



National Farm Products
Council

Conseil national des
produits agricoles



National Farm Products Council Strategic Plan 2009 – 2012

*“Reinventing ourselves
through cooperation
and leadership - our
commitment.”*

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Canada 

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Message from the Chairperson



I am pleased to present the National Farm Products Council 2009-2012 Strategic Plan. This document provides the basis for our business planning, evaluation and reporting. It defines our strategic objectives and planned results and sets forth a framework for the actions we will undertake in the next three years.

When developing this plan, NFPC took into account the significant pressures the supply management sector, the promotion research agency and the agriculture and agri-food industries are facing domestically as well as assessing what is taking place internationally regarding the current world economic crisis, demographic changes, food prices and multilateral trade negotiations.

Throughout this process, agencies, industry stakeholders and provincial supervisory boards assisted Council in developing this plan.

In the next three years, Council intends to focus on and achieve six strategic objectives. In the following pages, these are described in general terms along with specific activities or operations through which the Council will pursue its desired results.

Supply management as well as market promotion and research are valuable tools to reduce market volatility and improve the vitality and profitability of Canadian farms and agri-food industries. However, because of their nature, these tools, which are in the hands of the industry, must be managed with care in order to ensure that they work in the best interests of stakeholders, from producers to consumers.

With this in mind and in the context of current challenges, NFPC will play a more proactive role in order to better assist, work with and support the national agencies by improving its own governance and decision making process, enhancing its knowledge base and expertise, improving interactions with stakeholders, improving the dispute resolution process, developing and circulating information on promotion research agencies as well as improving communications.

NFPC will also continue to bring a forward-looking perspective to discussions with agencies, associations and agri-food leaders about issues and trends affecting them.

Over the next three years, achieving a strong common vision and working collaboratively will continue to be instrumental to changing and improving the way we do business.

This plan includes a commitment by NFPC to improve communications, collaboration, cooperation and coordination in order to continue to bolster a successful agri-food industry. I look forward to your continued cooperation and assistance in the future.



Bill Smirle
Chairperson

1. Introduction

This document sets out the strategic directions and priorities of the National Farm Products Council over the 2009-2012 period. It provides the foundation for the Council's annual business planning, evaluating and reporting.

The plan is based on the results of NFPC's strategic planning session held in October 2008. It also takes into account the results of a survey NFPC conducted last summer to find out how we can better assist agri-food industries to change and prosper in the years to come. Stakeholders were surveyed on NFPC's past performance, strategic priorities, future trends and issues and on strategic directions and priorities that NFPC should focus on over the next years.¹

The plan reviews NFPC's mandate, mission, vision and values as well as the current environment within which the Council operates. The plan also outlines NFPC's six strategic priorities and objectives as well as strategies to achieve these objectives along with the expected results.

2. NFPC Mandate

Established in 1972 through the *Farm Products Agencies Act* (the FPAA), the NFPC is a quasi-judicial agency which reports to Parliament through the Minister of Agriculture and Agri-Food.

The FPAA provides for the creation of national marketing and promotion research agencies. There are currently four national marketing agencies and one promotion research agency:

Egg Farmers of Canada
Canadian Turkey Marketing Agency
Chicken Farmers of Canada
Canadian Hatching Egg Producers
Canadian Beef Cattle Research,
Market Development and Promotion Agency

The NFPC reviews the operations of these agencies to ensure that they carry out their operations in accordance with the objectives set out in Sections 21 and 41 of the Act. It also works with the national agencies to promote more effective marketing of farm products in interprovincial and export trade and, in the case of promotion research agencies, promotes marketing as well as research and promotion activities relating to farm products.

While the core of NFPC's role is to supervise the national marketing and promotion research agencies, it is also responsible for investigating complaints on decisions taken by agencies and taking action within the scope of powers granted to NFPC via the Act.

The NFPC is an active proponent of portfolio management by providing advice to the Minister of Agriculture and Agri-Food on all matters relating to the establishment and operation of national agencies to maintain and promote an efficient and competitive agriculture industry.

Furthermore, the NFPC consults, on a continuous basis, with governments of all provinces having an interest in the establishment or the exercise of the powers of national agencies under the Act.



Finally, the NFPC administers the *Agricultural Products Marketing Act* (APMA) on behalf of Agriculture and Agri-Food Canada.

The NFPC is headed by a Chairperson and is composed of up to nine council members including the Chair appointed by the Governor in Council. At least half of them must be primary producers at the time of their appointment. NFPC's operations are supported by approximately 20 FTEs (full-time equivalents).

¹ For an electronic version of the survey visit our website or for a hard copy please contact NFPC's office.

3. History of the Supply Management System and NFPC



In the 50s and 60s, the Canadian poultry and egg industries were subject to very unstable markets, volatile prices and unstable farm income. In spite of provincial marketing plans, these industries were still faced with instability, fuelled by unpredictable imports and conflicts between provinces over their respective market shares.

In the early 70s, the poultry and egg supply management system was developed as a result of joint action by provincial and federal governments.

Established via cooperation and collaboration between industry stakeholders, the supply management system aims to provide producers with adequate returns and ensure that Canadian consumers have access to sufficient quantities of the regulated products. It relies on three “pillars”:

- * **Domestic production quotas**
- * **Import controls**
- * **Price setting**

The system is managed by the national marketing agencies which determine a national production level which is then allocated to member provincial marketing boards. The provincial marketing boards then allot the quota among individual producers with a view to controlling production and maintaining stable producer prices within their respective jurisdictions.

National marketing agencies also implement marketing plans, allocate quota and generate revenues for their operation via levy collection systems. They are also involved in other activities that support their respective industries.

The NFPC was established to supervise the activities of these agencies as they are not subject to the *Competition Act*.

In 1993, the FPAA was amended to allow for the creation of national promotion research agencies which work towards expanding markets and increasing sales through generic advertising and promotion program, as well as research. They also provide industry members with increased knowledge about consumer preferences. These agencies are financed via producer levies and the Act allows them to collect levies on imported products.

4. NFPC's Mission, Vision and Values

Mission

NFPC's mission is to oversee the national supply management agencies for poultry and eggs and national promotion research agencies to ensure an efficient system that works in the balanced interest of stakeholders, from producers to consumers.

Vision

Our vision is to be a national leader by providing expertise and stimulating innovative thinking and solutions.

Values

Communication

NFPC is committed to promoting a constructive and timely exchange of views amongst industry stakeholders to foster a supply management system based on cooperation and reflective of the spirit upon which it was created.

Integrity

NFPC is committed to conducting its operations with honesty, transparency, as well as impartiality, with a view to serving the needs of Canadians.

Innovation

NFPC is committed to promoting creative thinking, adapting to changing needs through innovation and acting as a driving force to continuously improve efficiency and effectiveness both in its operations and the supply management system as a whole.

Professionalism

NFPC is committed to conducting its operations with fairness, courtesy and respect, be it with industry stakeholders or the general public. The NFPC will endeavour to always foster an internal culture based on competence, objectivity and excellence and in both official languages.

5. Strategic Context

The Canadian agri-food industry operates in a constantly evolving environment that is affected by international and domestic trends which have an impact on the operations of the national marketing and promotion research agencies. The following section attempts to outline some of these.

International Trends

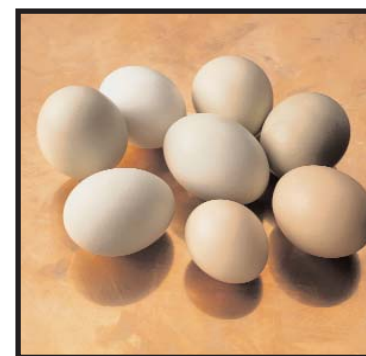
Demographic Changes

Throughout the world, demographic and economic growth is shifting towards new regions. In the coming years, China and India as well as the population and economies of other Asian countries will continue to grow more rapidly than those of Canada and the United States. Beyond their increased demographic weight, as a larger middle class emerges among these populations, so will their consumption of animal protein.

As Canada's overall agri-food industry relies heavily on exports, these new markets could represent new opportunities, especially for further processed products. However, capitalizing on these new markets could be difficult as other countries develop their own production capacity and as trade barriers are removed.

Food Prices

Production costs and food prices have increased due to a variety of factors. Most notably, grain and oil prices have had an effect on the Canadian poultry, beef and egg industries. Despite recent decreases, prices are expected to remain higher and exacerbate production costs in agri-food industries in the long-term. Adapting to such cost shifts will put added importance on research, innovation and productivity if the Canadian beef, poultry and egg industries are to remain competitive.



International Trade and Negotiations

As trade between countries increases with globalisation, so does the interdependence. Recent economic concerns both in the United States and other countries have had a significant impact for the Canadian economy.

Increasing imports of poultry and egg products and the possibility of increased market access for foreign products continue to pressure and challenge the Canadian poultry and egg industries and supply management system.

As World Trade Organization (WTO) negotiations on agriculture continue, the possibility of an agreement remains and is a major concern for poultry and egg industry stakeholders. When NFPC surveyed its stakeholders, 87% of respondents felt that trade liberalization would be "important" or "very important" in shaping the future of the Canadian agri-food industry.

Domestic Trends

Demographic Changes

Canada's aging population and low birth rate limit how much consumption of beef, poultry and egg products can be increased on the domestic market. However, the Canadian per

capita consumption of these remains below that of the United States which may indicate that it has not yet been fully capitalized.

Consumer Preferences, Values and Perceptions

The preferences of Canadian consumers are evolving. An older population with more disposable income will likely lead to increased demand for processed or specialty and healthy products. Also, as the visible minority population increases, there is a growing demand for the poultry, beef and egg industries to cater to new needs and preferences.

Furthermore, when making purchasing decisions Canadian consumers do not merely look at the product itself. They take into consideration the practices and processes that led to its production. They expect the Canadian poultry, beef and egg industries to produce an abundant supply of safe and healthy food using practices that respect the environment. Consumers also attach an increasing degree of importance to animal welfare. Stemming in part from pressures in the United States and Europe by animal rights groups, this trend has begun to impact Canadian industries and will continue to do so in the coming years. Such holistic considerations also lead to the creation of new niche markets (organic, free range, grain fed) and a demand for specialized products which the industries will need to address.

It is interesting to note that while consumers are more focussed on food safety and the possibility of food born diseases, chicken and turkey meat are also perceived as the healthiest choices among animal protein sources. This represents both a challenge and an opportunity which can be capitalized by the Canadian poultry industry.



Supply Managed Industries Structure

The structure of the Canadian poultry and egg industries today is very different from what it was when the supply management system was created.


The supply managed industries are becoming more concentrated at the production, processing, further processing and retail level. Operations are also more vertically integrated and the “small farm” model is less common. This trend is also exacerbated by demographic factors. Canada’s population is aging, along with the average age of farm operators, making issues of succession increasingly important. These trends are consistent with those found in the United States although the average operation size in Canada remains generally smaller than those found south of the border.

Furthermore, the relative economic importance of the different stakeholders has changed along with the population distribution and, consequently, the domestic market distribution amongst provinces. These changes are pressuring the system to become more flexible and open to accommodate the increased interdependence amongst stakeholders. Fostering collaboration and a “whole of industry” view of the supply management system will thus continue to be a significant challenge for stakeholders, national agencies and NFPC.

Governance and Accountability

Over the past years, there has been a growing commitment by the federal government to meaningful, result-based management as opposed to simple program delivery. This has led to an increased emphasis being put on governance, performance measurement reporting as well as accountability to enable the government to demonstrate to its citizens how they are delivering results for them.

This increasing need to report on activities, measure performance and demonstrate



accountability has and will continue to put pressure on the NFPC as well as the agencies it supervises to improve transparency, sound governance and accountability.

6. NFPC's Strategic Priorities

Supply management, promotion and research have proven to be efficient tools to help support farming and the overall agri-food industry. However, these tools, which are controlled by industry-led organizations, need to be well-managed in order to:

- ❖ Ensure stability and appropriate returns to producers.
- ❖ Ensure that the system works in the balanced interest of stakeholders, from producers to consumers.
- ❖ Ensure that the system has the flexibility to meet current and future challenges and issues as these tools evolve in an open environment with competition for scarce resources.

The NFPC was established to support the national agencies which also have the objective of ensuring the future sustainability of the industry.

In the summer and fall of 2008, NFPC consulted with its partners and industry stakeholders to obtain their views on its performance as well as future strategic directions. From these consultations, two messages emerged:

- ❖ The need for more communication, cooperation, collaboration and coordination.
- ❖ The need for NFPC to be more proactive and involved in order to better support the work of national agencies in the management of the system as well as to act as a neutral and impartial expert organisation in providing the appropriate information necessary to resolve disputes before positions become entrenched.

With this in mind, along with current trends and issues affecting the supply management system, NFPC established six strategic priorities. This section outlines each priority, the objectives it seeks to achieve, the strategies it will employ to achieve them and the results it expects to obtain.

1) Governance Within NFPC and the Decision Making Process

The NFPC must be seen as a national leader which operates in a transparent and accountable manner. Furthermore, its role and relationship with the agencies it supervises needs to be clarified. In light of a recent federal court decision² and NFPC's stakeholder survey results, the scope of Council's duties and powers needs to be well understood not only by its members, but also national agencies and other industry stakeholders.

As corporate bodies created by the federal government, national agencies also need to operate transparently. Information and the processes used to make agency decisions that affect industry stakeholders need to be known and well understood by all those affected.

Objective: Improve Governance and the Decision Making Process Within NFPC

Strategy

Council will improve its decision making process, ensuring that its decisions concerning agency operations are made in the balanced interests of all stakeholders. Council will clearly define its oversight role with the national agencies as well as engage stakeholders on issues of governance to ensure that the system works in a transparent and accountable manner. This will be done in close consultation with agencies, industry stakeholders and provincial supervisory boards.

² Leth Farms Ltd., Wheatland Select Organic Turkey Ltd. and Arnold Leth v. The Attorney General of Canada and Canadian Turkey Marketing Agency, 2007 FCA 49

Expected Results

- ❖ Council decisions are credible.
- ❖ Agencies operate in a well understood and transparent context.
- ❖ Council's operations are conducted in a transparent manner.
- ❖ Client service is improved.

2) NFPC's Knowledge Base and Expertise

In order to provide expertise and propose innovative solutions to the agencies it oversees, Council members and staff must have a thorough knowledge of the policies and operations of the agencies as well as the capacity to review, analyze and evaluate issues using a broad perspective.

Objective: Improve NFPC's Knowledge Base and Improve Capacity to Provide Expertise to Influence Solutions

Strategy

NFPC will undertake various activities in the areas of training and development for both Council members and staff which will enhance NFPC's knowledge base and affirm the Council's reputation as an expert group. NFPC will also seek advice from outside experts to act as neutral third parties when deemed necessary. Furthermore, where appropriate, NFPC will undertake knowledge sharing activities with other industry stakeholders.

Expected Results

- ❖ Council members and staff have the appropriate knowledge, abilities and experience to render sound decisions and provide expertise to the national agencies.
- ❖ Council is acknowledged for its expertise.

3) Interaction with Stakeholders

Council needs to take a leadership role in creating a better understanding and collaboration between NFPC, industry and provincial governments.

NFPC must assist industry partners in resolving issues of mutual concern and foster better working relationships. NFPC must also work more collaboratively with the provincial government supervisory bodies that have a vested interest in the sustainability of the supply management system. The efficiency of the supply management system relies heavily on the quality of the coordination between federal and provincial governments.

Objective: Improve Interaction with Industry Stakeholders and Provincial Governments

Strategy


In order to improve cooperation, coordination and collaboration with industry and government stakeholders, Council will increase opportunities for discussions and debate on issues that affect the industries that it supervises. NFPC will also seek to coordinate and collaborate more closely with other members of the National Association of Agri-Food Supervisory Agencies (NAASA) and foster information sharing.

Expected Results

- ❖ The various concerns and positions of stakeholders will be better understood.
- ❖ The efficiency of the supply management system will be improved.

4) Dispute Resolution

The Council has a duty to make inquiries into complaints made by persons directly affected by a decision of a national agency. Traditionally, Council dealt with complaints by convening a public hearing involving written submissions and oral argument. This process was ineffective, time consuming, expensive and many stakeholders felt that Council did not possess the necessary powers to direct agencies to take remedial actions. Consequently, in 2005, Council developed a series of alternative dispute resolution processes to offer to complainants.



The NFPC's survey of stakeholders indicated that many respondents would like to see improvements to Council's handling of complaints and indicated that the NFPC should take more of a leadership role in resolving disputes. The Council thus needs to review its current practices with regards to complaint resolution.

Objective: Improve Dispute Resolution Mechanisms and Efficiency

Strategy

Council will undertake a review and evaluation of past and current practices used in dispute resolution to assess their value in terms of assisting parties to resolve disputes with a view to create a "toolbox" of the most efficient and effective processes. Council believes that by playing a more proactive role, it can assist agencies by providing the direction or interpretation needed.

Expected Results

- ❖ The number of complaints against decisions of the national agencies is reduced over time.

5) Promotion Research Agencies

In 1993, the FPAA was amended to allow for the creation of promotion research agencies. This part of the legislation should be promoted to producer and other agri-food industry associations as a useful tool to enable them to implement promotion and research programs that will contribute to a more competitive and market responsive agri-food sector.

Consumers also benefit from education and information programs and from the results of research which can include value added products and improved industry efficiency.

Objective: Develop and Circulate Information on Promotion Research Agencies

Strategy

Council will undertake a number of activities to improve the quality and quantity of information available for groups interested in establishing promotion research agencies. Council will also work with its provincial counterparts to assist producer and other agri-food industry associations in the establishment of such agencies.

Expected Results

- ❖ Information is readily available to groups or persons interested in establishing a promotion research agency.
- ❖ Increased availability of information, encourages farm product groups to establish promotion research agencies.

6) Communications

Timely and efficient communications are instrumental to the functioning of the supply management system. The NFPC must ensure that industry stakeholders have access to the information they need to contribute effectively to the management of the system and agency operations in a format which suits their needs.

Objective: Improve Communications

Strategy

The Council will undertake a number of activities and projects to increase its communications capacity with our stakeholders and to promote the timely exchange of views and information.

Expected Results

- ❖ Council's operations are well understood by stakeholders and seen as transparent.
- ❖ Information updates are routinely provided to our industry partners and stakeholders.