



MAR 29 2018

Quote: 238542

Mr. Patrice (Pat) Finnigan, MP
Chair
Standing Committee on Agriculture and Agri-Food
House of Commons
Ottawa, Ontario, K1A 0A6

Dear Mr. Finnigan,

Pursuant to House of Commons Standing Order 109, I am pleased to provide you with a copy, in both official languages, of the Government Response to the recommendations of the Tenth Report of the Standing Committee on Agriculture and Agri-Food entitled *A Food Policy for Canada*, which was presented in the House of Commons on December 11, 2017.

The Government would like to thank the members of the Committee, and the witnesses who appeared before it, for their insight and commitment toward supporting the development of Canada's first federal food policy.

Addressing food-related issues is of particular importance to Canada in the face of climate change and a growing world population. Our agriculture and agri-food sector is vitally important to helping Canada address some of the issues identified in the Report.

A Food Policy for Canada will set a long-term vision for the social, health, environmental, and economic goals related to food, while identifying actions Canada can take in the short-term. It will address issues related to the production, processing, distribution and consumption of food. By working together and taking into account the many actors involved in Canada's food system, including farmers, processors, retailers, consumers, academia, non-governmental organizations, and all orders of government, we will create a food policy that helps grow the Canadian economy, improve Canadians' access to nutritious and safe food, improve health and food safety, and protect our environment.

The Government of Canada is making great strides toward addressing issues identified in the Committee Report through the initiatives identified in the Response. On behalf of the Government, I would like to express my appreciation for the efforts of the members of the

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Mr. Patrice (Pat) Finnigan, MP

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Committee and its staff for preparing the Report, which I believe will make an important contribution to the development of *A Food Policy for Canada*. Please find enclosed a copy of the Government Response to the recommendations of the Report.

Sincerely,

A handwritten signature in blue ink that reads "Lawrence MacAulay". The signature is written in a cursive style with a large, stylized initial "L".

Lawrence MacAulay, PC, MP

Enclosure

GOVERNMENT RESPONSE TO THE TENTH REPORT OF THE STANDING COMMITTEE ON AGRICULTURE AND AGRI-FOOD ENTITLED: A FOOD POLICY FOR CANADA

The Government of Canada is pleased to respond to the Tenth Report of the Standing Committee on Agriculture and Agri-Food (the Committee) entitled: *A Food Policy for Canada* (the Report).

The Government commends the members of the Committee, and the witnesses who appeared before it, for their efforts to support and inform the development of *A Food Policy for Canada*, Canada's first federal food policy. The Government considers the Committee's hearings and Report to be important sources of input into the development of the food policy.

The development of *A Food Policy for Canada* has focused on four broad themes relating to increasing access to safe and nutritious food; improving health and food safety; conserving our soil, water, and air; and growing more high-quality food. The Government recognized the need to hold thorough and inclusive consultations to obtain input from a wide range of stakeholders and Canadians with interests and expertise in different food-related topics. The food policy will establish a long-term vision for the economic, health, social and environmental goals related to food, while identifying actions we can take in the short-term.

Canadians and stakeholders have responded passionately on priorities for the food policy. We heard from almost 45,000 participants through an online survey; engaged with individuals at a national food policy summit in June; and held six regional engagement sessions across the country in Charlottetown, Prince Edward Island; Saint-Hyacinthe, Quebec; Vancouver, British Columbia; Yellowknife, Northwest Territories; Guelph, Ontario; and Winnipeg, Manitoba. In addition, there were 29 Member of Parliament-led town halls; 28 community-led engagement events; three self-led engagement events by National Indigenous Representative Organizations; and more than 90 written submissions. We engaged far and wide to hear from Canadians about what matters most to them when it comes to food.

Many of the topics and ideas discussed in the consultations are reflected in the Committee Report, including general support for the four themes used to guide engagement. The Report produced by the Committee will be considered, in conjunction with what we have heard throughout consultations, during the development of the food policy.

The Government of Canada has several existing initiatives that address some of the health, environmental, social and economic concerns related to food, which were identified throughout consultations and in the Committee's recommendations. Examples of the federal government's efforts that help to address some of Canada's food-related issues include the *Nutrition North Canada* program, the *Healthy Eating Strategy*, *Safe Food for Canadians Regulations*, the five-year federal, provincial, territorial agricultural policy frameworks (*Growing Forward 2* and the recently announced *Canadian Agricultural Partnership*) and the *Canadian Poverty Reduction Strategy*. In addition, the Government of Canada is developing a *Canadian*

Poverty Reduction Strategy, to be released in 2018, that will set targets to reduce poverty and measure and publicly report on progress. The Strategy is expected to recognize the multidimensional nature of poverty, including issues related to food insecurity.

The next agricultural policy framework, the *Canadian Agricultural Partnership (CAP)*, is set to begin April 1, 2018, as the successor to *Growing Forward 2*. The CAP is a five-year, \$3 billion investment by federal, provincial and territorial governments to strengthen the agriculture and agri-food sector, ensuring its innovation, growth, and prosperity. The CAP programs will support the ability of farmers and food processors to grow, and produce and process more agri-food based products and will directly support the proposed theme of “growing more high quality food.” The CAP is also the main vehicle for Canadian agri-environmental policy and programming – primarily through research and innovation and support to producers to identify and address on-farm environmental risks and continually improve the environmental performance of their practices – and supports the environmental theme of the food policy.

The Response reflects a collaborative effort among federal departments and agencies including: Agriculture and Agri-Food Canada (AAFC), Atlantic Canada Opportunities Agency (ACOA), Canada Economic Development for Quebec Regions (CED), the Canada Mortgage and Housing Corporation (CMHC), the Canadian Food Inspection Agency (CFIA), Canadian Northern Economic Development Agency (CanNor), Crown-Indigenous Relations and Northern Affairs (CIRNA), Employment and Social Development Canada (ESDC), Environment and Climate Change Canada (ECCC), Federal Economic Development Agency for Southern Ontario (FedDev Ontario), Federal Economic Development Initiative for Northern Ontario (FedNor), Finance Canada, Fisheries and Oceans Canada (DFO), Global Affairs Canada (GAC), Health Canada (HC), Immigration, Refugees and Citizenship Canada (IRCC), Indigenous Services Canada (ISC), Innovation, Science and Economic Development Canada (ISED), Justice Canada, the Public Health Agency of Canada (PHAC), and Western Economic Diversification Canada (WD).

The Government appreciates the efforts of the Standing Committee and the contributions of witnesses, and recognizes the Report as a valuable source of input into the development of *A Food Policy for Canada*.

RECOMMENDATION 1

The Committee recommends that the Government recognize that Canadians have the right to adequate nutrition and that the Government of Canada align its policies to achieve this goal for all Canadians.

The Government supports in principle this recommendation. Canada recognizes the right to adequate food through our international legal obligations. Canada is a party to the *International Covenant on Economic, Social and Cultural Rights* and other international instruments which protect the right to adequate food. As a party, Canada must take steps to

the maximum of its available resources to progressively realize this right by all appropriate means. Many different federal, provincial and territorial laws and policies together serve to implement Canada's international human rights obligations.

The Government believes that it is important for Canadians to have access to adequate food. At the federal level the government has in place several programs which support the production, processing, distribution, and access to an adequate supply of nutritious food. For example, the federal government promotes the production of high-quality food through a suite of programs administered by Agriculture and Agri-food Canada (AAFC), headlined by the *Canadian Agricultural Partnership*. The federal government also supports the availability of adequate food through its support of critical transportation infrastructure (for example through funding for rail, ports, highways, and air transport), and the administration of retail food subsidies in isolated northern communities (*Nutrition North Canada*). Year-round access to affordable, safe and nutritious food is supported by free trade and trade facilitation agreements. Improved access to safe and nutritious food, as well as increased awareness, knowledge and skills related to healthy eating are promoted by Health Canada, the Public Health Agency of Canada, Indigenous Services Canada, and the Canadian Food Inspection Agency. Finally, the federal government supports nutrition directly through programs such as *Aboriginal Head Start*, *Canada Prenatal Nutrition Program*, the *Aboriginal Diabetes Initiative*, and *Nutrition North Canada Nutrition Education Initiatives*. The Government has several income guarantee and supplementation programs which target vulnerable groups and improve the ability of Canadians to afford basic needs, such as food. These include *Employment Insurance*, the *Canada Child Benefit*, the *Child Disability Benefit*, the *Goods and Services Tax/Harmonized Sales Tax Credit*, zero-rating of groceries for the purpose of *Goods and Services Tax/Harmonized Sales Tax*, *Old Age Security*, the *Guaranteed Income Supplement*, and the *Working Income Tax Benefit*.

The Government will continue to support progressive implementation of the right to adequate food as set out in the *International Covenant on Economic, Social and Cultural Rights*.

RECOMMENDATION 2

The Committee recommends that the Government implement measures to provide for an adequate supply of more affordable, safe, high-quality and nutritious food for Canadians, especially vulnerable populations in Canadian society, such as children, Canadians living in poverty, Indigenous peoples and those in remote and Northern communities.

The Government of Canada supports this recommendation. Under the *Food and Drugs Act*, Health Canada is responsible for the establishment of policies and standards relating to the safety and nutritional quality of food sold in Canada. This is done, in part, by developing regulations and guidelines that address the nutritional quality and safety of foods available for sale on the Canadian market, including nutritional composition issues, such as the addition of vitamins and minerals to foods.

The Government also recognizes that while the cost of food in Canada relative to income is comparatively low on a global scale, sufficient access to safe, nutritious and culturally appropriate food is lacking for many Canadians, including the vulnerable groups specified in the recommendation. During consultations on *A Food Policy for Canada*, Canadians identified food security as one of the highest priorities for federal action.

The Government helps Canada's agriculture and agri-food sector innovate, adapt, and make more food available for Canadians. For instance, the *Canadian Agricultural Partnership* (a \$3 billion federal, provincial and territorial policy framework set to launch April 1, 2018 and replace the current framework: *Growing Forward 2*), the *Dairy Farm Investment Program*, and the *Dairy Processing Investment Fund*, will all help producers and processors improve productivity. Federal, provincial and territorial cost-shared Business Risk Management programs also allow otherwise efficient producers to remain viable and continue to produce after periods of severe losses beyond their control.

The Government has taken steps to improve the income security of Canadians. Income guarantee and support programs improve the ability of individuals to afford basic needs, including high-quality nutritious food. Examples of these income support programs include: *Employment Insurance* (over \$19.2 billion in federal funding in 2016-17); the *Canada Child Benefit*; the *Child Disability Benefit*; *Canada Pension Plan Disability* (over \$4.4 billion in federal funding in 2016-17); the *Goods and Services Tax/Harmonized Sales Tax Credit*; *Old Age Security* (over \$48.3 billion in federal funding in 2016-17); and the *Working Income Tax Benefit*. Regarding the *Canada Child Benefit*, in the Fall 2017 Economic Statement, the Government announced that the benefit will be indexed beginning in 2018 to ensure that it will continue to support Canadian families and reduce child poverty.

For isolated northern communities, there are currently several Government measures in place to improve access to affordable, safe, high-quality, and nutritious food. The Government will continue to provide and update the *Nutrition North Canada* food subsidy program, which helps to make perishable, nutritious food more accessible and more affordable than it otherwise would be to residents of all isolated northern communities without year-round surface (road, rail, or marine) access. Through the co-development of the *Arctic Policy Framework*, the Government is also working with key partners to address a variety of pressing issues that have an impact on food security in isolated northern communities, such as infrastructure, the environment, and socioeconomic conditions. The Government also supports community directed and designed programming that addresses local priorities. The *Aboriginal Diabetes Initiative*, for example, includes support for regional and community-led food security planning for First Nations and Inuit communities to determine how best to address their food security needs and to improve access to and availability of healthy food.

RECOMMENDATION 3

The Committee recommends that the Government support the implementation of initiatives to combat food insecurity in Indigenous and northern communities by reviewing the *Nutrition North Canada* program.

The Government supports this recommendation. The purpose of the *Nutrition North Canada* program is to help alleviate the high cost of shipping healthy food by air to isolated northern communities, and includes activities to encourage nutritious eating. The objective of the program is to make perishable, nutritious food more accessible and more affordable than it otherwise would be to residents of isolated northern communities. On May 30, 2016, the Minister of Indigenous and Northern Affairs and the Minister of Health announced a public engagement process intended to canvass the views of Northerners, Indigenous organizations, and other partners on how to further improve the *Nutrition North Canada* program so it works better for Northerners in a more cost-effective manner. Concluded on December 9, 2016, the public engagement process included community meetings, stakeholder interviews and surveys, and written submissions.

Following the public engagement process, a *What We Heard* Report was developed and posted on the program website. A stakeholder meeting was also held in May 2017 with representatives from 14 Indigenous organizations, provinces and territories, retailers and suppliers, airlines and other key stakeholders to discuss how best to advance adjustments to the program in the short-term. The meeting also marked the official launch of the *Nutrition North Canada Indigenous Working Group*. The working group includes fourteen national and regional Indigenous organizations, and is working alongside program officials to co-develop options that will help make the program more meaningful and more relevant for Northerners, while keeping it on a sustainable path. This partnership is critical in reviewing the *Nutrition North Canada* program so that it better suits the needs of Northerners.

Food security is a complex issue shaped by diverse factors, and no single government or organization has the mandate, resources and capacity to address it alone. The Government of Canada is committed to working with all partners to address northern food security.

RECOMMENDATION 4

The Committee recommends that the Government provide support for the growth and development of local and regional agriculture.

The Government supports this recommendation. Agriculture is important to the economic, social, and cultural fabric of many communities across Canada. The Government recognizes this, and the important role regional and local producers play in ensuring Canadians have access to safe, high-quality locally produced food, that address the unique food preferences of communities across the country. Government expenditures in support of the agriculture and agri-food sector have declined over the past decade, with the strong performance of the sector

contributing to that trend. Total government expenditures in support of the agriculture and agri-food sector are estimated at \$5.4 billion for the 2016-17 fiscal year (\$2.7 billion from the federal government and \$2.8 billion from provincial governments). Strong prices, especially for grains, have helped push market receipts to higher levels in all provinces. There is some regional variation in government support as a share of agricultural gross domestic product (GDP). In the 2016-17 fiscal year, government support as a share of agricultural GDP was the lowest in British Columbia (13.2 per cent), but the highest in the Prairies (30.4 per cent) and the Atlantic (29.1 per cent). The contribution of agriculture (1.1 per cent) and agri-food (1.7 per cent) to domestic GDP has been fairly constant over the past decade, although GDP contribution has increased in absolute terms.

In Canada, agriculture and agri-food is a shared jurisdiction between the federal, provincial and territorial governments, with local and regional agriculture falling largely under the purview of provincial and territorial governments. While provincial and territorial governments are best positioned to support local and regional agriculture, the Government also supports the growth and development of regional agriculture and agri-food through a range of programs and support services offered by Agriculture and Agri-Food Canada (AAFC), Innovation, Science and Economic Development Canada (ISED), and Regional Development Agencies.

The federal government works closely with provincial and territorial partners to support initiatives that may help advance the agriculture and agri-food sector. For example, in the context of supporting local and regional producers, the new *Canadian Free Trade Agreement*, which came into force on July 1, 2017, is a positive step in opening the Canadian market to local farmers and providing consumers with access to more Canadian agriculture and agri-food products. Additionally, the next five-year \$3 billion federal, provincial and territorial agricultural policy framework, the *Canadian Agricultural Partnership (CAP)*, is scheduled to launch in April 2018, as the successor to *Growing Forward 2*. A portion of the framework will include \$2 billion in cost-shared programming with provinces and territories, of which a key feature is the flexibility to design and implement programs, allowing provinces and territories to meet the unique needs of their stakeholders, while advancing the shared vision of CAP. CAP will also feature new programs to facilitate regionally specific solutions to agriculture and agri-food issues. This will be complemented by the network of five Departmental Regional Offices currently representing AAFC at the regional level, further helping to grow a competitive, innovative and sustainable agriculture and agri-food sector across Canada.

ISED and the Regional Development Agencies also contribute to supporting the growth and development of regional agriculture and food:

- Within the framework of Canada's New Tourism Vision, ISED, in collaboration with AAFC, is working to develop options for a strategy to grow the culinary tourism sector. In this effort, the departments are investing \$59,000 in total between 2017 and 2019. The objective of these efforts is to make Canada a destination of choice for international travelers seeking world-class culinary experiences.

- Atlantic Canada Opportunities Agency (ACOA) provides support to help grow food sector industries in Atlantic Canada by investing in product and export development, innovation, marketing and training.
- In collaboration with sector stakeholders, Canada Economic Development for Quebec Regions (CED) supports agri-food industry projects (inclusive of the fishing sector) focused on innovation, the adoption of clean technologies and more inclusive growth, including in Indigenous communities.
- The Canadian Northern Economic Development Agency (CanNor) has provided funding in support of the northern fisheries, agriculture, and country food sectors through its *Strategic Investments in Northern Economic Development Program*, and its *Northern Aboriginal Economic Opportunities Program*.
- Since 2009, the Federal Economic Development Agency for Southern Ontario (FedDev Ontario) has provided funding to projects that have supported firms, innovative technologies, and productivity in southern Ontario's agri-food sector.
- The Federal Economic Development Initiative for Northern Ontario (FedNor) supports local and regional agriculture in Northern Ontario through funding agri-food initiatives and promoting the development of food strategies and plans. In 2016-17, FedNor approved \$3.2 million in support of these activities. Western Economic Diversification Canada (WD) supports the development of local and regional agriculture by funding agri-food projects in Indigenous communities and investing in regional food processing centres across Western Canada.

RECOMMENDATION 5

The Committee recommends that the Government help implement initiatives, such as a federal, provincial and territorial recognition protocol for animal care, that bring producers and consumers closer together in order to strengthen and maintain public trust.

The Government supports this recommendation. Canada's agricultural sector is one of the most respected in the world thanks to its effective regulatory regime coupled with its efficient voluntary based approach to industry-led assurance systems. In 2002, Agriculture and Agri-Food Canada (AAFC) initiated stakeholder consultations that led to the creation of the *National Farm Animal Care Council* (NFACC). The Government continues to make funds available to national industry initiatives related to animal care, enabling the NFACC to coordinate stakeholder development and updating of on-farm animal welfare Codes of Practice for implementation by producers across Canada. To date, 16 animal welfare Codes of Practice have been developed, many of which are now referenced in provincial and territorial regulations and legislation for the purpose of protecting on-farm animal welfare. To support on-farm implementation of the NFACC Codes, the Government also funds projects to develop on-farm animal care assessment programs.

The Government further supports producers in their effort to earn and maintain public trust with programs that help the development of third-party assurance mechanisms, including voluntary recognition protocols. Additionally, funds are being made available to the NFACC to

work with producer organizations, scientists and others to facilitate the development of a multi-species *Transportation Code of Practice* to complement federal regulations related to animal transport.

Public trust is a priority under the *Canadian Agricultural Partnership*, a five-year federal, provincial, and territorial policy framework. The public trust approach will be based on enabling the development and implementation of industry-led sector specific strategies and equipping industry with tools to manage risks and address challenges to public trust. This will also include facilitating dialogue that brings consumers, producers and their value chains, as well as provinces and territories, together to better position the sector to address market demands and continuously improve sector practices to meet social values.

RECOMMENDATION 6

The Committee recommends that the new food guide be informed by the food policy and include peer-reviewed, scientific evidence and that the Government work with the agriculture and agri-food sector to ensure alignment and competitiveness for domestic industries.

The Government of Canada supports this recommendation. The Government is working to ensure that Health Canada's *Healthy Eating Strategy* complements the Agriculture and Agri-Food Canada (AAFC)-led *A Food Policy for Canada*, which, through the examination of the production, distribution, and consumption of food, is meant to address social, health, environmental, and economic goals.

Canada's Food Guide is an important evidence-based policy vehicle that provides healthy eating guidance to Canadians and underpins policies and programs across Canada. Health Canada is committed to ensuring that the Food Guide remains evidence-based and linked to public health priorities. This is why, as part of the *Healthy Eating Strategy*, current work to update *Canada's Food Guide* is considering the best-available evidence to support the health of Canadians, recognizing the importance of understanding the totality of the evidence base.

Health Canada has established a robust evidence review process, which includes consideration of high-quality, peer-reviewed, systematic reviews and reports from leading scientific organizations and governmental agencies and ongoing monitoring of the most recent data on healthy eating. The Department is also considering input from stakeholders, experts and the general public to ensure that new guidance and supporting resources are relevant and useful to Canadians. Canadians can feel confident that health recommendations are based on the best scientific evidence.

The Government also recognizes the importance of competitiveness of the agriculture and food sector. It will support the sector evolving in response to the *Healthy Eating Strategy* and other elements of *A Food Policy for Canada*. In 2016, the agriculture and agri-food system generated \$111.9 billion of gross domestic product (GDP) and accounted for 6.7 per cent of Canada's total GDP. It also employed approximately 2.3 million people, representing more than 12 per cent of

Canadian employment in 2016. By including “growing more high-quality food” and “improving health and food safety” as two of the four proposed themes of *A Food Policy for Canada*, the Government recognizes the need to encourage expansion and innovation in the agri-food sector to provide healthier food choices to Canadians.

The Government of Canada recognizes that any shift in market demand can be challenging for the agriculture, agri-food and other food processing industries; however, *A Food Policy for Canada* would provide an opportunity for the health, environment, and agriculture sectors to work together to promote common goals. The Food Guide recommendations can inform thoughtful agricultural policy and programs that help achieve mutual objectives. AAFC will continue to engage industry to look at ways to mitigate economic impacts and maximize benefits as a result of any shift in demands for healthier food.

RECOMMENDATION 7

The Committee recommends that the Government invest in awareness campaigns and education about healthy eating in order to improve the overall health of Canadians and reduce health care costs.

The Government of Canada supports this recommendation. Healthy eating is a key factor in maintaining a healthy body weight and reducing the risk of chronic disease. However, many Canadians do not follow a healthy pattern of eating. Poor diet is a primary risk factor for obesity and many chronic diseases, which has a significant impact on the health of Canadians and on the health care system.

Health Canada’s *Healthy Eating Strategy* includes education and awareness components, in particular to help Canadians understand and use the new *Canada’s Food Guide*, as well as improvements to food labels.

While education and awareness campaigns are important, a comprehensive approach to help Canadians eat healthier is necessary, including putting healthier, high quality food on the tables of families across the country. With this in mind, the *Healthy Eating Strategy* uses multiple levers, both regulatory and non-regulatory, such as restricting the marketing of unhealthy foods and beverages to children; updating nutrition labelling; providing new front-of-package labelling information; and reducing nutrients of public health concern from the food supply (e.g., sodium, trans fat) to help make the healthy choice the easy choice for Canadians. The Strategy also complements the objective of *A Food Policy for Canada* to improve health and food safety, by promoting safe and nutritious food choices and increasing food literacy.

Given that food literacy is the ability of an individual to be aware of and understand food in a way that supports a positive relationship with it, supporting Canadians to develop such knowledge and skills can help improve their overall nutrition and related health outcomes. The Government of Canada has several food literacy programs or initiatives in place which are targeted to improving food literacy. For example, the Government funds and supports the

delivery of retail and community-based nutrition education activities in 121 mostly Indigenous, eligible isolated northern communities to increase knowledge of healthy eating and develop skills in selecting and preparing healthy foods through *Nutrition North Canada Nutrition Education Initiatives*. Other food literacy initiatives are being implemented through the *Multi-sectoral Partnerships to Promote Healthy Living and Prevent Chronic Disease Program*. These include: *Farm to School: Canada Digs In!*, *Kid Food Nation* and *Food Fit*. Through community-based multisectoral interventions such as these, the Government is supporting the goal of improving the overall health of Canadians and containing health care costs.

RECOMMENDATION 8

1) The Committee recommends that the Government support the Canadian organic sector by providing ongoing funding for the Canadian Organic Regime.

The Government supports in principle this part of the recommendation. The Government recognizes the importance of the Canadian Organic Standards, which is why on January 26, 2018 Agriculture and Agri-food Canada announced that it will provide \$250,000 to cover the essential costs related to the 2020 update of these standards.

The Government has invested nearly \$20 million since October 2015 in support of the organic industry in terms of science and innovation, market development, and through the Organic Value Chain Round Table. Canada will continue to make similar funding available to the organic industry under the *Canadian Agricultural Partnership*, and will seek to further support the growth and competitiveness of the industry by funding projects aimed at improving or strategically aligning the various diverse sector stakeholders within the organic industry and by exploring options to support producers looking to transition to organic production.

2) The Committee also recommends that the Government support the growth of exports and ensure that the sector can meet the growing demand for organic products.

The Government supports this part of the recommendation. Canada's organic farmers are respected both domestically and around the world for supplying nutritious, sustainable and high quality products thanks in part to their industry's strong regulatory framework, which has helped to drive Canada's organic exports to over \$500 million annually, with room for future growth.

The Canadian Government supports the international trade of the Canadian organic industry through activities such as the modernization of federal regulations, the establishment and maintenance of organic equivalency arrangements to facilitate trade in organic products with other countries, and securing enhanced market access for agricultural products by addressing tariff and non-tariff barriers in key export markets.

This, combined with support for international promotion and potential support for transition to organic products, will demonstrate Canada's continued support for the growth of organics export capacity which is in line with Canada's goal of increasing agri-food exports to at least \$75 billion annually by 2025.

RECOMMENDATION 9

The Committee recommends that the Government streamline approvals of new biotechnology innovation, such as seeds and plant breeds.

The Government supports this recommendation. The Government remains committed to having a rigorous, science-based regulatory system in place to assess innovative ('novel') plant products, including those developed using modern biotechnology techniques. Health Canada assesses the safety of novel plant products for use as food whereas the Canadian Food Inspection Agency (CFIA) assesses the safety of these products for use as livestock feed and conducts environmental safety assessments. Canada's product-based regulatory system captures and assesses novel products based on their traits regardless of the method used to introduce the particular trait(s). This approach provides clarity and predictability for developers by subjecting novel products derived from biotechnology to the same level of oversight as other novel products.

CFIA and Health Canada are continuously exploring changes that can be made to maximize the efficiency and effectiveness of the regulatory system, while, at the same time, protecting human and livestock health and the environment. To this end, the CFIA and Health Canada have established an interdepartmental working group that focusses on increasing transparency and efficiency in the regulation and assessment of novel plant products. This group collaborates on specific priority projects each year. This working group's activities are typically well received by regulated parties and are viewed as improving efficiency for both the regulated party and the regulator. For instance, a project was undertaken to review the pre-submission consultation process. This is a voluntary process that allows proponents to ensure that their information package for a product of biotechnology contains the information required by CFIA and Health Canada before it is officially submitted for assessment. The goal of pre-submission consultation is to improve the predictability and efficiency of the regulatory assessment process and the overall quality of regulatory submissions. This review led to a revised process and clear industry guidance.

Canada's approach to regulating products of biotechnology provides a strong foundation for the Government of Canada's global efforts to advocate for the adoption of transparent, science-based regulatory systems that foster innovation and allow Canadian producers to seize international opportunities. Furthermore, the Government will continue its dialogue with industry to exchange ideas and information on emerging technologies through various fora, including the Agriculture and Agri-Food Canada Value Chain Roundtables.

RECOMMENDATION 10

The Committee recommends that the Government, in conjunction with all members of the supply chain, establish education tools and take action to reduce industry food loss and consumer food waste.

The Government supports this recommendation. There is evidence that the quantity of food loss and waste in Canada is significant, and Canada lags behind other developed countries in implementing national scale policies and strategies to address this issue. Action to reduce food loss and waste is required throughout the food supply chain and also by consumers – who generate a significant portion of the wasted food in Canada.

Environment and Climate Change Canada has begun to gather foundational information and identify opportunities for the federal government, in collaboration with provinces, territories, municipalities, non-governmental organizations and the food industry, to encourage the reduction of food loss and waste through the supply chain. In this regard, a number of federal departments including Environment and Climate Change Canada, Agriculture and Agri-food Canada, Health Canada, and Statistics Canada, have begun work in several areas including:

- improving the measurement of food loss and waste;
- improving consumer awareness of the issue; and
- examining government policies that have the potential to reduce food loss and waste.

Early work has been undertaken by collaborating departments to share foundational information and to identify opportunities to advance work within existing programs and resources as well as potential enhancements.

RECOMMENDATION 11

The Committee recommends that the Government continue and increase efforts and investments to assist the agriculture sector in continuing to reduce greenhouse gas emissions and to improve environmental practices, with an emphasis on conservation of soil, water, and air.

The Government supports this recommendation. The next agricultural policy framework, the *Canadian Agricultural Partnership (CAP)*, is set to begin April 1, 2018. Under these agreements, Agriculture and Agri-Food Canada (AAFC), together with provinces and territories, has supported efforts by producers to address a range of on-farm agri-environmental issues, including water quality, soil health and carbon sequestration, biodiversity, and water use efficiency. CAP will continue to advance efforts on agri-environmental priorities, including climate change mitigation and adaptation, to support a growing, profitable, and sustainable

sector. CAP will also be the main policy tool supporting the sector's contribution to the agriculture-related actions identified under the *Pan-Canadian Framework on Clean Growth and Climate Change*.

The Government is increasing its efforts and investments to assist the agricultural sector in continuing to reduce greenhouse gas emissions and to improve environmental performance. For instance, in Budget 2017, the Government committed \$70 million to further support agricultural discovery science and innovation, with a focus on addressing emerging priorities, such as climate change and soil and water conservation. Budget 2017 also provides \$200 million over four years, starting in 2017-18, for innovative clean technologies targeted to Canada's natural resource sectors, including agriculture. The *Agricultural Youth Green Jobs Initiative*, launched in 2016-17 and extended in April 2017 with an investment of up to \$5.2 million over two years, aims to attract youth to green jobs within the agriculture and agri-food sector. AAFC also renewed the *Agricultural Greenhouse Gases Program*, a commitment of \$27 million over five years (2016-21), to support research, development, and dissemination of new knowledge and technologies to help Canadian farmers reduce greenhouse gas emissions, adjust to climate change, and improve soil and water conservation.

RECOMMENDATION 12

The Committee recommends that the Government continue to support domestic growth in the regional agriculture and agri-food sector, as well as in the industries under supply management.

The Government supports this recommendation. Overall the supply management sector is doing well. By its nature, the main driver of supply management sectors is domestic consumption as export opportunities are limited by *World Trade Organization* commitments.

- The Canadian dairy sector is currently in a period of unprecedented growth. Starting in 2015, demand for milk, especially from high butterfat content products (such as butter and cream) surged. This is part of a trend in developed economies, where consumers have started to view milk as a natural product, and are buying more full fat dairy products such as butter and cream. For the period between 2013 and 2017, annual industrial milk production is projected to have increased by nearly 29 per cent.
- Chicken has historically shown the highest consumption growth among meats, based on sustained population increase and rising per capita consumption.
- Egg consumption in Canada, which stagnated in the more distant past, saw significant growth in the past decade and is projected to expand at a 1.6 per cent annual rate going forward. This growth is two-fold: increased use of table eggs, and expansion in the market for manufacturing or "breaker eggs" (eggs used in further processing). Consumption of breaker eggs increased by 21 per cent between 2012 and 2016 due to growing demand for prepared foods while table eggs consumption increased by 19 per cent in the same period. Both increases are driven by consumer perception of eggs as a convenient, low-cost source of protein.

Building on the strengths of each region, Agriculture and Agri-Food Canada (AAFC) works with the agriculture and agri-food sector to support regional and domestic growth all along the agri-food value chain. Federal, Provincial, and Territorial Ministers of Agriculture recently announced the *Canadian Agricultural Partnership (CAP)*, a five-year, \$3 billion investment by federal, provincial and territorial governments to strengthen the sector. CAP will feature new programs to facilitate regionally specific solutions to agriculture and agri-food issues, and strengthen the participation of women, youth and Indigenous people in the sector. Of the \$3 billion, \$2 billion will be cost-shared between the federal, provincial, and territorial governments. These CAP programs are to be designed and delivered by the provinces and territories, which ensures that programs are tailored to meet regional needs. In addition, AAFC has a network of five Departmental Regional Offices, further contributing to Departmental efforts for growth and development of a competitive, innovative, and sustainable Canadian agriculture and agri-food sector across Canada, including by ensuring regional stakeholders are aware of AAFC services and programs.

Canada's six Regional Development Agencies also support the growth and development of local and regional agri-food and agriculture across the country. The activities of each Agency are based on regional priorities. This includes promoting the development of food strategies and plans, with the ultimate goal of increasing access to affordable, healthy food, and increasing food security.

The Government of Canada supports the supply management system, chosen by dairy, poultry, and egg producers, which in turn has benefits that support regional agriculture and agri-food systems. These producers are key contributors to the local and regional economies, and by providing a predictable supply of products, they support the sustainability of many processing value chains that use supply-managed inputs. The system provides local farmers with fair returns and a healthy livelihood, while consumers benefit from a steady supply of high-quality, and often regionally produced, products at stable prices. For example, the milk, eggs and chicken that feed Canadian families are commonly produced in the province where they live, supporting regional development, creating local employment, and providing the opportunity to buy locally produced food. The Government of Canada will continue to defend and support the interests of supply managed sectors at home and on the international stage.

The Government of Canada supports investment opportunities in supply-managed industries that create jobs and introduce new technologies and innovative products to the market. For example, to help the dairy sector adapt to the anticipated impacts from the *Canada-European Union Comprehensive Economic and Trade Agreement*, the Government provided \$250 million for dairy farms and \$100 million for dairy processing plants to support their efforts to upgrade or modernize their operations. These initiatives aim to ensure a balanced regional distribution of funds across the dairy industry. The Government's support for the supply management system continues to develop strong Canadian farms, and contribute to food production and economic growth in regions across the country.

RECOMMENDATION 13

The Committee recommends that the Government continue to support domestic growth in the regional agriculture and agri-food sector, as well as the industries under supply management by ensuring that the outcomes of a renegotiated NAFTA do not erode the domestic market on which they rely.

The Government supports this recommendation. The Government fully understands the importance of the Canadian agriculture and agri-food sector to the Canadian economy. In 2016, Canada's agriculture and agri-food exports were \$56.0 billion (in domestic exports), \$62.6 billion with seafood, and the agriculture and agri-food system employed approximately 2.3 million people, representing over 12 per cent of Canadian employment. For this reason, advancing Canada's agricultural trade interests is a priority for the Government. With a set target of increasing Canada's agri-food exports to \$75 billion annually by 2025, the Government aims to advance all agriculture and agri-food sectors through the negotiation of comprehensive and ambitious free trade agreements (FTAs). Expanded market access will provide the Canadian agriculture and agri-food sector with opportunities to continue to grow.

The Government supports Canada's supply management system. This is the case in any FTA negotiation, including a renegotiated *North American Free Trade Agreement* (NAFTA). Over the years, Canada has successfully concluded ambitious FTAs with major trading partners, and pursued new ones, while maintaining the pillars of supply management. Canada will continue to defend this system domestically and internationally. Any proposal seeking the elimination of supply management is a non-starter for Canada. The Government consults closely with Canadian stakeholders from the agriculture and agri-food sector, and will continue to do so in all of its FTA representations including the NAFTA renegotiation process. Overall, Canada's goal is to make an already good NAFTA even better.

RECOMMENDATION 14

The Committee recommends that the Government continue to focus on export growth in Canada's agriculture and agri-food sectors, with a view to increasing Canadian agricultural exports to at least \$75 billion per year by 2025, and reducing barriers to export growth.

The Government supports this recommendation. In Budget 2017, the Government announced an ambitious target for the agri-food sector – to expand exports to \$75 billion in 2025 from the \$56.0 billion recorded in 2016 (\$62.6 billion including seafood). In this context, the agri-food sector includes primary production, food processing, aquaculture and fish and seafood. Over the past decade, Canadian exports have increased significantly, largely due to increased production and innovation adoption, favourable global prices, and growing demand, particularly in emerging economies. Recognizing the significant growth in exports that has occurred over the past decade, the Government of Canada will work to continue to capitalize on these trends and be an even stronger global competitor in the years to come.

In order to further promote export growth, the Government of Canada has invested heavily to ensure that industry has the tools, services, and support needed to increase exports to more markets across the globe. Through an ambitious trade agenda, the Government has provisionally applied the *Comprehensive Economic and Trade Agreement with the European Union*, concluded the *Comprehensive and Progressive Agreement for Trans-Pacific Partnership*, and is working towards modernizing the *North American Free Trade Agreement*, all of which aim to improve access to key markets for Canadian agri-food goods. The Market Access Secretariat, housed in the joint Canadian Food Inspection Agency (CFIA)-Agriculture and Agri-Food Canada (AAFC) International Affairs Branch, has been critical in opening, expanding, and maintaining market access to facilitate the trade of Canadian agriculture and agri-food products abroad. At the same time, exporters are supported by Trade Commissioners in key markets, who help them achieve their business objectives abroad. Similarly, the Government is active in advocating for and supporting a trading environment founded on science-based rules that provide the transparency and predictability required to encourage innovation and allow for Canada's exporters to seize export opportunities. By working closely with trading partners, Canada is seeking to address existing and potential barriers to trade resulting from regulatory differences.

Canadian agricultural exports rely on a secure and efficient transportation system to move products to market. To that end, the Government introduced Bill C-49, the *Transportation Modernization Act*, to support a transparent, balanced, efficient, and safe freight rail system that meets the long-term needs of system users and facilitates trade and economic growth for the benefit of all Canadians. In addition, the Government, through the *National Trade Corridors Fund*, has committed to invest \$2 billion over 11 years in trade and transportation-related infrastructure projects across Canada to address urgent capacity constraints and improve fluidity of the transportation network. Potential projects include those improving ports, waterways, roads, bridges, border crossings, and rail networks. Lastly, the *Canadian Infrastructure Bank* will also deliver at least \$5 billion for trade and transportation infrastructure projects. Together, these initiatives will help ensure that the Canadian agriculture and agri-food sector is able to grow and take advantage of increasing global demand for its products.

Canada's past export success cannot be taken for granted into the future, particularly in light of significant efforts that other countries are making to have more competitive agriculture and agri-food sectors. To this end, federal, provincial and territorial governments have agreed to the *Canadian Agricultural Partnership (CAP)*, which provides a strong foundation for Canadian success abroad – from innovation programming to business and market development services to enhancing public trust, and productivity improvements to enhance competitiveness. The CAP is a continuation of federal, provincial and territorial cooperation in the agri-food sphere and provides a unified, consistent, and predictable approach to supporting the sector for the next five years. In addition, Fisheries and Oceans Canada is seeking to enhance Canadian exports of fish and seafood products by addressing market access barriers to the fish and seafood sector as well as promote the development of the sector.

The Government has also established the Agri-Food Economic Strategy Table. The table is comprised of industry leaders that will set ambitious growth targets, identify sector-specific challenges and "bottlenecks," and lay out an actionable roadmap to achieve their goals. The agri-food table will be exploring key issues such as regulations, innovation, infrastructure, and market access. The final report of the table, expected in Summer 2018, will provide advice to governments and industry to ensure sustained growth and exports for the sector.

RECOMMENDATION 15

The Committee recommends that the Government not increase the financial burden for Canadians, making the cost of food more expensive, and for our farmers who rely on export markets and must remain competitive.

The Government supports this recommendation. Although retail food prices in Canada have been increasing in recent years, the strong growth in prices has been tapering off since mid-2016. Data from Statistics Canada indicate that retail food prices in Canada decreased by 0.1 per cent from January to November 2017 compared to increases of 1.7 per cent and 3.7 per cent for the same periods in 2015 and 2016, respectively.

Canada is one of the world's largest exporters of agriculture and agri-food products, with exports reaching \$56.0 billion in 2016, and with the addition of seafood, \$62.6 billion. The government has developed programs under the *Canadian Agricultural Partnership* (CAP) and is pursuing bilateral and regional trade agreements that will facilitate access to export markets for Canadian agricultural and agri-food products, helping ensure Canadian producers remain competitive.

A modern and responsive regulatory environment can protect the health and safety of Canadians, as well as encourage business innovation and investment; support public trust, facilitate trade and ultimately improve competitiveness of the sector. The Government of Canada is committed to reducing administrative burden costs, by means of the *Red Tape Reduction Act*, to better enable businesses to make needed investments in productivity and job creation.

The *Safe Food for Canadians Regulations* (SFCR) will increase the level of food safety by establishing consistent, prevention-focused requirements that would generally apply to food for human consumption (including ingredients) that is imported, exported, or interprovincially traded. Overall the SFCR will create significant benefits, including a reduction in food safety risk for consumers, a more level playing field for Canadian businesses, increased international and domestic regulatory alignment, sustained market access for Canadian exports, and provide businesses with the opportunity for innovation. It will also bring a consistent and more effective approach to inspection and oversight for food safety by the CFIA, and enhance Canada's reputation as a global food safety leader. The CFIA is in the final phase of the regulatory

process, which involves reviewing and analyzing stakeholder feedback on the proposed regulations. Final publication in the Canada Gazette, Part II is anticipated in Spring/Summer 2018.

RECOMMENDATION 16

The Committee recommends that the Government, in partnership with community groups and non-governmental organizations, invest in community-level action in the areas of innovative agriculture initiatives, food security, food literacy, and food loss and waste.

The Government supports this recommendation. A number of federal government programs support community-level action in priority populations while other programs and strategies currently under development are highly relevant to the recommendation.

During the consultations for the development of *A Food Policy for Canada*, support emerged for community-based solutions to food-related issues. The Government of Canada is currently exploring innovative approaches to local and community-based solutions that were discussed during the food policy consultations.

In addition, the Government of Canada is currently working with a diverse range of stakeholders to co-create a *Social Innovation and Social Finance Strategy* to support organizations within and across the not-for-profit, public, and private sectors to tackle persistent social challenges in new, innovative ways. It is expected that the Strategy will propose ways to enable community-based social innovation approaches that will lead to a real impact for vulnerable populations on issues ranging from homelessness, to food security, to poverty reduction. Recommendations for the Strategy are expected to be submitted to the Government by the Social Innovation and Social Finance Strategy Co-Creation Steering Group by June 2018.

Existing federal government programs help to meet community needs in the areas of agriculture initiatives, food security, food literacy, and food loss and waste. For instance, Public Health Agency of Canada (PHAC) programs support food literacy through healthy eating initiatives. Priority populations for these programs include: low socio-economic status (low income and education; inadequate housing; insecure employment), Indigenous women, children and families; and refugees or new immigrants. Examples include:

- *Aboriginal Head Start in Urban and Northern Communities*: A program including food and nutrition components. Core programming established in 1995, \$29.1 million/year ongoing and Strategic Fund established in 2005, \$3 million/year ongoing.
- *Community Action Program for Children*: A program including food and nutrition components, established in 1993, \$53.4 million/year ongoing.

- *Innovation Strategy: Achieving Healthier Weights in Canada's Communities: a program entirely focused on food and nutrition, established in 2009, current investment is \$3.5 million/year from 2017-2018 to 2019-2020.*
- *Multi-sectoral Partnerships to Promote Healthy Living and Prevent Chronic Disease: This program has allocated \$7.7 million for food literacy related initiatives since 2015 as part of broader efforts on healthy living and chronic disease prevention. While full implementation of these initiatives is anticipated to be completed by 2020-21, the program accepts new proposals for funding on an ongoing basis.*

RECOMMENDATION 17

The Committee recommends that the Government strengthen programs to support farmers and food processors in their efforts to innovate and adapt to changing production conditions and market demands.

The Government supports this recommendation. The Government will strengthen the ability of farmers and food processors to innovate and adapt primarily through investments under the *Canadian Agricultural Partnership (CAP)*. The CAP is a unique five-year federal, provincial and territorial agreement that will support farmers and food processors and invest up to \$3 billion in science, research and innovation, trade, the environment and value-added industries. This funding will help position the sector for success and support the ability of stakeholders to identify and adopt innovative practices that improve resiliency and productivity to meet the changing demands of consumers in Canada and around the world.

Provinces and territories are currently developing their cost-shared CAP programming. The CAP includes \$2 billion in cost-shared programming, designed and delivered by provinces and territories, that will account for the unique regional needs of provinces and territories and support the innovative capacity, growth and prosperity of Canada's producers and processors.

On November 24, 2017, the Government announced details of up to \$686 million in federal investments under six CAP program initiatives, which will be in place by April 1, 2018 and will directly support the ability of farmers and processors to pursue innovative initiatives that support their growth and prosperity.

Canadian Agricultural Partnership (CAP) Federal programming

AgriMarketing:

- Aims to increase and diversify exports to international markets and seize market opportunities through industry-led promotional activities that differentiate Canadian products and producers, and leverage Canada's reputation for high quality and safe food. The program has distinct components for national industry associations and small and medium-sized enterprises.

AgriCompetitiveness:

- Supports the markets and trade objectives by assisting industry-led efforts to help the agriculture and agri-food sector leverage, coordinate and build on existing capacity,

enhance safety, adapt to changing market conditions and demands, identify and share best practices and farm management information and tools, and provide mentorship opportunities.

AgriScience:

- Designed to accelerate the pace of innovation by supporting pre-commercialization activities and investing in cutting-edge research to benefit the agricultural and agri-food sector. Within the program there are two components: Clusters and Projects.

AgriInnovate:

- Aims to accelerate the commercialization and/or adoption of innovative agri-based products, technologies, processes or services. The program will support agribusinesses to get their innovations into the market, or to adopt leading edge technologies and processes.

AgriDiversity:

- Focuses on strengthening the sector and building its capacity by: helping diverse groups to take a greater leadership role, building the entrepreneurial capacity and business skills of underrepresented groups, facilitating the sharing of industry experience, best practices and knowledge, help underrepresented groups to manage transformation, and strengthening the sector by incorporating the views of a more diverse set of industry players.

AgriAssurance:

- Build industry capacity to foster public trust, respond to market requirements and meet consumer demands by helping industry to develop and adopt systems, standards and tools to make meaningful and verifiable claims about the health and safety of Canadian agricultural and agri-food products. The program has a component for national industry associations and a component for small and medium enterprises.

In addition to CAP specific funding, Innovation, Science and Economic Development (ISED) Canada will be leading two initiatives that will support stakeholders and processors to innovate and adapt to changing production conditions and market demands.

The \$1.26 billion *Strategic Innovation Fund* (SIF) was announced as part of Budget 2017, with the stated goal of spurring innovation and investment. The fund, is open to all sectors (including the agriculture and agri-food sector) and has a broad mandate to support Research and Development (R&D) and commercialization, firm expansion and growth, mandate attraction and collaborative technology demonstration. Since it was launched in July, the program has received significant interest from a number of food industry companies.

In May 2017, Innovation, Science and Economic Development Canada also launched the \$950 million (over five years) *Innovation Superclusters Initiative* (ISI) – a centrepiece of the Government's Innovation and Skills Plan – to create more opportunities for Canadian

businesses to grow into globally successful brands. These innovation hotbeds were targeted in a range of highly innovative industries, including agri-food, in order to foster stronger connections between all players in a cluster – from large anchor firms to start-ups, from post-secondary institutions to research and government partners. Industry partners will be required to match program contributions, and the Government of Canada will co-invest alongside industry in the strongest, most strategic proposal that demonstrate how innovation is used to improve Canada’s competitiveness and global advantage. Of the nine shortlisted applications, at least five involve key food stakeholders. These shortlisted applications include: The Ocean Supercluster to improve productivity and global competitiveness by investing in digital ocean technologies for industries such as aquaculture and capture fisheries; the AI-powered Supply Chains Supercluster, supported in part by AgroPur; the Building an Advanced Manufacturing Supercluster, supported in part by Maple Leaf Foods; the Protein Innovations Canada Supercluster, to develop opportunity for plant-based proteins; and the Smart Agri-food Supercluster to make Canada the preferred global supplier of sustainable, high-quality, safe food.

RECOMMENDATION 18

The Committee recommends that the Government take a whole-of-government approach to ensure market access for Canadian producers in key export markets and address trade irritants and non-tariff barriers.

The Government supports this recommendation. The Government of Canada works to maintain and expand access for Canadian agricultural goods to international markets by defending and advancing Canada’s agricultural trade interests through various mechanisms and activities, including: supporting a network of agricultural trade commissioners abroad; addressing specific trade irritants and non-tariff barriers; participating in free trade agreements and the *World Trade Organization* and its various committees; proactively facilitating trade through regulatory cooperation initiatives (e.g. *Canada-United States Regulatory Cooperation Council*); and working with International Standard Setting Bodies, including the *Codex Alimentarius Commission* (food safety and fair practices in the food trade), the *International Plant Protection Convention* (for plant health), and the *World Organisation for Animal Health*. The Government of Canada works closely with its trading partners and the international community to prevent and address non-tariff barriers, notably by advocating for the adoption of regulatory systems and measures that are based on risk and scientific evidence.

Agriculture and Agri-Food Canada (AAFC), the Canadian Food Inspection Agency (CFIA) and Global Affairs Canada (GAC), together making up the Federal Market Access Team (FMAT), share complementary mandates concerning market access for agriculture and agri-food products. Recognizing the importance of a multi-departmental approach, the FMAT, along with other Government of Canada partners, provinces and territories and industry, as required, focuses on resolving trade irritants and non-tariff barriers that hold the most potential for Canadian industry, as determined by a well-established prioritization process. Further, in order to leverage synergies between their two mandates, AAFC and CFIA have

recently created a joint branch, the CFIA-AAFC International Affairs Branch, focused on maximizing the use of resources to better support the government's ambitious goal of increasing agriculture, seafood and agri-food exports to \$75 billion by 2025. The Market Access Secretariat, now housed within the CFIA-AAFC joint branch, is dedicated to addressing agriculture trade irritants and non-tariff barriers on behalf of the FMAT, serving as a focal point for a multi-departmental approach to monitor and manage these issues.

RECOMMENDATION 19

The Committee recommends that the Government enhance tools to support young farmers and new entrants into agriculture and that the Government work with farmers to better accommodate the intergenerational transfer of family farms.

The Government supports this recommendation. The Government of Canada continues to provide support for young farmers and new entrants, as well as for intergenerational farm transfers, through a wide range of federal programs and measures. The Government of Canada recognizes the important contribution of farmers to the economy and that supporting young and beginning farmers is critical to the renewal and future of Canada's agricultural sector. There are a range of federal measures that help young farmers to access capital and acquire the skills they need to succeed on the farm. These measures include the *Canadian Agricultural Loans Act Program*, a loan guarantee program for farmers and agricultural co-operatives; the *Agricultural Youth Green Jobs Initiative*, a \$5.2 million investment and which helps fund internships for students working in agriculture; and various *Farm Credit Canada (FCC)* programs that offer loan products to young farmers including the *Young Farmer Loan* and the *Young Entrepreneur Loan*. In the 2016-17 fiscal year, FCC provided loans of \$3.2 billion to young farming professionals.

Agriculture and Agri-Food Canada's *Growing Forward 2* suite of federal, provincial and territorial programming also support activities for the next generation of farms through various programs and initiatives, providing new entrants with the financial support to gain the skills and knowledge required for starting or managing farms. One such initiative is the *Competitiveness Program* which provides financial support to enhance farmers' leadership skills, management knowledge, marketing expertise and business planning. Through the development of the *Canadian Agricultural Partnership (CAP)*, Federal, Provincial and Territorial Ministers of Agriculture consulted broadly with the agriculture sector, including young and beginning farmers, and heard about the unique challenges and opportunities they face. As a result, CAP will build on *Growing Forward 2* and continue to strengthen the participation and success of the next generation of farmers.

Through the income tax system, the Government of Canada provides a number of measures that help reduce the tax burden for qualified farmers when starting up or transferring their family farm businesses. For example, the *Income Tax Act* facilitates transfers of property principally used in a farming business by exempting certain dispositions from tax, granting capital gain reserves on certain dispositions and deferring tax on intergenerational transfers. A farmer may claim the *Lifetime Capital Gains Exemption (LCGE)* of up to \$1 million on the

disposition of qualified farming property. The LCGE is applied on an individual basis so that each taxpayer is allowed an exemption up to the \$1 million limit. As a result, the amount may be doubled to \$2 million if both the farmer and their spouse (or common-law partner) qualify for the exemption. In addition to the LCGE, if the proceeds of disposition have not been fully received, farmers are entitled to claim a capital gain reserve over a 5-year period. This capital gains reserve is extended to a 10-year period where the transfer is of qualified farming property to the farmers' child.

As indicated in the Government's *2017 Fall Economic Statement*, the consultation on tax planning using private corporations raised issues with respect to unintended consequences and potential challenges with respect to intergenerational transfers of businesses, including farms. In the coming year, the Government will continue its outreach to farmers, fishers and other business owners to develop proposals to better accommodate intergenerational transfers of businesses while protecting the fairness of the tax system.

RECOMMENDATION 20

The Committee recommends that the Government, in partnership with provincial and territorial governments, take steps to ensure sufficient labour is available in the agriculture and agri-food sector, including through the temporary foreign workers program to attract and retain talent, with a possible path to permanent residency.

The Government supports this recommendation. The Government of Canada is committed to having a sufficient workforce for the agriculture and agri-food sectors; however, the continued priority of the Government is to ensure that Canadian and permanent residents have the first opportunity for available jobs, while balancing the labour needs of employers. This is achieved by promoting labour market opportunities for Canadians and ensuring that employers make efforts to recruit and train Canadians and permanent residents, before temporary foreign workers can be hired. To this end, Agriculture and Agri-food Canada (AAFC), Employment and Social Development Canada (ESDC) and Immigration, Refugees and Citizenship Canada (IRCC) play important roles in addressing the labour needs of the agriculture and agri-food sector.

The Government of Canada works with provinces and territories to help Canadians and permanent residents meet some of the human resource needs of the agriculture sector through *Growing Forward 2* programs and the Government of Canada's *Youth Employment Strategy*, through the *Career Focus Program* and the *Agricultural Youth Green Jobs Initiative*. AAFC's *Career Focus program* helps support approximately 50 internships every year, giving Canadian youth valuable work experience in the agricultural sector.

The *Agricultural Youth Green Jobs Initiative* helps fund internships for post-secondary graduates working in the agriculture industry. Launched as part of Budget 2016 with an investment of up to \$1.9 million, the program created 146 jobs with a focus on the environment in 2016-17. This

success led to its renewal under Budget 2017 with an additional two-year investment of up to \$5.2 million. The *Green Jobs Initiative* funded 250 internships in 2017-18; applications for 2018-19 are currently under review.

When Canadians and/or permanent residents are not available, employers can use the *Temporary Foreign Worker (TFW) Program*, jointly administered by ESDC and IRCC, to address their labour needs. In 2016-17 the Government invested over \$49.2 million in the TFW Program. To ensure that the TFW Program remains responsive to industry's needs, ESDC announced the Government's *Path Forward Plan* for the TFW Program. This initiative detailed the Government's plans to address recommendations stemming from the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities (HUMA) review of the Program.

Among other things, the *Path Forward Plan* undertakes to review the TFW Program's Primary Agriculture Stream, which will seek to modernize the administration of the agriculture streams and explore issues including: the root cause of the current labour shortage, the use of the *National Commodities List* and the related wage methodology, current deductions related to the provision of housing, and the question of inconsistent housing standards across the country. This review is being conducted by both ESDC and AAFC and includes three stages:

- An independent labour market analysis to assess the impact of potential changes to the Primary Agriculture Stream;
- A concurrent study on developing national housing standards for employer provided housing; and
- Stakeholder consultations that will seek input on how to enhance the Primary Agriculture Stream based on the findings from the reports listed above.

In addition, ESDC will work with sectors that are heavy users of the TFW Program, including the fish/seafood and meat processing sectors, to create Canadian workforce development strategies in partnership with employers, organized labour, and other stakeholders. This will include more outreach to underrepresented groups as well as use of existing federal and provincial programming in skills and training for Canadians. The sector work will inform any future decisions with respect to the cap on the proportion of low-wage TFWs that a business can employ at a given time.

As it relates to permanent residence, the 2016 HUMA Committee report on the TFW Program recommended that IRCC review the current pathways to permanent residency for all TFWs, with a view to facilitating access to permanent residency for migrant workers who have integrated into Canadian society and are filling a permanent labour market need. It should be noted that IRCC's economic immigration programs already offer pathways to permanent residence for TFWs in all occupations and sectors in the economy:

- The *Canadian Experience Class* facilitates permanent residence for TFWs who meet labour market needs and have accumulated one year of Canadian work experience in high-skilled occupations.
- Through IRCC's *Provincial Nominee Program*, participating provinces and territories have the ability to nominate individuals for permanent residence on the basis of regional labour market needs and economic priorities. Most provinces and territories currently nominate individuals in occupations at all skill levels and often seek out existing TFWs who have already made ties to their province or territory and have proven work experience.
- Launched in 2017, the *Atlantic Immigration Pilot* also provides a pathway to permanent residence for TFWs at diverse skill levels, based on their having a job offer from an employer in the region. A results framework is being put in place to determine the success of the Pilot and support future decisions on immigration approaches to support regional economic goals.

Finally, Canada's multi-year immigration levels plan, which was recently tabled in Parliament, will significantly increase the number of permanent residents that Canada welcomes through immigration programs over the next three years (2018-20). These higher levels are expected to further increase opportunities for permanent residence under economic immigration programs, while meeting labour market needs and supporting economic growth across diverse sectors including agriculture and agri-foods.

RECOMMENDATION 21

The Committee recommends that the Government establish a national food policy advisory body consisting of the key government departments, the agriculture and agri-food sector, academia, Indigenous peoples and civil society.

The Government supports in principle this recommendation. The design of the food policy consultations took an inclusive approach and the Government recognizes the significant support from stakeholders for establishing an ongoing external advisory body to address food-related issues.

Recognizing the importance of inclusive dialogue with food policy stakeholders, the Government designed the consultations on *A Food Policy for Canada* to include a broad and diverse range of voices from across the country. Accordingly, the consultations included national, regional, and community events. We were pleased to see significant participation at these consultation events from the agriculture and food sector; food security, health, and environmental organizations; community groups; academic experts; and officials from the federal, provincial, territorial, and local governments. As well, National Indigenous Representative Organizations held self-led engagement events and our on-line survey attracted almost 45,000 respondents.

Some participants viewed these consultations as a dialogue, and they indicated a significant interest in ensuring that exchange of ideas among interested parties continues on food-related topics, particularly longer-term and systemic policy issues. The Government recognizes the contributions that ongoing stakeholder dialogue can make towards addressing these issues.

As well, a wide range of participants in the consultations signalled strong support for establishing an ongoing external advisory body with representation from the agriculture and food industry; organizations with interests in food security, health, and the environment; Indigenous communities; and academic experts; as well as government representatives. Suggestions for including philanthropic organizations and scientists were also received. Possible goals for an external advisory body suggested during the consultations included: providing advice on action to tackle food policy issues; supporting more effective alignment of food-related policies and programs; undertaking research and monitoring progress on food policy goals; identifying gaps in data on food-related topics such as food security and food loss and waste; and building support for food policy goals through dialogue among diverse stakeholders.

CONCLUSION

The Government extends its appreciation to the members of the Standing Committee, the witnesses who shared their perspectives and priorities at the hearings, and all those who provided submissions for their contribution toward development of *A Food Policy for Canada*. The food policy will be a first of its kind for the federal government. It will seek to bring forward a long-term vision for the social, health, environmental, and economic goals related to food. Its aim is to help coordinate federal actions, supporting progress toward the priorities we have collectively identified when it comes to our food systems.

A Food Policy for Canada will strive to improve the lives of all Canadians, including the middle class and those working hard to join it. It will help move forward the Government's ambitious growth targets for the agricultural and food sector, while ensuring the benefits are shared by everyone and that we respond to the areas of public trust voiced by Canadians during consultations. As we continue development of *A Food Policy for Canada*, we will carefully consider the recommendations of the Committee, as well as the priorities shared by stakeholders and individual Canadians throughout our consultation process.