

**ANNUAL CONFERENCE OF
FEDERAL-PROVINCIAL AND TERRITORIAL
MINISTERS AND DEPUTY MINISTERS OF AGRICULTURE**

JULY 15-16, 1998

RECORD OF DECISION

**WILDLIFE AND WATERFOWL DAMAGE COMPENSATION
POLICY DIRECTION**

A report has been submitted at the request of the Ministers of Agriculture in July 1997 by the Canadian Federation of Agriculture (CFA) and Wildlife Habitat Canada (WHC) further outlining a strategy to address wildlife and waterfowl damage on agricultural production.

There is a need to have local wildlife and waterfowl and farm groups work together on this issue. This would be augmented by dialogue between the agricultural sector and environment and resource ministries, both federally and provincially, to gain a better understanding of all the concerns and to work together in addressing wildlife and waterfowl damage and related issues. Therefore, Ministers:

1. received the report and thanked the two organizations for their efforts to date. The ministers acknowledged that wildlife and waterfowl damage directly impacts individual farmers but damage levels vary across provinces. Therefore, this issue must be discussed bilaterally by the two orders of government, respecting their individual jurisdictions;
2. recognized that governments in some provinces already have compensation and prevention programs in place and that these existing efforts should be continued. The Ministers agreed to use all efforts to bring their environment and natural resource counterparts, with their associated client groups, together with farm groups to gain a better mutual understanding of prevention and control of wildlife and waterfowl damage;
3. agreed that the only long term, sustainable approach to managing this problem is through improved prevention and wildlife and waterfowl control methods. This can be best accomplished by improved cooperation between farm and environmental groups. Governments may give consideration to funding regionally-based pilot projects aimed at prevention. Any pilots should involve agriculture, resource and environment representatives in the initiative.

Date and Time: July 16, 1998, 1:00 p.m.

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EXTENSION YEAR FOR SAFETY NETS

In preparing for the establishment of a safety net policy and program framework taking effect in 2000-2001, Ministers agreed:

1. That current agreements can be extended to fiscal year 1999-2000;
2. That the current funding allocation mechanism, including the 1998-99 allocation by province of the \$180 million based on Crop Insurance premiums, be kept in place for 1999-2000 but not beyond;
3. In managing changes to safety nets in 1999-2000:
 - changes necessary for the effective operation of those programs will be made to NISA and Crop Insurance, and
 - changes to companion programs will be consistent with existing objectives and principles, be funded from provincial shares of the federal safety net envelope and take into account the indicated future direction for safety nets.

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SAFETY NET POLICY AND PROGRAM FRAMEWORK

- 1) In preparing for the establishment of a safety net policy and program framework taking effect in 2000-2001, Ministers agreed that a five-year framework agreement should be developed. Guiding this development will be:**
 - ✓ A policy objective that promotes the management of risk, reduces the impact of risk, and includes but is not limited to income stabilization.
 - ✓ The draft program and funding principles spelled out in the Annex to this document.
 - ✓ A cost sharing ratio of 60 percent federal and 40 percent provincial, subject to available resources, currently at \$600 million federal and \$400 million provincial.

- 2. Ministers agreed that further work is needed to develop options for the allocation of federal funding to provinces, guided by the agreed upon objective and draft principles and based on further analysis of the measurement and assessment of risk and economic contribution.**

- 3) With respect to program and funding flexibility, and subject to compliance with the agreed upon policy objective and draft principles, Ministers agreed to retain a combination of national and province-specific initiatives.**
- 4) Ministers have directed officials to undertake further analysis of providing equivalent funding where provinces and/or commodities do not participate in national programs with respect to the implications for producers, provinces and the overall direction of safety nets.**
- 5) Ministers agreed to an intensive work plan, including consultation with industry, leading to a meeting of Federal and Provincial Deputy Ministers in Fall 1998 to consider program options to be presented for decision at a meeting of Ministers by March 1999. The Ministers agreed to have decisions for implementation ready for their July 1999 meeting. Ministers have directed officials to:**

 - develop performance indicators for the policy objective and principles, and for the programs;
 - complete the evaluation of existing programs and program options including national (income-based) disaster and self directed risk management programs;
 - investigate mechanisms for agreement compliance;
 - complete the work on funding issues as outlined in item 2;
 - prepare safety net agreement(s) to take effect in 2000-2001.

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ANNEX
GUIDELINES TO ESTABLISH FRAMEWORK AGREEMENT PRINCIPLES

Program principles:

Production, Market Neutrality	Programs should not influence farmers' production and marketing decisions and should not distort regional comparative advantage.
Trade Neutrality	Programs should minimize countervail risk.
Environmental Sustainability	Programs should not be adverse to environmental stewardship.
Adaptation and Adjustment	Programs should not be adverse to market-orientated adjustments.
Minimal Overlap and Duplication	Programs should not duplicate purpose and payments.
Minimal Moral Hazard	Programs should minimize moral hazard.

Funding Principles:

Non Distorting Distribution of Government Funds	Fund allocation should not be distorting to regional/commodity comparative advantage.
Cost-Sharing	Producers and both orders of government should share program costs, including any premiums, deficit and administration.
Capping	There shall be limits on the level of assistance provided to individual producers.
Equity	The financial resources of the Government of Canada should be allocated to provide, over time, the same level of protection for farmers in similar circumstances.

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**REVISING THE FEDERAL - PROVINCIAL AGREEMENTS
FOR THE POULTRY AND EGG SUPPLY MANAGEMENT SYSTEM**

The National Farm Products Council and Provincial Supervisory Boards (collectively referred to as Councils) have reviewed the existing Federal - Provincial Agreements used by the national poultry and egg marketing agencies and have determined that the Agreements should be revised to make them more flexible and to permit the national agencies to better adapt to changing market conditions. On the basis of the review and recommendations presented by the Council, the Ministers agreed:

1. That the national poultry and egg marketing agencies continue to require Federal-Provincial Agreement to effectively operate the supply management systems.
2. That the existing Agreements, used by the national poultry and egg marketing agencies, should be revised and re-structured to allow the national agencies greater flexibility to adjust their marketing systems to changing market conditions.
3. To support the work plan developed by the Councils to develop new structures for Agreements to be used by the national poultry and egg supply management agencies, with the understanding that not all agencies are ready to begin the revision process immediately.
4. To consult stakeholders in their respective industries during the process, and examine the impacts of the new proposed approach before giving their final approval.
5. To direct the Councils to provide reports to Ministers on the progress of this initiative, which is to be completed by December 31, 1999, on the basis of the recommended workplan.

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REMOVING BARRIERS TO INTERNAL TRADE

As required in the Agreement on Internal Trade, Ministers have undertaken a review of the scope and coverage of the Agriculture and Food Chapter of the Agreement. They instructed officials to develop a discussion document setting out a means of broadening the coverage of the Chapter, and to hold consultations with industry stakeholders. Based on the results of those public consultations, Ministers:

1. Reaffirmed that the objective of liberalizing internal trade is very important and is widely supported in the agriculture and food industry;
2. Recognized that many of the outstanding technical barriers to internal trade of agriculture and food goods identified by industry stakeholders were included in the scope and coverage of the Chapter from September 1997, and that some other measures are being addressed through separate policy processes;
3. Noted that many industry stakeholders have placed a higher priority on preparations for the upcoming WTO agriculture negotiations than on negotiations to expand the scope and coverage of the Agriculture and Food Chapter of the Agreement on Internal Trade;
4. Recognized that the outcome of internal trade negotiations on many issues could be linked to the results of the next round of multilateral agriculture negotiations in the World Trade Organization;
5. Decided to pursue negotiations to revise the scope and coverage of the Chapter. Officials are to prepare a proposed negotiating approach with recommendations on priority issues for consideration by Deputy Ministers in the fall of 1998. For the moment, Quebec indicated that it would not participate in this process, given the reasons in points 3 and 4 above.

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**CODE OF CONDUCT
AGRI-FOOD INVESTMENT INCENTIVES**

With respect to Agri-food investment incentives, Ministers agree:

1. that incentives resulting in the relocation of an existing enterprise from one province to another provide no net benefit to the Canadian Agriculture and Agri-food industry;
2. to instruct officials to develop recommendations concerning a Code of Conduct on Incentives for the Agri-food industry;
3. to instruct officials to examine the possibility of creating a relationship/linkages between the AIT Investment Chapter (6) Code of Conduct on Incentives and the AIT Chapter on Agriculture and Food (9).

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INVESTMENT

Ministers:

- accepted and approved the report, emphasizing the importance of focussing efforts in support of the report's strategic objectives - to improve the investment climate, promote Canada as an investment location, and to develop and secure investment in Canada;
- instructed officials to design and implement short and medium term work plans to increase investment activity in the Canadian agri-food industry;
- asked officials to establish performance measurement targets and processes in order that Ministers may track progress;
- requested officials to work cooperatively and to provide seamless service to investors, and;
- agreed to designate the Federal-Provincial Steering Committee on Investment responsible for ensuring the investment strategy is implemented and instructed them to consult with the Canadian agri-food industry, when appropriate.

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