

Supply Management, Regulated Marketing and Regional Food Systems on Vancouver Island

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Overview

In BC, marketing boards and commissions have been established to regulate the production and marketing of eight agricultural products. Eggs, hatching eggs, dairy products, chicken and turkey are supply managed products, regulated at both provincial and federal levels. Hogs, cranberries and vegetables are regulated only at the provincial level. Supply management and regulated marketing influence the production levels of each of these products in the province and on Vancouver Island.

Interest in gaining a better understanding of supply management and regulated marketing arose among participants in the Island Good Food Initiative, a comprehensive community initiative aimed at creating more sustainable, regional food systems on Vancouver Island. The rebuilding of regional food production, packing, processing, transportation and marketing capacity are goals of the Island Good Food Initiative. This interest in regulated marketing was driven by a perception that the supply management and regulated marketing sectors may pose barriers to increasing production of regulated products, and may therefore restrict long term efforts for Vancouver Island to become more self-reliant.

This study investigated the question of whether supply management and regulated marketing help or hinder the development of regional food systems, with Vancouver Island serving as the region of interest. Interviews were conducted with knowledgeable individuals involved in the regulated sectors, including producers and industry professionals. An attempt was also made to estimate production and consumption levels of regulated products to provide some estimation of the share of Vancouver Islanders' food needs that could be fulfilled by existing, allowable levels of production on the Island.

Key results include the following:

- Supply management is viewed as having a positive impact overall in supporting Canadian farmers and providing Canadian-grown food to consumers.
- Production levels on Vancouver Island are currently much lower than estimated consumption levels for the supply managed products. Production levels are also considerably lower, on a per capita basis, than in BC as a whole.
- Significant threats to the development of regional food systems include consolidation of ownership in the processing sector and loss of regional processing capacity, coupled with consolidation of ownership in the production sector and concentration of production in the Fraser Valley. The supply management system is not responsible for these trends, but is greatly impacted by them.
- Concentration of ownership in the production and processing sectors has in turn created conditions which hinder effective governance on marketing boards, and hinder the ability of new entrants to access quota and enter the regulated industries. These and other internal challenges are weakening the ability of supply managed and regulated industries to support regional food systems.
- Policy directions from the Farm Industry Review Board to the marketing boards regarding new farmers, regional markets and specialty products (organic, free range, etc.) have been implemented with variable success, with some sectors reported to be making considerable progress and others making very little.

- There are enormous opportunities for the supply managed sectors to capitalize on the increasing public interest in locally-grown food. Interviewees in this study would like to see the marketing boards use this demand to grow regional markets for the supply managed products.
- To counter the trend toward consolidation of production in the Fraser Valley, one suggestion was to cap farm sizes at a certain share of total provincial production levels for each commodity. Another idea was to direct all new production transferred from existing producers or resulting from expansion of markets to new producers in regions outside the Fraser Valley, and to ensure that all new production quota is distributed each year.

Based on the results of this study, key recommendations for the Island Good Food Initiative (IGFI) include the following:

1. Continue to bridge the divide between community-based food systems initiatives and supply management/regulated marketing stakeholders by making communication on this topic a sustained focus of IGFI work.
2. In the spirit of community-based research, move from "defining the problems" toward "devising the solutions" by convening a working group or a series of sector-based focus groups to discuss and debate the ideas for improvement put forward in this study. From these efforts, develop a series of policy recommendations to be directed at the Farm Industry Review Board (FIRB), the Marketing Boards and the Ministry of Agriculture and Lands.
3. Engage in the FIRB Enhanced Markets Review (EMR) by staying informed and participating in any opportunities for dialogue. The EMR will be initiated in 2009 to assess the implementation of FIRB's 2005 policy recommendations regarding new entrant and specialty markets for the supply managed sectors.

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I. Introduction and Purpose

This study explores the impact of regulated marketing on the development of regional food systems on Vancouver Island. The study is part of a broader Sustainable Institutional Purchasing Pilot Project, led by the Island Good Food Initiative and sponsored by Nanaimo Foodshare. The Sustainable Institutional Purchasing Pilot Project (SIPPP) is a community-based effort to expand the capacity of public institutions to purchase locally-grown food on Vancouver Island. The Island Good Food Initiative (IGFI) is a partnership strategy aimed at creating a sustainable food system on Vancouver Island. Key IGFI partners include Nanaimo Foodshare Society, Nanaimo Association for Community Living, and the Island Farmers Alliance, with project management provided by Edible Strategies Ent. Ltd.

The IGFI was borne out of the first phase of a community-based action research project, entitled, *Contending with the Local Food Access Puzzle*, which was completed in 2007. Community-based action research is an approach that engages participants in collectively defining the problems that need to be solved, devising strategies to address these problems, and taking steps to implement these strategies.¹ Participants also reflect together on the outcomes of this work and then revise action plans to reflect changing circumstances and lessons learned.

Contending with the Local Food Access Puzzle represented the first three steps in this community-based action research cycle. Participants in Phase I of this project defined the problems facing local food systems on Vancouver Island and devised strategies to address them. The completion of this research project saw the launch of the Island Good Food Initiative and with it the implementation of a number of projects to address the recommendations of the Phase I report.

The Sustainable Institutional Purchasing Pilot Project was one such project, initiated under the umbrella of the IGFI. The SIPPP has been effective; public institutions are taking steps in 2009 to significantly increase their purchases of locally-grown food. However, there are concerns that the supply of food on Vancouver Island will not be adequate to meet this new demand.

Regulated marketing exerts considerable influence on the production of food on Vancouver Island. Through dialogue with partners and participants in the Sustainable Institutional Purchasing Project, the relationship between regulated marketing and regional food systems was identified as an issue warranting further community-based inquiry. This study of the impacts of regulated marketing on the development of regional food systems responds to this interest.

The central question in this study is:

In what ways do supply management and regulated marketing help or hinder the development of regional food systems?

The study is exploratory and is based on a series of interviews conducted with knowledgeable individuals offering multiple perspectives on this central research question. The information gained through these interviews was analyzed to identify strengths, weaknesses,

1 Stringer, E. T. 1999. Action Research, second edition. Sage Publications. London, UK.

opportunities and threats with respect to regulated marketing and the development of regional food systems. The intent of this approach is to aid in understanding and to identify issues requiring further research or attention. Detailed methods are described in Section II.

To provide context for interpretation of the study results, background information on regulated marketing is provided in Section III. Information on the levels of production and consumption of regulated products on Vancouver Island is provided in Section IV. Section V summarizes the SWOT (strengths, weaknesses, opportunities, threats) analysis and Section VI offers recommendations for further inquiry.

II. Methods

Methods used in this study included a literature review, telephone inquiries to agencies involved in regulated marketing, and confidential interviews with producers and other professionals involved in the food system.

Interviews were conducted in person or by telephone with nine individuals who had direct experience or knowledge of regulated marketing on Vancouver Island. Efforts were made to obtain perspectives from individuals involved in different capacities and different regulated sectors. Individuals interviewed included those with experience in the turkey, chicken, dairy, and egg industries, and those with multi-sectoral experience in the supply managed and non-supply managed sectors.

Interviewees were asked the following questions:

- 1. In your opinion, how does the supply management/regulated marketing system impact the island food system?*
- 2. Do you think there are strengths in the marketing board system?*
- 3. What do you think are the main weaknesses of the supply management/regulated marketing system vis à vis Vancouver Island production?*
- 4. Have you had positive experiences with supply management/regulated marketing?*
- 5. Have you had negative experiences with supply management/regulated marketing?*
- 6. In your opinion, have recent changes in marketing board rules been beneficial?*
- 7. Do you have any more comments about the impact of supply management/regulated marketing on the Vancouver Island regional food economy?*
- 8. How do you think supply management/regulated marketing could be improved?*

This research is under the ethical supervision of the BC Medical Services Foundation Research Ethics Board, supported by the Vancouver Foundation. The Principal Researcher for this study is Sandra Mark. Catherine Jacobsen conducted interviews and report write-up for the study. Under the ethical agreement between both researchers and the Ethics Board, all interview notes are required to remain confidential and no interviewees can be identified. Interview notes were analyzed to identify common themes, which are summarized in this research report.

III. Regulated Marketing - Background

Eight agricultural commodities are regulated under the *Natural Products Marketing Act* in BC. These regulated products include eggs, hatching eggs, dairy products, turkey, chicken, hogs, cranberries and vegetables. Five of these commodities (eggs, hatching eggs, dairy products, chicken and turkey) are supply managed products regulated jointly at federal and provincial levels. Hogs, cranberries and vegetables are regulated only at the provincial level.² The following paragraphs provide a summary of the key attributes of Canada's supply management system and the distinctions between these two categories of regulated products.

Canada's Supply Management System

Canada's supply management system regulates production and controls imports of dairy products, chicken, turkey and eggs to ensure that supply meets Canadian demand and that the prices paid to farmers cover their costs of production. Supply management was originally established in the 1970's to provide collective bargaining power and stability to producers, in response to a highly concentrated processing sector. There are three pillars to supply management: border controls, production control and price stability.

1. Border controls. Imports of supply managed commodities are restricted to ensure that Canadian products are marketed to Canadian consumers. Canada allows imports of a value equal to a certain percentage of the Canadian market for each of the supply managed products. Once these minimum access levels have been reached, high tariffs are charged on any additional imports.³

2. Production Control. Production of supply managed foods is controlled to match Canadian consumption. National agencies estimate the annual consumption of each product in Canada and divide the rights to fulfill this demand among the provinces. In BC, production of eggs, hatching eggs, chicken, turkey and dairy products is limited by the provincial share of national production. This provincial allocation is based largely on each province's historic market share for a given commodity.

Provincial agencies, in turn, regulate production by growers within each province through a quota system. Producers of supply managed products are required to hold quota issued by the provincial marketing agencies. Quota is a license to produce and market a specified amount of product in a certain time period, subject to certain conditions.

3. Price stability. Provincial marketing boards establish minimum prices to be paid to farmers for supply managed products. These minimum prices are intended to cover the costs of production and provide a stable income for producers.^{4 5}

Non-Supply Managed, Regulated Products

2 BC Farm Industry Review Board. Web page. Available at: <http://www.firb.gov.bc.ca/>

3 Foreign Affairs and International Trade Canada. Tariff Rate Quotas: Agricultural Products. Available at: <http://www.international.gc.ca/controls-controles/prod/agri/tarif.aspx?lang=eng>

4 Mwansa, P. Canadian Agriculture at a Glance. Statistics Canada, Catalogue no. 96-325-XPB

5 Profile of the Canadian Turkey Industry. Chapter 1. Introduction. Available at: http://www.agr.gc.ca/poultry/prindt1_eng.htm#_ftnl and Profile of the Canadian Chicken Industry. Chapter 1. Introduction. Available at: <http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1184606552790&lang=eng>

Agricultural products regulated only at the provincial level are not subject to the same import, production or price controls as the federally supply managed products. Because imports are not restricted to the same degree, marketing agencies for these products face greater competition from imported foods in the domestic market. Production in BC is not limited by provincial allocations, but rather by the share of domestic and international markets that the Marketing Commissions are able to obtain for these regulated products. Prices paid to farmers are not set with the express purpose of covering the costs of production. Rather, fluctuating commodity prices for the regulated products affect the prices that producers are paid.

As well, the powers of the Commissions overseeing provincially-regulated products are generally more limited in comparison to those of the supply managed products. Commissions for the regulated industries may be granted the authority to establish marketing quotas, establish prices, collect levies and licence producers. However, only the Vegetable Marketing Commission has been granted all of these powers.⁶

Relevant Legislation and Agencies

The Natural Products Marketing Act regulates the production, transport, packing, storage and marketing of agricultural products in BC. Under this Act, provincial regulations (“Marketing Schemes”) establish a Marketing Board or Commission (“Board”) to oversee each of the eight regulated agricultural products. The following eight Boards operate in BC:

- BC Broiler Hatching Egg Commission (www.bchec.com)
- BC Chicken Marketing Board (www.bcchicken.ca)
- BC Egg Marketing Board (www.bcegg.com)
- BC Milk Marketing Board (www.milk-bc.com)
- BC Turkey Marketing Board (www.bcturkey.com)
- BC Cranberry Marketing Commission (bccranberries.com)
- BC Hog Marketing Commission (www.bcpork.ca)
- BC Vegetable Marketing Commission (www.bcveg.com)

These Boards are comprised of registered producers elected by quota holders, with an appointed Chair⁷.

The Boards are supervised by the Farm Industry Review Board (FIRB). As a quasi-judicial body, FIRB hears and makes decisions on appeals from individuals dissatisfied with decisions made by any marketing board or commission in BC. FIRB's supervisory role includes ensuring that sound marketing policy is applied by each of the Boards.⁸

6 BC Farm Industry Review Board. Web page. Powers of Marketing Boards and Commissions. http://www.firb.gov.bc.ca/boards_comm.htm

7 Note: The BC Milk Marketing Board provides a seat for one non-producer member appointed by the Milk Industry Advisory Committee, which is comprised of four producers, four processors and others with relevant expertise. The BC Chicken Board has two members appointed by the Lieutenant Governor in Council who are not required to be producers, in addition to the appointed chair.

8 See <http://www.firb.gov.bc.ca> for information on the Farm Industry Review Board.

At the federal level, the Farm Products Agencies Act establishes federal marketing agencies and gives the National Farm Products Council the power to supervise these agencies. The Agricultural Products Marketing Act delegates authority over interprovincial and export trade to provincial commodity boards.⁹ Supply management of the dairy industry is governed separately through the Canadian Dairy Commission Act and Dairy Products Marketing Regulations.¹⁰ The Export and Import Permits Act regulates imports and exports, and establishes tariff rates.

The National Farm Products Council supervises the following four national marketing agencies:

- Egg Farmers of Canada (www.canadaegg.ca)
- Turkey Farmers of Canada (www.turkeyfarmersofcanada.ca)
- Chicken Farmers of Canada (www.chicken.ca)
- Canadian Hatching Egg Producers (www.cbhema.com)

As a quasi-judicial body, the National Farm Products Council may also hear and make decisions on complaints made by individuals to the any of the national marketing agencies.

As well, a number of Federal-Provincial Agreements have also been established to coordinate co-operation between federal and provincial agencies and marketing boards for each of the supply managed agricultural products.

Production of Supply Managed and Regulated Products

There are four main pathways for entering into production of supply managed commodities:

1. Purchasing (or leasing) quota;
2. Enrolling in a new entrant program;
3. Obtaining a small lot producer licence;
4. Producing an amount that is within the personal use exemption levels.

General explanations of these four pathways of entry are provided below, followed by specific information on each of the supply managed and regulated products.

Purchasing Quota

Each Marketing Board establishes the terms and conditions for holding quota and the mechanisms for exchange of quota among producers. These terms and conditions vary due to the nature of each regulated product and the management decisions of the Boards. Specific rules for each commodity are outlined in the General Orders issued by each of the Boards.

When supply management was established, producers active at the time were given quota. Marketing boards are not permitted to attach a monetary value to quota. However, because there is a finite supply of quota and demand has consistently exceeded this supply, quota for

⁹ National Farm Products Council. Web page. Available at: <http://nfpc-cnpa.gc.ca/index.php>

¹⁰ Canadian Dairy Commission. Web page. Available at: <http://www.cdc-ccl.gc.ca/cdc/index.asp>

each of the supply managed commodities has attained a market value over time. Quota can be sold by producers wishing to reduce or cease production, and bought by producers wishing to increase production at the current market value.

Personal Use, Small Lot, New Entrant and Specialty Programs

In 2005, the Farm Industry Review Board issued a policy directions paper on specialty products and new entrant programs in the supply managed sectors.¹¹ The Boards were each required to issue Orders to address these policy directions from FIRB. For most sectors, implementation of these orders was initiated in 2006. A review of the implementation of these policy directions is due to be initiated by FIRB this year.

Key policy directions for all supply management Boards included the following:

- Boards were directed to provide annually renewable small lot permits authorizing production levels greater than personal use exemption levels and less than quota provided through new entrant programs;
- FIRB accepted the Boards' positions at the time that existing "personal use" exemption levels were adequate, subject to the introduction of small lot permit programs by the Boards;
- Boards were directed to establish new entrant programs, which should provide priority to new producers willing to produce a designated specialty product or serve a regional market.

Sector Information

The following paragraphs provide specific information on quota, new entrant programs, small lot production levels and personal use exemption levels for each of the regulated products in BC.

Eggs. Egg production quota is issued in units of laying hens aged 19 weeks or older that may be kept at any time. Total production is limited by the volume of laying hen quota allocated to BC by the Egg Farmers of Canada. Egg laying quota may be transferred through the Provincial Quota Exchange, with a portion of each transfer being retained by the Board. Although provisions for a new entrant program have been included in the BC Egg Marketing Board Standard Order, the implementation process for this program has not been finalized.¹²

Farmers with up to 99 laying hens who market eggs directly to consumers are exempt from licensing requirements with the BC Egg Marketing Board. Producers may also apply annually under the small lot authorization program for a permit to keep 100-399 certified organic, free range or free run laying hens.

Chicken. Broiler chicken quota, including specialty and mainstream quota, is issued in the form of live weight of chicken (kg) produced every eight weeks. Total production of chicken

11 British Columbia Farm Industry Review Board. 2005. Specialty Market and New Entrant Submissions: Policy, Analysis, Principles and Directions. Province of British Columbia, Victoria, BC.

12 Source: BC Egg Marketing Board website. New Entrants page. http://www.bcegg.com/pdf/BCEMB_SO_Section7.pdf

in BC is limited by provincial allocation from the Chicken Farmers of Canada. Growers wishing to enter into production or increase production can purchase quota transferred to the BC Chicken Marketing Board by a producer who is downsizing or ceasing production. A percentage of this transferred quota is retained by the Board and combined with additional provincial quota received from the Chicken Farmers of Canada to supply the new entrant program.

The new entrant program for chickens grants new producers 7,716 kg of quota (specialty or mainstream) at no charge (licensing fees apply).¹³ Small lot producers may obtain an annual \$20 permit to produce up to 3000 kg (live weight) of chicken per year. Individuals producing fewer than 200 birds for personal consumption are exempt from licensing requirements with the BC Chicken Marketing Board.¹⁴

Turkey. Turkey quota is issued in the form of live weight of turkey (kg) produced per quota year (52 or 53 week period beginning after the last Saturday in April). Turkey quota can be transferred between producers. A percentage of this transferred quota is retained by the BC Turkey Marketing Board and combined with additional provincial quota received from the Canadian Turkey Marketing Agency to supply the new entrant program.

The new entrant program for turkey provides a one time grant of up to 15,000 kg of primary quota to a new producer. The top three priorities for selecting new entrants are: 1) producers planning to direct market their product; 2) certified organic producers, and; 3) producers serving regional markets outside of the Fraser Valley.¹⁵

Growers producing fewer than 50 turkeys for personal consumption are exempt from licensing requirements. Small lot producers may apply for a direct vendor allowance to produce up to 300 turkeys per farm property and direct market these birds at the farm gate, a farmers market, or an independent retail/restaurant outlet.¹⁶

Milk and Dairy Products. Milk production quota (Total Production Quota) is issued in the form of kilograms of butterfat produced per year (with a standard 3.6 kg butterfat per hectolitre milk). Provincial fluid milk production levels are set by the BC Milk Marketing Board, while provincial production allocation for industrial milk (to be processed into cheese, yogurt and other dairy products) is set by the Canadian Dairy Commission. As with other supply managed products, milk production quota can be transferred among producers, through the Milk Board Quota Exchange with a portion of each transfer returning to the Board.

The BC Milk Marketing Board has a Graduated Entry Program (GEP) for new producers, which has been in place in various forms since the 1980s. Prospective producers may apply to

13 BC Chicken Board. General Orders. January, 2006. Available at: <http://www.bcchicken.ca/bc-chicken-production/documents/BCCMBGENERALORDERSJan232006.pdf>

14 Farm Industry Review Board. 2009. Personal Consumption Exemptions and Small Lot Production Programs for Regulated Agricultural Products in BC. *DRAFT*. Updated January 15, 2009.

15 BC Turkey Marketing Board. General Orders. Available from <http://www.bcturkey.com/publications.php?mod=cat&catid=10>

16 Farm Industry Review Board. 2009. Personal Consumption Exemptions and Small Lot Production Programs for Regulated Agricultural Products in BC. *DRAFT*. Updated January 15, 2009.

receive 5000 kg of Total Production Quota (TPQ). Upon purchase of up to 2000 kg of additional TPQ within five years, the Graduated Entrant will be granted an equivalent amount of TPQ from the Board. Quota obtained through the GEP attains transfer value at ten percent per year, reaching a value equivalent to purchased TPQ after ten years.

The BC Milk Marketing Board also maintains a Cottage Industry Program for producers to produce milk for on-farm processing into manufactured products, such as cheese, which can then be sold. Producers may apply to receive up to 10,000 kg Total Production Quota under this program.¹⁷

Quota is required to market any quantity of milk; thus, there are no small lot exemptions for milk production. However, the BC Milk Board generally does not actively prohibit individuals from producing milk for personal consumption.¹⁸

Hatching Eggs. Hatching egg quota (Placement Quota) is issued in the form of the maximum number of breeder pullets that may be received by a Producer in a Quota Period (24 month period commencing April 1st of an odd numbered year) for the purpose of producing broiler hatching eggs. When quota is transferred between producers, a small percentage is returned to the Commission and is used to supply the New Producer program. When the BC Hatching Egg Commission has pooled 5,000 units of Placement Quota, a lottery is held for one new producer to receive this quota. There are no specialty programs for hatching eggs, nor are there any exemptions or small lot programs for hatching egg production.¹⁹

Vegetables. The BC Vegetable Marketing Commission licenses producers and marketing agencies. Producers are allocated "Delivery Allocations" and "Production Allocations". These allocations hold no monetary value. Rather, an allocation is an authorization from the Commission to deliver a specified quantity of a regulated crop within a specified time frame to a licensed agency. Or, in the case of greenhouse crops, an allocation is a licence to grow a specified area of this crop. Producers of regulated vegetable crops are required to market these crops through the marketing agency in their region ("District") of the province.²⁰

Only certain greenhouse, field and storage crops are regulated and these vary among the different Districts. On Vancouver Island and the Gulf Islands (District II), regulated storage crops include beets (with tops off), green cabbage, red cabbage, carrots (with tops off), onions, parsnips, potatoes, rutabagas, and white turnips. Cucumbers, tomatoes, peppers and butter lettuce are regulated greenhouse crops. Lettuce and celery are the only regulated field crops. Certified organic field, storage and greenhouse crops are exempt from the requirements to market through a licensed agency. Exemptions are also made for direct marketing to consumers.

Growers producing under one tonne per year of a regulated field or storage vegetable, and growers with less than 5000 m² greenhouse space devoted to regulated greenhouse crops,

17 BC Milk Marketing Board. General Orders. Available at: http://www.milk-bc.com/calendar_news/index.php/listings?c=7

18 Farm Industry Review Board. 2009. Personal Consumption Exemptions and Small Lot Production Programs for Regulated Agricultural Products in BC. *DRAFT*. Updated January 15, 2009.

19 BC Broiler Hatching Egg Commission. General Orders. Available at: <http://www.bcbhec.com/index.asp?pgid=36>

20 This requirement is under discussion and may be subject to change.

are exempt from marketing requirements. Generally, the BC Vegetable Marketing Commission applies its orders to commercial producers selling at least \$5,000 of a regulated product annually through a licensed marketing agency.

Hogs. The BC Hog Marketing Commission acts as a central marketing desk, directing hogs to buyers.²¹ Producers raising over 300 hogs per year are eligible to register as commercial producers. Producers may raise and market up to 300 hogs per year without obtaining a licence.²²

Cranberries. Producers with two or more acres of cranberries are considered commercial producers and are required to obtain a licence. Cranberry growers may either market their product through a designated marketing agency, or submit an individual marketing plan for approval by the Commission to market their product through alternate channels. The Commission issues marketing orders to growers based on the projected market demand for cranberries. There are no personal consumption or small lot exemptions for cranberry production.²³

IV. Production and Consumption of Supply Managed Products

Supply management and regulated marketing systems influence the quantity of regulated products produced in BC and on Vancouver Island. An attempt has been made in this study to estimate consumption and production levels of several regulated commodities on Vancouver Island. The purpose of this exercise is to give a rough idea of the ability of Vancouver Island growers to fulfill regional needs for regulated products, at current quota levels (see Table 1).

Production of the supply managed commodities in BC is limited by the share of national quota received by each Board in BC. Thus, for some products, BC as a whole does not hold enough quota to fulfill the demand in this province. Eggs and industrial milk (used for processing into cheese, butter, etc.) fall into this category. To provide an idea of the relative share of quota held on Vancouver Island, the per capita quota held on Vancouver Island and in BC as a whole has been calculated.

The marketing boards contacted were not able to provide information on consumption levels of supply managed or regulated products on Vancouver Island. Estimates of consumption of turkey, chicken and eggs on Vancouver Island have been calculated, based on data on average per capita consumption of each regulated product and population data from Statistics Canada. Rough estimates of production are provided, based on information relayed by interviewees and calculated using information on the total quota held on Vancouver Island for several commodities.

Information is also included on the number of small lot permits held by Vancouver Island producers, and the estimated maximum quantity of each regulated product that could be

21 BC Hog Marketing Commission. Web page. Available at: www.bcpork.ca

22 Farm Industry Review Board. 2009. Personal Consumption Exemptions and Small Lot Production Programs for Regulated Agricultural Products in BC. *DRAFT*. Updated January 15, 2009.

23 BC Cranberry Marketing Commission. Web page. Available at: www.bccranberries.com/default.html

supplied by these producers.

Reliable comparisons of production and consumption levels of regulated products on Vancouver Island are difficult to make, given the available data. However, the information provided in Table 1 can be used to illustrate several general trends.

In general, Vancouver Island producers hold much less quota than would be required to fulfill regional food needs. Vancouver Island producers also hold less quota per capita than BC as a whole. While there are numerous small lot licenses for chicken and turkey, the total contribution of these growers to overall production is quite small relative to commercial production.

This is not to suggest that an increase in the quota held on Vancouver Island would in itself result in greater regional self-reliance. At the present time, the capacity for processing and marketing on Vancouver Island is such that significant growth in regional production could not be accommodated. This comparison is simply intended to illustrate current, overall trends in regional self-reliance in the supply managed products.

For chicken production, 17 Vancouver Island producers hold approximately 0.89 kg quota per capita (per 8 week cycle) in comparison to 7.3 kg per capita held by BC as a whole. This amounts to an estimated 4.1 million kg of chicken (live weight) annually, in comparison to an estimated annual consumption of 22.4 million kg (eviscerated weight). There is no specialty quota held on Vancouver Island. In 2008, one new entrant grower was provided with quota on Vancouver Island, and a call for additional new entrant growers on the Island was posted by the BC Chicken Marketing Board in April 2009. There are numerous small lot chicken producers (19 annual permits as of April 17, 2009), each producing up to 3,000 kg per year, which may add up to 57,000 kg to total annual production on Vancouver Island.

For turkey production, 7 Vancouver Island producers hold approximately 1.1 kg quota per capita (per year) in comparison to 5.0 kg per capita for BC as a whole. This amounts to an estimated 747,000 kg (live weight) per 12 month growth cycle, in comparison to estimated annual consumption of 3.2 million kg (eviscerated weight). There is no certified organic quota on Vancouver Island. Since the new entrant program started, there have been six new entrants on Vancouver Island. There are 11 small lot permits for turkey production, each producing up to 300 turkeys per year, which adds up to 3300 turkeys to total annual production on Vancouver Island.

For eggs, it was not possible to obtain data on the amount of laying quota held on Vancouver Island during this study, nor the number of small lot permits, from the BC Egg Marketing Board. However, one source indicated that there are 220,000 units of egg production on Vancouver Island. At this level, Vancouver Island producers hold an estimated 0.31 quota units per capita, in comparison to 0.58 layer hens per person for BC as a whole. Another interviewee reported that Vancouver Island produces just over 30% of the eggs that we consume. The two sources of information on production levels generate divergent estimates of total egg production on Vancouver Island, ranging from approximately 2.4 million dozen to 5.5 million dozen. Consumption levels are estimated at 8.1 million dozen eggs, based on average per capita consumption of 11.5 dozen per year. There is no broiler hatching egg quota on Vancouver Island.

Table 1. Production and consumption of regulated products on Vancouver Island.

Product	No. of growers on Van. Is.	Quota held on Van. Is.	Per capita quota on Van. Is.*	Total Quota Allocation in BC	Per capita quota in BC**	Estimated annual production Van. Is.	Estimated annual consumption Van. Is.	No. of small lot licenses Van. Is.	Estimated annual small lot production Van. Is.
Chicken ²⁴	17	629,000 kg live weight/ 8 week cycle	0.89 kg live weight/ person/ 8 weeks	30 million kg live weight/ 8 weeks (approx.)	7.3 kg live weight/ person/ 8 weeks	4.1 million kg live weight	22.4 million kg eviscerated weight (31.8 kg per person)	19	57,000 kg (3,000 kg per small lot license per year)
Turkey ²⁵	7	747,500 kg live weight/ 12 month cycle	1.1 kg live weight/ person/ 12 months	21 million kg/ 12 months	5.0 kg live weight/ person/ 12 months	747,500 kg live weight/ 12 months	3.2 million kg eviscerated weight (4.5 kg/ person)	11 direct vendor licenses	3300 turkeys (300 poult per license per year)
Eggs ²⁶	18	220,000 layer hens	0.31 layer hens/ person	Approx. 2.4 million layer hens (60 million dozen eggs)	0.58 layer hens/ person	Estimates obtained range from just over 30% of consumption to approx. 5.5 million dozen ²⁷	8.1 million dozen (11.5 dozen/ person/ year)	-no data-	--no data--
Milk ²⁸	56	2.3 million TPQ (kg butterfat/ year)	3.3 TPQ/ person	25.3 million TPQ (kg butterfat/ year)	5.9 TPQ/ person	64 million L fluid milk (at standard 3.6 kg butterfat/L)	57 million L fluid milk (all forms) and 6.0 million L cream (all forms)	N/A	N/A

*Based on population of 704,993 as reported in the 2006 Census, Statistics Canada.

**Based on population of 4,113,487 reported in the 2006 Census, Statistics Canada.

--no data-- refers to inability to obtain information for this study

24 Sources: Blatz, C. BC Chicken Marketing Board, Personal communication, April 17, 2009, and Chicken Farmers of Canada. Annual Report 2008. Available at <http://www.chicken.ca>. Amount of quota held on Vancouver Island reported by an interviewee in this study.

25 Sources: Backstead, L., BC Turkey Marketing Board, Personal communication, April 22, 2009. and Canadian Turkey Marketing Agency. 2007. Canadian Turkey Facts 1974-2007. Available at <http://www.canadianturkey.ca>

26 Source: BC Egg Marketing Board website. Producers page. Available at <http://www.bcegg.com/files/about-producers.php>

27 Estimate of just over 30% of what we consume provided in a confidential interview conducted as part of this study. Estimate of 5.5 million dozen calculated using amount of quota held on Vancouver Island reported by another interviewee (220,000 layer hens) multiplied by provincial average of 300 eggs/quota unit/year, calculated based on the statement on the BC Egg Marketing Board website that 2.4 million layer hens generate 60 million dozen eggs annually.

28 Sources: BC Milk Marketing Board 2008 Annual Report. Available at <http://www.milk-bc.com> and Canadian Dairy Information Centre <http://www.dairyinfo.gc.ca/pdf/industrial%20and%20fluid%20milk%20quotas.pdf> and <http://www.dairyinfo.gc.ca/pdf/bcmilkcream.pdf>

For milk, 56 Vancouver Island dairy producers hold 2.3 million units of TPQ (Total Production Quota in kg butterfat per year). This includes participants in the cottage industry program, who process their milk into cheese products on-farm. Vancouver Island dairy producers hold 3.3 TPQ per capita in comparison to 5.9 TPQ per capita for BC as a whole. At a standard ratio of 3.6 kg butterfat per L fluid milk, 2.3 million TPQ amounts to 64 million L fluid milk per year. Based on Canadian per capita consumption data, the consumption of fluid milk on Vancouver Island is estimated at 57 million L of fluid milk (in all forms) and 6.0 million L of cream (in all forms). Because fluid milk from Vancouver Island is processed into multiple dairy products (cheese, butter, ice cream, yogurt, etc.), and into many fluid milk products with varied butterfat content, these numbers should be viewed with interest but not interpreted as a complete comparison of production and consumption levels. There have been no entrants through the Graduated Entry program on Vancouver Island between 1998 and 2007.²⁹

V. Analysis of Interviews

The information gained through interviews with industry representatives was analyzed to identify the perceived strengths and weaknesses of regulated marketing with respect to the development of regional food systems. Opportunities to improve the regulated marketing system and threats facing this system were also identified. Within each of these categories, common themes that emerged in the interviews are described in the following paragraphs. Examples from specific sectors are included.

Strengths

Interviewees in this study frequently acknowledged the overall positive impact of supply management on agriculture and the provision of Canadian-grown food to Canadian consumers. The supply management system was cited as excellent, in principle, because it provides stability, in the form of predictable revenues and prices that cover the cost of production. The high productivity of the supply managed sectors in Canada was also noted as a strength. The underlying principles (three pillars) and purpose of supply management were perceived as advantageous to farmers and food production in all regions of Canada. Without supply management, producers would be subject to the vagaries of the international marketplace. This exposure has led to disastrous consequences for some of the non-supply managed sectors, such as the cattle industry.

To illustrate the advantages of supply management in the Canadian dairy industry, one interviewee commented on the contrasting US dairy sector. US dairy farmers experience extreme price fluctuations (boom and bust cycles), which has spurred a trend toward increasingly larger and corporately-owned farms. In contrast, the stability provided by supply management has preserved smaller, family run farms in Canada, and supported a highly productive dairy sector.

The supply managed sectors also provide spin-off benefits to other other sectors, as noted by one interviewee. For example, the presence of supply managed production on Vancouver

²⁹ BC Milk Marketing Board. Annual Report 2008. Available at <http://www.milk-bc.com>

Island helps to retain food system infrastructure (e.g. the feed store) required by other sectors.

With respect to specialty and new entrant programs, one interviewee commented that BC is positioned ahead of other provinces with respect to addressing these issues in the supply managed sectors. The approach taken by the BC Chicken Marketing Board was cited several times as one of the better examples of implementation of the Farm Industry Review Board's policy directions on specialty and new entrant programs. One of the key drivers of this success was identified as a willingness of Board members and staff to engage in the development and promotion of these programs.

Weaknesses

Although the underlying principles and purpose of supply management were not questioned by interviewees, a number of weaknesses were identified with aspects of how the supply management system works. The following common themes were identified across multiple sectors: Board governance issues; inadequate response to changing market demands; high quota prices; vulnerability to declining processing capacity; restricted provincial quota allocations and variable success with new entrant programs.

Board governance was noted as an issue in several sectors, to varying degrees. Governance issues include: a perceived lack of willingness of some Boards to facilitate new entrants and to encourage regional production outside of the Fraser Valley; a perceived inadequate effort to expand markets for supply managed products; and a perceived lack of responsiveness (or slow response) to changing consumer demands for locally (regionally) produced and specialty (organic, free range, free run) foods.

The BC Egg Marketing Board, in particular, was identified by interviewees as experiencing these governance issues. Interviewees also commented on a perceived conflict of interest on the Egg Marketing Board due to representation on the Board by producers with interests in the processing sector. The original intention of forming marketing boards was to provide producers with collective bargaining power in the face of a highly concentrated processing sector. Thus, having individuals with interest in processing (grading stations) making decisions on the allocation of production quota was viewed by several interviewees as a conflict of interest.

The BC Milk Board was also identified as failing to be proactive in facilitating regional production to fill the growing market for organic fluid milk in BC. An example cited was a lost opportunity to work with an interested processor in the Okanagan to facilitate the distribution of production quota for organic milk in this region several years ago.

The restricted provincial allocation in some sectors, such as eggs and industrial milk, was identified as a challenge. This situation creates a feeling of scarcity among existing producers, because accommodating new entrants requires reducing or limiting expansion of existing producers' quota. This was suggested as a factor responsible for reluctance among some producers and Boards to fully embrace new entrant programs.

High quota prices were identified by a number of interviewees as a critical barrier facing prospective new farmers. Marketing boards are not permitted to attach a monetary value to

quota. However, because quota is in limited supply, and demand has consistently exceeded supply, quota has attained an increasing value over time. Interviewees suggested that, as ownership of quota becomes consolidated in fewer hands, quota prices are driven up by the few, large scale producers able to pay. Several interviewees also noted that quota is being treated as an investment and as a commodity in itself. One example was given of a producer who was perceived to have purchased and held large amounts of available quota, with the express aim of driving up the price and reselling at a higher value. Income from quota sales is taxed as a capital gain unless producers purchase quota for another commodity. Producers retiring from production of one commodity (milk, for example) may purchase quota for another less labour-intensive commodity (broilers, for example). This serves as a tax shelter, but also drives up the price of quota, making it unaffordable for new entrants.

Further to the issues around purchasing quota, the following statement made by an experienced farmer was quoted by one interviewee:

Most of the supply managed commodities over the years, when there has been demand growth, have provided quota to existing operations regardless of their size. One of the original objectives of supply management was to assist small farmers in obtaining fair returns from the marketplace. Today, however, the supply managed sectors have many larger producers who tend to be the ones buying quota. Their sheer size and efficiency has helped them generate sufficient net revenues such that they are in or near the maximum marginal tax rates.

The implications of this statement were elaborated upon by the same interviewee as follows. Because quota purchase costs are deducted as an expense from farm income, the net cash costs for farmers in the maximum marginal tax rate is currently about 44% less than the total quota cost, after tax. Following this logic, individuals whose farm businesses are in lower marginal tax rates pay higher net quota costs, with individuals in the lowest marginal tax rates may not receive any after tax reductions in quota cost.

The vulnerability of the supply managed sectors to the presence or absence of processing capacity was identified as a weakness. The supply management system does not provide FIRB or any agency with direct power over the processing sector. More than one interviewee suggested that the collapse of regional food systems is directly related to the collapse of the processing sector, rather than a result of any inherent feature of the supply management system. Production quota inevitably follows processing capacity. The loss of regional marketing infrastructure was also noted as a key factor in the decline of regional food systems.

The difficulties experienced by small scale producers trying to enter the supply management system, and the variable success of new entrant programs among different sectors, were additional weaknesses commented on by interviewees. Long waitlists were identified as an issue affecting the success of new entrant programs. For example, the length of the wait to receive quota through the Graduated Entry Program in the dairy industry was reported to be twenty years. Interviewees reported that the new entrant program for laying hens has not been implemented, whereas progress has been made in the chicken and turkey industries.

Other concerns of interviewees related to the amount of quota provided through new entrant programs. Several interviewees felt that the current levels of quota in the chicken and turkey

new entrant programs were inadequate for a new producer to generate enough income to cover capital costs. Still other interviewees suggested that the small lot permit limits should be raised.

Alternative perspectives were offered on the role that the Farm Industry Review Board should be playing in supervising the supply managed sectors. One interviewee stated that FIRB supervision over the marketing boards is inadequate and criticized the system for lacking checks and balances (responsibilities attached to powers), for placing the onus entirely on the producer to appeal marketing board decisions, and for placing too little emphasis on FIRB's supervisory role. In contrast, another interviewee commented that a heavy-handed approach does not work because the Boards resist, suggesting that FIRB directions should be more general and that change ideally needs to be driven at the sector level.

Where an individual board is deemed to be unresponsive to market and consumer demands, or to FIRB direction, the terms of the Board members can be terminated and a new Board appointed by the Minister of Agriculture and Lands. This was suggested as an efficient and cost-effective approach by one interviewee and as a desired approach by another interviewee.

The non-supply managed, regulated sectors differ from the supply managed sectors because these sectors lack two of the three pillars of supply management – import restrictions and price controls to cover the costs of production. Without border controls, marketing agencies are competing with imported products to obtain the best price for growers. The result for regulated vegetables, according to one interviewee, has been to encourage imports and eliminate local production. As a result of the concentration of ownership and vertical integration in the packing, processing and wholesaling sectors, the vegetable farmer has become essentially a contract producer and it has become exceedingly difficult for new producers to enter the industry. This transition in the regulated vegetable industry was likened to similar trends in the non-regulated sectors, such as oilseed and grain production.

Opportunities

Many of the threats and weaknesses discussed above also represent opportunities. Opportunities to improve Board governance were identified. Interviewees stated that board members need to recognize that local and regional markets are important, and that the growth in demand for locally-produced food presents an enormous opportunity for the supply managed sectors. If Boards would see this trend as a positive development rather than a threat, interviewees suggest that opportunities could be found for growth within the supply managed sectors. It was also suggested that attitudes need to change at a national level to accommodate such growth in provincial quota allocations.

Interviewees identified a huge opportunity for small scale production and processing on Vancouver Island. The diverse topography, geographic isolation of agricultural regions, and history of subdivision make Vancouver Island highly suitable for small scale production. The isolation of agricultural regions presents opportunities to separate livestock, such as poultry flocks, thereby minimizing the risk of spreading disease, such as avian influenza. Small scale production dispersed throughout Vancouver Island's agricultural regions could help to reduce the vulnerability of BC's food system to such threats.

The strong demand for locally-produced food was also noted as a market opportunity for the supply managed sectors on Vancouver Island. As well, interviewees perceived an opportunity for the Boards to expand markets by responding to changing tastes and preferences, such as the growing demand for organic milk. One suggestion in this sector was for the Milk Board to be more proactive at facilitating fluid milk markets, since there are no constraints on fluid milk production at the provincial level. Similar suggestions were offered for specialty products in other sectors.

Interviewees stated that there is an opportunity for the specialty and new entrant programs to be successful, and suggested using quota proactively to support regional food production and new producers. To counter the trend toward consolidation of production in the Fraser Valley, several interviewees recommended allocating all new quota obtained through quota transfers and increased provincial allocations to new producers outside of the Fraser Valley. The viability of this suggestion was noted as being dependent on the presence (or simultaneous development) of adequate processing, marketing and transportation infrastructure in these regions.

Capping farm sizes at levels appropriate to each commodity (to maintain economic viability) was also suggested by more than one interviewee as a mechanism for freeing quota for new entrants and regional markets, and countering the consolidation trend. Another suggestion from one interviewee was to increase the percentage of quota reclaimed by the Boards through each quota transfer to 10%, which would generate a significant volume of quota to support expansion of regional production.

Reviewing the new entrant programs to ensure that they are financially viable (i.e. provide access to adequate quota to support a farm) was also listed as an important action. The impending FIRB review of the specialty and new entrant programs was seen as an opportunity to identify successes and weaknesses to date, and improve implementation of these programs.

Finally, there are opportunities to achieve agroecological benefits by using the supply management system to facilitate regional production outside of the Fraser Valley. The intensity of livestock production in the Fraser Valley has resulted in a situation of oversupply of nutrients (manure), leading to impacts on ground and surface water quality, and air quality. In contrast, Vancouver Island has an undersupply of nutrients. Moving quota and production out of the Fraser Valley could contribute to reducing this manure loading to a level within the carrying capacity of the land base, thereby reducing associated impacts. An additional, stated advantage of using the quota system to facilitate regional food production, processing and marketing would be to reduce transportation-related energy use and greenhouse gas emissions. Alternatives such as grazing-based dairy production and pastured poultry were also suggested as modes of production that the Boards should be encouraging.

Threats

The primary threats to regulated marketing and the development of regional food systems identified by interviewees included the following: consolidation of ownership in the processing sector coupled with loss of regional processing facilities; onerous requirements of new meat inspection and food safety regulations; and international trade agreements.

Consolidation of ownership in the processing sector and the loss of processing capacity was identified frequently as a critical threat facing regional food production. Specifically, the concentration of processing capacity in the Fraser Valley and the loss of this capacity on Vancouver Island was noted. Trends toward greater consolidation of ownership are present in all sectors of the food system. Regulated marketing and supply management are not responsible for these trends, but are impacted by their effects.

When processing companies consolidate, they are often inclined to close facilities in regions outside of the Fraser Valley, impacting the maintenance and development of regional food systems. Concentration of processing capacity in the Fraser Valley contributes to greater consolidation of production quota in proximity to these processing facilities. This concentration of quota in fewer hands, in turn, makes it more difficult for prospective new producers to access quota. Examples of this trend were noted for multiple sectors on Vancouver Island, including the supply managed sectors and regulated vegetables.

Onerous meat inspection and food safety regulations, with significant financial implications for producers and processors, were cited as another threat to regional food systems. Changes to Canadian Food Inspection Agency regulations and BC Meat Inspection Regulations have greatly impacted the processing sector, upon which the supply managed sectors depend.

Finally, international trade agreements were an additional, stated threat to supply management. Considerable pressure is being placed on Canada's supply management system through ongoing trade negotiations. Over time, tariffs are being reduced and import quotas are being increased, such that there is more imported product in the marketplace with the supply managed sectors having less ability to control market prices.

VI. Conclusion and Recommendations

The supply management and regulated marketing systems are complex, involving numerous industries and stakeholders. The information provided by knowledgeable individuals interviewed in this study represents a rapid scan of the perceived issues surrounding regulated marketing and the development of regional food systems. From this effort, common themes have emerged in answer to the central research question: ***In what ways do supply management and regulated marketing help or hinder the development of regional food systems?***

Supply management helps Canadian farmers as a whole by providing stability and revenues that support production. For the most part, consumers purchasing supply managed products are purchasing food that was grown in their province or within Canada. The same cannot be said for unregulated commodities. Without supply management, farmers in all regions would be subject to the international marketplace and consumers would see a greater percentage of imported eggs, dairy products, turkey, and chicken.

The greatest hindrances to the development of regional food systems are external threats, rather than any inherent feature of the supply management system. These threats include consolidation of ownership in the processing sector and loss of regional processing capacity, coupled with consolidation of ownership in the production sector and concentration of

production in the Fraser Valley (in proximity to the remaining processors).

These trends in consolidation and control of ownership in turn create conditions which hinder effective governance on marketing boards, and hinder the ability of new entrants to access quota and enter the regulated industries.

There are opportunities to use supply management to assist in the development of regional food systems. Many of the ideas put forward essentially amount to more stringent and effective implementation of policy directions issued by the Farm Industry Review Board (FIRB) in 2005 on Specialty Market and New Entrant Submissions. For example, FIRB directs the Boards to “provide priority” to producers filling regional and specialty markets “when there are regional market needs”. Interviewees in this study would assert that there are currently regional market opportunities to be filled, and would ensure that all transferred and new quota be directed to new entrants serving regional markets. Interviewees in this study would also take this a step further, by capping farm sizes at a certain level to prevent concentration of ownership in the production sector.

Varied perspectives were expressed in this study on whether FIRB should play a more heavy-handed supervisory role in enforcing the implementation of these policy directions, or whether such action is futile and likely to be met with too much resistance to be effective.

The impending review of the specialty and new entrant programs will be of interest to those concerned about the role of the supply managed sectors in facilitating regional food systems.

For members of the Island Good Food Initiative, the following recommendations are offered.

1. Continue to Bridge the Divide between Community-Based Food Systems Initiatives and Supply Management/Regulated Marketing Systems

Easily digestible information on supply management and regulated marketing is difficult to find. These systems are generally not well-understood by consumers, nor by many involved in community-based work in sustainable and regional food systems. For this reason, it would be valuable for the Island Good Food Initiative to continue to develop its role in bridging the communication divide between individuals interested in regional food systems and stakeholders in the supply management and regulated marketing systems.

A two-page information sheet was created through this project to provide an introduction to regulated marketing and supply management primarily for individuals involved or interested in small scale production. IGFI should place continued emphasis on communications materials in future work on supply management and regulated marketing.

2. Move from Problems toward Solutions

In the spirit of community-based research, this first phase of research into supply management and regulated marketing focused on defining the problem – determining the ways in which these systems help or hinder regional food system development. The next phase in the community-based research model involves collectively devising solutions to the problems that have been defined. A number of initial ideas for improvement in the supply managed sectors were put forward by interviewees in this study. A logical next step for the Island Good Food Initiative would therefore be to build on these initial ideas to develop

policy recommendations (which could be directed to the Ministry of Agriculture and Lands, the Farm Industry Review Board and the Marketing Boards).

Key ideas to be built on include: a) Harnessing the potential for the supply managed sectors to respond to the growth in consumer demand for locally and regionally produced food, and b) Modifying existing mechanisms within supply management to support regional production and counter the trend toward increasing consolidation of production and processing in the Fraser Valley (i.e. following up on suggestions such as capping farm sizes and redistributing additional quota reclaimed through transfers).

The ideas put forward need to be discussed, debated, and developed further by individuals holding intimate knowledge in each sector, including those with an understanding of production systems, farm finances and efficiencies, regional processing capacity, and agroecological systems.

This policy development work could be accomplished by forming a working group or conducting a series of sector-based focus groups. The intended product of this collaborative effort would be a series of policy recommendations to be prepared and released by the Island Good Food Initiative.

3. Participate in the FIRB Enhanced Markets Review

In 2009, FIRB will be initiating an Enhanced Markets Review to assess the implementation of the 2005 policy directions detailed in the *Specialty Market and New Entrant Submissions: Policy, Analysis, Principles and Directions* report. Members of the Island Good Food Initiative should engage in this review by staying informed of its progress and by participating in any opportunities for dialogue that may arise.

4. Clarify the Distinction between the Supply Managed and non-Supply Managed, Regulated Sectors

This study was initially intended to address both the regulated and supply managed sectors. In the course of completing the study, however, it became apparent that while both systems are subject to the same broader trends (such as consolidation in ownership and loss of regional processing capacity), they also experience distinct challenges and likely offer different opportunities for improvement.

Interviewees in this study included representatives of the supply managed sectors, as well as those with multi-sectoral experience. However, no industry representatives strictly from the non-supply managed, regulated sectors were interviewed. To better define the issues in these sectors, time will need to be devoted to subsequent conversations with stakeholders specifically involved in these non-supply managed, regulated sectors.