Innovation, and investment in Institutional, Physical and Human Resource Infrastructure.

The language in the Saint Andrews Statement is significant because it serves as the basis for ongoing negotiations of the new Growing Forward 2 framework, which defines federal-provincial agreements to fund programs. Thus, new programming, if it is to receive statutory 60% federal funding share, must be consistent with the Saint Andrews Statement. This constrains the extent to which provincial policy initiatives can vary.

#### 3.2 Fiscal Policy Direction

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<sup>1</sup> Saint Andrews Statement, July 2011. <http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1309901575227&lang=eng#footnote-1>

In the 2011 budget, the federal government committed to trim \$5 billion in program spending; this amount to cuts in the range of 5-10% across federal departments. Funding of agricultural programming cannot be exempt to this- both because Agriculture and Agri-Food Canada is a significant government department, and because the federal and provincial governments cost share programs on a 60/40 ratio. Moreover, as the prospect of a double-dip recession looms, government expenditures in all departments are liable to come under increased scrutiny.

### ***3.3 High-level Market/Policy Trends***

#### ***Farm Prices are High***

The prices of farm products are high, and are expected to remain high, resulting in increased returns to farmers, which should drive increased economic development in rural areas. Long-run futures prices shows that farm prices are at among their highest levels since the early 1990's, especially for grains and oilseeds. Cattle and hog prices are also showing historically high prices. On an inflation-adjusted basis, these price levels are the highest seen since the hyper-inflationary period of the 1970's.

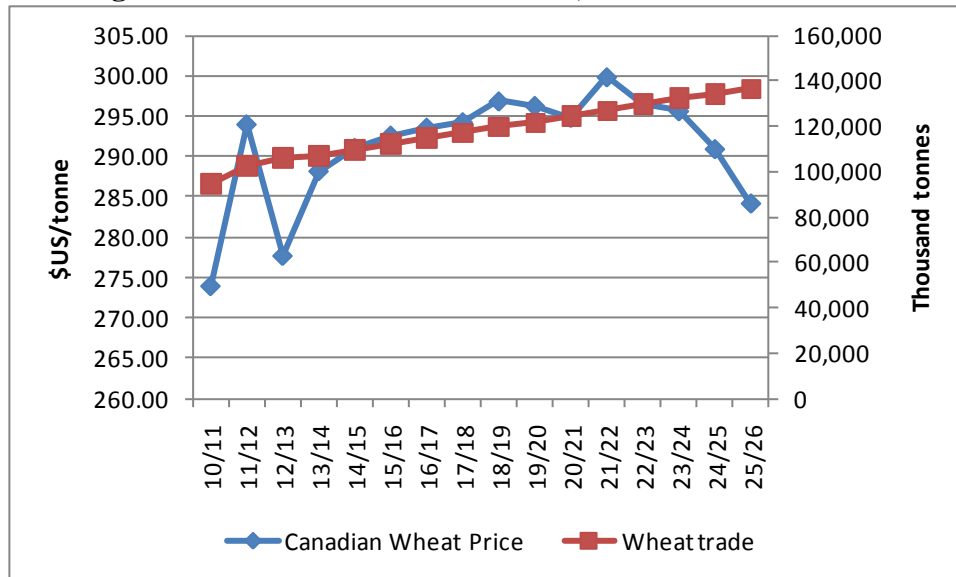
#### ***Market Outlook is strong***

Long term forecasts also predict that prices will remain high. Food and Agricultural Policy Research Institute (FAPRI) forecasts show in Figures 3.1 and 3.2 below show that long term prices of wheat and beef will remain strong, with world trade increasing over the same period. Increased trade and higher prices, indicate that farmers will enjoy higher revenues in exporting nations well into the future.

#### ***Prospects of Increased Trade Liberalization***

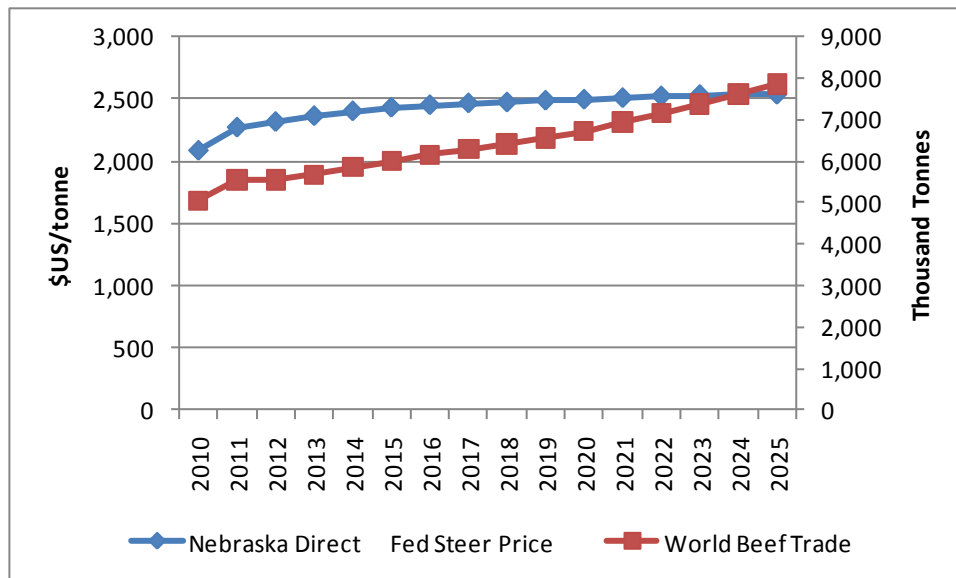
Canada as a structurally agricultural and food exporting nation, must take advantage of trade opportunities to further the economic benefits of production. Canada is currently negotiating Canada-EU Trade Agreement (CETA). While specific elements of the CETA deal remain unknown at this time, supply-managed sectors remain a source of sensitivity in negotiations. However, some sectors, such as red meat and grains and oilseeds could be strengthened as a result of a CETA agreement. There is also the prospect of other trade agreements, such as the Trans-Pacific Partnership currently under discussion, which Canada is yet to join.

**Figure 3.1 Forecasted Wheat Prices, World Trade Volume**



Source: FAPRI

**Figure 3.1 Forecasted Cattle Prices, World Beef Trade Volume**



Source: FAPRI

#### 4. Conclusions

The priorities that emerge from political parties running for election this fall centre around a small number of issues. Agri-food marketing, especially local food marketing, is broadly endorsed by platforms as reflected by the frequency of mention in platforms. Initiatives that increase productivity- cutting red tape, encouraging young farmers, and improved human resource development all receive attention in election platforms, as do environmental protection initiatives. Improvement in business risk management is also high on parties' agendas.

These are very rational priorities, which receive no opposition. Platforms reflect awareness that human resource development is a gap in our agri-food capacity and that agriculture can affect environmental outcomes, whether positively or negatively. Many of these initiatives are also consistent with stated policy direction in the Saint Andrew's Statement- notably on human resources, environment, and capacity building/productivity.

There are some differences in agricultural production across provinces that influence priorities for provincial governments in their agriculture policies. Newfoundland is focused on expanding the agriculture sector from a production standpoint. PEI places the most emphasis on adopting new technologies that will make the sector more efficient and competitive. Marketing is the major issue that comes out of Ontario platforms, with each party promoting a "buy Ontario" strategy. Manitoba looks to balance agriculture production with environmental concerns. In other respects, platforms vary little across provinces- local food and supply management are good, and current business risk management programs are inadequate.

Still, what is absent from the platforms speaks as loudly as what is contained within them. Omitted from platforms seem to be many elements of policy that anchor the reality the sector faces today; none of the platforms foresee big changes from the *status quo*- in spite of the evidence that the prospects for the sector have changed, materially. The prospect of high farm prices and increased market access and its associated economic development potential is not captured in policy platforms. This is significant for provinces where a great deal of agricultural production is destined for the export market (Ontario and Manitoba). Nor are the issues related to high farm prices and anticipated opportunities, such as escalating land prices. Furthermore, the fact that the general direction for policy has been set by FPT agreement, and that government resources are limited (and subject to further reduction) appear to have been missed.

At a time of high food prices, awareness of food and health, and concerns on the stability of manufacturing, the platforms are largely silent on food, food processing, and food retailing- other than that local is good. As such the platforms appear catered more to primary producers. Yet, many of the current issues of significance to primary producers (farm product markets, increasing land values, etc.) go unmentioned.

Platforms that place greater emphasis on facilitating growth, efficiency, and competitiveness in agriculture and food would be expected. There are measures designed to improve productivity to capitalize on current trend, but other priorities tend to overshadow these plans. Recognizing limited capacity of both governments and political parties, other elements in platforms such as local food mandates and promotion will redirect resources that could be used to take advantage

of current opportunities to advance productivity. That's not to be negative on local food initiatives, only to acknowledge that a choice to pursue local food crowds out other opportunities which are more in the strategic interest of the sector.

As of this writing, the incumbent Liberals have been returned to government in PEI, and the incumbent NDP have been re-elected in Manitoba, both as majority governments. Elections in Ontario and Saskatchewan will occur on October 6, 2011 and November 7, 2011 respectively. It is unclear whether known results should be interpreted as an endorsement of the status quo in agri-food policy, or whether the agri-food plank of platforms ultimately had much significance in determining the outcome. Moreover, as governments are elected, the extent to which election platforms are actually implemented into policy will be determined, given the constraints noted above.

At the same time, as political parties articulate their ideas for the agri-food sector in Canada and in provinces through election platforms, participants in the sector should expect parties to recognize Canada's role and potential, understand the context for agri-food policy, and to identify what is truly important. Parties should recognize that Canada has a big stake in what happens in agriculture and food. The party platforms observed in this fall's provincial elections seem to struggle to meet this standard.