

FARM INDUSTRY REVIEW BOARD

Annual Performance Report

Fiscal Year 2017-18



Chairperson's Message

The Honourable Gerry Byrne
Department of Fisheries and Land Resources
Petten Building
30 Strawberry Marsh Road
P.O. Box 8700
St. John's, NL A1B 4J6

Dear Minister:

On behalf of the Farm Industry Review Board (the Board), I am pleased to present this annual performance report for the 2017-18 fiscal year.

The Farm Industry Review Board is classified as a Category 3 entity, and is required, under the reporting component of the **Transparency and Accountability Act**, to submit annual performance reports to the Minister Responsible, on its success in achieving the objectives and indicators as outlined in its multi-year performance based activity plan. As such, this report outlines the accomplishments of the Board from April 1, 2017 to March 31, 2018 with regard to its responsibilities under both the **Natural Products Marketing Act** and the **Farm Practices Protection Act**.

In October 2017, the Province released its Agriculture Sector Work Plan, a key step in achieving commitments under The Way Forward to advance the agriculture industry and improve the province's food self-sufficiency. The Board has been involved in the development of this Work Plan and will continue to support advancements in this industry.

As Chair of the Board and on behalf of the entire Board, I accept accountability for the achievement of its objectives. My signature on behalf of the Board signifies the Board's accountability for the preparation of this report and the achievement of its objectives.

Respectfully submitted,



Rita Legge
Chairperson

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1 Board Overview

The Farm Industry Review Board (the Board) is responsible for the general supervision of the operations of the three Provincial supply-managed commodity boards: Chicken Farmers of Newfoundland and Labrador (CFNL), Dairy Farmers of Newfoundland and Labrador (DFNL) and Egg Farmers of Newfoundland and Labrador (EFNL), and also for reviewing agriculture-related nuisance cases.

The **Natural Products Marketing Act** (NPMA) requires that the Board shall consist of not less than five and not more than seven members appointed by the Lieutenant-Governor in Council, one of whom shall be nominated by the Newfoundland and Labrador Federation of Agriculture (NLFA). The Board reports directly to the Minister of Fisheries and Land Resources (the Minister). Members of the Board are appointed for a three year term and are eligible for reappointment.

The Board is currently comprised of five members. Representatives as of March 31, 2018 are as follows:

Position	Name	Community	Start Date	End date
Chairperson	Ms. Rita Legge	Cartyville	5/29/2014	5/28/2017*
Member	Mr. Kevin Harte	Goulds	6/20/2008	6/19/2011*
Member	Mr. Donald MacInnis	Corner Brook	5/29/2014	5/28/2017*
Member	Mr. Paul Lomond	Steady Brook	5/29/2014	5/28/2017*
Member	Mr. Roosevelt Thompson	Point Leamington	5/29/2014	5/28/2017*
Member	Newfoundland and Labrador Federation of Agriculture Representative		Vacant	
*Subsection 3(5) of the NPMA permits a board member to continue serving until they are reappointed or replaced.				

Two positions, Manager and Economist, are provided by the Agriculture Production and Research Division to support the Board. Both positions are located at the agriculture headquarters in Corner Brook.

A total of \$179,900 was allocated in the 2017-18 budget of Agrifoods and Lands Branch of the Department of Fisheries and Land Resources (FLR), for the carrying out of all activities of the Board. See **Appendix A** for the complete categorization of the budgeted expenditures.

1.1 Key Statistics

Provincial farms reported farm cash receipts (cash income to farmers from farmed products) of \$138.3 million in 2017, an increase of 4.8 per cent from the previous year. The increases occurred in the livestock sector and program payments (Agri-Stability). The crops sector was on par with 2016. The value of milk production declined 0.2 per cent to \$47.8 million, while the value of egg production rose 0.5 per cent to \$18.6 million. Farm cash receipts for chicken farming are not available due to confidentiality restrictions, but data from the Chicken Farmers of Canada (CFC) indicates that the volume of chicken produced in the Province in 2017 declined 11.5 per cent due to labour issues in October. The three supply-managed commodities (dairy, chicken and eggs), are the top three farm cash receipts generators of all the agricultural commodities, covering approximately 70 per cent of total cash receipts for 2017¹. This highlights the tremendous importance of supply management to this province's agriculture industry.

Contact Information:

For information about the Board and its work, the regulated marketing system in Newfoundland and Labrador, the commodity boards, or about farm practices dispute resolution, please contact us at:

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<http://www.faa.gov.nl.ca/agrifoods/firb/index.html>

This report is available in alternate format. Please contact Ms. Heather Randell, (709) 637-2672.

¹ Source: Statistics Canada. Table 002-0001 - Farm cash receipts, annual (dollars), CANSIM (database).
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2 Mandate

The Board is a regulatory and adjudicative body, responsible for general supervision of provincial agricultural commodity boards, and for hearing complaints from those aggrieved by board decisions, or by farm practices.

The mandate of the Board is set out in two statutes:

1. **The Natural Products Marketing Act (NPMA)**
2. **The Farm Practices Protection (Right to Farm) Act (FPPA)**

Under the NPMA:

The Board is responsible for general supervision of the operations of commodity boards created under the NPMA; hearing appeals filed by any person who is aggrieved by or dissatisfied with orders, decisions or determination of the commodity boards; and acting as a signatory to federal-provincial agreements for supply-managed commodities.

Under the FPPA:

The Board is responsible for hearing complaints from persons aggrieved by odor, noise, dust or other disturbances arising from agriculture operations, and may also study and report generally on farm practices.

3 Highlights and Partnerships

The Board works in partnership with the provincial commodity boards, industry, government and national agencies to build on opportunities, address challenges and manage a system that provides fairness and balance to all stakeholders.

The NLFA represents all commodities in the agriculture industry in Newfoundland and Labrador by coordinating the efforts of producers for the purpose of promoting their common interest through collective action. As a result, a seat is available on the Board for a representative of the NLFA.

The Board deals directly with the Minister, parliamentary secretary, and senior officials of FLR on various issues (e.g. commodity board updates, mandate, and legislation). In addition, the Board advises the Minister on all matters related to the operation of the three commodity boards; CFNL, DFNL, and EFNL, established under the NPMA with a view to ensure that all activities are carried out in accordance with existing legislation.

The Board is a member of the National Association of Agricultural Supervisory Agencies (NAASA). This association was formed in 1997 with membership comprising of Farm Products Council of Canada, all Provincial/Territorial Supervisory Agencies and the Canadian Dairy Commission. NAASA members have adopted a set of supervisory principles that guide its members in the supervision of commodity boards and other agencies within their national and provincial jurisdictions. It provides provincial and federal governments with a forum to discuss issues pertaining to regional or national matters and to build consensus on moving the industry forward in a regulatory framework that supports the needs of industry as a whole. Additional information detailing the activities with NAASA are provided in Issue 2 of the Report on Performance section of this report.

4 Report on Performance

The following objectives, as put forward in the 2017-20 Activity Plan, have guided the Board in achieving its mandate during this period. These objectives, including the corresponding indicators, are reported on each year covered by the 2017-20 Activity Plan, and support Government’s sustainability in the agriculture and agrifoods sectors.

Issue 1: Supervision of Commodity Boards

The main line of business for the Board involves supervision of the commodity boards. The Board is continually strengthening this role in order to foster relationships with commodity boards. The Board is committed to making this a leading priority in the future.

Objective: By March 31, 2018, the Board will have continued its oversight role for commodity marketing boards, and enhanced this role as appropriate.

INDICATORS	ACCOMPLISHMENTS 2017/18
Provided commodity board decisions and activities	The Board attended all commodity board meetings and AGMs, continuing to show its presence and strengthen communication pathways. The Board also reviewed all commodity board minutes, reports and audited financial statements. Decisions supporting commodity boards for the fiscal year included: a salary review and support quota allocation for CFNL; as well as approval to amend legislation to incorporate a new national milk quality program, the Milk Quality and Penalty Program and development of an associated program policy, a fluid milk price adjustment.
Reviewed the legislation governing FIRB and the commodity boards, for the purpose of identifying areas in need of update and improvement	The Board has reviewed sections of the NPMA and associated regulations, and made suggestions and recommendations to FLR with regards to improving and clarifying reporting requirements by commodity boards. The Province has made a commitment

	<p>under The Way Forward to conduct a complete regulatory review of all agricultural legislation. As a result, the legislation governing the Board (NPMA and FPPA) will now be included in this broader review process.</p>
<p>Provided commodity boards with appropriate direction and feedback in support of their day-to-day operations</p>	<p>The Board provided support to the commodity boards by reviewing, approving, and facilitating the execution of legislative amendments requested by commodity boards. Specifically, the NPMA, the Milk Scheme, 1998, and the Milk Regulations, 1998 were amended to allow the Dairy Farmers of Newfoundland and Labrador to implement a Milk Quality and Penalty Program. In addition, the Milk Regulations, 1998 were amended to appropriately adjust the price of milk for the 2018 dairy year ending July 31. The Board recommended that a standard operating procedures policy be developed through a multi-stakeholder committee to support the newly implemented Milk Quality and Penalty Program. The stakeholder committee is comprised of representatives from FLR, DFNL, and processors, and the policy is set to be completed next fiscal year.</p>

Issue 2: Monitoring and Support of Provincial Supply Management System

Under the NPMA, the schemes for the supply-managed commodity boards form the basis for how the commodity groups will market their respective commodities. The Board continues to provide support and direction to the commodity groups implementing their respective schemes; this monitoring provides supports and structure for supply management in this Province.

Objective: By March 31, 2018, the Board will have monitored and provided supports for the supply managed commodities system where appropriate.

INDICATORS	ACCOMPLISHMENTS 2017/18
<p>Attended meetings of the National Association of Agricultural Supervisory Agencies and exchanged information with federal and provincial supervisory boards regarding their respective marketing boards.</p>	<p>The Manager of the Board participated in the fall NAASA meeting. At this meeting, the Manager engaged in formal discussions and updated all provincial partners and national agencies on industry status, challenges and opportunities in Newfoundland and Labrador, as well as the national dairy market and the long-term review of the federal Agricultural Products Marketing Act. The Manager subsequently relayed to Board members and the Agriculture and Lands Branch, FLR the issues that were discussed, including the national ingredient strategy for the dairy industry, and discussed potential application of outcomes for Newfoundland and Labrador’s supervisory board.</p>
<p>Continued to monitor issues and trends on provincial, national and international levels that affect the Province’s supply management environment; and facilitated information transfer among commodity boards, the Provincial Government, national supply management partners and other stakeholders, as appropriate.</p>	<p>The Board Manager monitored national and provincial supply management activities through the NAASA meetings, and also through regular correspondence from national and provincial bodies which are part of the supply management system, including annual reports from other jurisdictions and industry-related information and updates. This information was disseminated, as appropriate, to Provincial Government, and the Board members at Board meetings keeping members well-informed of industry happenings.</p>
<p>Provided supports to commodity boards in addressing the ever-evolving environment of the supply management system and its requirements</p>	<p>The Board, in collaboration with the Dairy Farmers of Newfoundland and Labrador (DFNL), amended the NPMA the Milk Scheme, 1998 and Milk Regulations, 1998 to introduce a quality assurance program</p>

	and associated penalties. Currently, the Board and FLR are conducting a review of the program to ensure the reliability of the methods for determining compliance with the quality assurance program. The board also provided supports to CFNL in assisting with quota allocation, and committed to working with EFNL on application of their New Entrant Policy.
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Issue 3: Dispute Resolution and other Supports/Services for Stakeholders

The Board provides supports for both producers and the general public of the Province. One of the Board’s responsibilities includes hearing appeals of regulated marketing board orders, decisions and determinations under NPMA, as well as hearing farm practices complaints from persons aggrieved by disturbances arising from agricultural operations under the FPPA. Complaints received by the Board present varying degrees of complexity, and accordingly, require varying timelines to fully address. The Board works with the complainant throughout the process to ensure their satisfaction with progress which dictates whether completion is considered timely or not. Aside from the supply-managed commodities, the Board supports all farm commodities through the administration of the FPPA. Another service provided by the Board involves registering producers and maintenance of the farm registration system. Farms must be registered with the Board to be eligible for a Gas Tax Exemption from the Department of Finance, thus this registration system is not representative of the number of farms in the province. Continuing these services in a manner that is effective, continues to be a central activity of the Board.

Objective:	By March 31, 2018 the Board will have continued to deliver dispute resolution services to stakeholders, in addition to other supports and services as appropriate.
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INDICATORS	ACCOMPLISHMENTS 2017/18
When required, reviewed complaints and responded in a timely manner.	The Board received one complaint in 2017-18. The review was initiated in December 2017 and is expected to be resolved in 2018-19. The Board monitored other potential issues in the event that complaints may arise from them.
Provided supports, as required, to other non-supply-managed farming groups that are not governed by marketing boards.	The Board was available to respond to any inquiries regarding the establishment of new marketing boards; however, no

	proposals were submitted during the 2017-18 fiscal year.
Continued to update the farm registration system and improved its accessibility to farmers.	Continued to update and register farms, totalling approximately 90 (new registrations, and renewal of existing farm registrations) for the 2017-18 fiscal year. Farm registrations with the Board are subject to a 3-year expiry, and thus all farms registered in this system are not updated each fiscal year. It should be noted that this registration system is not mandatory and thus is not representative of the total number of farms in the industry. Reviewed the farm registry with the Statistics Canada Census data to identify areas with lower than expected registrations. In 2017-18, over half of the farms reported in the Census of Agriculture were registered with the Board. Initiated regular weekly updates with the Department of Finance on updated farm registrations.

5 Opportunities and Challenges

Challenges

The Board is currently reviewing legislation under the NPMA and the FPPA as part of the regulatory review process committed under The Way Forward. The review covers all agricultural legislation under the responsibility of the Minister. This work is extensive, as a significant volume of legislation (two acts, three schemes, three orders, and nine regulations) involves the Board and the three commodity boards.

Opportunities

- The regulatory review described above will provide an opportunity to modernize the NPMA and the FPPA. The review will encompass a broad-ranging consultation process involving producers, organizations, processors, government departments, other levels of government and the general public. Consultations will commence this fall/winter.

- The Board recognizes the continued necessity of having better communication and collaboration with the commodity boards in order to properly carry out its mandate.
- Potential development of other developing commodity markets (e.g. fur, cranberry, vegetable)

The Board recognizes the challenges and opportunities within the industry and acknowledges the roles and responsibilities of the various stakeholders. The Board's commitment is to continue to work within its mandate and with all stakeholders to build a sustainable farming environment that is cognizant of the interests of the public and the industry.

Appendix A: Financial Statements

Budget estimates from the Estimates of Program Expenditure and Revenue of the Consolidated Revenue Fund. Expenditure estimates are from internal records.

	2017-18 Budget	2017-18 Expenditures
Farm Industry Review Board	\$179,900	\$171,110
Salaries	150,300	150,372
Employee Benefits	0	0
Transportation and Communication	16,800	10,152
Supplies	2,000	1,072
Professional Services	10,000	8,595
Purchased Services	300	920
Property, Furnishings and Equipment	500	0