



An Ontario Agriculture and Food Strategy

Pillar 1 – Economic Growth



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For the Ontario Presidents' Council²

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² The Presidents' Council was formed in 2004 and is a venue for the Chairs and Presidents of Ontario's agricultural organizations to discuss the broad issues and challenges facing Ontario agriculture. The Council's membership currently includes 28 Ontario agricultural groups and the Alliance of Ontario Food Processors.

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An Ontario Agriculture and Food Strategy

EXECUTIVE SUMMARY

Goal - Building a successful and sustainable future for Ontario farmers, food companies and bioeconomy firms, who collectively contribute to a stronger economy, create jobs and a healthier society in Ontario.

Process - In mid-2012 the Presidents' Council undertook an initiative to develop an Ontario Agriculture and Food Strategy. The President's Council identified three essential pillars to an Ontario strategy – Economy, Health and Environment. The result of that initiative is presented in the first section.

In October, 2012, the Ivey Business School sponsored a workshop to advance the initial ideas from the Presidents' Council and collect recommendations from a broader audience of fifty agriculture and food industry leaders from business, government and academia. The workshop focused on the first pillar of expanding the economic value of the industry. The recommendations from the broader industry group at the workshop are included in the second section of this paper.

Recommendations - The recommendations in this document focus on the first pillar, increasing the economic value and impact of Ontario's agriculture and food industry. These recommendations are mainly from the participants in the workshop but were approved by the Presidents' Council in their meeting on April 15, 2013.

Priority	Proposed actions: <div>National Actions Provincial Actions</div>
Leadership	<p>One national strategy – Support efforts to integrate other strategies with the Conference Board and Canadian Federation of Agriculture initiatives.</p> <hr/> <p>Ontario Agriculture and Food Strategic Council – Create an independent body with representatives from the entire agri-food system. It will act as the guiding committee for an Ontario Agriculture and Food Strategy and also as Minister's Advisory Committee</p>
Food processing competitiveness	<p>Collaborate with the Food Processing Working Group on strategies and policies to enhance competitiveness.</p> <hr/> <p>Assess the needs of the industry Focus programs to stimulate investment in food and bioprocessing Identify policies to stimulate innovation, economic activity and investment in competitiveness.</p>
Trade and Export Development	<p>Support AAFC agri-food export programs</p> <ul style="list-style-type: none"> - Branding Canada - Trade agreements

	<p>- Agri-food trade services</p> <hr/> <p>Focus Ontario agri-food export resources on key markets Organize online support resources Make traceability and food safety protocols a priority</p>
Domestic Market Enhancement	<p>Redefine Product of Canada - to reflect the realities of the industry</p> <hr/> <p>Enhance Foodland Ontario resources & capabilities and integrate its activities with the Local Food Act. Develop provenance programs wherever appropriate Invest in consumer research - on new consumer trends and import replacement opportunities</p>
Regulation	<p>Support the Regulatory Cooperation Council (RCC) and Beyond Border initiatives</p> <hr/> <p>Identify regulatory improvement priorities at different levels of the industry. Focus efforts on dismantling inter-provincial barriers.</p>
Human Resources Development	<p>Support continued skills training and management development of people across the agriculture and food industry Encourage and train new entrants at the different levels of the industry</p>
R&D, technology and commercialization	<p>Reinstate agriculture and food research as a scientific priority. Support continued federal-level incentives for industrial R&D and a renewed SR&ED tax credit program</p> <hr/> <p>Build investments into industrial R&D through programs which share the risk Expand policy direction and research dollars into industry led R&D and commercialization Maintain provincial focus and control of innovation funding with industry involvement and delivery through organizations like the Agricultural Adaptation Council</p>

Next Steps – Several next steps are logical outcomes from this process.

1. Create a Minister’s Strategic Advisory Council on Agriculture and Food. The Council will help shape and implement the provincial agriculture and food strategy and will also provide input for the national strategy. The Council must contain representation from the entire value chain and be small enough to be effective.
2. Develop an industry scorecard³ to help set objectives and monitor progress.
3. Each sector should identify and assess their opportunities with respect to local food and identify the policies or industry actions that can help them take advantage of those opportunities. The results of this analysis can be used to help shape the implementation of the Local Food Act.
4. Each sector should undertake a regulatory impact study to highlight the regulations that most challenge their sector and to make suggestions for improvement.

³ The scorecard used by South Australia for more than a decade provides a good model to start with.

AN ONTARIO AGRICULTURE AND FOOD STRATEGY

The Goal

The goal is clear – Building a successful and sustainable future for Ontario farmers, food companies and bioeconomy firms, who collectively contribute to a stronger economy, create jobs and a healthier society in Ontario.

The need for an Ontario Agriculture and Food Strategy

There are many reasons why now is the right time for an Ontario agriculture and food strategy.

The global agriculture and food system is changing and Ontario is well positioned to take advantage of the changes - Recent shifts in global and national markets and economic conditions have created new opportunities for Ontario's agriculture and food industry. Ontario has the largest and most diverse agricultural industry in Canada, and the largest food processing and bio-economy industries. It has access to large and diverse markets in both Canada and the United States, as well as to international markets.

Ontario is redefining its social and economic future – Agriculture and food can help build that future - Ontario is struggling to redefine its economic future in a world where the province's manufacturing base is increasingly challenged. The agriculture and food industry has always been a vital social and economic force in the province. This strategy will help create the conditions to allow the industry to contribute to Ontario's economic future and social well-being.

An Ontario strategy is part of a Canadian Strategy – Several initiatives are underway to define a national agriculture and food strategy. Ontario's strategy will build upon, and coordinate with, a national strategy, as well as with other provincial initiatives.

But Ontario is different – Ontario's strategy will be different because the Ontario's industry is different. Ontario must develop its own agriculture and food strategy and tailor its policy environment to meet the needs of its citizens and the industry. The future is bright, but capitalizing on the opportunities will require a focused agriculture and food strategy and a supportive policy and regulatory environment.

ONTARIO'S AGRICULTURE AND FOOD STRATEGY

The future under a successful Ontario Agriculture and Food Strategy

The process for creating a strategy begins with envisioning the characteristics of the industry in 5-10 years if the strategy is successful:

- **Providing jobs and contributing to Ontario's economic growth** – This is a high priority for the strategy and for the province.
- **Profitable for business oriented operations at every level**, although not necessarily for every farm or business.
- **Growing and more diverse** - More farm, food and bioproduct offerings for customers and consumers.
- **An industry that is innovative and quick to adopt new technologies and methods** – supported by a modern, safe but responsive regulatory system.
- **Expanding trade** – particularly for high value products into the U.S. and Asian markets
- **Replacing imports** – with Ontario grown and processed products
- **Continued transition of Ontario's agricultural industry structure** – Many small farms but likely continuing the trend toward larger units. Farms are successfully transitioning from one generation to the next. New networks to connect smaller farms with higher value local and organic markets.
- **A more efficient, productive and competitive food processing industry**
- **An industry that also contributes to Ontario's manufacturing competitiveness** – through greener inputs, from energy to bioplastics.
- **Contributing to the health of consumers** – healthier products from farm to food processing
- **A strong agribusiness sector supplying the industry** - one that is on an equal footing with competitors from other parts of the world.
- **An attractive industry for both employees and investors** – and an industry with access to the labour and skills it needs to be successful.
- **A thriving retail sector that incorporates a higher percentage of Ontario products**
- **An industry that is leading in sustainability at every level of the chain**

THREE STRATEGIC PILLARS

This Ontario agriculture and food strategy will be built on the three pillars that are essential to Ontario's future – Economic growth, Health and Sustainability.

Pillar 1 – Economic Growth

The first pillar is focused on economic growth and revitalizing Ontario's economy. The agriculture and food industry is a powerful economic driver for the province (Table 1). Conditions for continued economic growth appear to be strong and Ontario farmers, in particular, are highly optimistic about their future. Food processing is an important contributor, but one that is challenged by a high Canadian dollar and small scale. The industry can also contribute to the competitiveness of Ontario's manufacturing industry through greener inputs from the bioproduct/biochemical sector.

Table 1. Economic highlights of Ontario's agriculture and food industry

Production	Annual Sales	Annual Exports	Employment
Agri-business, input & supply			
Primary agriculture	\$10 B in 2010	\$2.2 B in 2010	84,600 in 2010
Food & beverage manufacturing	\$39 B in 2010	\$7.1 B in 2010	95,382 in 2010
Biofuels, bioproducts	\$0.8 B in 2009	\$0.4 B	979 in 2009
Retail/food service	\$59.7 B in 2010		482,794 in 2010

A range of strategies can all contribute to achieving strong economic growth for the industry and for the broader provincial economy. Competitiveness and innovation are the over-arching goals of the economic pillar, developing the capacity and capabilities to maintain a globally competitive industry.

Economic Growth Pillar

Focus	Strategies
Improved productivity	Investments in better technology and systems throughout the industry, more productive and resilient crops and supporting infrastructure
Maintaining and improving quality	Ensuring that Ontario products achieve high levels of quality and meet or exceed the needs of the many different markets.
Export market development	Identifying, developing and supporting high value export markets
Domestic market development	Replacing imports with Ontario products, developing and supporting ethnic markets, creating local food networks, supporting new food product development
Bioeconomy	Developing and producing bio-based products and chemicals, supporting Ontario's manufacturing base by developing a thriving bioeconomy sector through support for R&D, infrastructure and pilot studies.
Regulation	Removing barriers to markets and productivity, coordinating regulations with major markets and suppliers, better access to inputs, streamlining inter-provincial barriers, faster response to applications and approvals
People	Attracting skilled labour at all levels of the industry, support for training,

	access to labour domestically or through foreign worker programs at all levels of the industry. Managing the cost of labour.
Investment	Creating an attractive environment for investors to invest in the industry
Research, development & commercialization	Support for industry focused R&D and technical assistance, attracting corporate R&D to Ontario, creating effective public/private partnerships

Pillar 2 – Health

Health and healthcare costs are high priorities for Ontarians and for the Ontario government. Healthy food products offer high growth potential for farmers and food processors, in addition to benefits to consumers. There is also growing pressure to reduce unhealthy ingredients in many processed food products. Improving the health profile of foods produced in Ontario is, to some extent, a precompetitive issue that can be addressed by industry and government working collectively.

Health Pillar

Focus	Strategies
Improving health profiles of processed food	Expanded industry cooperation and co-development for precompetitive issues like salt, fat and sugar reduction
Market development	Creating market demand for healthier products, expanding fruit and vegetable programs in schools, new education programs supporting healthy product development
Regulation	Health claims – improving the approval process, the breadth of claims and the speed of approvals
People	Connecting with health professionals, attracting skilled labour at all levels of the industry, support for training, access to labour.
Research, development & commercialization	Support for health focused R&D and technical assistance, importing ideas and technologies for healthier food products from around the world

Pillar 3 – Sustainability

The final pillar is sustainability, ensuring the long term viability of the industry, reducing energy and water consumption and greenhouse gas emissions, and contributing to Ontario society.

Sustainability Pillar

Focus	Strategies
Improved energy and water efficiency	Supporting investment in efficient technologies and processes, technology scouting for new technologies around the world, extension and training
Lower carbon footprint	Extending the Environmental Farm Plan to include Green House Gas reduction, carbon trading as markets are created, new food processing technologies and measurement systems. Better traceability for tracking inputs and outputs through the chain.
Regulation	Removing barriers to more sustainable production and products
People	Developing new skills in sustainable production and technologies.

Bioeconomy	Developing bio-based alternatives to existing products, helping other industries transition to cleaner technologies & inputs, developing biomass chains connecting agriculture to other sectors.
Research, development & commercialization	Support for industry focused R&D and technical assistance, supporting green technology development, supporting commercialization within agriculture and food and linking agriculture to other manufacturing sectors

From Strategy to Results

The levers

Ultimately, the contributions to economy, health and sustainability will be delivered by Ontario's farms, food processing and bioprocessing companies. What are the industry and government levers to help them succeed?

Industry levers and tactics – What can be done across an entire industry or an individual sector?

- **Sector strategies** – These will be important to drive the national and provincial strategies down to specific sectors.
- **Addressing common/pre-competitive industry challenges** – What are the common issues across an industry or sector that can be addressed by a cooperative approach?
- **Developing industry or sector wide research agenda's and supporting research programs** – Addressing pre-competitive issues may require research and development that can be guided and/or funded by industry or sector level organizations.
- **Public-private partnerships** – What role can industry associations and organizations play in addressing opportunities and challenges by working with public sector partners?
- **Making industry wide recommendations on regulatory or policy changes** – Identifying changes to regulations and the regulatory process that can help the industry be more competitive.

Policy levers

- **Policy, programs and economic stimuli** – There are a range of policy tools that can be employed to support provincial or sector level strategies. Which will be most effective in achieving Ontario's objectives in economy, health and sustainability? How will an Ontario agriculture and food strategy fit within Growing Forward 2 Framework?
- **Regulation** – The federal and provincial governments have both made regulatory modernization a priority. How can industry help make that process as effective as possible?

Aligning with a Canadian Agriculture and Food Strategy

Several of the requirements for a successful Ontario strategy rest, at least in part, at the national level, such as export development and Branding Canada, changing regulations, research and development and developing programs under the Growing Forward 2 Framework. Although the issues can be identified

and possibly acted upon in this strategy, some will ultimately have to be addressed as part of a Canadian Agriculture and Food Strategy.

Creating sector focused strategic plans

Implementing the Ontario Agriculture and Food Strategy requires translating the strategy into meaningful actions, policies and, ultimately, into results. The challenge for national and provincial strategic plans is that they must be broad enough to be meaningful to the different regions and industries that they encompass. However, the actual economic and social outcomes must be achieved by individual industries, firms and farms. Thus, a provincial agriculture and food strategy must include a plan for moving from broad provincial goals and strategies to individual industry and firm strategies and actions. A critical success factor will be creating a process and templates to help individual sectors create their own strategic plans and action items which will meet the needs of the sectors, but also achieve provincial objectives. Without such plans, the Ontario Agriculture and Food Strategy may be useful as a guide to policy or forward thinking sectors but will be unlikely to achieve its overall objectives.

Aligning policy with the strategy

The close connections between government and industry mean that an Ontario Agriculture and Food Strategy and government policy must be aligned. There are some serious questions which must be addressed when developing a strategy.

1. Given the strategic priorities developed through this process what should be the main areas of emphasis and investment by government?
 2. Are there areas that are missing or underfunded?
 3. What are the implications for Growing Forward 2 and the distribution of program funding?
- These can be addressed once the goals, strategies and priorities are developed.

Ontario Agriculture and Food Strategy Workshop – October 30, 2012

On October 30, 2012 approximately fifty leaders from academia, business and government met at the Maple Leaf Innovation Centre in Mississauga to discuss the details of an economic action plan for Ontario's agriculture and food industry. The focus of the meeting was entirely on the first pillar, economic growth and increasing the economic contribution of Ontario's industry to the provincial economy.

The following recommendations are derived from the workshop discussions and are focused on economic growth. They reflect the diverse representation at the workshop, encompassing the different levels of the Ontario agriculture and food value chain. They are intended to help create the conditions to allow the industry as a whole to contribute to Ontario's economic future. Future strategy initiatives will focus on the pillars of health, the environment and social well-being.

WORKSHOP RECOMMENDATIONS - ONTARIO AGRICULTURE & FOOD ECONOMIC ACTION PLAN

PRIORITIES	NATIONAL	ONTARIO	PRIORITIES FOR ACTION
Leadership <i>Success will depend on leadership. At the national level, there needs to be a single strategy led by leaders reflecting the diverse nature of the industry. Leaders in Ontario must reflect the different nature of the industry and will support national priorities which translate directly to an Ontario context and formulate provincial strategies where the provincial needs are different.</i>	<p>Create a single national food strategy. The Conference Board of Canada and Canadian Federation of Agriculture are both developing strategies for the industry along with others. These need to be integrated into a single inclusive national strategy.</p>	<p>Create a strategic guiding council to finalize an Ontario Agriculture and Food Strategy and also to update and advise the Minister on critical issues and policies.</p>	<ol style="list-style-type: none"> One national strategy – Integrating activities by the Conference Board, CFA and others into a single national strategy must be a priority. The objective should be a single national strategy to be released November 2013. Ontario Agri-Food Strategic Council – An independent body with representatives from the entire agri-food system. It will act as a guiding committee for an Ontario Agriculture and Food Strategy. The committee will also act as a Minister’s Advisory Committee to update the Minister on critical issues and provide strategic advice on provincial policies and programs.⁴
Processing Competitiveness <i>Improve overall food and bio-processing competitiveness through investment, value chain relationships and efficiencies, and</i>	<p>Collaborate with the Food Processing Working Group on strategies and policies to enhance processing competitiveness.</p>	<p>Understand the needs of the processing industry in Ontario and identify strategies to increase investment in innovation, processing efficiency and</p>	<ol style="list-style-type: none"> Assess the needs and competitive priorities of the industry – Bring food and bioprocessing leaders together to identify the most pressing needs and to refine investment strategies and policies to improve the competitiveness of Ontario processing organizations.

⁴The long term goal could be the creation of a permanent council possibly becoming a legislated, non-classified agency with no more than 15 members to be appointed by the Minister.

<i>excellence in business management.</i>		management effectiveness.	<ol style="list-style-type: none"> 2. Focus programs to stimulate investment in food and bioprocessing companies in Ontario with fund oversight and administration by independent, industry-led third parties. 3. Create supportive policies – Identify policies to stimulate innovation, economic activity and investment in food processing competitiveness.
Trade and export development	Support agri-food export programs at AAFC including <ul style="list-style-type: none"> • Branding Canada • Trade agreements⁵ • A range of agri-food trade services 	Focus provincial trade resources primarily on areas underserved by national initiatives or where Ontario has a unique advantage.	<ol style="list-style-type: none"> 1. Support Branding Canada 2. Focus Ontario agri-food export resources on key markets - Make exporting food and agri-products a priorities for OMAFRA and other resourced ministries. 3. Organize support resources available through AAFC better through improved web presence; search engine optimization, report dissemination, cross-population to commodity organization websites and resource lists. 4. Make traceability and food safety protocols an industry priority - supported by programs (ADVANTAGE, iGAP), resources and pilots (Ag2Networks).
Domestic market development	Celebrate, promote and source Canadian food when provincial options are not available. Product of Canada	Foodland Ontario to lead domestic marketing and branding. It should be a significant contributor to the Local Food Act,	<ol style="list-style-type: none"> 1. Redefine Product of Canada - to reflect the realities of the industry. 2. Enhance Foodland Ontario resources and capabilities. 3. Develop provenance programs wherever appropriate – provide support for those

⁵ Trade agreements (new, expanded, re-opening): TPC, EU, China, Mexico, Other – efforts to expand market access is strongly supported and the success to date of the Market Access Team and organizations such as Canadian Canola Council, Canadian Cattlemen’s Association, Canadian International Grains Institute and the Canadian Meat Council are acknowledged. <http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1352240788033&lang=eng>

	<i>redefined to reflect the current realities of Canadian food products</i>		<p>programs, both federally and provincially.</p> <p>4. Invest in consumer research - on new trends particularly around the changing demographics of Ontario's population. Identify import replacement opportunities around ethnic markets. Communicate the findings so the industry can act.</p> <p>5. Determine how the Local Food Act can best be used to create economic opportunities for the industry.</p>
Regulation <i>Consistent, streamlined, transparent approach toward regulation and co-operative approaches with other jurisdiction wherever possible</i>	Support for continued efforts focused on reducing or streamlining domestic and international regulations such as the Regulatory Cooperation Council (RCC)	Reduce inter-provincial regulations which are detrimental to growth and competitiveness;	<p>1. Identify regulatory improvement priorities at different levels of the industry and across different sectors.</p> <p>2. Focus efforts on dismantling inter-provincial barriers, working with other jurisdictions.</p> <p>3. Support RCC and Border Streamlining initiatives by providing information and improvement suggestions.</p>
Human resources <i>Attract, train and retain people to meet the needs of organizations in the agri-food industry</i>	Support organizations like CARC in developing and implementing a human resources strategy for the industry and to help attract people to agriculture and food employment.	Ensure that Ontario's industry has an adequate supply of trained employees and managers. Help them build attractive careers in the industry.	<p>1. Support continued skills training and management development of people across the entire industry.</p> <p>2. Encourage and train new entrants at the different levels of the agriculture and food industry.</p>
R&D, technology, commercialization <i>Increased industrial R&D and improved economic impact of investment in R&D</i>	Reinstate agriculture and food research as a scientific priority. Support continued federal-level incentives for industrial R&D and a renewed SR&ED tax credit	Continue funding for Ontario Centres of Excellence – establishing an industry focused R&D fund administered by OCE	<p>3. Build investments into industrial R&D through programs which share the risk - Consider third party delivery from existing industry-led boards Ontario BioAuto Council, Sustainable Chemistry Alliance, Vineland Research and Innovation Centre which provide</p>

program
Focus investments into
agriculture, food and
bioeconomy research with
strong oversight and
guidance from industry-led
boards similar to Business-
led NCEs

- insight and connections to industry and
technology centres, as well as investment.
4. **Expand policy direction and research dollars**
beyond commercialization from academic
institute into industry led product
development, commercialization, and process
improvement.
 5. **Support provincial delivery of innovation
programs.**

NEXT STEPS

Several next steps are logical outcomes from this process.

1. Create a **Minister's Strategic Advisory Council** on Agriculture and Food. The Council will help shape and implement the provincial agriculture and food strategy and will also provide input for the national strategy. The Council must contain representation from the entire value chain and be small enough to be effective.
2. Develop an **industry scorecard**⁶ to help set objectives and monitor progress.
3. Set **economic goals** for the future. These can then be used to develop the industry strategies and government policies to help achieve the goals.
4. Each sector should identify and assess their opportunities with respect to local food and identify the policies or industry actions that can help them take advantage of those opportunities. The results of this analysis can be used to help shape the implementation of the **Local Food Act**.
5. Each sector should undertake a **regulatory impact study** to highlight the regulations that most challenge their sector and to make suggestions for improvement.

⁶ The scorecard used by South Australia for more than a decade provides an excellent initial model.