



# Bringing Local Food Home

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Legal, Regulatory and Institutional Barriers to Local Food

Written and researched by the Canadian Institute for  
Environmental Law and Policy  
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# Executive Summary

**T**he Greenbelt, covering 1.8 million acres from Niagara Falls to Tobermory to Peterborough, contains some of the most fertile farmland in Canada including the Holland Marsh and the Niagara Peninsula tender fruit and grape area. There are over 7,000 farms whose production capacity and proximity to urban areas present a unique opportunity to feed Ontario’s diverse population. There are many potential benefits to buying food that is grown and processed in and around the Greenbelt. Purchasing local food means that more of consumers’ dollars spent on food go into the local economy, which benefits farmers and local merchants. Local food means greater freshness, ripeness, taste, and often, nutritional value. Many consumers also choose local because they want to know the place of origin of their food and have a connection to the farmers who grow it.

Despite the strong demand for local food and a robust seasonal supply, the market is not yet delivering local food to the extent that consumers want it due to a variety of systemic barriers. This paper examines a sub-set of those barriers—those arising out of laws, regulations or international agreements. As the research makes clear, all of these barriers are surmountable, and some specific actions to be taken by policymakers to overcome them are identified.

One of the most commonly identified barriers in the literature and by the stakeholders interviewed for this study is institutional—the highly centralized purchasing and distribution systems of a concentrated corporate structure and globalized food system. Given that the majority of consumers still rely on grocery stores for much of their food purchases, consolidation of grocery chains and their emphasis on economies of scale is a significant barrier to local food. Consumers are taking steps to bypass the grocery chains by going directly to farmers through farmers’ markets, community supported agriculture (CSAs), and ‘pick your own’ farms or shopping more at independent retailers. The three national food retailers need to make the necessary changes in their systems to source and stock more local food if they are to respond to consumer demand.

With respect to governments, the *Canadian Institute for Environmental Law and Policy* makes the following recommendations:

### **Food Distribution Systems**

- The Ontario government should work with the Ontario Food Terminal Board to ensure that the necessary changes are made to facilitate the movement of more local food through the Ontario Food Terminal.
- The Ontario government should continue its efforts to support development of market-based initiatives that will allow Ontarians to buy more locally grown food. This should include examining the feasibility of regionally-based systems of distribution such local food ‘hubs,’ as well as online and other alternative brokerage models.
- The Ontario and municipal governments should adopt procurement policies that would result in the purchase of more local food.
- The Ontario government should provide resources and support to public sector and other institutional buyers, food service providers, restaurateurs and retailers who need assistance to increase their procurement of local food.

### **Food Labelling – Country of Origin Labelling Regulations**

- The federal government should ensure effective compliance, monitoring and enforcement by the Canadian Food Inspection Agency of the recently revised policy guidelines.

### **Food Labelling – Local Food Labelling**

- The Ontario government should facilitate voluntary labelling and certification initiatives undertaken by farmers’ organizations and other stakeholders, and consider other ways to improve the labelling of local food to allow buyers to verify its authenticity.
- The federal Canadian Food Inspection Agency should remove its definition of “local”

from its website and *Guide to Food Labelling and Advertising*.

### **Health Regulations – Meat Inspection**

- The Ontario government should continue to provide provincially regulated abattoirs with financial assistance to ensure adequate capacity for lamb and beef slaughter.
- The Ontario government should evaluate the impacts of the Meat Regulation on small abattoirs and consider whether there is a need to continue and increase the funding available to assist local abattoirs in adjusting to that regulation. The provincial government should also consider whether additional measures are needed to protect and support its network of local abattoirs.

### **Farmland Property Tax Assessment**

- The Ontario government should work with producers, municipal governments and other stakeholders to define value-added and value-retention agricultural activities and amend as required current property tax policy.

### **Supply Management Systems**

- The Ontario government should continue to work with commodity marketing boards to develop policies that allow farmers to produce and sell limited amounts of the supply-managed commodities without needing to apply for a quota.

# Introduction

**A** wide variety of laws, regulations, agreements and institutional structures exist at different levels of government that have an impact on the production, distribution, and sale of local food in the Greenbelt region. Intentionally or not, they create impediments for the livelihoods of Greenbelt farmers and access to locally grown food within the Greenbelt.

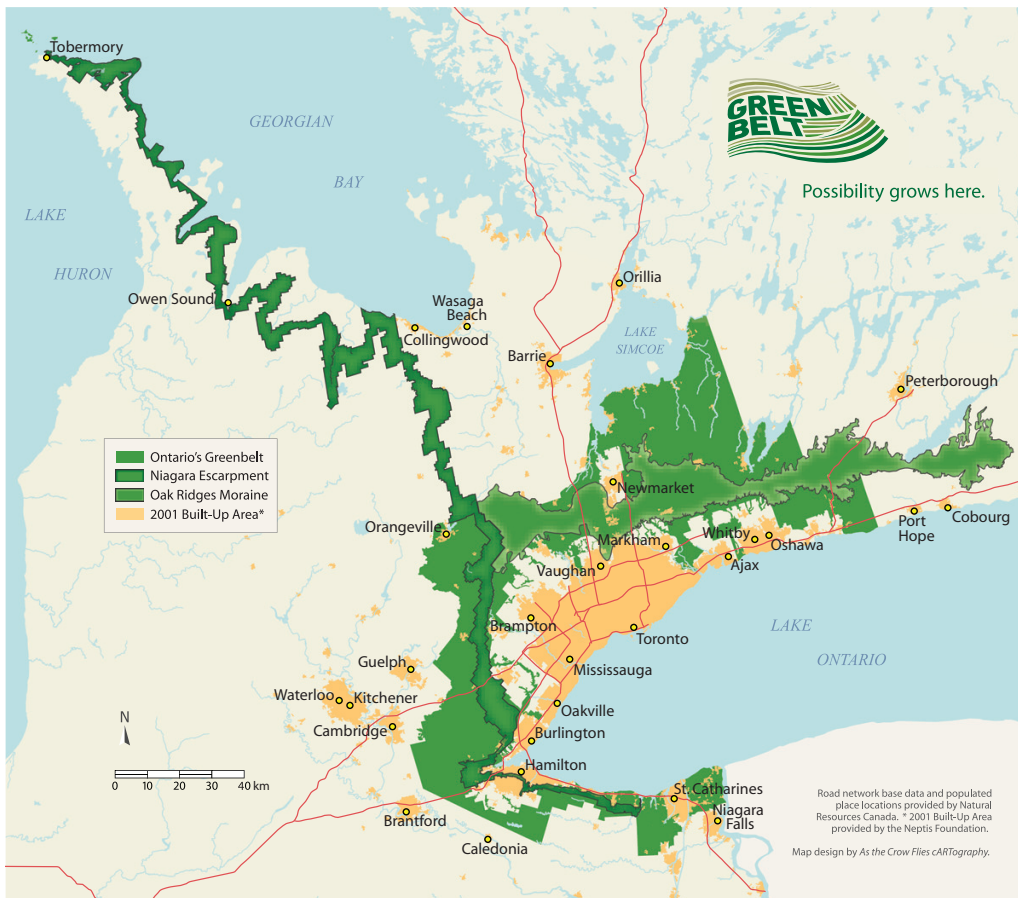
The focus of this report is on legal, regulatory, and institutional barriers identified through interviews with producers and other stakeholders who are currently participating in, and have knowledge of, the Greenbelt local food economy and supply chains. A literature scan revealed a long list of barriers faced by farmers. Interviews were conducted with a number of farmers and other stakeholders in the Greenbelt region to determine which barriers they considered most problematic. Those interviewed included farmers of beef, chicken, flowers, fruits, vegetables and greens, as well as representatives from organizations engaged with agriculture, such as the Ontario Fruit and Vegetable Grower's Association, the Ontario Federation of Agriculture, and Local Food Plus. Based on these interviews, the report focuses on barriers related to food distribution systems, food labelling, international trade rules, health

regulations, farmland property tax assessment, and supply management systems. It does not address rising costs, declining prices, and other barriers to the general viability of farming in the long term.

The report provides background on, and analysis of, the legal and regulatory barriers, and reviews some examples of how other jurisdictions have developed laws, regulations and policies to overcome barriers similar to those currently faced by producers in the Greenbelt. For each of the barriers identified, the report considers specific actions that could be taken by government regulators to overcome these barriers, and promote and provide the conditions for a more sustainable local food economy in the Greenbelt.

The barriers raised here likely reflect the concerns of farmers throughout Ontario. Farmers in the Greenbelt, however, face unique challenges by virtue of being located near urban centres. It is important to give special consideration to the barriers faced by Greenbelt farmers in order to ensure the protection of agricultural lands envisioned by the Greenbelt Act and Plan.

**Figure 1 - Ontario's Greenbelt**



# 2

## Food Procurement and Distribution Systems

### **B**arriers Identified

While the agriculture and agri-food sector has continued to grow at an average rate of 2.4 per cent per year over the last decade<sup>1</sup>, increasing consolidation of the grocery industry and associated changes in food distribution systems have combined to create barriers between many farmers and consumers who want to buy locally grown and produced food. This was one of the institutional barriers most commonly identified by Greenbelt farmers and other stakeholders interviewed for this report.

Food distribution is a major component of Canada's agriculture and agri-food sector with expenditures totaling \$137 billion in 2005.<sup>2</sup> Increased consolidation and concentration in the retail sector has meant that retail food stores have gotten larger and exert increasing control in the market. As retailers grew through mergers and acquisitions, they developed their own vertically integrated distribution systems with large food manufacturers and producers. They created their own warehouses and centralized buying offices, severely restricting purchase of locally grown food.

In one interview, a stakeholder noted the example of a potato farmer in Kitchener who cannot supply his local IGA store because it is mandated to buy from a wholesaler in Milton. When Sobeys acquired ownership of IGA, it meant that the formerly independent grocery stores lost flexibility in purchasing due to different franchise arrangements that require a higher percentage of products come from Sobeys' warehouses. A similar situation exists with respect to the two other national chains.

### **Current Institutional Framework**

The food retail sector has become increasingly consolidated in Canada. In the late 1980s, the five largest food retailers accounted for 50 per cent of grocery sales, with independent retailers holding a share of approximately 47 per cent. By the late 1990s, the share of the five big retailers had grown to 60 per cent of sales, with independent retailers accounting for only 39 per cent of sales.<sup>3</sup>

According to the Canadian Council of Grocery Distributors, the top three food retailers (Loblaws, Metro, and Sobeys) supply approximately 78 per cent of the food distributed to consumers through grocery channels.<sup>4</sup> These retail giants rarely deal with smaller local farmers because they cannot ensure that they will be able to supply the necessary volumes consistently throughout the year, or they lack the technology needed to turn produce into case-ready products for retail. Instead, the large food retailers now obtain most of the food they sell from large distributors or larger farms. The lack of local products in convenient locations and the related lack of local distribution channels inhibit farmers from gaining access to local customers.

As with the retail industry, the food service industry is also dominated by large companies that have similarly sought efficiency gains and lower procurement costs by doing business with fewer numbers of suppliers.

### **Addressing Food Distribution Barriers in Other Jurisdictions**

#### *United States*

As in Canada, food retailers in the United States have expanded through consolidation in recent years in order to become more efficient in food procurement and operations.<sup>5</sup>

Between 1997 and 2000, more than 4,100 U.S. supermarkets were acquired, representing \$69 billion in sales. By 2005, the 20 largest retailers accounted for 62 per cent of total grocery store sales, up from 39 per cent in 1992.<sup>6</sup>

Retailers that have pursued consolidation have done so to achieve cost savings through streamlined product distribution systems.<sup>7</sup>

In response to food retail and distribution consolidation, there has been a rise in the US in direct farm marketing through co-ops and farmers' markets channels to provide local farmers with alternative outlets for their produce. For example, after a dramatic decline in swine operations in Kentucky in the early 1990s, several swine producers came together to form the Central Kentucky Hog Marketing Co-op, which now has 10 members and produces

more than 35,000 hogs per year.<sup>8</sup> Farmers' markets have also proven to make economic sense for farmers as they allow them to obtain higher prices for their produce and create relationships with consumers. The US Department of Agriculture (USDA) has reported that 19,000 farmers sell their produce exclusively at farmers markets and that 82 per cent of markets throughout the US are self-sustaining.<sup>9</sup>

### *United Kingdom*

The United Kingdom has also experienced a consolidation of supermarket chains, with the four largest grocery retailers accounting for 73.4 per cent of the UK market. Some of the chains have, however, recognized the consumer interest in local food. For example, Tesco launched a local sourcing initiative in Cornwall in 2006.<sup>10</sup> In 2008 Tesco committed itself to making "local produce a mainstream part of what we offer to our customers at affordable prices, in all our stores."<sup>11</sup> To do this required making changes in their food procurement and distribution systems, including building regional purchasing centres and finding new suppliers. Tesco plans to sell more than GBP£1 billion of local products by 2011, up from the GBP£400 million in local product sales it expects in 2008.

Government support for local food procurement is credited as a key factor in the development of local food supply chains throughout the UK. The Department of Environment, Food and Rural Affairs (DEFRA) encourages the development of local food procurement policies and provides advice and technical support for suppliers, purchasers and institutions (both public and private) who need help making the necessary modifications. The DEFRA website hosts a procurement 'portal' with specific tools for schools, hospitals, daycares and homes for the aged. Tools provided include case studies, sample RFPs and contracts. In addition, DEFRA has financially supported a number of local initiatives that have brought together the food service providers, institutional managers, and suppliers of schools, hospitals, daycares and homes for the aged to figure out how to increase the percentage of local food they can provide their clients.<sup>12</sup>

### **Possibilities for Change**

To ensure a strong local food system, consumers must have convenient access to local food. They must be able to purchase local food in the grocery stores where the majority of Canadians buy their food.

In the UK, Tesco has set a positive example for Canadian supermarkets with its policy of increasing its supply of locally sourced food in its stores. In Ontario, the three national grocery chains all have versions of program promoting Canadian produce, featuring locally grown fruits and vegetables in season.<sup>13</sup> It is important that the government continue to encourage large food retailers to expand their supply of locally grown food. It needs to be recognized, however, that any serious effort to increase local food in the national chains will require changes in the mainstream food procurement and distribution systems.

While consumers are willing to pay more for locally-produced food,<sup>14</sup> they may not understand how food distribution systems create barriers to making local food available to purchase. It may be appropriate to add new messages to existing public education campaigns



about how the food distribution system works in order to increase consumer pressure on supermarkets, as well as to provide information about how to eat a more seasonable diet.

There are other ways for the provincial government to facilitate an increase in the amount of local produce entering food distribution channels in Ontario. The Ontario Food Terminal is a large central wholesale fruit and produce market, established by the provincial government after WWII.<sup>15</sup> The government-appointed Ontario Food Terminal Board is expected to operate the terminal to achieve a number of objectives, including providing “a central marketplace for Ontario growers and produce wholesalers to sell their produce directly to the wholesale and retail trade.”<sup>16</sup> The recent report, *Food Connects Us All*, observed that the terminal

Has the potential to help strengthen the local sustainable food sector, because it offers an alternative to the food warehouses of the major retailers and serves independent grocery stores. It currently runs a daily farmer’s market and works closely with local suppliers, but, at present, much of the food that passes in and out is imported.<sup>17</sup>

The GTA Agricultural Action Committee has identified the Ontario Food Terminal as a “potential significant contributor to the renewal of our locally grown food system.”<sup>18</sup> The Ontario government should make the necessary changes to facilitate the movement of more local food, which is labelled as such, through the Ontario Food Terminal -- be it by giving clear direction to the Ontario Food Terminal Board to take specific actions to achieve this purpose or making amendments to the *Ontario Food Terminal Act* or its regulations as necessary.

Stakeholders have identified institutional procurement policies that place a priority on purchasing local food as an effective way of enhancing demand by foodservice providers and distributors for locally grown food. A procurement contract offers local producers “a steady, predictable market, which can help them expand, improve operations, take on new staff, or otherwise contribute to the economy.”<sup>19</sup> On the recommendation of the OMAFRA Minister’s Strategic Advisory Committee (MSAC), the Ontario Government is working to increase the amount of locally grown food within the immediate Ontario public service, and there have been ad hoc initiatives by municipalities, hospitals, and school boards to do the same. In the UK, as noted above, DEFRA actively encourages procurement of locally grown food by public institutions, and provides a variety of tools and supports. A similar proactive, systematic approach by the Ontario Government would facilitate publicly funded institutions increasing their purchase of local food.

The Ontario government has a variety of related initiatives, including \$4 million in support for Farmers’ Markets Ontario and the Ontario Farm Fresh Marketing Association,<sup>20</sup> as well as \$12 million over the next four years for the Ontario Market Investment Fund (OMIF) to help agri-food industry groups and local food networks promote consumer awareness and encourage Ontarians to buy locally.<sup>21</sup> It will be important for the OMIF to help smooth the path for local food from farm to market, including by supporting the development

<p>Recognizing the need to facilitate the distribution of locally grown, sustainably produced food in Ontario, Local Food Plus (LFP) is working to certify farmers and processors who produce food in environmentally and socially responsible ways, linking them with institutional food purchasers such as municipalities, universities, restaurants, and independent grocers, and educating consumers about the benefits of locally sustainable food systems.<sup>22</sup></p>
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of local food ‘hubs,’ online or other alternative brokerage models.

# 3

## International and National Trade Rules

### **B**arriers Identified

In most discussions around increasing the amount of locally grown food provided at provincial, municipal, school board, or other public institutions, a concern is expressed that international or national trade agreements may present a barrier to formally targeting or showing preference for local food in procurement policies. Trade agreements typically contain procurement provisions designed to eliminate trade barriers and facilitate the movement of goods and services across international and inter-provincial borders.<sup>23</sup>

### **Current Regulatory Framework**

#### *International*

At the international level, Canada has signed two trade agreements that affect government

procurement policies: the World Trade Organization Agreement on Government Procurement (WTO-AGP) and the North American Free Trade Agreement (NAFTA).<sup>24</sup>

The WTO-AGP provides that Parties to the agreement must give the products, services and suppliers of other Parties “treatment no less favourable than: (a) that accorded to domestic products, services and suppliers; and (b) that accorded to products, services and suppliers of any other Party.”<sup>25</sup> The WTO-AGP applies only to procurement above a specified threshold by the government entities listed by each Party in Annexes to the Agreement.<sup>26</sup> In Canada, the WTO-AGP applies to most federal government departments and entities, but not to provincial or municipal governments and institutions.<sup>27</sup> The WTO-AGP applies to federal procurements of goods and services valued at \$217,400 or more.<sup>28</sup>

NAFTA addresses government procurement in Chapter 10 of the agreement, which requires that the Parties (Canada, Mexico and the United States)

Accord to goods of another Party, to the suppliers of such goods and to service suppliers of another Party, treatment no less favorable than the most favorable treatment that the Party accords to: its own goods and suppliers; and goods and suppliers of another Party.<sup>29</sup>

NAFTA’s procurement provisions apply to federal government departments and corporations, but not to provincial or municipal governments or institutions.<sup>30</sup> NAFTA only applies to federal procurement of goods valued at more than \$28,200 between Canada and the US, and more than \$76,500 between Canada and Mexico.<sup>31</sup>

When NAFTA was negotiated, the Parties agreed to consult with their state and provincial governments in hopes of obtaining voluntary and reciprocal commitments to make procurement by state and provincial government entities subject to the Agreement as well.<sup>32</sup> However,

[n]o progress has been made with these negotiations. Canada’s position remains that significant improvement in U.S. coverage at the federal government level, including removal of exceptions for small business set-asides and Buy American, will be needed before any further coverage could be considered by Canada.<sup>33</sup>

### *Inter-provincial*

Although international trade obligations do not apply to Ontario government procurement, Ontario has signed and is subject to the Agreement on Internal Trade (AIT),<sup>34</sup> along with the federal government and other provinces. The 1995 AIT set rules to reduce existing trade barriers within Canada, and to prevent the federal and provincial governments from establishing new ones. One of the areas covered by the agreement is government purchasing.<sup>35</sup>

The AIT seeks to “ensure equal access to procurement for all Canadian suppliers in order to contribute to a reduction in purchasing costs and the development of a strong economy in a context of transparency and efficiency.”<sup>36</sup> Under the agreement, the federal and provincial governments must accord to the goods and services, and the suppliers of goods and services, of

any other Party treatment that is no less favourable than the best treatment it accords to its own goods and services and suppliers.<sup>37</sup> This requirement generally applies where the procurement value is \$25,000 or more for goods, and \$100,000 or more for services.<sup>38</sup>

The AIT provides an exception for procurement for regional and economic development purposes as long as the excluded procurement is not more trade restrictive than is necessary to achieve its specific objective.<sup>39</sup> As well, the AIT does permit procurement measures that result in the creation of an obstacle to internal trade,<sup>40</sup> if a Party can demonstrate that:

- (a) the purpose of the measure is to achieve a legitimate objective;
- (b) the measure does not operate to impair unduly the access of persons, goods, services or investments of a Party that meet that legitimate objective;
- (c) the measure is not more trade restrictive than necessary to achieve that legitimate objective; and
- (d) the measure does not create a disguised restriction on trade.<sup>41</sup>

A “legitimate objective” may include any of the following objectives: public security and safety; public order; protection of human, animal or plant life or health; protection of the environment; consumer protection; protection of the health, safety and well-being of workers; or affirmative action programs for disadvantaged groups.<sup>42</sup>

In Ontario, the AIT applies beyond provincial government ministries and entities, to municipalities, municipal organizations, school boards, and publicly funded academic, health and social services entities, known as MASH entities. The exemptions noted above, however, would seem broad enough to allow for institutional procurement policies that establish preference or specific targets for the purchase of local food.

In addition to the AIT, Ontario is party to a bilateral agreement with Quebec that seeks to eliminate all forms of discrimination based on the province of origin of goods from the procurement practices of the parties.<sup>43</sup> The terms of this agreement might have to be revisited in order to facilitate local food procurement at the Ontario government level.

## **Addressing Barriers to Local Food Procurement in Other Jurisdictions**

### *Nova Scotia*

Nova Scotia is an example of a Canadian province subject to the AIT that is actively pursuing local food procurement as part of a broader sustainable procurement initiative. In 2007, Nova Scotia passed an *Environmental Goals and Sustainable Prosperity Act*,<sup>44</sup> which committed the province to developing and adopting a sustainable procurement policy by the year 2009.<sup>45</sup> The government is working towards fulfilling this commitment to sustainable procurement through a range of environmentally responsible procurement practices, including local food procurement:

In 2006/07, the government made changes through the [Nova Scotia Economic Development] Supplier Development Program to support the purchase of local agricultural products in provincial health care and justice institutions.<sup>46</sup>

The Nova Scotia government is actively supporting the development of local food procurement in other ways. In May 2007, Nova Scotia's Ecology Action Centre released a literature review of local food procurement policies that was funded by the Nova Scotia Department of Energy.<sup>47</sup> This paper examined the environmental, economic and social benefits of local food and showcased local food procurement policies in jurisdictions such as Italy, Britain and the United States as well as Canada.

### **Possibilities for Change**

The restrictions in the WTO-AGP and NAFTA do not extend to provincial and municipal governments and entities, and the federal and provincial governments should be encouraged to maintain this position in any future negotiations. Given that there exists a perception among some stakeholders that the procurement provisions of one or both of these agreements is a barrier to explicit provincial and municipal government preference for locally grown food, it would be useful for the Ontario government to make this information more well known. It would also be useful for the government to confirm that an exception is possible under the Agreement on Internal Trade (AIT).

# 4

## "Country of Origin" Labelling Regulations

### **B**arriers Identified

A number of the Greenbelt farmers and other stakeholders interviewed for this study indicated that country of origin labelling regulations can be a barrier to marketing and selling local food products in competition with imported food. Although the country of origin of fresh produce is usually labelled clearly, many packaged food products that are sold as “Canada #1” are not from Canada in the way that consumers would understand it.<sup>48</sup> As one interviewee noted, a product is currently considered to be a “product of Canada” if 51 per cent of the costs of producing or manufacturing the product have been incurred in Canada. Consumers are led to believe that the label refers to what is inside of the package. However, that 51 per cent may also include the packaging and processing of the food product, which may be most of the cost.<sup>49</sup>

## Current Regulatory Framework

A variety of federal laws, regulations and policies govern food labelling in Canada. Both the *Food and Drugs Act*<sup>50</sup> and the *Consumer Packaging and Labelling Act*<sup>51</sup> regulate food labelling. The *Food and Drugs Act* regulates the advertising and sale of all foods in Canada, while the *Consumer Packaging and Labelling Act* governs prepackaged food products.

Each of these statutes contains prohibitions against providing false or misleading information about a product. Section 5(1) of the *Food and Drugs Act* states that:

No person shall label, package, treat, process, sell or advertise any food in a manner that is false, misleading or deceptive or is likely to create an erroneous impression regarding its character, value, quantity, composition, merit or safety.

Similarly, section 7(1) of the *Consumer Packaging and Labelling Act* provides that:

No dealer shall apply to any prepackaged product or sell, import into Canada or advertise any prepackaged product that has applied to it a label containing any false or misleading representation that relates to or may reasonably be regarded as relating to that product.

Certain foods are subject to specific requirements for origin labelling under the *Canada Agricultural Products Act*<sup>52</sup> and international trade agreements. This means that it is mandatory to label the country of origin for products like fresh fish, imported pre-packaged dairy, eggs, meat, fresh fruits and vegetables and honey products.<sup>53</sup>

Beyond these specific legislative requirements, however, the meaning of terms like “Made in Canada” and “Product of Canada” is defined in government guidelines. In its *2003 Guide to Food Labelling and Advertising*, the Canadian Food Inspection Agency (CFIA) notes that “Made in Canada” and “Product of Canada” suggest that the food was manufactured in this country, but adds that these statements do not necessarily mean that all of the ingredients used are domestic. This guide also cautions against using the term “Made in Canada” to describe foods in circumstances where only the packaging or label has been made in Canada.<sup>54</sup> The CFIA guide specifically refers to the rules set out in the Competition Bureau’s *Guide to “Made in Canada” Claims*.<sup>55</sup> In evaluating claims that Canada is the country of origin of a product, the Competition Bureau relies on the following Industry Canada policy:<sup>56</sup>

- (1) The last substantial transformation of the goods must have occurred in Canada, and
- (2) At least 51% of the total direct costs of producing or manufacturing the goods are Canadian.<sup>57</sup>

The Competition Bureau considers that goods have been “substantially transformed” if they have undergone “a fundamental change in form, appearance or nature such that the goods existing



after the change are new and different goods from those existing before the change.”<sup>58</sup>

Despite the suggestion in the CFIA’s *2003 Guide to Food Labelling and Advertising* that products should not be labelled as “Made in Canada” when only the packaging is domestic, the fact remains that the rules permit companies to label many foods as such if 51 per cent of the direct production or manufacturing costs are incurred in Canada, even if the ingredients themselves were sourced from outside of Canada.<sup>59</sup>

In May 2008, the federal government announced its attention to change federal policies on the use of “Product of Canada” and “Made in Canada” labels in order to clearly identify Canadian content in food.<sup>60</sup> The following are the revised Canadian food labelling rules that came into effect December 31, 2008.<sup>61</sup>

#### *“Product of Canada”*

A food product may claim Product of Canada when all or virtually all major ingredients, processing, and labour used to make the food product are Canadian. This means that all significant ingredients are Canadian and non-Canadian material must be negligible. Ingredients that are present in a food at very low levels and that are not generally produced in Canada, including spices, food additives, vitamins, minerals, and flavouring preparations, may be used without disqualifying the food from making a Product of Canada claim. Ingredients in a food that are not grown in Canada, when present at very low levels, may be considered minor ingredients. Generally, the percentage referred to as very little or minor is considered to be less than a total of 2 per cent of the product.

#### *“Made in Canada”*

A qualified Made in Canada claim could be applied to a label or advertisement when the last substantial transformation of the product occurred in Canada, even if some ingredients are sourced from other countries. When a food undergoes processing which changes its nature such that the food becomes a new product bearing a new name by which the food is generally known by the consumer, it is considered to have undergone substantial transformation. Those processes which result in a substantial transformation may be outlined in more specific legislation, such as the Meat Inspection Regulations.

When a food contains ingredients which are sourced from outside of Canada, the label would state “Made in Canada from imported ingredients.” When a food contains both domestic and imported ingredients, the label would state “Made in Canada from domestic and imported ingredients.”

#### *Other Claims*

The use of Product of Canada and the qualified Made in Canada claims are encouraged to ensure clarity for the consumer and to enhance their ability to identify Canadian made foods. Other more specific statements or claims,

including "Prepared in Canada", "Processed in Canada," and "Refined in Canada" that describe the Canadian value added may be used without further qualification, provided they are truthful and not misleading for consumers. For example: "roasted and blended in Canada" to describe coffee since the coffee beans are always imported; "packaged in Canada" to describe a food which is imported in bulk and packaged in Canada; "distilled in Canada" to describe an imported product that underwent distillation in Canada; "canned in Canada" to describe the process that an imported product incurred in Canada.

It would be appropriate to allow for a transition period before the new guidelines come into effect. Effective compliance monitoring and enforcement by the CFIA would support the implementation of this new policy.<sup>62</sup>

### **Country of Origin Labelling in Other Jurisdictions**

#### *United States*

In the United States, the Federal Trade Commission (FTC) has the power to take law enforcement actions against companies that make false or misleading claims that a product is of US origin. The FTC requires that a product advertised or labelled as "Made in USA" must be all, or virtually all, made in the United States. The FTC defines "all or virtually all" as meaning that all significant parts and processing that go into the product have to be of US origin. Therefore, products making this claim must contain either no, or negligible, foreign content.<sup>63</sup> Producers have the choice of making either an unqualified "Made in USA" claim under the "all or virtually all" standard or a qualified "Made in USA" claim. A qualified "Made in USA" claim allows the producer to describe how much of a product's content or processing is of domestic origin. For instance, producers may be allowed to state that a product contains "60% U.S. content."<sup>64</sup>

In recent years, the United States has attempted to implement a Country of Origin Labelling (COOL) requirement. The *Food, Conservation and Energy Act*, recently passed by the US government,<sup>65</sup> authorizes a large number of programs related to agriculture, and contains provisions that would implement mandatory COOL for fruit, vegetables and meat.<sup>66</sup>

#### *United Kingdom*

The United Kingdom is subject to European Commission directives and regulations. EU Directive 2000/13/EC<sup>67</sup> provides that food labelling must not mislead a purchaser to a material degree, in relation to characteristics such as origin or provenance. This covers presentation for sale and advertising as well as labelling. The prohibitions set out in this EU directive have been implemented in the UK through the *Food Safety Act 1990* and the *Trade Descriptions Act 1968*.<sup>68</sup>

In addition to EU Directive 2000/13/EC, specific EU commodities laws set out requirements for country of origin information concerning beef, veal, fish and shellfish, wine, specified fresh fruit and vegetables, honey, olive oil, and poultry meat that are imported from outside the EC.<sup>69</sup> For example, Regulation (EC) No 1760/2000 established requirements for

labelling beef and beef products.<sup>70</sup> Article 13 of this regulation sets out rules for a compulsory beef labelling system in the European Community that require labels to state: the Member State or other country of birth; all Member States or other countries where fattening took place; and the Member State or other country where slaughter took place.

In the UK, requirements for compulsory origin labelling are found in the Food Labelling Regulations 1996. These regulations require

Food that is ready for delivery to the ultimate consumer or to a catering establishment to be marked or labelled with particulars of the place of origin or provenance of the food if failure to give such particulars might mislead a purchaser to a material degree as to the true origin or provenance of the food.<sup>71</sup>

### **Possibilities for Change**

It is encouraging that the federal government has changed the policy guidelines to help ensure more clarity and transparency in country of origin labelling for food. The federal government should ensure effective compliance, monitoring and enforcement by the Canadian Food Inspection Agency.

# 5

## Local Food Labelling

### **B**arriers Identified

Despite the strong interest on the part of consumers to buy locally grown food, it is often not labelled as such. Though some food retailers are now putting a premium on sourcing and promoting local produce, the consumer often cannot ascertain whether or not the food is locally grown. If consumers gravitate to locally labelled products to the degree polling numbers indicate, the ultimate benefit to labelling local food market would be to Greenbelt and other near urban farmers.

### **Current Regulatory and Program Framework**

Although there is no definition of “local food” in the federal, *2003 Guide to Food Labelling and Advertising*, it should be noted that the CFIA does include an interpretation of the meaning of local food on its website in a section on Decisions, Questions and Answers related to the Guide. In response to a question about claims such as “local produce” or “locally grown,” the CFIA indicates as follows:

“Local,” “locally Grown,” and any substantially similar term shall mean that the domestic goods being advertised originated within 50 km of the place where they are sold, measured directly, point to point, or meets the requirements of section B.01.012 of the Food and Drug Regulations, whichever condition is least restrictive...

It should be noted in this regard that other terms such as "Product of Nova Scotia," "Foodland Ontario," "Buy BC," or "Quebec Vrai," etc. may be used to describe fresh produce which is produced and grown within a province but which does not meet the criteria for "local."<sup>72</sup>

This interpretation appears to have been developed in the context of ensuring that food is not falsely advertised as being local or locally grown. The 50 kilometre limit is, however, not an appropriate definition of “local food” given the reality of distances between farms and urban consumers. As well, most consumers would accept local food as including food that originates from a much greater distance than 50 kilometre. It is also likely that most consumers would equate food grown and produced within their province as being local.

Ontario has had a province-wide labelling program for several years --- “Foodland Ontario.” Both Foodland Ontario and the “Pick Ontario Freshness” strategy focus on increasing the sale and consumption of fruits, vegetables and other food products grown in Ontario.<sup>73</sup> The use of the Foodland Ontario logo is currently broadening beyond produce to apply to other fresh products – meat, deli, dairy and baked goods.<sup>74</sup>

**Local Food Labelling in Other Jurisdictions**

A number of jurisdictions have initiated voluntary labelling programs to identify locally and regionally produced food. In some cases, these programs have been developed by governments, and in other cases, they have been launched by non-governmental organizations or agricultural communities.

In the Netherlands, members of the agricultural community developed a network of Green Hart farm shops to feature Green Heart products, and created a marketing organization to certify Green Heart products.<sup>75</sup>



In North America, a number of states and provinces have introduced voluntary “buy local” labels. A British Columbia partnership between a non-governmental organization, FarmFolk/CityFolk,<sup>76</sup> and an association of farmers’ markets<sup>77</sup> led to a “Get Local” label.<sup>78</sup>



In California, the Community Alliance with Family Farmers (CAFF) has developed a Buy Fresh Buy Local campaign to improve regional markets for family farms.<sup>79</sup>



Governments in Massachusetts and New Jersey have created a labelling system to promote food grown and produced in their states. The Massachusetts Department of Agricultural Resources has developed two slogans in logo form – "Massachusetts Grown...and Fresher!" for produce grown there and "Massachusetts Made with Pride" for products produced in the state.<sup>80</sup>



New Jersey has taken its "Jersey Fresh" program to label and promote local produce, modified it for other products, such as fish – "Jersey Seafood" – and nursery stock – "Jersey Grown."<sup>81</sup>



### Possibilities for Change

There is a need for better or more expanded labelling of local foods. Labelling is important because it allows consumers to act on their preference for locally grown food, and it allows any price premiums associated with the food being locally grown to accrue to producers.

The broadening of the use of the Foodland Ontario logo as well as the other "local" labelling initiatives are very helpful. It may, however, be necessary to move beyond voluntary labelling to help increase the procurement of local food by retailers, restaurateurs, food service providers and public institutions in that it would allow buyers to verify its authenticity. If mandatory local food labelling were to be developed, it would need to be developed in close consultation with farmers and all other stakeholders to ensure that the definition of local food and other elements of the system would be appropriate and meet the needs of local food producers, retailers, and consumers. In any case, the CFIA should eliminate the interpretation of "local food" it uses in relation to its *Guide to Food Labelling and Advertising*.

In addition to province-wide local food labelling, a Greenbelt brand or label could be developed. A 2007 poll showed support for a "Greenbelt Grown" label from respondents living in the Greenbelt and beyond.<sup>82</sup> Voluntary labelling specific to Greenbelt products could be undertaken by farmers and others, as has occurred in jurisdictions such as the Netherlands and British Columbia, although it might require some financial support.

# 6

## Health Regulations - Meat Inspection

### **B**arriers Identified

In the course of the interviews conducted for this report, Greenbelt farmers and other stakeholders noted that health regulations sometimes present an unintended barrier to local food production and sale. Stakeholders understand the need for appropriate regulations that are required for cleanliness and hygiene purposes, and accept that on-farm processing will be subject to regulations.<sup>83</sup> However, some existing regulations have been developed in the context of large-scale production and distribution and internationally traded food, and create barriers for smaller scale local producers.

Those interviewed cited different examples of regulations geared at protecting health that may create barriers, including regulations that restrict the ability of farmers to process produce into pies or jam on the farm,<sup>84</sup> use raw milk in artisanal cheese production, and butcher meat on the farm.<sup>85</sup> This section seeks to explore one of the concerns highlighted in interviews for this report, by focusing on issues related to the regulation of abattoirs and plants where beef and lamb are slaughtered and processed.

There are different meat inspection regimes at the federal and provincial levels. Federal inspection is required if meat is to be traded inter-provincially or internationally.<sup>86</sup> Because meat from one province may only be sold in another province if it has been slaughtered in a federally inspected facility, national supermarket chains that ship produce and meat through large central warehouses tend to deal only with federally inspected meat.<sup>87</sup> This is a barrier to farmers who use provincially inspected plants and abattoirs and wish to sell their meat in national chain supermarkets located near them.

In addition, some farmers have trouble accessing meat inspections conducted at provincial facilities.<sup>88</sup> Many local abattoirs have closed in recent years, with the number of provincially inspected plants in Ontario decreasing by approximately 40 per cent since 1991. There are a number of reasons why access to community abattoirs is important to local farmers:

Small, local, inspected abattoirs are an essential part of a diverse farm culture and local food system.... Without local abattoirs to kill, cut and package meat, it is impossible for farmers to direct market their meat. Local abattoirs allow farmers to avoid the fluctuations and uncertainty of auction markets along with the time and transport costs while receiving good prices for meat products and increasing the viability of their farm operation.<sup>89</sup>

Smaller abattoirs allow farmers to ensure that their products are not contaminated with or identified as other beef, and local abattoirs help them to avoid longer travel distances that result in increased stress on their animals and have negative impacts on carcass quality.<sup>90</sup>

#### *Current Regulatory Framework*

Health inspection of Ontario meat is regulated at the federal, provincial and municipal

government levels. The municipal government may, however, only inspect plants that do not slaughter food animals and that conduct only meat processing activities that are considered to be low risk and are sold directly to consumers.<sup>93</sup>

At the federal level, the Canadian Food Inspection Agency (CFIA) is responsible for registering and inspecting meat plants that slaughter food animals or process meat and meat products that are destined for international and inter-provincial export.<sup>94</sup> Federally inspected meat plants are required to adhere to the Hazard Analysis Critical Control Point (HACCP) program,<sup>95</sup> an internationally recognized preventative approach to food safety. While it is possible to implement HACCP principles in both large and small plants, smaller processing

The lack of abattoirs has been a particularly significant barrier to farmers of lamb. Lamb producers rely on provincially licensed abattoirs almost exclusively.<sup>91</sup> The almost complete lack of federally regulated inspection facilities available for the slaughter of lamb in Ontario has made it difficult for farmers to sell Ontario lamb in large supermarkets. Before the May 2003 US border closure that occurred when bovine spongiform encephalopathy (BSE) was found in Canadian cattle, about 3.5 per cent of Ontario lamb was federally inspected. After the border closed, abattoirs were forced to increase their processing volume due to a backlog of animals requiring slaughter. As a result, the amount of federally inspected lamb fell below 3 per cent at the same time that retailers were demanding that meat be federally inspected because of concerns about BSE.<sup>92</sup>



plants sometimes lack the technical support, infrastructure and facilities required to adhere to them.<sup>96</sup> In response to these challenges, OMAFRA has developed the voluntary Advantage Series of Food Safety Programs to provide smaller facilities with a feasible and practical approach to HACCP.<sup>97</sup>

Federally regulated plants are subject to the Meat Inspection Regulations under the federal *Meat Inspection Act*, which contain strict and detailed requirements. A CFIA veterinarian and several inspectors must be in place to oversee each federally inspected plant. As of 2003, large federal plants inspected 95 per cent by volume of meat produced in Canada. They represent only 5 per cent of the plants in Canada with all others falling under provincial jurisdiction.<sup>98</sup>

In Ontario, the Ministry of Agriculture, Food and Rural Affairs licenses and inspects abattoirs or plants that slaughter food animals or process meat products for sale within the province. Inspectors from OMAFRA's Food Inspection Branch carry out meat inspections in these facilities with the support of qualified ministry veterinarians.<sup>99</sup>

Ontario's *Food Safety and Quality Act, 2001*<sup>100</sup> establishes the regulatory framework for meat inspection at the provincial level. The Act establishes a licensing and inspection regime, as well as quality and safety standards.<sup>101</sup> The Meat Regulation<sup>102</sup> under this Act expressly prohibits the sale, transport, delivery or distribution of a farm-slaughtered carcass, part of a farm slaughtered carcass, or a farm slaughtered product. Limited exceptions to this prohibition were introduced this year to allow on-farm slaughter of cattle that are under 30 months of age for the consumption of the producer and the producer's immediate family on the premises where the animal was slaughtered.<sup>103</sup>

A number of amendments to the *Food Safety and Quality Act* were made as a result of a review of Ontario's regulatory regime for meat inspection conducted by the Honourable Roland J. Haines. In his wide-ranging report, *Farm to Fork – A Strategy for Meat Safety in Ontario: Report of the Meat Regulatory and Inspection Review*,<sup>104</sup> he observed that many farmers sell meat directly to local customers after slaughter/processing at local abattoirs or plants. This process of "custom slaughter" allows producers to sell meat to specialized markets with the guarantee that meat they take from the abattoir is from the same animal that was delivered for slaughter. Most federally regulated abattoirs are not able to provide custom slaughter, and Justice Haines reported that a number of farmers and farm organizations commented on their reliance on

The existing geographically diverse network of small and medium-sized provincial abattoirs to provide the services they require for the direct marketing of their meat to the public. They asked that any changes to the system or standards not endanger smaller abattoirs. In my view, this can be accomplished without jeopardizing the primary goal of meat safety.<sup>105</sup>

The provincial government has committed to implementing all of Justice Haines' recommendations, and has already begun to do so.<sup>106</sup> The government has proclaimed the *Food Safety and Quality Act, 2001* and introduced the new Meat Regulation to achieve harmonization with federal standards.<sup>107</sup> OMAFRA established the Abattoir Expansion Program to help increase the slaughter capacity of beef cattle in areas of Ontario that are under-serviced.<sup>108</sup> It

also announced funding to assist in the expansion of slaughter capacity for Ontario sheep and lamb at both provincially and federally inspected abattoirs.<sup>109</sup> In addition to these two programs, OMAFRA introduced a Meat Plant Assistance Program to offset expenses incurred by operators of provincially registered abattoirs in order to comply with the new Meat Regulation.<sup>110</sup>

## **Addressing Health Inspection Barriers in Other Jurisdictions**

### *United Kingdom*

Although it was difficult to identify other jurisdictions that have successfully addressed these problems, there is certainly evidence that similar issues do exist elsewhere. In the United Kingdom, there are concerns that the Food Standards Agency has taken an inflexible approach in its interpretation of European Community regulations that govern abattoirs.<sup>111</sup> The Forum of Private Business has accused the Food Standards Agency of

Imposing tough rulings on building modifications which small businesses simply cannot afford. Figures ... indicate that some 37 per cent of the remaining small red meat abattoirs in England are now at risk of closure and 16 per cent are at high risk.<sup>112</sup>

The Countryside Alliance, a UK organization that campaigns for protection of the countryside and a rural way of life, has also blamed the UK's lack of an adequate network of abattoirs on

The UK government's over-zealous imposition of EU directives on slaughter health and hygiene inspections, without assisting small abattoirs to bear the disproportionate extra costs of these regulations, [forcing] the unnecessary closure of hundreds of small regional abattoirs, resulting in longer journey times of livestock to slaughter.<sup>113</sup>

The Countryside Alliance has recommended that the UK government introduce measures to safeguard and regenerate its small abattoir network.<sup>116</sup> The Food Standards Agency has recently reaffirmed its support for small rural abattoirs, and stated that it is working with its European partners "to try to develop a more risk-based approach to the regulation of the meat industry and to lessen the regulatory burden on the industry as a whole."<sup>115</sup>

## **Possibilities for Change**

As is the case with other local food, the centralized purchasing systems of the national chains mean they do not tend to purchase locally slaughtered and processed meat. If they are committed to meeting the consumer interest in local food, this will need to include changing their purchasing practices to buy from provincially inspected plants and abattoirs. As noted above, the provincial inspection standards have been tightened to be closely aligned with the federal standards so there should not be a health concern as long as these new standards are adequately enforced.

The Ontario government should be commended for acknowledging that local abattoirs require financial assistance to comply with the new Meat Regulation, and is encouraged to evaluate the impacts of the regulation on these abattoirs so far. There may be a need to continue and increase the funding available to assist local abattoirs. The provincial government should also consider whether additional measures are needed to protect and support its network of local abattoirs.

# Farmland Property Tax Assessment

## **B**arriers Identified

Stakeholders identified property tax assessment as an additional barrier to local food production. Concerns were raised about the definition of a “farm” and how agricultural lands are assessed and taxed when value-added activities related to farming and producing local food, take place on those lands.<sup>116</sup> A recent report pointed out the inconsistency between farmers being encouraged to add value to produce through on-farm processing when by doing so they become vulnerable to possibly having part of their farms classed as commercial operations for property tax purposes.<sup>117</sup>

These issues have also been highlighted by organizations such as the Ontario Federation of Agriculture (OFA), which is seeking changes to improve transparency in the assessment and taxation of Ontario farms.<sup>118</sup> The Christian Farmers Federation of Ontario (CFFO) has also voiced concern about increased taxation levels for buildings used for on-farm value-added and value-retention activities, and has noted that

[d]iversification through value-added operations is essential for strengthening the long-term viability of many farming operations. These innovative activities need to be taxed appropriately on a consistent basis.<sup>119</sup>

The federal government has recognized that it is necessary for farm operations to expand to provide these value-added activities through Agriculture and Agri-Food Canada's Planning and Assessment for Value-added Enterprises (PAVE) program. Under PAVE, the government helps to fund the cost of business planning advice related to a value-added business opportunity such as separating, grading, cleaning or packaging produce.<sup>120</sup>

In order for farmers to adapt and to connect with local marketing opportunities, they may be required to undertake on-farm activities that would be considered "value-added." These activities may include washing and chopping fruits and vegetables, as well as other forms of processing. In addition, farms are increasingly interested in on-farm sales to consumers. A 2005 report on on-farm marketing suggested that on-farm marketing is a growing business in Ontario that was estimated as representing almost "\$50 million in value-added at the farm."<sup>121</sup>

### **Current Regulatory Framework**

Farm properties in Ontario benefit from the government's Farm Property Class Tax Rate policy. Farms to which this policy applies are taxed at 25 per cent of the municipal residential tax rate.<sup>122</sup> Farmers must apply to the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA) to receive the Farm Property Class Tax Rate and must meet a number of criteria in order to be eligible for the discounted rate. One of these criteria is that the Municipal Property Assessment Corporation (MPAC) must have assessed the property as farmland.<sup>123</sup> To determine the value of farmland, MPAC assesses the following primary factors:

- **Farmland** – Farmland is assessed according factors such as soil texture, topography, drainage and depth to bedrock.
- **Residence** – The value of the residential structure is determined by establishing a replacement cost of the improvement(s) less any depreciation.
- **Residence Site** – If a farm residence is occupied by the person(s) farming the property, a one-acre parcel of land is valued at the farmland rate. If the residence is occupied by someone other than the person(s) farming the property, it is considered a non-farm residence and valued and classed at the residential rate.
- **Farm Outbuildings** – A farm outbuilding is any improvement, other than a residence, that is used for farming operations. Outbuildings are valued based on their design and classified by their use (e.g., barn, silo, grain bin).
- **Other Buildings** – All other buildings not used in the farm operation are valued based on their design and classified by their use (e.g., retail store).<sup>124</sup>

According to MPAC's assessment, the Farm Property Tax Class includes both farmland and associated outbuildings. Even if MPAC assesses a property as a farm, it will still be taxed at the residential rate unless OMAFRA places it into the Farm Property Tax Class.<sup>125</sup>

The concern among farmers is that MPAC assesses parts of some farm properties at industrial or commercial rates when facilities have been built to conduct value retention activities (such as storing apples, pitting sour cherries, and freezing peaches) needed to ensure that primary agricultural products may be stored and marketed.<sup>126</sup> The Ontario Federation of Agriculture has noted that

[t]he current property tax assessment classification system penalizes farmers that are compelled by the market to “convert” their products into a marketable state (value retention) or who manage risk by diversifying their operations into value adding ventures with industrial and/or commercial property assessment classifications.<sup>127</sup>

Others in the farming community echo the opinion that MPAC assesses value-added activities occurring on farms as industrial or commercial, regardless of their connection to the agricultural activities of the farm.<sup>128</sup> As a result, the “net-benefit of on-farm value-added activities are often marginalized or, in some circumstances, negated by an adjustment in taxation levels that results in a ten-fold increase in taxation on the building in which the activity takes place.”<sup>129</sup>

### **Addressing Property Tax Assessment Barriers in Other Jurisdictions**

#### *Oregon*

The Oregon government has made a land use policy decision to allow counties to encourage agriculture in particular zones, and further supported this objective by extending the preferential farmland tax assessment to value added farm processing facilities.

In Oregon, some value added on farm activities may be assessed at the reduced agricultural tax assessment rate if they take place on a farm in one of the exclusive farm-use (EFU) zones established to achieve land use planning objectives. Land in an EFU zone that is used primarily to make a profit in farming will qualify for farm use property tax assessment by Oregon's Department of Revenue.<sup>130</sup>

For the purposes of a property tax assessment in EFU zone, farm use may include land under “certain processing facilities.”<sup>131</sup> In contrast, on farmland that is not in an exclusive farm-use zone, land under farm processing facilities will not qualify for the farm-use tax assessment rate despite the fact that farmland in non-EFU zones may be assessed at the qualifying EFU farmland rate.<sup>132</sup>

EFU zones are established under Oregon legislation allowing county governments to adopt zoning ordinances to designate areas of land within the county as exclusive farm use zones. These zones must be used exclusively for farm use, with a few exceptions set out in the statute.<sup>133</sup> The establishment of EFU zones is consistent with Oregon's agricultural land use policy that is also set out in the legislation, including the declaration that:

[t]he preservation of a maximum amount of the limited supply of agricultural land is necessary to the conservation of the state's economic resources and the preservation of such land in large blocks is necessary in maintaining the agricultural economy of the state and for the assurance of adequate, healthful and nutritious food for the people of this state and nation.<sup>134</sup>

The definition of “farm use” in the statute requires the “current employment” of land for specified agricultural purposes. The legislation states that “current employment” of land for farm use encompasses land under buildings supporting accepted farm practices, including facilities for the processing of farm crops located on a farm operation that provides at least one-quarter of the farm crops processed at the facility and meets specified size and design restrictions.<sup>135</sup>

### **Possibilities for Change**

The OFA has called for “guidelines to ensure greater clarity about the agricultural activities that should be included in the Farm Property Tax Assessment Classification.”<sup>136</sup> In January 2008, it adopted a number of recommendations made by a Value Added Working Group, including the following definition:

Value added activities are an extension of the farming operation by taking a marketable farm commodity produced on land owned or controlled through rental, lease and/or sharecropping arrangements by the same farmer or farmers and increasing its value by further preparing it, and/or storing it, and/or selling it directly to the consumer.<sup>137</sup>

The Working Group also recommended that special treatment be given to Ontario-grown products in assessing property tax rates for value-added facilities. Where historically at least 51 per cent of a product is grown and value-added to by the same farmer or farmers and at least 90 per cent of that product is grown in Ontario, the Working Group recommended that the facilities should be subject only to the farm tax rate.<sup>138</sup>

The CFFO has also called for the Ministry of Finance, MPAC and agricultural groups to “develop strong definitions and criteria for establishing which activities fall into agriculture, agricultural value-retention and value-added activities, and which activities belong in another taxation class.”<sup>139</sup>

The Ontario government has been aware of these concerns for a number of years. A report to the Ministry of Agriculture, Food and Rural Affairs in 2004 recognized the importance of value-added and value-retention activities, and advised the government to apply the farm tax rate to auxiliary on-farm businesses that are secondary to the agricultural operation and meet specified criteria (i.e. their gross income is less than the gross income of the farm, they are no more than 1,600 square feet in size, they require no more than 4,500 hours each year of employee work time, and they are serviced by approved on-site private systems).<sup>140</sup>

It should be possible for the province to work collaboratively with producer organizations, municipalities, and other stakeholders to develop a property tax assessment policy and associated definitions to remove this barrier to making local food “market ready.”

# Supply Management Systems

## **B**arriers Identified

Some stakeholders identified supply management systems as a regulatory barrier to local food production and distribution as small-scale, local farmers are unable to obtain the necessary quotas.<sup>141</sup>

Supply management, while a boon to farmers who participate in the quota system, may pose economic challenges where the cost of acquiring a quota is very high and therefore not feasible for a small farmer,<sup>142</sup> or where a farmer wishes to move from solely production to value added to sell locally on a small scale.

## **Current Regulatory Framework**

The supply management system was developed in an effort to help farmers:

The roots of the marketing board system may be traced to the development



of the co-operative movement in the early part of this century. Co-operatives were promoted as a means of enabling producers to band together to improve their strength in the market place... Through this mechanism, producers could gain the advantage of volume purchasing in buying their inputs and, hopefully, reduce the number of sellers of agricultural raw products, thereby, reducing the ability of dealers, wholesalers and others to play one farmer off against another to drive down farmers' prices.<sup>143</sup>

Canada's supply management system is governed at both the federal and provincial government levels.<sup>144</sup> Within Ontario, the Ontario Farm Products Marketing Commission (OFPMC), authorized by the *Farm Products Marketing Act* (FPM Act) and the *Milk Act*, is accountable for the conduct and impact of the regulated marketing system.<sup>145</sup> These statutes enable farmers to market their commodities as a group through a compulsory marketing board system that, once authorized, can operate a supply management system.<sup>146</sup>

The commodities that are supply-managed in Ontario include chicken, eggs, dairy and turkey.<sup>147</sup> In order to sell these products commercially, farmers must hold a quota from a marketing board that specifies the amount they are authorized to produce. There are exemptions to quota requirements for production below a set volume. There also plant supply quotas for the marketing of available milk supplies to industrial milk plants for processing.<sup>148</sup>

The quotas are perhaps seen as more of a barrier currently because there is a new consumer market not being met by production from those currently with the plant supply quota. While dairy production is a potential opportunity for very small suppliers to capture consumer interest in local foods, regulations prevent Canadian milk from being segregated by supplier and market and forces smaller dairies to fight for quotas against larger competitors.<sup>149</sup>

There is already at least one initiative that provides an exemption to quota requirements. The Dairy Farmers of Ontario has launched a domestic dairy innovation program for artisan cheese makers in order to encourage new small-scale cheese makers using traditional production methods.

This program will make available three million litres of milk for the manufacture of Artisanal style cheeses in Ontario. This pool of milk will be made available to Artisanal cheese makers each year for a period of five years.<sup>150</sup>

This is part of national program administered by the Canadian Dairy Commission that allows artisanal cheese makers to access cow's milk outside of existing provincial plant supply allocations.<sup>151</sup>

Another supply-managed commodity that may pose challenges for small-scale farmers is chicken. Organizations such as the Ecological Farmers' Association of Ontario (EFAO) believe that the current cost of chicken quota and the associated minimum quota requirements are a barrier for young farmers and family farms that wish to raise a small number of chickens, usually for direct sale to consumers.<sup>152</sup> At the present time, the Chicken Farmers of Ontario will provide an exemption from the quota requirements that allow a farmer to grow up to 300 chickens for home consumption or direct on-farm sale to consumers; selling these chickens at a farmers' market is not permitted.<sup>153</sup> The EFAO and the National Farmers' Union (Ontario

Chapter) have called for the Chicken Farmers of Ontario and the provincial government to allow a quota exemption to allow farmers to raise up to 2000 chickens per year (similar to a quota exemption permitted in Alberta), and to allow these chickens to be sold directly to consumers from the farm and at a farmers' market.<sup>154</sup>

## **Addressing Supply Management Barriers in Other Jurisdictions**

### *British Columbia*

British Columbia's Farm Industry Review Board (FIRB) has recently reviewed the policies and procedures of British Columbia's supply management marketing boards to ensure that producers are able to serve BC's specialty markets. The main goals of the review were to develop and update programs for specialty production and marketing (including organic products) and programs to improve access to the supply management system by assisting the entry of new producers.<sup>155</sup>

This review was begun in response to the growing demand for organic products and local products sold directly by farmers in BC, and is consistent with the BC Ministry of Agriculture and Lands' economic policy placing particular emphasis on making sure that BC's specialty and regional markets are served with locally grown products.<sup>156</sup>

The FIRB's policy reforms are attempting to integrate specialty production into the existing supply management system and provide opportunities for specialty producers.<sup>157</sup> Under the new policy,

Specialty products are defined as those having unique farm-based attributes that are identified, marketed and represented as unique to the end consumer. Additionally, a specialty product can be reasonably expected to require extra effort to produce and market, and also to attract price premiums in the marketplace, and they will require third-party certification from farm to plate by an accredited certifying body.<sup>158</sup>

The policy exempts personal use, allowing farmers to: start up to 200 chickens or 50 turkeys each year; keep any number of milking cows (but none of the milk may be sold); and keep up to 99 laying hens (their eggs may be for personal use or for sale to individual customers on the farm).<sup>159</sup>

In addition to the personal use exemption and a new entrant program that has been introduced to encourage new producers to enter the industry, the new policy also allows for small farmers to produce limited amounts of the supply-managed commodities without needing to apply for a quota:

If you want to produce over the personal exemption levels and sell your products, but do not want to apply for quota as a new entrant, you may apply to the appropriate board(s) for a small lot permit. These annually renewable permits are intended for product innovation, local/regional production, heritage breeds, or agri-tourism businesses – as well as specialty production. Only one

permit per commodity will be issued per property. Limits will be 3,000 kg chicken per year and 300 turkeys placed per year. In eggs, the limit will be 399 layers, and initially restricted to Certified Organic specialty producers. The BC Milk Marketing Board has been directed to establish a small herd program for on-farm value-added manufactured milk or heritage breed needs. As a small lot permit holder, you will not receive quota, nor will you be eligible to vote on industry matters.<sup>160</sup>

### **Possibilities for Change**

The Dairy Farmers of Ontario are to be commended for recognizing that providing for some production outside of the supply management system will not affect the integrity of the overall system, but can help meet new and/or different market demand for locally grown products.

The Ontario government should continue to work with its commodity marketing boards to develop policies that would allow farmers to produce and sell limited amounts of the supply-managed commodities for local sale without needing to apply for a quota.

# 9

## Recommendations for Legal, Regulatory and Institutional Change

**T**his report has explored some of the laws, regulations, trade agreements and institutions identified as barriers to local food production and distribution, and reviewed some examples from other jurisdictions. There is a wide variety of actions that government policymakers and regulators at the different levels could undertake to begin to address some of the barriers identified and respond to consumer demand for locally grown food. These actions would serve to promote local food and provide the conditions for a more sustainable local food economy in the Greenbelt. Some recommendations arising from the paper are set out here.

### **Food Distribution Systems**

- The Ontario government should work with the Ontario Food Terminal Board to make the necessary changes to facilitate the movement of more local food through the Ontario Food Terminal.

- The Ontario government should continue its efforts to support development of market-based initiatives that will allow Ontarians to buy more locally grown food. This should include examining the feasibility of regionally-based systems of distribution such local food ‘hubs’, as well as online and other alternative brokerage models.
- The Ontario and municipal governments should adopt procurement policies to that would result in the purchase of more local food.
- The Ontario government should provide resources and support to public sector and other institutional buyers, food service providers, restaurateurs and retailers who need assistance to increase their procurement of local food

### **Food Labelling – Country of Origin Labelling Regulations**

- The federal government should ensure effective compliance, monitoring and enforcement by the Canadian Food Inspection Agency of the recently revised policy guidelines.

### **Food Labelling – Local Food Labelling**

- The Ontario government should facilitate voluntary labelling and certification initiatives undertaken by farmers’ organizations and other stakeholders, and consider other ways to improve the labelling of local food to allow buyers to verify its authenticity.
- The federal Canadian Food Inspection Agency should remove its definition of “local” from its website and *Guide to Food Labelling and Advertising*.

### **Health Regulations – Meat Inspection**

- The Ontario government should continue to provide provincially regulated abattoirs with financial assistance to ensure adequate capacity for lamb and beef slaughter.
- The Ontario government should evaluate the impacts of the Meat Regulation on small abattoirs and consider whether there is a need to continue and increase the funding available to assist local abattoirs in adjusting to that regulation. The provincial government should also consider whether additional measures are needed to protect and support its network of local abattoirs.

### **Farmland Property Tax Assessment**

- The Ontario government should work with producers, municipal governments and other stakeholders to define value-added and value-retention agricultural activities and amend as required current property tax policy.

## **Supply Management Systems**

- The Ontario government should continue to work with commodity marketing boards to develop policies that allow farmers to produce and sell limited amounts of the supply-managed commodities without needing to apply for a quota.

# Endnotes

\* Note: All websites are current as of the date the research for this paper took place. The following websites were accessed between April 2008 and January 2009. Any changes that may have occurred to the URL's provided is of no fault to CIELAP or the *Friends of the Greenbelt Foundation*.

<sup>1</sup>Agriculture and Agri-Food Canada, An Overview of the Canadian Agriculture and Agri-Food System 2007, See: <http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1201291159395&lang=e#sum>.

<sup>2</sup>Agriculture and Agri-Food Canada, Components of the Agriculture and Agri-Food System: Food Distribution (Retail, Wholesale and Foodservice), See: <http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1205781159471&lang=e>.

<sup>3</sup>Ibid.

<sup>4</sup>Martin Gooch, Local Food – The Untold Story, (Ontario: George Morris Center, 2007) at 4.

<sup>5</sup>United States Department of Agriculture, Economic Research Service web site, Food Marketing System in the US, updated August 22, 2007. See: <http://www.ers.usda.gov/Briefing/FoodMarketing-System/FoodRetailing.htm>.

<sup>6</sup>Ibid.

<sup>7</sup>Carolyn Dimitri et al., U.S. Fresh Produce Markets: Marketing Channels, Trade Practices and Retail Pricing Behaviour, United States Department of Agriculture, Agriculture Economic Report Number 825, September 2003 at 9. See: <http://www.ers.usda.gov/publications/aer825/aer825.pdf>.

<sup>8</sup>Rick Costin, Small Farmers Combining to Stay Profitable and Compete with Large Scale Agriculture, (University of Kentucky, Department of Agricultural Economics, 2002) at 4. See: <http://ageconsearch.umn.edu/bitstream/7024/2/cp02co01.pdf>.

<sup>9</sup>United States Department of Agriculture, 2000 USDA Farmers Market Study Statistics, See: <http://www.ams.usda.gov/AMSV1.0/ams.fetchTemplateData.do?template=TemplateM&navID=WholesaleandFarmersMarkets&leftNav=WholesaleandFarmersMarkets&page=WFM2000FarmersMarketsStudy&description=2000%20Farmers%20Market%20Study&acct=fmrdirnkt>.

<sup>10</sup>Farmers Weekly, Tesco Aims to Break Down Local Food Barriers, See: <http://www.fwi.co.uk/Articles/2006/09/21/98163/tesco-aims-to-break-down-local-food-barriers.html>.

<sup>11</sup>Just-Food.com, UK: Tesco to Double Local Produce, See: <http://www.just-food.com/article.aspx?ID=101309>.

<sup>12</sup>Department for Environment Food and Rural Affairs web site, Public Sector Food Procurement Initiative. See: <http://www.defra.gov.uk/farm/policy/sustain/procurement/sellingpublic.htm>.

<sup>13</sup>As an example, see Loblaw Companies Limited news release, Coast-to-coast from Field to Fork Loblaw Serves up Canadian Home-Grown Produce, August 25, 2008. See: <http://www.cnw.ca/en/releases/archive/August2008/25/c6369.html>.

<sup>14</sup>Friends of the Greenbelt Foundation, Poll Results and Ontario's Greenbelt Backgrounder, October 2, 2007. See: <http://www.ourgreenbelt.ca/sites/ourgreenbelt.ca/files/Greenbelt%20Backgrounder%20-%20Food%20Poll.pdf>.

<sup>15</sup>The Ontario Food Terminal was established by provincial legislation: Ontario Food Termi-

nal Act, R.S.O. 1990, c. O.15. See: [http://www.e-laws.gov.on.ca/html/statutes/english/elaws\\_statutes\\_90o15\\_e.htm](http://www.e-laws.gov.on.ca/html/statutes/english/elaws_statutes_90o15_e.htm).

<sup>16</sup>Ontario Food Terminal Board web site, The Mandates and Objectives of the Ontario Food Terminal Board. See: <http://www.oftb.com/mandate.htm>.

<sup>17</sup>Metcalf Foundation, Food Connects Us All: Sustainable Local Food in Southern Ontario, February 2008, at 33. See: <http://www.metcalffoundation.com/downloads/Food%20Connects%20Us%20All.pdf>. See also, Pierre Bélanger and Angela Iarocci, “Foodshed: The Globalized Infrastructure of the Ontario Food Terminal” in John Knechtel, *Food, Alphabet City*, 2007 at 208.

<sup>18</sup>GTA Agricultural Action Committee Newsletter, The Ontario Food Terminal and Locally Grown Food, November 2007 at 6. See: [http://www.gtalocalfood.ca/pdfs/GTA\\_AAC\\_News\\_2007-11.pdf](http://www.gtalocalfood.ca/pdfs/GTA_AAC_News_2007-11.pdf).

<sup>19</sup>Metcalf Foundation, Food Connects Us All: Sustainable Local Food in Southern Ontario, February 2008, at 14-15. See: <http://www.metcalffoundation.com/downloads/Food%20Connects%20Us%20All.pdf>.

<sup>20</sup>Ministry of Agriculture Food and Rural Affairs News Release, McGuinty Government Expands Buy Ontario Campaign To Better Connect Farmers And Shoppers, June 24, 2008. See: <http://www.omafra.gov.on.ca/english/infores/releases/2008/062408.htm>.

<sup>21</sup>Ministry of Agriculture Food and Rural Affairs News Release, McGuinty Government Supports Industry, Community Marketing, July 30, 2008. See: <http://www.omafra.gov.on.ca/english/infores/releases/2008/073008.htm>.

<sup>22</sup>For more information, see Local Food Plus web site, Institutions. See: [http://www.localfoodplus.ca/help\\_institutions.htm](http://www.localfoodplus.ca/help_institutions.htm).

<sup>23</sup>Canada-Ontario Business Service Centre web site, Bidding Opportunities Under Trade Agreements, last verified June 17, 2008. See: [http://www.canadabusiness.ca/servlet/ContentServer?cid=1081944193681&lang=en&pagename=CBSC\\_ON%2Fdisplay&c=Services](http://www.canadabusiness.ca/servlet/ContentServer?cid=1081944193681&lang=en&pagename=CBSC_ON%2Fdisplay&c=Services).

<sup>24</sup>Ibid.

<sup>25</sup>World Trade Organization Agreement on Government Procurement, Article III: National Treatment and Non-discrimination. See: [http://www.wto.org/english/docs\\_e/legal\\_e/gpr-94\\_01\\_e.htm](http://www.wto.org/english/docs_e/legal_e/gpr-94_01_e.htm).

<sup>26</sup>E. Wayne Clendenning and Robert J. Clendenning, A Comparative Study of the Structure, General Rules, Dispute Settlement Mechanisms and Sectoral Provisions of the Agreement on Internal Trade (AIT) With Those of the NAFTA and WTO Agreements, March 1999 at 41. See: [http://www.ic.gc.ca/epic/site/ait-aci.nsf/vwapj/clendenning\\_e.pdf/\\$FILE/clendenning\\_e.pdf](http://www.ic.gc.ca/epic/site/ait-aci.nsf/vwapj/clendenning_e.pdf/$FILE/clendenning_e.pdf).

<sup>27</sup>World Trade Organization Agreement on Government Procurement, Annexes 1-5, Canada. See: [http://www.wto.org/english/tratop\\_e/gproc\\_e/appendices\\_e.htm#cane](http://www.wto.org/english/tratop_e/gproc_e/appendices_e.htm#cane). See also Foreign Affairs and International Trade Canada web site, International Trade Agreements and Local Government: A Guide For Canadian Municipalities – ANNEX A: CANADA’S FREE TRADE AGREEMENTS AND NEGOTIATIONS: AN OVERVIEW, [http://www.international.gc.ca/trade-agreements-accords-commerciaux/ressources/fcm/annexa\\_agreement.aspx?lang=en](http://www.international.gc.ca/trade-agreements-accords-commerciaux/ressources/fcm/annexa_agreement.aspx?lang=en).

<sup>28</sup>Canada-Ontario Business Service Centre web site, Bidding Opportunities Under Trade Agreements, last verified June 17, 2008. See: [http://www.canadabusiness.ca/servlet/ContentServer?cid=1081944193681&lang=en&pagename=CBSC\\_ON%2Fdisplay&c=Services](http://www.canadabusiness.ca/servlet/ContentServer?cid=1081944193681&lang=en&pagename=CBSC_ON%2Fdisplay&c=Services).

<sup>29</sup>North American Free Trade Agreement, Chapter 10, Government Procurement, Article 1003. See: <http://www.international.gc.ca/trade-agreements-accords-commerciaux/agr-acc/nafta-alena/texte/chap10.aspx?lang=en>.

<sup>30</sup>Foreign Affairs and International Trade Canada web site, International Trade Agreements and Lo-



cal Government: A Guide For Canadian Municipalities – ANNEX A: CANADA’S FREE TRADE AGREEMENTS AND NEGOTIATIONS: AN OVERVIEW, THE NORTH AMERICAN FREE TRADE AGREEMENT. See: [http://www.international.gc.ca/trade-agreements-accords-commerciaux/ressources/fcm/annexa\\_nafta.aspx?lang=en](http://www.international.gc.ca/trade-agreements-accords-commerciaux/ressources/fcm/annexa_nafta.aspx?lang=en).

<sup>31</sup>Canada-Ontario Business Service Centre web site, Bidding Opportunities Under Trade Agreements, last verified June 17, 2008. See: [http://www.canadabusiness.ca/servlet/ContentServer?cid=1081944193681&lang=en&pagename=CBSC\\_ON%2Fdisplay&c=Services](http://www.canadabusiness.ca/servlet/ContentServer?cid=1081944193681&lang=en&pagename=CBSC_ON%2Fdisplay&c=Services).

<sup>32</sup>North American Free Trade Agreement, Chapter 10, Government Procurement, Article 1024. See: <http://www.international.gc.ca/trade-agreements-accords-commerciaux/agr-acc/nafta-alena/texte/chap10.aspx?lang=en>.

<sup>33</sup>Foreign Affairs and International Trade Canada web site, International Trade Agreements and Local Government: A Guide For Canadian Municipalities – ANNEX A: CANADA’S FREE TRADE AGREEMENTS AND NEGOTIATIONS: AN OVERVIEW, THE NORTH AMERICAN FREE TRADE AGREEMENT. See: [http://www.international.gc.ca/trade-agreements-accords-commerciaux/ressources/fcm/annexa\\_nafta.aspx?lang=en](http://www.international.gc.ca/trade-agreements-accords-commerciaux/ressources/fcm/annexa_nafta.aspx?lang=en).

<sup>34</sup>Procurement Policy and IT Procurement Branch, Ontario Management Board Secretariat, Doing Business with the Ontario Government Task Force – Overview of Procurement Policies & Processes, March 2005, at slide numbered 31. See: <http://www.gov.on.ca/mgs/graphics/052912.pdf>.

<sup>35</sup>Industry Canada web site, Agreement on Internal Trade. See: <http://www.ic.gc.ca/epic/site/ait-acinsf/en/home>.

<sup>36</sup>Agreement on Internal Trade, Part IV, Chapter 5 – Procurement, Article 501, at 19. See: [http://www.ic.gc.ca/epic/site/ait-acinsf/vwapj/AIT\\_agreement\\_2007-05\\_en.pdf/\\$FILE/AIT\\_agreement\\_2007-05\\_en.pdf](http://www.ic.gc.ca/epic/site/ait-acinsf/vwapj/AIT_agreement_2007-05_en.pdf/$FILE/AIT_agreement_2007-05_en.pdf).

<sup>37</sup>Agreement on Internal Trade, Part IV, Chapter 5 – Procurement, Article 504, at 20. See: [http://www.ic.gc.ca/epic/site/ait-acinsf/vwapj/AIT\\_agreement\\_2007-05\\_en.pdf/\\$FILE/AIT\\_agreement\\_2007-05\\_en.pdf](http://www.ic.gc.ca/epic/site/ait-acinsf/vwapj/AIT_agreement_2007-05_en.pdf/$FILE/AIT_agreement_2007-05_en.pdf).

<sup>38</sup>Agreement on Internal Trade, Part IV, Chapter 5 – Procurement, Article 502, at 19. See: [http://www.ic.gc.ca/epic/site/ait-acinsf/vwapj/AIT\\_agreement\\_2007-05\\_en.pdf/\\$FILE/AIT\\_agreement\\_2007-05\\_en.pdf](http://www.ic.gc.ca/epic/site/ait-acinsf/vwapj/AIT_agreement_2007-05_en.pdf/$FILE/AIT_agreement_2007-05_en.pdf).

<sup>39</sup>Agreement on Internal Trade, Part IV, Chapter 5 – Procurement, Article 508, at 26. See: [http://www.ic.gc.ca/epic/site/ait-acinsf/vwapj/AIT\\_agreement\\_2007-05\\_en.pdf/\\$FILE/AIT\\_agreement\\_2007-05\\_en.pdf](http://www.ic.gc.ca/epic/site/ait-acinsf/vwapj/AIT_agreement_2007-05_en.pdf/$FILE/AIT_agreement_2007-05_en.pdf).

<sup>40</sup>Agreement on Internal Trade, Part III, Chapter 4 – General Rules, Articles 403 and 404, at 12, and Part IV, Chapter 5 – Procurement, Article 500, at 19. See: [http://www.ic.gc.ca/epic/site/ait-acinsf/vwapj/AIT\\_agreement\\_2007-05\\_en.pdf/\\$FILE/AIT\\_agreement\\_2007-05\\_en.pdf](http://www.ic.gc.ca/epic/site/ait-acinsf/vwapj/AIT_agreement_2007-05_en.pdf/$FILE/AIT_agreement_2007-05_en.pdf).

<sup>41</sup>Agreement on Internal Trade, Part III, Chapter 4 – General Rules, Article 404, at 12. See: [http://www.ic.gc.ca/epic/site/ait-acinsf/vwapj/AIT\\_agreement\\_2007-05\\_en.pdf/\\$FILE/AIT\\_agreement\\_2007-05\\_en.pdf](http://www.ic.gc.ca/epic/site/ait-acinsf/vwapj/AIT_agreement_2007-05_en.pdf/$FILE/AIT_agreement_2007-05_en.pdf).

<sup>42</sup>Agreement on Internal Trade, Part III, Chapter 2 – General Definitions, at 5. See: [http://www.ic.gc.ca/epic/site/ait-acinsf/vwapj/AIT\\_agreement\\_2007-05\\_en.pdf/\\$FILE/AIT\\_agreement\\_2007-05\\_en.pdf](http://www.ic.gc.ca/epic/site/ait-acinsf/vwapj/AIT_agreement_2007-05_en.pdf/$FILE/AIT_agreement_2007-05_en.pdf).

<sup>43</sup>Agreement on the Opening of Public Procurement for Ontario and Quebec, 1994. See: [http://www.doingbusiness.mgs.gov.on.ca/mbs/psb/psb.nsf/LkpWebContent/procurement.html/\\$FILE/accorde](http://www.doingbusiness.mgs.gov.on.ca/mbs/psb/psb.nsf/LkpWebContent/procurement.html/$FILE/accorde).

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<sup>44</sup>S.N.S. 2007, c. 7.

<sup>45</sup>Environmental Goals and Sustainable Prosperity Act, S.N.S. 2007, c. 7, ss. 4(2)(q).

<sup>46</sup>Nova Scotia Sustainable Production, The Path to Sustainable Procurement: A New Approach to Procurement in the Government of Nova Scotia at 3. See: [http://www.gov.ns.ca/nse/pollutionprevention/docs/Path\\_to\\_SP\\_Discussion\\_Paper.pdf](http://www.gov.ns.ca/nse/pollutionprevention/docs/Path_to_SP_Discussion_Paper.pdf).

<sup>47</sup>Marla MacLeod and Jennifer Scott, Local Food Procurement Policies: A Literature Review, Ecology Action Centre, May 2007. See: <http://www.ecologyaction.ca/files/images/file/Food/LocalFoodProcurementPolicies.pdf>.

<sup>48</sup>Telephone interview with Bert Andrews, Andrews Scenic Acres, January 9, 2008.

<sup>49</sup>Telephone interview with Art Smith, Ontario Fruit and Vegetable Growers' Association, January 23, 2008.

<sup>50</sup>R.S., 1985, c. F-27. See <http://laws.justice.gc.ca/en/F-27/>.

<sup>51</sup>R.S., 1985, c. C-38. See <http://laws.justice.gc.ca/en/C-38/>.

<sup>52</sup>1985, c. 20 (4th Supp.). See <http://laws.justice.gc.ca/en/C-0.4/index.html>.

<sup>53</sup>Government of Canada, The Canadian Food Labelling Initiative: Defining "Product of Canada" and "Made in Canada" for Food Labels and Advertising – Discussion Paper, May 2008, at 5. See: [http://www.healthycanadians.ca/pr-rp/08126\\_CFIA\\_Eng\\_Web\\_1.pdf](http://www.healthycanadians.ca/pr-rp/08126_CFIA_Eng_Web_1.pdf).

<sup>54</sup>Canadian Food Inspection Agency, "Chapter 4 – Composition, Quality, Quantity and Origin Claims," 2003 Guide to Food Labelling and Advertising. See: <http://www.inspection.gc.ca/english/fssa/labeti/guide/ch4ae.shtml#4.19>.

<sup>55</sup>Competition Bureau web site, Consumer Packaging and Labelling: Glossary – "Made In Canada" Products. See: <http://www.competitionbureau.gc.ca/epic/site/cb-bc.nsf/en/01441e.html#Made%20In%20Canada>.

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<sup>57</sup>Competition Bureau, Guide to "Made in Canada" Claims, revised January 1, 2002. See: <http://www.competitionbureau.gc.ca/epic/site/cb-bc.nsf/en/01231e.html>.

<sup>58</sup>Competition Bureau, Guide to "Made in Canada" Claims, revised January 1, 2002. See: <http://www.competitionbureau.gc.ca/epic/site/cb-bc.nsf/en/01231e.html>.

<sup>59</sup>See Metcalf Foundation, Food Connects Us All: Sustainable Local Food in Southern Ontario, February 2008, at 13, which references a "CBC Marketplace program that aired on October 24, 2007, explained that food can be labelled "Product of Canada" if 51% of production costs (such as overhead, shipping, or labour) were paid in Canada, even if the ingredients are 100% imported." See: <http://www.metcalffoundation.com/downloads/Food%20Connects%20Us%20All.pdf>.

<sup>60</sup>Office of the Prime Minister, Media release, PM unveils labelling plan to clearly identify Canadian foods, May 21, 2008. See: <http://www.pm.gc.ca/eng/media.asp?category=1&id=2111>.

<sup>61</sup>Canadian Food Inspection Agency, "The Canadian Food Labelling Initiative," December 31, 2008. See: <http://www.inspection.gc.ca/english/fssa/labeti/prodcan/prodcane.shtml>.

<sup>62</sup>Government of Canada, The Canadian Food Labelling Initiative: Defining "Product of Canada" and "Made in Canada" for Food Labels and Advertising – Discussion Paper, May 2008, at 7-8. See: [http://www.healthycanadians.ca/pr-rp/08126\\_CFIA\\_Eng\\_Web\\_1.pdf](http://www.healthycanadians.ca/pr-rp/08126_CFIA_Eng_Web_1.pdf).

<sup>63</sup>Federal Trade Commission web site, Complying with the Made In the USA Standard. See: <http://www.ftc.gov/bcp/edu/pubs/business/adv/bus03.shtm>.

<sup>64</sup>Ibid.

<sup>65</sup>U.S. House of Representatives Committee on Agriculture, Media release, Congress Sends Farm Bill to White House, May 21, 2008. See: [http://agriculture.house.gov/list/press/agriculture\\_dem/pr\\_052108\\_FBsent.html](http://agriculture.house.gov/list/press/agriculture_dem/pr_052108_FBsent.html).

<sup>66</sup>U.S. House of Representatives Committee on Agriculture, Media release, U.S. House of Representatives Passes Historic Farm Bill, July 27, 2007. See: [http://agriculture.house.gov/list/press/agriculture\\_dem/pr\\_072707\\_FarmBillPassesHouse.html](http://agriculture.house.gov/list/press/agriculture_dem/pr_072707_FarmBillPassesHouse.html).

<sup>67</sup>See [http://eur-lex.europa.eu/pri/en/oj/dat/2000/l\\_109/l\\_10920000506en00290042.pdf](http://eur-lex.europa.eu/pri/en/oj/dat/2000/l_109/l_10920000506en00290042.pdf).

<sup>68</sup>Food Standards Agency, Country of Origin Labelling Guidance, draft revised 2007, p. 24. See <http://www.food.gov.uk/multimedia/pdfs/consultation/originlabellingconsultsep07.pdf>.

<sup>69</sup>Ibid.

<sup>70</sup>Regulation (EC) No 1760/2000 of the European Parliament and of the Council of 17 July 2000 establishing a system for the identification and registration of bovine animals and regarding the labelling of beef and beef products and repealing Council Regulation (EC) No 820/97. See [http://eur-lex.europa.eu/smartapi/cgi/sga\\_doc?smartapi!celexapi!prod!CELEXnumdoc&lg=EN&numdoc=32000R1760&model=guichett](http://eur-lex.europa.eu/smartapi/cgi/sga_doc?smartapi!celexapi!prod!CELEXnumdoc&lg=EN&numdoc=32000R1760&model=guichett).

<sup>71</sup>Food Standards Agency, Country of Origin Labelling Guidance, draft revised 2007, p. 4. See <http://www.food.gov.uk/multimedia/pdfs/consultation/originlabellingconsultsep07.pdf>.

<sup>72</sup>Canadian Food Inspection Agency web site, Decisions: Claims - Composition, Quality, Quantity, and Origin – "Local" Claim on Fresh Fruits and Vegetables. See: <http://www.inspection.gc.ca/english/fssa/labeti/decisions/compo.e.shtml>.

<sup>73</sup>OMAFRA web site, Business Development Branch Domestic Marketing Unit. See: <http://www.omafra.gov.on.ca/english/food/staff/domestic.htm>.

<sup>74</sup>Foodland Ontario presentation, CPMA Convention and Trade Show, May 9-11, 2007. See: <http://www.cpma.ca/pdf/Convention/2007/DavidHagartyFoodlandCPMAPresentation04-24-07.pdf>.

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<sup>76</sup>For information on FarmFolk/CityFolk, see: <http://www.ffcf.bc.ca/NewSiteFiles/programs/city.html>.

<sup>77</sup>For information on Your Local Farmers Market, see: <http://www.eatlocal.org/People.html>.

<sup>78</sup>Get Local media release, Retailers, restaurants, community groups combine to launch Get Local initiative to promote locally grown food, August 28, 2007. See: [http://www.getlocalbc.org/files/launch\\_advisory\\_letterhead.pdf](http://www.getlocalbc.org/files/launch_advisory_letterhead.pdf).

<sup>79</sup>Community Alliance with Family Farmers web site, Programs: Buy Fresh, Buy Local. See: <http://www.caff.org/programs/buylocal.shtml>.

<sup>80</sup>Commonwealth of Massachusetts Department of Agricultural Resources web site, Logo Program. See: <http://www.mass.gov/agr/markets/logos.htm>.

<sup>81</sup>New Jersey Department of Agriculture website, Jersey Fresh. See: <http://www.state.nj.us/jersey-fresh/>.

<sup>82</sup>Envionics, Friends of the Greenbelt Foundation, Awareness Research, July 2007.

<sup>83</sup>Telephone interview with Dave Armitage, Ontario Federation of Agriculture, January 23, 2008.

<sup>84</sup>Ibid.

<sup>85</sup>Telephone interview with Lorenz Eppinger, Greenfields Organic Farm, January 9, 2008.

<sup>86</sup>Meat Inspection Act, 1985, c. 25 (1st Supp.); Meat Inspection Regulations, 1990 (SOR/90-288).

<sup>87</sup>Ontario Landowners' Association, Finding profits on Canadian farms – Discussion Paper, March

2006 at 5. See: <http://ruralrevolution.com/website/pdf/agriculturesynopsis.pdf>.

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<sup>89</sup>National Farmers Union Region 3 (Ontario), Comments to Meat Inspection Review, 2004. See: <http://thenfu.sasktelwebhosting.com/on/briefs/Comments%20to%20Meat%20Inspection%20Review.bri.pdf>.

<sup>90</sup>Roland J. Haines, Farm to Fork – A Strategy for Meat Safety in Ontario: Report of the Meat Regulatory and Inspection Review, July 2004 at 468. See: <http://www.attorneygeneral.jus.gov.on.ca/english/about/pubs/meatinspectionreport/>.

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<sup>94</sup>Meat Inspection Act, 1985, c. 25 (1st Supp.); Meat Inspection Regulations, 1990 (SOR/90-288).

<sup>95</sup>Service Ontario Meat Processing web site, Licensing and Inspection. See: [http://www.gov.on.ca/ont/portal!/ut/p/.cmd/cs/.ce/7\\_0\\_A/.s/7\\_0\\_252/\\_s.7\\_0\\_A/7\\_0\\_252/\\_l/en?docid=STEL02\\_037911](http://www.gov.on.ca/ont/portal!/ut/p/.cmd/cs/.ce/7_0_A/.s/7_0_252/_s.7_0_A/7_0_252/_l/en?docid=STEL02_037911).

<sup>96</sup>Service Ontario Meat Processing web site, Hazard Analysis and Critical Control Point (HACCP). See: [http://www.gov.on.ca/ont/portal!/ut/p/.cmd/cs/.ce/7\\_0\\_A/.s/7\\_0\\_252/\\_s.7\\_0\\_A/7\\_0\\_252/\\_l/en?docid=STEL02\\_037921](http://www.gov.on.ca/ont/portal!/ut/p/.cmd/cs/.ce/7_0_A/.s/7_0_252/_s.7_0_A/7_0_252/_l/en?docid=STEL02_037921).

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<sup>101</sup>Food Safety and Quality Act, 2001, S.O. 2001, c. 20, s. 1, 2, Parts II-V.

<sup>102</sup>O. Reg. 31/05.

<sup>103</sup>Meat Regulation, O. Reg. 31/05, s. 3.1. See also: OMAFRA, New provisions for non-emergency slaughter of food animals on producer premises, April 2008: <http://www.omafra.gov.on.ca/english/food/inspection/infosheet-examiners.pdf>. This regulatory amendment was a response to recommendations by in the Haines Report: Roland J. Haines, Farm to Fork – A Strategy for Meat Safety in Ontario: Report of the Meat Regulatory and Inspection Review, July 2004 at 201-202. See: <http://www.attorneygeneral.jus.gov.on.ca/english/about/pubs/meatinspectionreport/>.

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<sup>105</sup>Roland J. Haines, Farm to Fork – A Strategy for Meat Safety in Ontario: Report of the Meat Regulatory and Inspection Review, July 2004 at 278-279. See: [http://www.attorneygeneral.jus.gov.on.ca/english/about/pubs/meatinspectionreport/chapter\\_6.pdf](http://www.attorneygeneral.jus.gov.on.ca/english/about/pubs/meatinspectionreport/chapter_6.pdf).

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