

CANADA'S UNTAPPED STRATEGIC ASSET

UNLOCKING THE ADVISORY COUNCIL ON ECONOMIC GROWTH REPORT

The Canadian government is seeking a path to growth that builds prosperity across regions and demographics. To this end the minister of finance commissioned the advisory council on economic growth. The council has identified specific sectors, including Agri-food, which are high potential for sustainable growth. This paper suggests a road-map to enact the council recommendations in the Agri-food sector.

COUNCIL RECOMMENDATIONS

The Council identified Agri-food as a high potential sector based on Canada's natural advantages in food production (arable land, freshwater), international reputation (safe, pure), past success (significant market presence) and market trends (global consumption trends).

The Council recognizes the challenges in realizing growth in the Agri-food sector.

Specifically the Council addressed competitive pressures from other jurisdictions, Excessive regulation, inter-provincial barriers, complex international subsidies and labour market issues.

Notwithstanding these issues the Council recommends setting bold targets for growth in the Agri-food sector. The Council proposes targets that would increase Agri-food exports by US \$30B over the next 5-10 years.

To fulfil on these targets Canadian agricultural products share of the global market would rise to 8%, yielding an additional US \$11B and moving Canada from 5th to 2nd in global exports.

Canada would also double its current share of global Agri-food products, rising from 12th to 5th, adding an additional US \$19B.

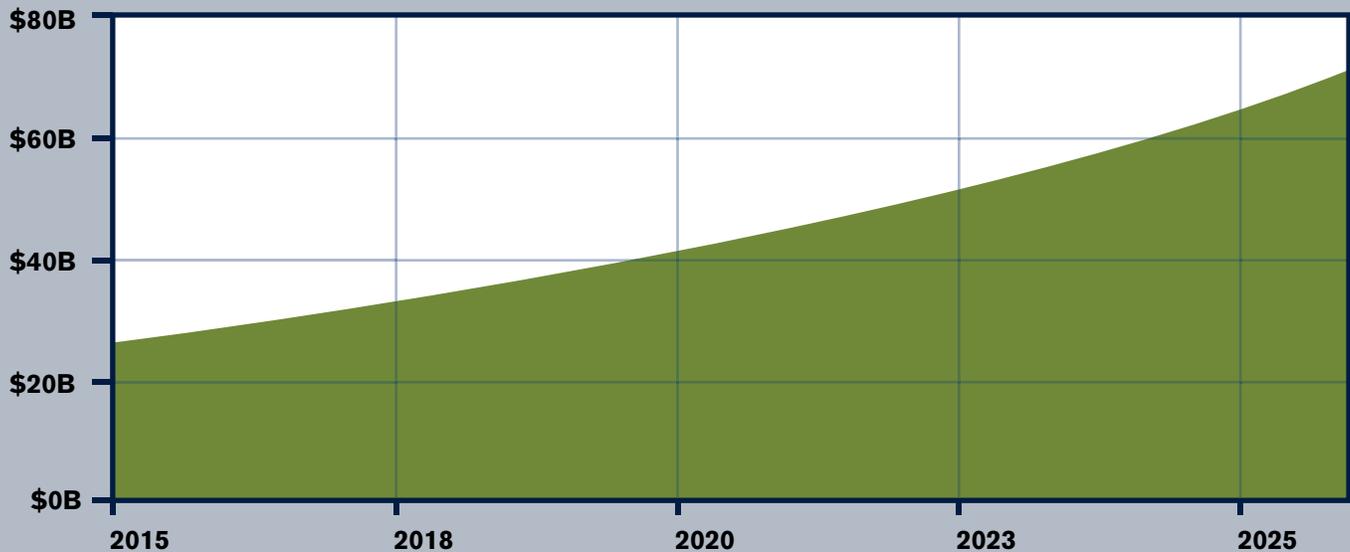
The Council recommended specific actions to fulfil on the growth potential including convening the private sector, collaboration between federal ministries and departments, working with the provinces and using pilot projects.

OUR VIEW

1. The work of the Advisory Council on Economic Growth is to be applauded.
2. The Council's second report creates the conditions to realize the position that Agri-food is an under-utilized strategic asset.
3. We believe that achieving the targets will require focused action and a new alignment in the roles, responsibilities and relationships between the interested parties.



CANADIAN AGRI-FOOD EXPORTS, 2015 - 2026



POSSIBILITY TO OPPORTUNITY

The Council has pointed to the possibility of expanding the value of the Agri-food sector. To do this means taking the steps required to turn this possibility into an opportunity with specific actions:

1. The first step is to immediately initiate an Agri-food Secretariat to establish an adaptive strategy for implementing the growth agenda.

2. Second, our collective experience in change initiatives encourages speed in execution of action and build momentum through accumulated successes. The most significant challenge in realizing on the growth potential is reversing the bias to defaulting to process over action. The challenges and opportunities identified by the Council must be prioritized and overcome based on the tools available. This requires a focus on the short-term (issues that can be addressed immediately e.g. regulation), mid-term (issues that can be resolved by reallocating existing resources) and long-term (issues requiring legislative action). The most significant challenge in realizing on the growth potential is reversing the bias to defaulting to process over action.

3. Third, we believe that change requires new ways of relating – this includes government. In our experience simple attempts at consulting with the private sector and setting up multi-function teams within government is insufficient to drive the fundamental shifts required to stimulate growth. The challenges identified by the Council must be addressed with leadership that is sourced from all significant stakeholders. In our experience change initiatives are rarely lead by people and organizations that are currently entrenched in the status quo. The recommendations are a result of an external advisory council. We believe acting on the recommendations should also be outsourced from existing government or industry bodies.

4. Fourth, much can be learned from failure. The Council referenced several successful initiatives in its report. We would recommend building on the knowledge gained from examining these initiatives by examining internal and external change/growth initiatives that have failed to achieve the prescribed objectives. Further, the Secretariat should accept that failures will be part of the journey and ensure that lessons learned from failure are incorporated in it's plan of action. The Secretariat should accept that failures will be part of the journey and ensure that lessons learned from failure are incorporated in it's plan of action.





GETTING STARTED – THE FIRST CRITERIA FOR SUCCESS

The government and the industry should adopt the recommendations of the Council immediately.

To enact the recommendations specific to the Agri-food sector the government should create an external Secretariat led by industry with government included as an important stakeholder.

The Secretariat will work with the Agri-food sector and municipal, provincial and federal ministries and agencies to identify areas of action.

Specifically the Secretariat will identify;

- Specific areas with the sector that would produce significant growth (“quick wins”)
- Industry, government and other growth leaders and champions,
- Regulatory reform priorities,
- Targeted investment strategies to enhance growth,
- Canadian Agri-food brand strengths and weakness,
- Labour and skills development priorities, and
- Investment incentives and barriers

ACTION AREAS

The most significant shift of the Council report is the acknowledgement of Agri-food as a strategic asset. To maximize this strategic asset will require change, investment and reform in several key areas including:

REGULATION

Getting the mix of consumer, market, environmental protection and food safety regulatory burden right is a critical element in realizing the full potential of Agri-food.

The Council was careful to avoid reform in supply management. However, we know that regulated marketing is an area that has been innovative over time and will need to continue to be responsive to the challenges and opportunities that arrive in a global market-place.

Without a doubt there are many opportunities and ample leadership throughout the industry to provide a number of “quick wins” as well as longer term reforms across a wide spectrum of regulation.

BRAND AND MARKET DEVELOPMENT

The council identified strengths in the Canadian Agri-food brand however it can be argued that Agri-food has not benefited from a common brand strategy.

The development of a well-researched brand identity is essential to inform the regulatory review. A more in depth market review is also an imperative.

Canadian Agri-food professionals understand Canada’s perception in international markets and the consumer trends that are driving sector innovation. This private sector knowledge is critical in developing an overall Canada Agri-food brand.



LABOUR MARKET INITIATIVES

The Council report provides a window of opportunity to better align skills development and research for competitive advantage.

Some of the priority issues in this area could include a guest labour policy that provides opportunity for short-term employment in the sector. This program should be reviewed and improved to take full advantage of the competitive advantages available.

This is a particularly urgent issue in light of the labour disruptions currently effecting the U.S. Industry.

TECHNOLOGY AND INNOVATION

The agriculture sector has witnessed decades of labour force reductions tied to advancements in farm efficiency.

Efficiencies have a similar effect on every labour intense sector including food processing.

There exists an inherent tension between investing in innovations that have a short-term detrimental effect on employment and the need for efficiencies to drive growth in the long term.

Resolving this inherent conflict so as to encourage investment in technologies that can drive efficiencies is an important element in adding Canada's competitive position in the sector.

SECTOR SUPPORTS

Agriculture has inherent risks and pooling risk is a reasonable, even essential, long-term strategy in the sector. However current practices should be reviewed to ensure that supports encourage a sector that is competitive in the global marketplace.

THE WAY FORWARD

These and other action areas require thought leadership from industry, government and other leaders.

These are exciting and challenging times for Agri-food in Canada. The opportunity for leadership in the sector has never been more urgent.

Let's get started.

SUMMARY OF RECOMMENDATIONS:

- Immediately create an external Secretariat led by industry with government included as an important stakeholder.
- Embrace new ways of relating within the industry – this includes government.
- Speed in execution of action and build momentum through accumulated successes. This means prioritizing which could include starting with key areas of change and reform:
 - Regulation
 - Brand and market development
 - Labour market initiatives
 - Technology and Innovation
 - Sector supports.
- Leadership must be sourced from all significant stakeholders.
- Acknowledge that failure will be part of the journey – learn from it.

