



# Perspectives on Building a Local Food Economy

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# BC Agrifoods Sector Economic Profile:

An important part of the provincial economy:

INCLUDES PRIMARY AGRICULTURE, SEAFOOD, AND FOOD & BEVERAGE PROCESSING

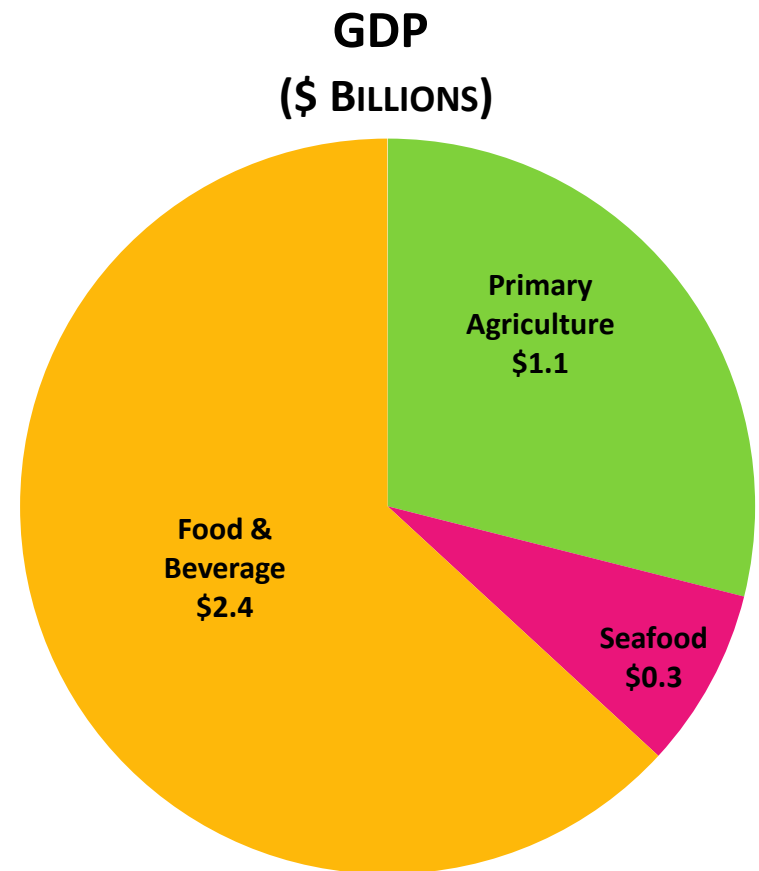
## AGRIFOODS KEY FACTS - 2012

GDP: **\$3.7 BILLION**

EMPLOYMENT: **61,600**

TOTAL SECTOR REVENUES: **\$11.7 BILLION**

AGRIFOODS EXPORTS: **\$2.5 BILLION**



# BC Agrifoods Sector: Multiple economies

There are a range production conditions faced by farmers from:

- crops and range production open to climate and disease challenges
- to
- highly managed sectors such as greenhouses and poultry barns where the number of variables are highly controlled.

The higher the degree of production uncertainty, the more difficulties there are in managing day-to-day operations and business planning for the future.

Processors also can face difficult challenges in securing supplies.



# BC Agrifoods Sector:

## WEATHER AND DISEASE

- Agriculture production is constantly subject to the vagaries of weather.
- There are increasing risks of disease that affect both crops and livestock.

## SECTOR MANAGEMENT RESPONSES

- Management strategies that minimize weather risks especially for flooding and drought
- Crop insurance can be used for many other types of hazards.



# AGRIFOODS SECTOR COMPETITIVE CHALLENGES

## COMPETITION FOR NATURAL RESOURCES

- Access to Land - Agricultural land is constantly subject to pressure for use in other sectors of the economy.
- Water resources, waste management and air pollution are also expected to become more challenging.

## COMPETITIVE RESPONSES

- The ALR is the current back stop for maintaining land for agriculture.
- Farmers may need to increasingly rent land or sharecrop to expand production.
- Water and environmental management strategies.



# AGRIFOODS SECTOR COMPETITIVE CHALLENGES

## LABOUR SHORTAGES

- Finding and retaining skilled labour is proving increasingly difficult.
- Farmers' children continue to seek work off farm resulting in farmer succession challenges and an aging agriculture labour force.
- Competition for a limited pool of skilled labour is increasing.

## COMPETITIVE RESPONSES

- Farmers are becoming more interested in succession planning.
- Temporary foreign workers will likely continue to be needed to fill unskilled labour shortages.
- Processors constantly need to increase technical innovation and training.



# AGRIFOODS SECTOR COMPETITIVE CHALLENGES

## **VOLATILE MARKETS**

- Agriculture product prices can vary wildly based on the global supplies of commodities and exchange rate changes. This is often the case with inputs.
- Regulated marketing schemes are coming under increased pressure.

## **COMPETITIVE RESPONSES**

- Farmers can participate in income stabilization programs.
- The use commodity market hedging tools can offset price risks.
- Regulated marketing schemes continue to provide protection for key commodities such as dairy, poultry, eggs and vegetables.



# AGRIFOODS SECTOR COMPETITIVE CHALLENGES

## TIGHT MARGINS

- Since there are many sellers and ever fewer buyers as you move from the farm to retailer, agriculture prices are usually squeezed downward, leaving most of the marketing margin for a food product in the hands of retailers.

## COMPETITIVE RESPONSES

- Value added activities such as processing, product differentiation such as organic or local certification increase the producer share of marketing margins.
- Regulated marketing schemes are used to ensure producer margins are maintained.





# AGRIFOODS SECTOR COMPETITIVE CHALLENGES

## FOOD SAFETY AND QUALITY

- Consumers expectations for quality and safety continue to increase with little tolerance for price increases.

## COMPETITIVE RESPONSES

- Quality, usually in terms of grade is the most established mechanism to differentiate food products in the marketplace.
- Agrifoods products are increasingly traceable from “gate to plate”.
- Fresh local products often are equated with “safer” and “higher quality.”



# AGRIFOODS SECTOR REGIONAL GROWTH

## **Key considerations for regional agrifoods initiatives. Does it:**

- mitigate production and marketing risks (or at least not increase them).
- facilitate an increase in the share of the marketing margin for producers and processors.
- Improve efficiency and/or reduce costs especially in terms of marketing.
- Add value by processing or through a specified certification.
- Enhance and preserve food safety and quality.
- Comply with government regulatory requirements.



# AGRIFOODS SECTOR REGULATION

## Key considerations for dealing with government regulatory requirements

- Regulations are usually there for a reason. The federal and provincial government along with municipalities all have responsibilities with respect to the production and marketing of food.
- A thorough understanding of the regulations that apply to your situation in terms of why they exist and how to comply will give you the best opportunity to move past them as a business hurdle.
- A regulatory body is obliged to explain how to comply with the regulation it is responsible for enforcing and its enforcement policies.

### Tips:

- Search Government and Ministry websites and directories for information.
- Contact Ministry staff in the responsibility areas for guidance.
- Call and ask regulatory bodies to explain their jobs:
  - get to the “why” and don’t settle for “because”.
- Be patient and persevere.



