



Regulatory Barriers Impeding the Competitiveness of Ontario's Food and Beverage Processing Industry

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Alliance of Ontario Food Processors Priority Issues

In 2008 the Alliance of Ontario Food Processors, with support from OMAFRA commissioned the George Morris Centre to undertake an in depth look at the regulatory barriers impeding the competitiveness of Ontario's food and beverage processing industry. The completed report, based on interviews with individuals and focus groups from a broad cross-section of the industry, detailed a number of regulations and policies that were seen as impediments to the competitiveness of the industry. These regulations are from all levels of government – federal, provincial, municipal. While a significant inventory of regulatory barriers has been developed, our focus will be on those regulations mandated by the provincial government.

The results of the research also indicated that there are two very distinct avenues to be addressed – regulated marketing and secondly, regulatory challenges across a number of jurisdictions.

Regulated Marketing Reform:

Regulated marketing is AOFP's number one priority for change. In order to build a healthier industry, respond to changing customer and consumer needs and expectations, and develop true industry partnerships, it is imperative that the system be reformed to keep pace with the environment in which the sector operates. The current regulated marketing system is outdated, producer dominated and is not focused on the value chain – the impact is lost business opportunities for Ontario's agri-food sector.

Ontario's food and beverage processing industry has come together collectively to ask for change to the regulated marketing system; and the request is straightforward and reasonable: processors want to be involved in decisions that impact their business. It is not about dismantling regulated marketing, it is not anti-farmer and it is not about lower farm prices. Processors generate jobs, investment and are a significant contributor to the province's economy and yet they are bound by the unilateral decision-making authority of producer marketing boards – a reality seriously undermining the processors ability for long term stability, job creation and investment.

If we want to stay competitive as a jurisdiction then we need to look at doing it better. Accordingly, the George Morris Centre Report affirms *"It is interesting to note that Canada's competitors have either avoided or abandoned marketing systems that concentrate power in one component of the supply chain. With respect to innovation and research Holland, Denmark, Australia and New Zealand have all opted for systems with direction from 'commissions' that represent the entire chain and that share decision making power among market participants. The industries in Ontario also point to the Ontario Broiler Hatching Egg & Chick Commission membership requirements as an example that works far better for the overall health of the industry."*

The benefits of implementing a value chain approach will be to strengthen the partnership between producers and processors resulting in enhanced value chain co-ordination, less government intervention and, to drive strategies to promote consumption, innovation, efficiencies and competitiveness ultimately resulting in growth for the sector as a whole. As a major contributor to the province's economy and jobs, a stronger agri-food sector will also strengthen the Ontario economy.

In order to move forward, the following actions are recommended:

- Farm Products Marketing Commission to immediately establish a Task Force comprised of producers, processors and supported by OMAFRA (government to determine how they would like to participate)
- Farm Products Marketing Commission to appoint a Chair
- Task Force to oversee research that would:
 - Provide a better understanding of how decision-making systems function in other jurisdictions
 - Conduct a review and analysis of the current marketing board structure (economic, social, etc.)
 - Undertake consultations with industry
- Based on research and consultations the Task Force would develop options for a system that would provide for joint decision-making authority for producers and processors on matters that affect the industry
- Further industry consultation on options
- Task Force to make a recommendation to the Farm Products Marketing Commission who would in turn make the recommendation to the Minister
- Final recommendations by the end of 2009

Other Regulatory Challenges:

The research highlighted a number of very specific regulations across all Ministries and at all levels of government that were seen as impediments to the competitiveness of the industry. AOFP is not in a position to prioritize one regulation over another as these are all very commodity focused and as such, are very important to those specific commodities. However, the AOFP can be the catalyst for an enhanced communication process between the food and beverage processing sector and government. An ongoing communications process would involve:

- AOFP request to meet quarterly with the Deputy and other Ministry staff to develop an enhanced communications platform that would:
 - develop effective communications where more specific issues can be addressed
 - ensure that industry is part of the consultation process and is in the loop of regulatory and policy initiatives from OMAFRA and other Ministries
 - develop strategies to address provincial regulatory impediments
 - ensure that new regulations, policies and programs have had a thorough review of their impact including economic and environmental
- A champion be appointed that would drive regulatory modernization and industry would be linked to this process
- A requirement that all proposed regulations, policies and programs or about proposals to change or eliminate existing ones be posted on the Regulatory Registry and that they be posted to provide time for meaningful feedback – a process similar to the Environmental Bill of Rights