

Canadian Potato Council

FINAL REPORT

**Feasibility Study Regarding the Creation
of a National Promotion and Research
Agency for Potatoes**

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Executive Summary

The Canadian Potato Council (CPC) commissioned a study to determine the feasibility of establishing a National Promotion and Research Agency (NPRA) for Potatoes. A NPRA is a producer organization created under the Farm Products Agencies Act with the goal to expand markets and increase sales through generic advertising and promotion programs, as well as through research into product attributes, the production process, and new products. NPRAs are funded through a national levy paid by producers and importers of potatoes.

There are two reasons for the creating a NPRA for potatoes. First, growers have witnessed a worrisome decline in consumption of potatoes. Second, government funding programs have changed and now typically require direct industry funding. The creation of a NPRA is a means to counteract this decline and leverage government funding programs.

The establishment of a NPRA requires an understanding of the division of responsibilities between governments. Under this regime of the separation of powers, provinces have jurisdiction over trade and commerce within their respective boundaries and the federal government has jurisdiction over interprovincial trade and exports.

A NPRA would be created within a well-established industry where collaboration between potato producing provinces and their respective marketing boards is a standard way of conducting business. It is important to take into account the considerable variation in the potato industry as potato production and sales patterns differ on a province-by-province basis. There are no common levy structures or collection mechanisms across potato producing provinces. Despite operational differences, the industry has undertaken significant efforts to advance cooperation in the area of research and promotion. As a result, current national research expenditures on potato production are approximately \$8 million over the next 5 years, of which \$2 million are provided by the potato industry. Industry funding assembled as a result of a national potato research strategy received matching fund from AAFC under Growing Forward 2. In addition to this national fund, research has revealed that various provincial potato marketing organizations are investing approximately \$200,000 annually in provincial and/or regional research projects. Research undertaken in the development of this paper has also shown that provincial potato boards are spending over \$1.5 million per year on promotion activities. Despite this significant investment, potato promotion efforts remain fragmented and inconsistent nation-wide.

A NPRA for potatoes would be structured around a few important principles. First, it must establish and maintain minimal administrative costs; second, it must use existing office and staff infrastructure; and third, it must contract professional and technical expertise to achieve its stated plans.

Currently, provincial potato boards collect intra and interprovincial levies as one levy. The creation of a NPRA legally eliminates delegation of authority to collect interprovincial levies from provincial potato boards and assigns it to the NPRA. Arrangements can be made to redirect these funds back to provincial potato boards. To collect a levy on US imports, Canada is required to meet the National Treatment criteria that states that levies on US imports cannot be greater than the ones imposed on Canadian growers. To meet the requirements of the National Treatment criteria, the provincial potato boards will need to develop a series of agreements describing the collection and distribution of interprovincial and US potato imports levies.

There are three potential options for the funding of a NPRA:

- Option A: NPRA funded on import levy alone. This presents no significant changes for growers, provides only minimal funding for the NPRA and allows for leveraging of other government programs. This funding model is not sustainable in the long term.
- Option B: NPRA funded on import and a portion of the interprovincial levies. Provincial potato boards distribute a negotiated percentage of the collected interprovincial levy to the NPRA in addition to levies collected on US import. This presents no significant change for growers, higher funding for the NPRA, but will pose a potential reduction of provincial potato boards' income. The amounts remitted by provincial potato boards can vary from province to province.

- Option C: NPRA Collect and distributes the levy on US imports. A NPRA collects the levy on US imports and distributes the amount back to the provinces according to an agreed-upon formula. However, this option does not, by its very nature, support a national research or promotion program.

Preliminary revenue estimates from US imports show revenues of roughly \$300,000. A preliminary expense budget estimates: \$150K for administration, \$500k for research and \$1M for promotions is required. Clearly, funding on the import levy alone is insufficient.

This study has determined that the creation of a NPRA is feasible and that growers throughout Canada are receptive to the idea of greater promotion and research efforts. They have expressed guarded support for the creation of a NPRA. The process to create the NPRA is estimated to take 2 to 3 years as the conditions are not quite set for the creation of an agency with legal authority to collect a levy on imports. A few important steps are required. First, and most pressing, is the fact that one province has a refundable levy is problematic and eliminates the ability to implement of a levy on US imports. This issue must be addressed. Second, increased awareness and education is required to further consolidate the existing support of growers and increase the receptivity of a NPRA by commodity associations and importers. Third, additional work is required to define a few critical details regarding NPRA governance, operations and funding. Fourth, a formal application is filed to the Farm Products Council of Canada (FPCC) and, fifth, the FPCC will conduct public hearings to determine the degree of support for the NPRA. Assuming that the NPRA acquires majority support, the FPCC requests the Minister of Agriculture to establish the NPRA by Governor-in-Council order.

Consultations with provincial potato boards have shown that there is significant interest and willingness to support the creation of a NPRA for potatoes. This comes as no surprise as the provincial potato boards, and members of the potato industry have been operating as a NPRA for some time already. Proof of this is the fall 2012 agreement between potato boards and industry members to contribute resources to support a national research program. The creation of a NPRA is simply an extension of this collaboration.

Introduction

The Canadian Potato Council (CPC) commissioned a feasibility study for the creation of a National Promotion and Research Agency (NPRA) for Potatoes. The decision to commission such a study stems from the previous work on the Research and Innovation Strategy for Potatoes, as well as a National Market and Promotion Strategy, both commissioned by the CPC.

The overall objective of the study is to determine the feasibility of establishing a National Promotion and Research Agency (NPRA) for Potatoes under the Farm Products Agency Act (FPAA). This study was conducted in three distinct phases under the direction of a Steering Committee¹.

- Phase 1 required the development of a background research document to set out basic facts relevant to the creation of a NPRA;
- Phase 2 involved the preparation of a NPRA Options Paper outlining the basic structure, operation and governance of a potential NPRA;
- Phase 3 saw the conduct of a consultation with provincial potato board representatives to present the results of the feasibility study and collect reactions and suggestions on the proposed NPRA.

This document constitutes the final report, which provides a summary of all of the documents produced to-date. The final paper is organized into the following sections:

- Background research;
- Legislative context;
- Current state of potato industry;
- Proposed NPRA structure and funding options;
- NPRA financial scenarios; and
- Conclusions and recommendations

To provide the most comprehensive analysis of available information and the most informative final report, the Intersol Group engaged provincial industry associations and other organizations that possess important information related to the feasibility of the NPRA. The provincial organizations include: PEI Potato Board, New Brunswick Potatoes, la Fédération des producteurs de pommes de terre du Québec, Ontario Potato Board, Peak of the Market, Potato Growers of Alberta, Nova Scotia Potato Marketing Board, Keystone Potato Producers' Association, British Columbia Vegetable Marketing Commission, Farm Products Council of Canada, Canadian Produce Marketing Association, and Canada Beef Inc.

Canadian provincial marketing organizations were studied to identify their enabling legislation, levies, levy collection mechanisms, governance, policy development, and decision-making schemes. Finally, existing levies, program fees, and other costs faced by Canadian potato growers were also reviewed to illustrate the already existing financial burden on potato producers.

Miscellaneous online research was also performed to supplement information gathered in the interview phase of the project.

Throughout the conduct of the feasibility study, researchers have fielded many questions that indicated possible confusion regarding the purpose of the study. It must be emphasized that the feasibility study aims to answer two questions:

- 1 - Is the creation of a NPRA possible?
- 2 - What conditions must be present for the successful creation of a NPRA?

In contrast, the purpose of the study is not to assess whether the creation of a NPRA will generate sufficient revenues to apply towards various promotion and research objectives. That falls within the realm of a business case. Neither is this study attempting to formulate a cost to benefit report.

Lexicon

AAFC	Agriculture and Agri-Food Canada
APMA	Agricultural Products Marketing Act
APRE	Alliance for Potato Research and Education
CBSA	Canada Border Services Agency
CHC	Canadian Horticultural Council
CPC	Canadian Potato Council
FPAA	Farm Products Agencies Act
FPCC	Farm Products Council of Canada
FPMA	Farm Products Marketing Act
NCOA	National Check-Off Agency
NFP	Not-For-Profit
NPRA	National Promotion and Research Agency
PPB	Provincial Potato Board Designated provincial organization charged with the marketing of potatoes
POS	Point-of-sale

Section 1: Background Information

The team conducting the feasibility study prepared an initial document outlining background information relevant to the creation of a NPRA. This information was released in a report titled “Background Paper” in July 2013. Section 1 presents the content of this Background paper. Readers should note that there are minor variations between the content of Section 1 and the original Background Paper.

1.1 What is a NPRA?

A NPRA is a producer organization created under the Farm Products Agencies Act whose goal is to conduct promotion and research for a given commodity. A NPRA is accountable to its members and reports to the Farm Products Council of Canada (FPCC) who, in turn, reports to Parliament through the Minister of Agriculture.

The purpose of a NPRA is to expand markets and increase sales through generic advertising and promotion programs, as well as through research into product attributes, the production process, and new products. It can also provide industry members with increased knowledge about consumer preferences.²

A NPRA is funded through a national levy paid by producers and importers of potatoes. The Farm Products Agencies Act (FPAA, a federal legislation) authorizes the creation of an Agency and enables it to collect levies on farm products marketed in interprovincial and import trade.

A NPRA is governed by a Board of Directors, elected by its members, that include producers or, if a levy on imports is established, producers and importers proportionate to the composition of the industry.

Generally, the process required to create a NPRA for potatoes would follow these general steps:

- The CPC consults industry members to assess the degree of support for the creation of a NPRA for potatoes;
- The CPC formally applies to the FPCC to be granted the right to establish an NPRA for potatoes;
- The FPCC holds public hearings to determine whether the agency proposal has both merit and industry support. The FPCC may, if required, request a plebiscite of the producers or the producers and importers to determine whether the majority is in favour of establishing the agency;
- The FPCC recommends to the Minister of Agriculture and Agri-Food whether the agency should be established;
- The Minister approves the plan and proclaims the agency.

Under the Farm Products Agencies Act, the responsibilities of a NPRA for potatoes would include:

- Prepare a promotion and research plan to direct its activities;
- Implement the plans upon approval by the FPCC;

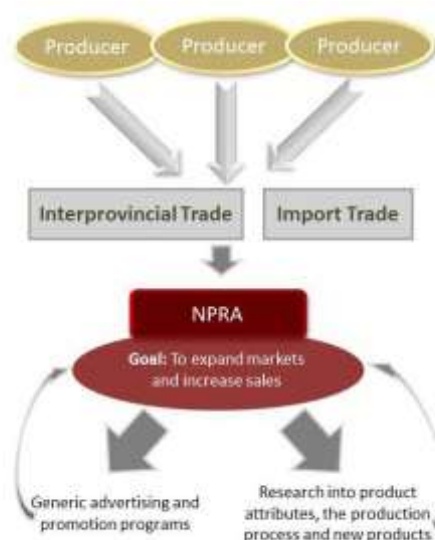


Figure 1 - Generic NPRA Structure

² Farm Products Council of Canada (2011). The FPCC Role. Accessed from: <http://fpcc-cpac.gc.ca/index.php/eng/promotion-a-research>

- Develop programs for the promotion of consumption and use of potatoes;
- Undertake or oversee research activities in potato production and promotion;
- Make orders and regulations necessary for the implementation of the promotion and research plan subject to approval of the Farm Products Council;
- Collect levies from producers and importers;
- Acquire and lease assets;
- Invest and borrow money consistent with the aims and objectives of the NPRA.

1.2 Reasons for the Creation of a NPRA

There are two main reasons for the creation of a NPRA.

First, government funding programs are changing. Governments are spending less on research – a phenomena not unique to Canada, but prevalent across all OECD countries. More importantly, in the agricultural sector, federal and provincial government research spending requires direct industry contribution.

Secondly, Canadian growers are impacted by an alarming decline in potato consumption. In the face of this decline, the CPC commissioned a research paper³ to provide the necessary background to establish a Marketing and Promotion Strategy. The strategy, endorsed by the CPC, sets out a few national priorities for Canadian potato marketing and promotion efforts. Chief among these priorities is the establishment of a sustainable funding basis to enable marketing and promotion efforts that are of national interest.⁴

1.3 Pre-Requisite to the Creation of a NPRA

There are a few, critical conditions required for the creation of a NPRA. First, there must be a willingness on the part of the members of the industry to establish an Agency. This feasibility study and accompanying national consultations serve as a vehicle to assess the degree of industry support (see the section on Conclusion of the Provincial Potato Board Consultations, page 30). A second condition, closely related to the previous one, is the need for an active and engaged industry. The CPC has been active for many years in promoting the interests of Canadian potato growers and has provided the groundwork to establish a NPRA.

1.4 Existing NPRA

While the legislation permitting the creation of promotion and research agencies has been in place since 1993, there has been very slow uptake on the part of industry. The Canadian Beef Cattle Research, Market Development and Promotion Agency was created in 2002 and is currently the only existing NPRA in Canada. The process of creating the NPRA for Beef was initiated in 1996, and it required several years for the provinces to agree to all elements of the NPRA. Furthermore, as the first such agency to be established, many governmental organizations had to define their respective roles and establish protocols leading to lengthy implementation timelines.

Beef industry consultations were instrumental to identify supporting and opposing views of the industry. The results of these consultations allowed the Agency to demonstrate the degree of support required to submit a successful application. In case of the NPRA for beef, most of the objections originated from outside of Canada, and the application to FPCC had to illustrate how these objections were going to be addressed.

In 2010, Canada Beef Inc. was formed out of a merger of the Beef Information Centre and the Canada Beef Export Federation. The newly created organization has assumed all of the responsibilities, roles, and authority of a NPRA.

³ The paper is titled: Background Research to Develop a Marketing and Promotion Strategy to Respond to the Declining Potato Consumption. The paper was presented at the CPC's semi-annual meeting on August 1st, 2013.

⁴ See Appendix H: Marketing and Promotion – Preliminary Work Plan on page 52 for an outline of a preliminary marketing and promotion work plan.

The mission of Canada Beef Inc. is “to enhance and sustain the profitability of Canadian beef producers through excellence in product promotion, positioning and the facilitation of domestic and international marketing initiatives.”

The agency provides a stable source of funding for research, market development and promotion activities through levies, or check-offs, on domestic and imported beef and beef products.⁵ Until 2013, the Agency collected a levy from domestic producers only. The national check-off of \$1 per head was collected on cattle sales throughout Canada. The definition of marketed products and corresponding levies are based on similar US regulations. The check-off is collected at point-of-sale: dealers, auction houses, etc., and by packers who remit the levy to provincial associations who act as collectors on behalf of Canada Beef Inc. All of the levies, including inter- and intra-provincial levies are collected provincially. The Agency has a service agreement with provinces to collect the levy on interprovincial trade, and then redistributes it back to the appropriate provincial associations. Recently, an import levy was approved and will come into effect in the spring of 2014.

1.5 Other Promotion Organization: APRE

An important player in potato research and promotion is the US-based organization called the Alliance for Potato Research and Education (APRE). This organization was started in 2011, with the mission of expanding and translating scientific research into evidence-based policy and education initiatives that recognize the value of potatoes in promoting healthy eating habits. Their work focuses on conducting and publishing research in scientific journals and conducting public messaging campaigns to change public perception of potatoes and potato products. It is funded primarily by the potato industry in the United States, bringing together contributions from US producers and processors. Canadian process growers contribute to APRE allowing Canadian representation on the APRE Board of Directors. Canadian process growers from four major potato-producing provinces in Canada (PEI, NB, Alberta, and Manitoba) contribute approximately \$200,000 per year to APRE.

⁵ Farm Products Council of Canada (2013). Beef Cattle Agency. Accessed from: <http://fpcc-cpac.gc.ca/index.php/eng/promotion-a-research/beef-cattle-agency>.

Section 2: Legislative Context

The establishment of a NPRA requires some comprehension of the inter-relationships between provincial and federal areas of responsibilities. It is important to point out that, under separation of powers, provinces have jurisdiction over trade and commerce within their respective boundaries while the federal government has jurisdiction over interprovincial trade and exports.

2.1 Provincial Legislation

Potato producing provinces have legislation establishing a governing body that provides oversight of produce marketing organizations. Legislation is also present to establish commodity-specific organizations to provide efficient marketing of regulated products. These commodity specific organizations must answer to a formal body, often referred to a “natural products marketing commission.” Commissions typically maintain oversight of local marketing organizations and may act as recourse to settle disagreements pertaining to the regulated product. In addition, provincial legislation enables the collection of levies on farm products marketed within the province. While the legislative and regulatory regime varies from province to province, their general organization is similar. Appendix A: Review of Relevant Provincial Legislation provides an inventory of relevant provincial legislation. This can be found on page 33 of this report.

In summary, provincial legislation enables:

- The establishment of agricultural product marketing commissions
- The establishment of local agricultural product marketing organizations to regulate the marketing of potatoes
- The ability to collect a levy on produced or provincially marketed potatoes.

Local or provincial potato marketing organizations in Canada are:

PEI	PEI Potato Board
New Brunswick	Potatoes New Brunswick
Québec	La fédération des producteurs de pommes de terre du Québec
Ontario	Ontario Potato Board
Manitoba	Peak of the Market (fresh potatoes) Keystone Potato Producers Association (processed potatoes)
Alberta	Potato Growers of Alberta
Saskatchewan	Saskatchewan Seed Potato Growers’ Association
British Columbia	BC Vegetable Marketing Commission and six designated marketing agencies

2.2 Federal Legislation

There are two important federal acts that impact the process of the creation of a NPRA.

The Agricultural Products Marketing Act (APMA) This legislation regulates the marketing of various agricultural commodities as they are traded inter-provincially and for export. Specifically, the Act “grants authority to any Board or Agency authorized under the law of any province to exercise powers or regulation in relation to the marketing of any agricultural product locally within the province, to regulate the marketing of that agricultural product in interprovincial and export trade...” (Article 2 of the Act). Most importantly, the Act enables the establishment of orders, which grant authority for local (provincial) organizations designated under provincial law to collect levies on interprovincial and export marketing of potatoes. Please refer to

Appendix B: Agricultural Products Marketing Act and Delegated Organization, for a list of relevant orders and the delegated provincial organizations. The appendix is on page 36.

The Farm Products Agencies Act (FPAA) – This act was created by Parliament in 1972 to establish the Farm Products Council of Canada (FPCC) under section 1 of the Act. The Act also enabled the establishment of farm product marketing agencies (under section 2 of the Act): Egg Farmers of Canada; Turkey Farmers of Canada; Chicken Farmers of Canada; and the Canadian Hatching Egg Producers. These agencies were created in response to uncertainty and volatility of prices due to lack of regulation of the interprovincial movement of agricultural products.

In 1993, Parliament amended the Act to allow the creation of national promotion and research agencies (under section 3 of the Act) for other farm products, and gave the FPCC the additional role of supervising their operations. The detailed description of the legislation in relation to NPRAs was described earlier in section 1.1. In addition to enabling the creation of national promotion and research agencies, the Act allows such an agency to *collect levies on imported commodities*. This provision is identical to what Canadian exporters face when shipping potatoes to the US. The Act would allow the Agency to collect levies on imported potatoes and potato products.

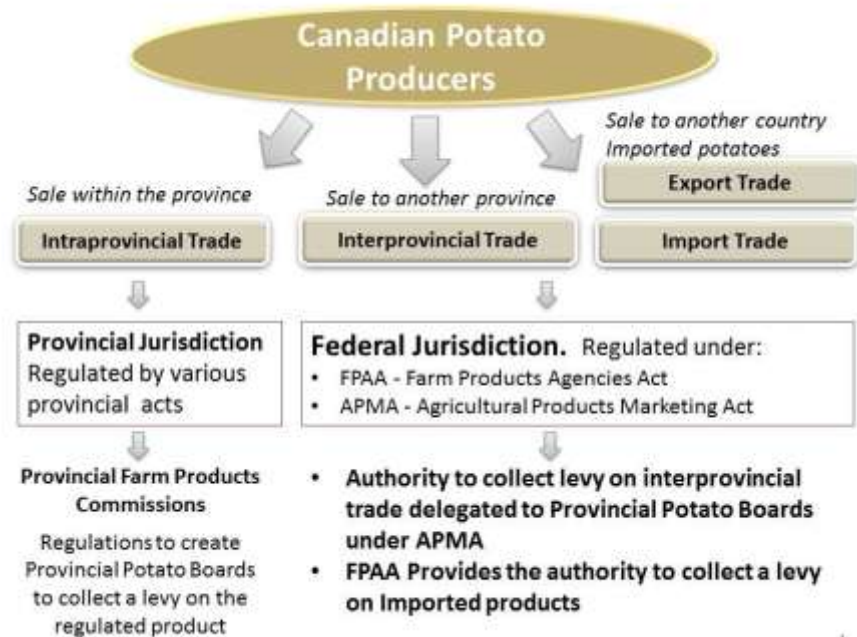


Figure 2 - Legislative Context

Adjoining Figure 2 - Legislative Context, provides a diagrammatic view of the legislations that are at play in the creation of a NPRA

2.3 Export trade regulations

All Canadian industries are bound by international laws regarding exports and imports. The World Trade Organization (WTO) regulates the use of levies imposed on imports: imported goods should be treated no less favourably for levy purposes than domestically produced goods (i.e. the levy put on imports cannot be greater than the sum of intra-provincial and interprovincial levies).

Section 3: Current State of Potato Industry

3.1 Collaboration in the Canadian Potato Sector

The Canadian potato industry has a long history of cooperation and collaboration. Provincial potato boards have banded together to establish national organizations to ensure coordination of action between Canadian growers and to ensure that they possess timely market information. The Canadian Potato Council in particular has been instrumental in creating two important national plans: A National Innovation and Research Strategy for potatoes and a National marketing and Promotion Strategy.

3.2 Current Research Expenditures under the National Innovation and Research Strategy for Potatoes

The CPC established the National Research and Innovation Strategy for Potatoes in 2012. The Strategy is designed to leverage regionally relevant research priorities resulting in a five-year, national research plan that has already generated significant financial commitments on the part of the potato industry. More than \$2 million over the next five years was committed by industry stakeholders (including grower organizations, universities, processors and private companies), which have been leveraged through AAFC funding under Growing Forward 2 into approximately \$8 million in collaborative potato research projects to address priorities identified in the Strategy (for additional details see Appendix G: Canadian Agri-Science “Cluster 2” Potato Research on page 43page). In addition to this national fund, various provincial potato boards are investing additional amounts into provincial and/or regional research projects. These additional regional research investments total approximately \$200,000 per year. The value of the provincial / regional research investment was determined during the interviews where provincial association representatives readily shared their research budgets, but preferred to share the aggregate number rather than value on a province-by-province basis. All provinces with exception of Nova Scotia, Newfoundland & Labrador and Saskatchewan engage in research activities. A number of provinces have a dedicated research fund (Quebec, New Brunswick, Alberta). Some provinces do not dedicate a specific fund, but spend a portion of their budget on research activities (Manitoba, Prince Edward Island).

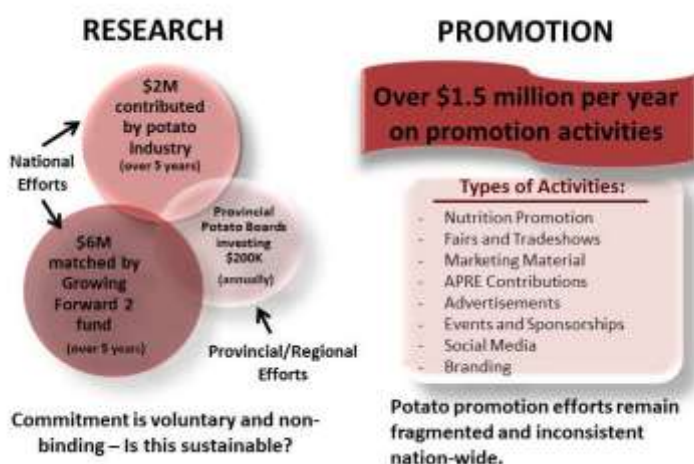


Figure 3 Current Expenditures in Research and Promotion

3.3 Current Promotion Expenditures

In early 2013, CPC’s National Marketing and Promotion Working Group commissioned a background study on consumption trends and promotion strategies in Canada and around the world. The research paper served as a baseline that informed the subsequent National Marketing and Promotion Strategy. The total estimated amount spent on marketing and promotion by provincial potato organizations is \$1.5-1.9 million (based on self-reported amounts, does not include APRE contribution of \$200,000 per year).

3.4 Inventory of Current Provincial Promotion Activities

Province	Promotion Activities	Source of Funding
Alberta	<ul style="list-style-type: none"> • Nutrition promotion • Education • Fairs • APRE Contribution 	1% of collected levies goes to a community-driven promotion activities
British Columbia	Promotion activities are conducted by the Designated Marketing Agencies such as BC Fresh	
Manitoba	Peak of the Market (Fresh) <ul style="list-style-type: none"> • Branding Activities / Web presence / Active presence in Social and Traditional Media • Recipes • Encourage healthy choices – fundraises, school programs 	Peak of The Market collects a specific promotion and research levy.
	Keystone Potato Products <ul style="list-style-type: none"> • Manitoba Potato Days • APRE Contribution 	No specific levy or dedicated fund, but some operational expenses target promotion activities.
New Brunswick	<ul style="list-style-type: none"> • Tradeshows • Marketing Material • APRE contribution 	Although there is not specific dedicated fund, some operational expenses target promotion activities.
Nova Scotia	No promotion activities conducted for potatoes	n/a
Ontario	<ul style="list-style-type: none"> • Seasonal promotion • Consumer Surveys • Fairs • Advertisements • Foodland Ontario Retailers Promotion 	Although there is not specific dedicated fund, some operational expenses target promotion activities.
Prince Edward Island	<ul style="list-style-type: none"> • Events and Sponsorships • Social Media • Packaging/Branding • Trade Program • Other Programs • Trade Shows • APRE Contribution 	There is no dedicated fund, but the PEI Potato Board routinely sets aside funds for promotion.
Quebec	<ul style="list-style-type: none"> • TV Advertising • Promotion • Media • Culinary Magazine • Radio Campaign • Newspapers • Web Presence 	There is a dedicated fund administered jointly by the Federation and an association of packers.

3.5 Canadian Potato Production Market Structure by Province

The potato industry structure varies significantly across the country. The table below provides a simplified snapshot of the production structure and use of that production on a province-by-province basis⁶.

Province	Structure of Production	Use / Destination of Production
Alberta	Fresh: Represents 5% of Alberta production.	100% consumed in the province
	Process: Fry 65%, Chip 12%	The data on exports of processed potatoes in Alberta is not available, but it is believed to mirror Canada-wide exports and amount to approximately 80%.
	Seed: Represents 18% of Alberta production	50% remains in the Province, the remainder is exported.
British Columbia	Fresh – 80% of marketed potatoes	Majority of fresh potatoes are consumed in BC. BC is a net importer of fresh potatoes
	Process – Less than 1% of marketed potatoes	Small amount of fresh received by a small chip processor.
	Seed – 20% of planted area	Marketed intra and interprovincially and in export trade.
Manitoba	Fresh – 10% of production	65% consumed in Canada, 35% exported to US
	Process – 80% of production	Keystone: The majority of process potatoes produced in Manitoba are processed in Manitoba with a relatively small amount moved into the US for processing (7-8% for contracted potatoes)
	Seed – 10% of production	Majority stays in the province
New Brunswick	Fresh: represents 16% of production	44.6% exported to the US, 44.7% stays in Canada, 10.6% offshore
	Process: Represents 63% of the Province’s production	70% exported to the US, 30% in Canada
	Seed: Accounts for 21% of the Province’s production	38.5% to the US, 51.5% in Canada (NB and other provinces) and the remaining to offshore markets
Ontario	Fresh – 50% of Ontario Production	Ontario’s fresh potato production is primarily sold in the Province
	Process – 48% of Ontario Production	Approximately 70% of potatoes grown for processing are processed in Ontario as chips. About 25% are exported to the US for chip production. The remainder is otherwise processed in Ontario. (Not Chips)
	Seed – 2% of Ontario’s production	Ontario’s seed production is not significant in comparison to fresh and process. The majority of seed potatoes grown in Ontario remain in Ontario.
Prince Edward Island	Fresh: Represents approximately 30% of acres planted	3% of fresh are consumed in the province The rest is exported to Canada and the US
	Process: represents approximately of 60% of acres planted	% processed in PEI Remainder is exported

⁶ Data from Saskatchewan was not available.

Province	Structure of Production	Use / Destination of Production
Quebec	Seed: 10% of acres planted	Majority of seed are sold in the province
	Fresh: 52% of the province's potato production	With a majority consumed in the province (46.8%), and a small amount exported to the US (5.2%)
	Process: accounts for 37% of the province's production	All process potatoes remain in the province
	Seed: accounts for 11% of the province's production	The majority of Quebec seed potatoes remain in the province (9.9% of production) while a small amount is in interprovincial trade or export to the US.

A table presenting Canadian acreage and production volumes is shown in Appendix F: Canadian Potato Production on page 43.

3.6 Provincial Levies

Levy Structure

Those familiar with the national potato industry understand that there is no common levy structure across all provinces. Three fundamental levy formats are in place:

- Based on acres grown – as is the case in New Brunswick;
- Based on potatoes marketed – which is the predominant levy system across all provinces;
- Based on a hybrid model that reconciles both grown acres and potatoes marketed – the system in place in the province of Québec.

As a result, there is a substantial variation in the units used to determine levy amount and in the manner in which these levies are collected. British Columbia, Manitoba, Nova Scotia, Prince Edward Island, and Ontario collect levies based on the amount of marketed potatoes. Alberta, New Brunswick, and Quebec collect the levy based on a combination of potatoes planted and marketed (depending on the type of levy). There is no standardization or common denominator of units upon which levies are collected - some use hectares, acres, hundredweight, 75-pound bag, and litre. A comprehensive table listing levy types, amount, and collection mechanisms is presented in Appendix C: Existing Levies on page 37.

Some provinces have established specialized funds for which a pre-determined levy amount is collected. For example, Manitoba (Peak of the Market) collects a humanitarian levy to be used for humanitarian relief purposes. Other provinces, such as Québec, have a predetermined levy to collect funds that are designated for promotion activities.

Levy Collection Mechanism

The manner in which levies are collected varies greatly. Most of the provinces collect at the point-of-sale (POS) where a processor/dealer/exporter deducts a levy from the invoice and remits it to the appropriate organization. Other provinces require growers to self-report the amount of acres planted and to submit it at registration (which is required for insurance purposes).

Verifiability and Accuracy of the Levy Collection

Some provinces have the ability to verify the self-reported amounts of marketed potatoes or acres planted. Prince Edward Island, for instance, has a number of inspection stations at the border of the province. Some provinces have limited ability to verify the amounts, and they have reported suspected underestimation of provincial production of potatoes.

License Fees

With the exception of Manitoba and Ontario, most of the provinces have a license fee, which significantly varies from the minimum \$50 (Alberta, Nova Scotia) to \$2,000 (PEI export license). For instance, Ontario does not have a license fee for producers, but they do for packers.

3.7 Provincial Potato Boards Governance Structure

Provincial organizations have essentially similar governance structures with a number of slight variances. The Boards of Directors are composed of mixed representation both regionally and sector-based (fresh, processed, seed) if the size of the province and the industry warrants such a composition (PEI, NB, Alberta). Associations that market on behalf of other crops (Peak of the Market, BC Vegetable Marketing Commission) have boards composed of representatives of all marketed farm products.

Some of the provincial organizations have dedicated committees responsible for research and promotion. The membership of these committees involves staff and board members and usually report directly to their respective Boards of Directors. The following provinces have specialized committees reporting to their boards:

- Alberta – research committee
- Manitoba - Keystone – research committee
- Ontario – promotion committee, research committee
- Quebec – joint committee with an association of packers for administering a promotion budget
- New Brunswick – research committee
- Prince Edward Island – promotion committee, research committee

In provinces where there are no formal committees, promotion and research activities are under the board's responsibilities.

Section 4: Proposed NPRA for Potatoes

4.1 Proposed NPRA Structure

The Farm Products Agencies Act (FPAA) is a federal legislation that allows the creation of agencies to conduct research and promotion activities for various agriculture commodities. The Act establishes the National Farm Products Council to advise the minister responsible on all matters related to the creation and operations of all Promotion and Research Agencies (PRAs) created under the FPAA.

4.2 Potential Vision and Mission Statements

The Farm Products Agencies Act (FPAA) establishes a clear statement of objective for a NPRA: “...to promote a strong, efficient and competitive industry for the regulated products in relation to which it may exercise its powers by promoting the marketing and production of the products and by conducting and promoting research activities relating thereto, having due regard to the interests of producers and consumers, and where applicable, importers of regulated products.”⁷ While remaining consistent with the FPAA, the Board of Directors of the NPRA for potatoes could approve a variation of the following mission and vision statements:

- **Mission:** To contribute to the sustainability and profitability of the Canadian potato industry through targeted investments in production research and promotion activities related to consumption. The Agency works in collaboration with many industry partners to complement and mutually reinforce collective research and promotion efforts.
- **Vision:** An economically profitable, environmentally sustainable, and socially responsible potato industry.

4.3 NPRA Powers

Under the FPAA, a NPRA has the following powers: to implement a promotion and research plan; assist in the promotion of consumption and use of potatoes; improve the quality and variety of potatoes; and the publication of information relating to potatoes. The NPRA can also order persons engaged in the marketing or importing of potatoes to deduct levies (if those authorities are delegated to the Agency). The NPRA operates under the supervision of the Farm Products Council who must approve orders made by the NPRA.

4.4 Agency Governance Structure – Prescribed by the Act

The FPAA provides clear direction on the Agency governance structure. The key elements of which are:

- Agency membership – Primary producers and importers;
- Board of Directors: to consist of 3 to 16 directors appointed by the members. Minimum of one representative from each of producer members and importer members, proportionate to the share of each group in the aggregate total of intraprovincial, interprovincial, and export trade.

⁷ FPAA, section III, article 41.

4.5 Agency Governance Structure – Working Model

There are two principal criteria of an effective working governance model. A governance structure must:

- Remain light so as to minimize operating costs;
- Be able to leverage relevant expertise in both potato production research and potato promotion.

The proposed governance model highlights four important features, illustrated in the diagram below.

1. Builds on the existing collaboration between provincial potato boards, through the Canadian Potato Council.
2. Uses the technical expertise of the Research and Marketing & Promotion Working Groups. These two existing working groups will be essential to provide the technical expertise to the NPRA Board of Directors through their considered advice on priorities in research and promotion.
3. NPRA Board governance is established on the basis of accountability and transparency so that growers can influence the investments in research and promotion and hold to account those elected to make decisions on their behalf.
4. Agency management that is geared towards seeking additional government program funds to complement the investments made by the NPRA's levies.

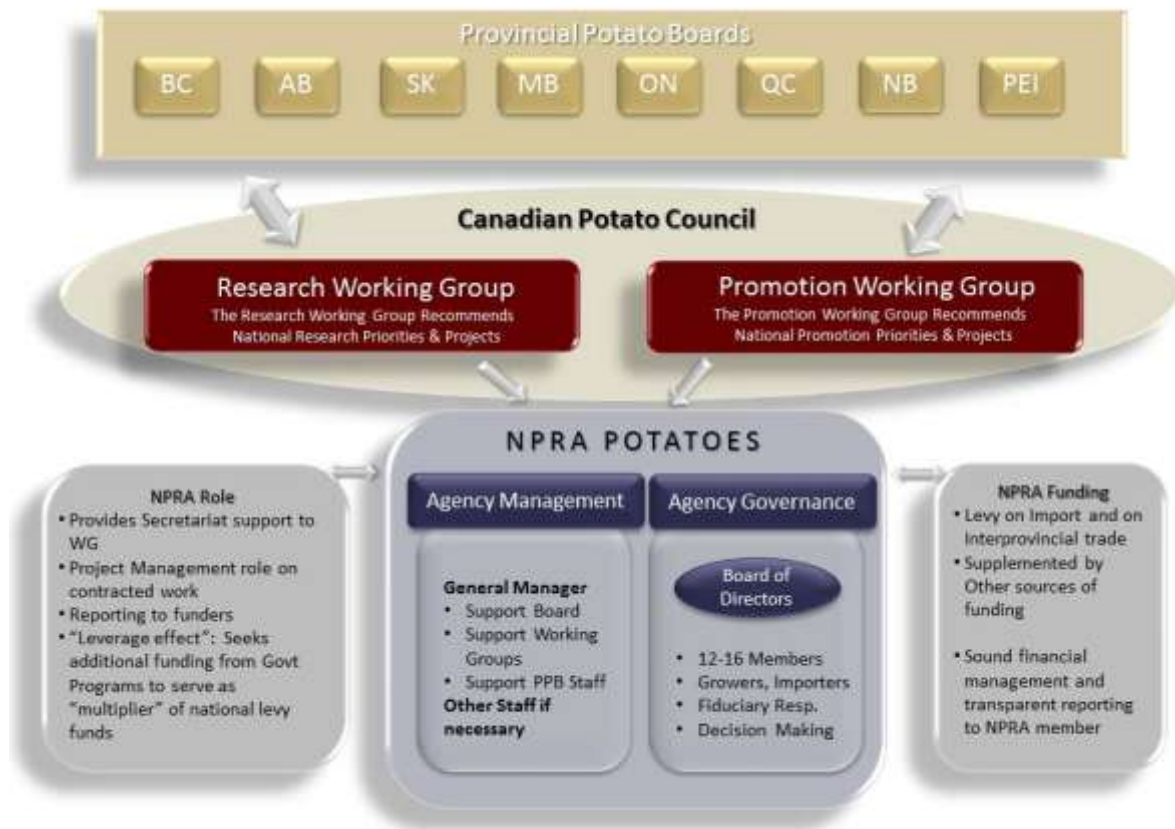


Figure 4 - Proposed NPRA Structure

4.6 Agency Operating Model

A National Promotion and Research Agency: a Misnomer!

The term National Promotion and Research Agency leaves one with the impression of a “bricks and mortar” organization with a large staff conducting promotion and research work. While that may partially be the case for Canada Beef Inc. (the only existing NPRA), a NPRA for potatoes will be far more modest. Given this assumption, what would a NPRA look like? How would it function?

NPRA for Potatoes – Recommendations Regarding Operations

Preliminary financial scenarios have demonstrated a baseline funding drawn from imports of approximately \$300k per year. The financial scenarios are detailed in another section of this paper. This overall financial baseline allows the establishment of some operating principles for the NPRA. These are:

- **Administration costs must be kept to a minimum.** The establishment of a NPRA is to provide benefits to the industry, not to create another organization with high administration costs. Control of administrative costs should be a primary concern of the Agency’s Board of Directors and an appropriate ratio of administration to promotion / research expenses ought to be established. Many charitable organizations have pre-established ratios for operating expenses and their charitable work.
- **Maintain a light office infrastructure.** In order to minimize costs, the Agency should look for opportunities to share office space with like-minded organizations as a means to keep administrative expenses low and avoid the cost of acquiring expensive assets.
- **Partial-time staffing of the Agency.** A preliminary financial scenario suggests that Agency staff should be employed on a half-time basis. Co-locating with the CPC would allow for the sharing of staff and expertise.
- **Make effective use of technology.** Meetings of the Board of Directors and technical experts are likely going to represent a significant portion of the operating costs. Making use of relatively inexpensive meeting technologies such as Webex, GoToMeeting and AdobeConnex can reduce travel costs significantly.
- **Contract technical expertise and resources.** The NPRA for Potatoes should be light in its size, structure and overall operating expense. On the research side, it is potato research specialists that are conducting production research. A NPRA would not conduct production research of its own. Similarly, the NPRA would contract the expertise required to move specific, targeted national promotion projects and ensure proper oversight and accounting of both finances and research results.

4.7 Agency Structure and Administration

A model for the agency governance and administrative structure is presented in Section 4.5. Minimal agency administration is described below.

<i>Role</i>	<i>Key Responsibilities</i>
<p>General Manager <i>Half-time, 50%</i></p>	<ul style="list-style-type: none"> • Employed by the Board, s/he is the principal executive of the Agency; • Provides support to the CPC Research Working Group and the Marketing and Promotion Working Group to coordinate research and promotion activities with provinces; • Responsible for application, management and reporting for government programs supporting research and promotion; • Establishes contracts with external parties to meet objectives set by project priorities; • Responsible for the Agency operations; • Establishes and maintains a presence in the industry and in the agricultural sector. <p><i>Important personal attributes:</i> Maintaining close, collaborative relationships with the Research Working Group and Marketing and Promotion Working Group and the CPC is a critical success factor for this position.</p>
<p>Financial manager and book keeper <i>Contracted as required up to 25%</i></p>	<ul style="list-style-type: none"> • Responsible for financial and information management, and record keeping for the agency; • Provide financial reporting on government funded programs; • Reports to the General Manager. <p><i>Important personal attributes:</i> Ability to establish a robust financial management system is a critical success factor for this position.</p>
<p>Administrative Assistant <i>Part-time at 20%</i></p>	<ul style="list-style-type: none"> • Provides ongoing administrative support to the General Manager and maintains Agency records (other than financial). <p><i>Important personal attributes:</i> The ability to manage multiple priorities, and to work with little supervision are essential attributes for this position.</p>

Section 5: NPRA Funding Options

5.1 Funding Through a Levy

The funding of a NPRA requires an understanding of the interplay of federal and provincial legislation and the regulations that follow. The powers defined in the Canadian constitution emphasize that trade between provinces falls under federal powers and trade inside provincial borders falls under provincial powers. The existence of intra and inter provincial trade is an important consideration in the creation of a NPRA.

Intra and Interprovincial levies

Intraprovincial Trade and Levy

All potato producing provinces, with the exception of Saskatchewan, have legislation in place authorizing the collection of a levy on the sale of potatoes within the borders of their respective provinces. This is the intraprovincial levy on potatoes sold within the province's border.

Interprovincial Trade and Levy

For provinces that sell potatoes to other Canadian provinces, or export to foreign countries, provincial potato boards collect an interprovincial levy under the powers delegated to them through the Agricultural Products Marketing Act (APMA). This is federal legislation under which there is a regulation in place (an order) that delegates the authority to the provinces to collect and use this interprovincial levy. As a result, for provinces to collect a levy on potatoes sold to buyers in other provinces or in a foreign country, they must have the legal authority to do so. The APMA orders (regulation) delegate this authority to all major potato producing provinces except Saskatchewan. A list of the APMA orders and the authorized interprovincial levy amounts for PEI, New Brunswick and Alberta are shown in Appendix I: Existing Orders Made Under the Agricultural Products Marketing Act.

Current Levy Collection Practices – Provincial Potato Boards Collect Intra / Inter Provincial as One Levy!

For many potato producers, the distinction between intra and inter provincial levies is not evident. After all, they only pay one levy. In practice, both the intra and inter provincial levies are combined into one levy. This has significant importance for the creation of a NPRA.

Creation of a NPRA Changes the Authorities for the Collection and Use of the Interprovincial Levy

The establishment of a NPRA brings about one very important change: **When provinces “sign-on” to a NPRA, the delegation of authority to the provinces to collect and use the interprovincial levy is suspended.** This fact is particularly important for provinces with significant interprovincial and foreign trade. The collection and use of the interprovincial levy by provincial potato boards can continue under a NPRA, but appropriate mechanisms need to be negotiated and implemented. Through negotiated agreements, the NPRA and the Provincial Potato Boards can distribute a portion or the entire amount of the interprovincial levy. This is the formula used by the Beef NPRA and a formula proposed by other NPRA currently under consideration by the FPC. There are some implications here for the Provincial Potato Boards: adjustments to provincial potato board by-laws may be required as well as modifications to the orders from their respective farm products commissions.

5.2 Impact of the Creation of a NPRA

As a quick summary, the creation of a NPRA:

- Suspends the legal authority to collect the interprovincial and export levy from provincial potato boards to the NPRA. This is an unavoidable fact.
- Requires agreements to be developed to allow provincial potato boards to collect the interprovincial levy and distribute all or part of the levy to the NPRA for research and promotion activities.

- Will require provincial potato boards and their supervisory bodies (farm products commissions) to review their respective regulations and by-laws to ensure that proper legal and regulatory authorities are in place for the changes in collections and transfer of levies.

5.3 Levy on Imported Potatoes: National Treatment Criterion

As a trading nation, Canada must follow World Trade Organization (WTO) principles that require imported goods to be subjected to the same treatment as domestically produced goods. Simply expressed, potatoes imported from the United States cannot be levied differently than those traded domestically. This principle, referred to as the national treatment criterion, requires that levies be consistently applied to the interprovincial trade of potatoes. As a result of this important principle, the national treatment equation becomes an important condition for the imposition of a national levy on imported potatoes:

Intraprovincial Trade Levy <i>Levy on potatoes sold within each provinces</i>	+	Interprovincial Trade Levy <i>Levy on potatoes sold out-of-province within Canada</i>	≥ <i>(Must be greater or equal to)</i>	Levy on imported potatoes
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Implications for a National Levy on Imports

The national treatment criterion has several implications:

1. **Recognition of intra and interprovincial levies.** Provincial potato boards and their members (growers, packers, shippers) must clearly understand the legal authorities conferred upon them by: 1- their respective provincial legislation and regulation that enables them to collect intraprovincial levies, and 2- the federal authorities delegated to them under the Agricultural Products Marketing Act (APMA). The interplay of the provincial and federal legislation and their subordinate regulations are foundational to the creation of a NPRA. The consultations that took place in the development of the feasibility study revealed a relatively low understanding of the legal underpinnings of the existing levies. Significant awareness building and education is required. The fact that there is relatively low understanding of the legal authorities is completely understandable: Provincial potato boards charge a single levy, and make little distinction between the inter and intra provincial components of these levies.
2. **Standardize the unit of measure used to charge interprovincial levies or create a robust mechanism to determine equivalencies** between the various levy collection regimes. The national treatment criteria requires that: a) the levy is expressed on a unit basis; and b) the same unit of measure be utilized. At the present time, there are several levy collection regimes in Canada: per weight of potatoes produced (and there are different units of measure); per weight of potatoes marketed; per acre grown; and a hybrid mechanism capping the amount collected up to a maximum per acre.
3. **Adjustments required of provincial potato boards.** Provincial potato boards will be impacted by the creation of a NPRA on a few, important levels:
 - a. **Provincial potato boards will have to review their regulations / by-laws regarding the treatment of levies.** The extent of this review will vary from province to province. In many provinces, the cooperation and support from the Provincial Supervisory Board (or Commission from which flows the Provincial Potato Marketing Organization’s powers) and Provincial Ministry of Agriculture will be required.
 - b. **Address Alberta’s refundable levy.** The province of Alberta is the only province where potato board levies are refundable. The national treatment criteria requires that all provinces participating in the NPRA have non-refundable levies.
4. **Need for a recognized provincial potato marketing organization in Saskatchewan.** The interests of potato growers in Saskatchewan are represented through the Saskatchewan Vegetable Growers Association (SVGA). Despite the persistent efforts, the Canadian Potato Council has not been able to mobilize the SVGA to involve potato growers in matters of national interest. Potatoes are not currently a regulated produce in Saskatchewan.

5.4 Options for the Funding of a NPRA

Consistent with the above conditions, a limited number of funding models are possible for a NPRA and are predicated by the assumption that the national treatment criterion has been met. Here is a high-level overview of the potential funding regimes for a NPRA.

Option A – NPRA Levy on Imports Only

Levy Collection: The provincial potato boards collect both the intraprovincial, and the interprovincial levy. The NPRA collects the import levy. The NPRA collects the levy based on import data collected by the Canada Border Services Agency (CBSA) at the border. Agreements are being implemented between the CBSA and Agriculture and Agri-Food Canada permitting the collection and exchange of information. The information would enable NPRAs to invoice importers directly.

Distribution of the Levy: Provincial potato boards continue to collect and distribute the interprovincial and intraprovincial levies. This represents no change for the provinces currently collecting the interprovincial levy under the delegated authority conferred to them by the APMA. The current practice has provinces collect and use the interprovincial levy to operate their respective boards and implement research and promotion plans. Under this option, the NPRA collects and uses the import levy to implement national research and promotion plans.

Characteristics and features of this

option: This option is the least disruptive to provincial potato boards. It provides insufficient funding for a NPRA as it generates approximately \$300,000 to \$500,000 per year (.3 to .5 million / year) on the import levy. This amount falls short of the existing research and promotion expenditures currently being made by the Provincial Potato Boards, which is in the order of 1.9 million year.

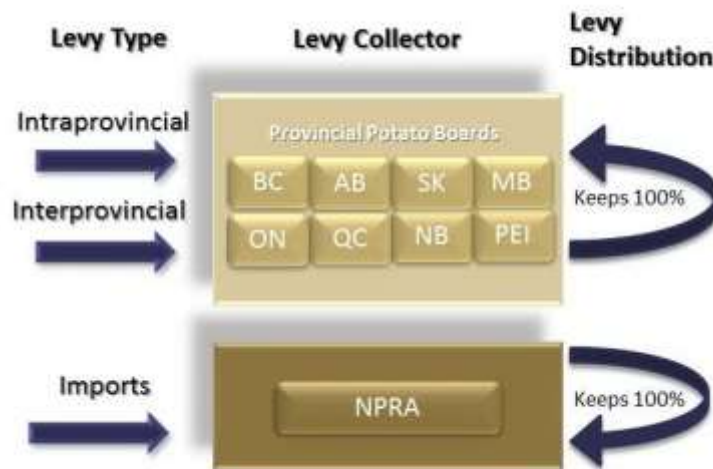


Figure 5 - Option A

Option B – NPRA Funded Partly by Interprovincial Levy and Import Levy

Levy Collection: This option provides for a greater degree of funding to the NPRA and involves a different treatment of the interprovincial levy collected by the provinces with existing APMA levy orders. In Option B, provincial potato boards continue to collect the intraprovincial and the interprovincial levies. This is identical to Option A, and is exactly what is currently taking place.

Distribution of the Levy: Option B is different from the previous option in how the interprovincial levy is distributed once it has been collected. In option B, provincial potato boards distribute an agreed upon amount to the NPRA. The amount distributed to the NPRA is established under a mutual agreement between each province and the NPRA. The amount distributed (represented by percentage in figure 7)

does not have to be the same for all provinces. The percentage can be negotiated on a province-by-province basis. Simply put, province A may agree to send 100% of the interprovincial levy to the NPRA while province B agrees to send 50% to the NPRA. Under option B, the NPRA collects and keeps the import levy.

Characteristics and Features of this Option: Although it provides for greater funding nationally, it reduces the amount retained by provincial potato boards. However, we must remember that all provincial potato boards are currently contributing to national research projects from their levies (whether they are intraprovincial or interprovincial). This option is likely the most viable one for a NPRA, but likely to be controversial.

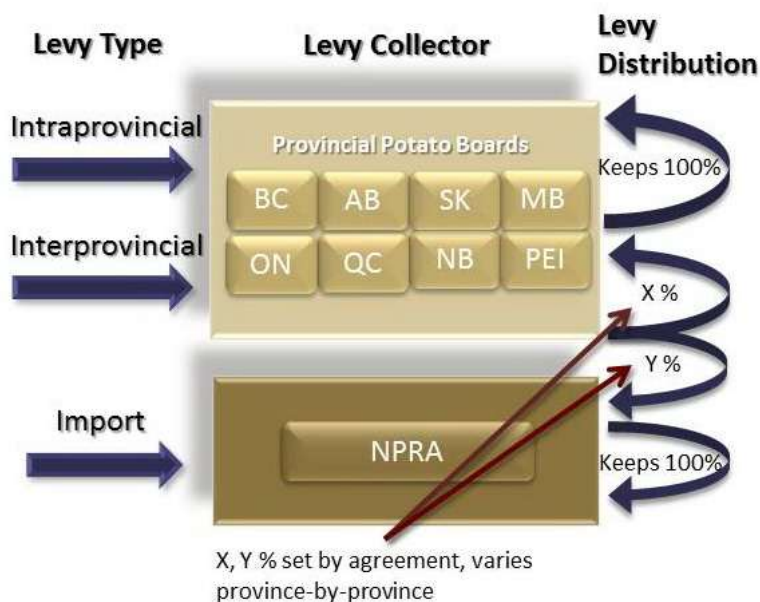


Figure 6 - Option B

Option C – NPRA Collects and Distributes Import Levy to Provinces

Levy Collection: This option provides no funding for a NPRA and its existence is merely to supplement revenues of provincial potato boards through the collection of a levy on imports. As with the two previous options, option C maintains the provincial potato board’s responsibility of intraprovincial and interprovincial levy collection. As well, the NPRA collects the import levy as described previously.

Distribution of the Levy:

In option C, provincial potato boards keep the interprovincial levy and the NPRA distributes the import levy back to the provincial potato boards after having subtracted the costs incurred in its collection.

Characteristics And Features of this Option:

This option, at first glance, is likely to be perceived as the most palatable funding option for an NPRA. However, this option does not build a national research and promotion program as the national interest cannot be directly

addressed if the provincial potato boards maintain all funding for their respective research and promotion plans.

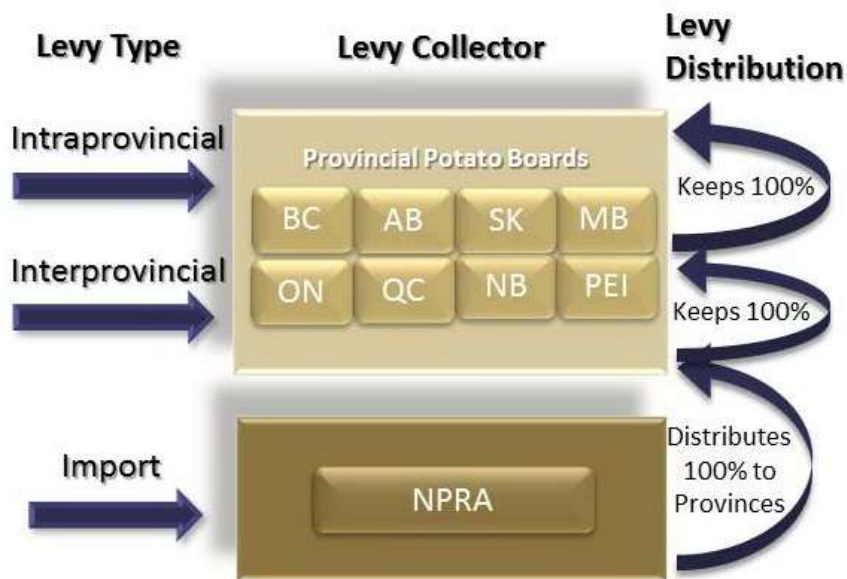


Figure 7 - Option C

5.5 Summary and Assessment of Options

Option	Collection	Distribution	Pros	Cons
OPTION A	<ul style="list-style-type: none"> Provinces collect interprovincial levy NPRA collects import levy 	<ul style="list-style-type: none"> Provinces keep all the interprovincial levy NPRA keeps import levy 	<ul style="list-style-type: none"> Maintains what is currently in place for the provinces in terms of collection and distribution of interprovincial levy Is least disruptive and costly for the provinces 	<ul style="list-style-type: none"> Does not provide sufficient funding to implement existing research and promotion plans.
OPTION B	<ul style="list-style-type: none"> Provinces collect interprovincial levy NPRA collects import levy 	<ul style="list-style-type: none"> Provinces keep ONLY A PORTION of the interprovincial levy NPRA keeps import levy 	<ul style="list-style-type: none"> Provide building blocks to adequately fund a NPRA 	<ul style="list-style-type: none"> Will change the revenue streams of provinces currently collecting interprovincial levy
OPTION C	<ul style="list-style-type: none"> Provinces collect interprovincial levy NPRA collects import levy 	<ul style="list-style-type: none"> Provinces keep all the interprovincial levy AND The NPRA distributes the import levy to the provinces 	<ul style="list-style-type: none"> Provides provinces with a modest source of additional funding 	<ul style="list-style-type: none"> Does not contribute to the execution of the existing national research and promotion plans

5.6 Recommendation on NPRA Funding Options

Criteria

If one accepts the assumption that a NPRA is worth creating, there are two useful criteria to be used in the selection of a funding option. First, a NPRA funding model must be flexible enough to allow all provinces to participate and derive benefits from the NPRA. Second, a funding model must enable a NPRA to generate sufficient revenue to allow the achievement of the objectives set out in its research and promotion plans.

On the basis of these two criteria, option B remains the most viable funding option for a National Promotion and Research Agency as it is the only option that allows sufficient funds for the operation of a NPRA.

Increases in Levies

A number of variations on these two fundamental options can be readily devised. For example, provincial potato boards could increase the levy on interprovincial trade by a minimal amount to increase NPRA funding. As well, should provincial marketing organizations be seized with unbridled generosity, they could elect to distribute 100% of the interprovincial and export levy collected. The feasibility consultations indicated varying degrees of acceptance for an increase in the levy collected from producers.

National Levy Collection Mechanism

The Farm Products Agency Act was designed to ensure that NPRAs have access to customs information, enabling the direct invoicing of importers. Canada Beef Inc. (the NPRA for Beef) has been instrumental in establishing a protocol for this approach and will likely become a standard for the collection of a national levy. Although Canada Beef Inc. has had the authority to collect a national levy since June 2013, the Agency has determined that it is necessary to implement an information campaign for importers prior to collecting the levy.

Section 6: NPRA Financial Scenarios

The creation of financial scenarios for the operation of a NPRA at this stage of the feasibility analysis is a highly speculative exercise as the margins for error are substantial. Despite this fact, financial scenarios are necessary to understand the revenue potential for a NPRA. Understanding the revenue potential of a NPRA allows us to define and map out the scale and scope of the administrative and operational potential of the organization. It is important to remember that the financial scenarios presented below reflect the operating principles that were outlined in the section found on page 17 of this report.

6.1 Potential Revenue Scenarios of a NPRA

There are three potential sources of revenues available to a NPRA. These sources are:

1. A levy on potatoes imported from the United States

Currently Canada does not collect a levy from US imports into Canada. However, Canadian growers, exporting to the United States ***pay a levy to the US Potato Board***.

Two financial projections based on two sets of data (Agriculture and Agri-Food Canada and United Nations Commodity Trade Statistics) have indicated that the import levy can generate an average \$290,000 - \$330,000 per year. Detailed revenue scenarios are presented in two appendices of this report. A first scenario is based on Agriculture and Agri-Food Canada data and is shown in an appendix. A second revenue scenario, based on a data set from the UN Trade Commodity Statistics is presented as Scenario 2. Both revenue scenarios are calculated using the four or five year average (2008-2012). The financial projections were based on the application of a levy on imports that is identical to the levy that Canadian growers pay on exports to the US (in other words what the US Potato Board levies on Canadian imports).

However, in order to be able to apply a levy on imported potatoes, the national treatment criterion presented in section 4 ***must be met***. It may require several years to meet these criteria. It took the beef industry seven years to achieve the national treatment criterion.

2. The use of the interprovincial levy

As discussed in the previous section of this report, provincial potato boards currently collect and use the interprovincial trade levy for the marketing of potatoes. In fact, provinces use over \$400,000 per year of the combined intra and interprovincial levy to fund production research, and over \$1.5 million in promotion and marketing activities (however, some of these promotion activities may be provincially focussed and not truly national in character). In addition, some provincial potato boards will find it challenging, but not impossible, to convince some of their members to agree to a levy increase to fund promotion and research activities.

3. Revenues from government programs

As discussed in the section titled "Reasons for the Creation of a NPRA", government funding programs now require some form of matching funds. As the terms and conditions of these programs vary, caution must be exercised in relying on these sources. As a result, government programs should not be considered as "base funding" for a NPRA. However, industry contributions are becoming a pre-requisite to government funding.

6.2 Revenue and Expenditure Scenario for a NPRA

A minimal baseline for the funding of a NPRA, without raising current interprovincial and export levies is approximately \$300,000 obtained through the import levy. While this amount is not negligible, it remains far below what is required for any serious efforts in potato research, marketing and promotion.

Projecting the operating expenses of a NPRA is set upon the following assumptions:

- Provincial potato boards currently spend approximately \$400,000 per year on national potato production research projects (presented in Appendix H: Marketing and Promotion – Preliminary Work Plan and an additional \$100,000 on provincial and regional research projects. Despite this investment, many additional projects remain unfunded. The establishment of a NPRA would at a minimum maintain this investment in research.
- Preliminary work plans developed by the Marketing and Promotion Working Group recommend that a budget of \$1M/year be established and sustained for marketing and promotion projects. A preliminary work plan is presented.
- Operating expenses for the NPRA have been estimated around \$125,000 per year. A preliminary budget for operating expenses is shown in the Agency Administration Expense Scenario.
- Expense scenario would include: \$150K operating and administrative, \$500K research and \$1M for promotion and marketing for a total of \$1,650,000 per year.

Section 7: Stakeholders and Stakeholder Consultations

7.1 Stakeholders

One of the initial activities of the feasibility study was to develop a comprehensive stakeholder list of those impacted by the creation of a NPRA. Nine stakeholder groups were identified and the relevant contact information was collected and compiled.

Stakeholder Groups include:

- Canadian Potato Council - NPRA Feasibility Study Steering Committee
- Provincial Potato Boards (8)
- Provincial Vegetable Marketing Organizations (4)
- Provincial Shipper, Packer, Buyers (6)
- Processors (11)
- Importers and Retailers (76)
- Provincial Farm Products Councils (7)
- Provincial Governments (10)
- Farm Products Council of Canada
- National / Provincial / International Organizations (6)

A consultation and communication strategy was developed early in the project and all stakeholders, with the exception of importers and retailers, were informed via letter of the conduct of the feasibility study. The feasibility study team was unable to reach importers and retailers as this list required extensive research and compilation.

7.2 Stakeholder Consultations

The feasibility study required the project team to develop several research reports. Specifically a background paper was produced along with a NPRA options paper. The background paper compiled the basic information and facts related to the creation of a NPRA. This background paper forms sections 1 and 3 of this report. The options paper outlines the potential structure and funding of a NPRA and this is reflected in sections 2, 4, 5 and 6 of this report. The original intention of the feasibility study consultations was to meet with representatives from all stakeholder groups listed above. In discussions with the Steering Committee it was felt that extensive consultations would be premature and it was preferable to consult primarily with the board members from each of the provincial potato boards and select growers. There were three primary objectives to the provincial potato board consultations:

- 1- Develop awareness and understanding of the relevant issues and facts related to the creation of a NPRA so that board members would be in a position to make informed decisions;
- 2- Identify and discuss issues and challenges regarding the NPRA, and finally;
- 3- Collect recommendations on moving forward with the creation of the Agency.

The provincial potato board consultations were structured to provide attendees with the results from the background and options papers, thereby creating an opportunity to ask questions and identify issues.

7.3 Stakeholder Consultations Summary

This section provides an overview of the principal issues raised throughout the provincial potato board consultations. This table lists the severity of the issue and the locations where these issues were identified. The severity criteria is loosely defined as follows: High severity implies that the issue is a major barrier to the creation of the Agency; Moderate severity indicates that the issue must be resolved by the time an application to the Farm

Products Council is delivered; Low severity indicates the issue can be readily addressed. This table does not present all issues raised at the provincial consultations, only the most prevalent.

Key Issue and Analysis	Severity	Issue Raised in the Following Locations:						
		BC	AB	MB	ON	QC	NB	PEI
<p>Issue: One major potato producing province (Saskatchewan) does not have a formal potato marketing board authorized to collect an interprovincial levy.</p> <p><i>Analysis:</i> This issue is significant as it restricts the NPRA’s ability to implement a levy on US potato imports.</p>	■	This issue was not raised in any of the consultations, but is the result of the background document prepared in the course of the feasibility study.						
<p>Issue: Alberta’s interprovincial levy is refundable</p> <p><i>Analysis:</i> This issue is significant as it also impedes the ability of a NPRA to implement a levy on US potato imports.</p>	■		✓					
<p>Issue: Process growers are currently funding potato promotion through the Alliance for Potato Research and Education (APRE).</p> <p><i>Analysis:</i> This issue can represent a barrier to the implementation of a NPRA. However, the NPRA could be structured in such a way as to take into account this contribution.</p>	■		✓	✓			✓	✓
<p>Issue: A NPRA, and the amount invested by growers and importers, is insufficient to reverse decline in consumption.</p> <p><i>Analysis:</i> This issue was discussed in all locations. Many responded by stating that the alternative – to do little or nothing – was not acceptable.</p>	■	✓	✓	✓	✓	✓	✓	✓
<p>Issue: Need to provide information to all stakeholders on the reasons for the creation of a NPRA and its proposed operations.</p> <p>This issue was also expressed as the need to recognize and anticipate resistance from select stakeholders.</p> <p><i>Analysis:</i> One of the follow-up actions to the feasibility study is the establishment of a communication plan for industry members. This plan should emphasize the advantage for growers to act collectively and that inaction on the part of growers in promotion and research is not sustainable.</p>	■	✓			✓	✓		

Key Issue and Analysis	Severity	Issue Raised in the Following Locations:						
		BC	AB	MB	ON	QC	NB	PEI
<p>Issue: Concern has been expressed that a NPRA will lead to increased levies paid by growers.</p> <p><i>Analysis:</i> Increasing levies to fund promotion and research is likely in the long term. However, consultations showed clearly that a NPRA must start with very modest objectives and funding and demonstrate tangible value by delivering clear products.</p>	■			✓	✓			
<p>Issue: Importers may be a major point of resistance in the implementation of a NPRA as they will be required to collect the levy on US imports.</p> <p><i>Analysis:</i> Once the CPC has a target date for the application to create a NPRA, a concentrated effort is required to inform importers of the NPRA.</p>	■	✓	✓	✓				
<p>Issue: Different levy regimes are in place throughout Canada.</p> <p><i>Issue:</i> Achieving the national treatment criterion will require the provincial potato boards to develop a robust and defensible mechanism to demonstrate the levy expenditure on a per unit basis. This unit of measurement is likely a price per volume (weight).</p>	■	✓						✓
<p>Issue: Administration costs of the NPRA could outweigh the benefits or revenues collected.</p> <p><i>Analysis:</i> The proposed structure of a NPRA would minimize the expenses. It can readily be argued that the CPC presently serves as a NPRA. The NPRA must be structured in a cost-effective way.</p>	■	✓	✓	✓	✓	✓	✓	✓
<p>Issue: Definition of national and provincial promotion plans.</p> <p><i>Analysis:</i> The creation of a NPRA will require clear delineation between provincial and national promotion activities. The National Research and Innovation Strategy for Potatoes has successfully addressed this concern and suggests that this is an issue that can be readily addressed.</p>	■	✓		✓	✓	✓		
<p>Issue: Determine scope of the regulated product.</p> <p><i>Analysis:</i> The proposed scope of a NPRA includes: fresh, processed and seed potatoes. Some consultations indicated that the NPRA should restrict itself to fresh potatoes only. Others pointed out that potato consumption promotion benefits all sectors and the regulated product should include all fresh, processed and seed.</p>	■							✓
<p>Issue: Implementation of an import levy could generate a backlash.</p> <p><i>Analysis:</i> This issue indicates that importers and US growers must view the implementation of an import levy as fair and equivalent to what Canadian importers face when shipping potatoes to the US.</p>	■			✓			✓	✓

Specific details relative to the provincial potato board consultations are presented in the following section. These reports, coming from each of the provincial consultations may have framed the issues in a slightly different manner than listed above. The provincial consultations were intended primarily for the board members of each provincial potato board. In some cases, select growers and staff were invited as it was felt that they could provide

enlightened views and valuable input in the feasibility study. The purpose for targeting consultations audiences in this manner was to begin the process of building awareness where it was felt to be most important: with the members of each provincial potato board's Board of Directors.

7.4 Conclusion of the Provincial Potato Board Consultations

The provincial consultations were aimed at board members and in some cases select growers. The principal objective of the consultations was to raise awareness of the creation of a NPRA. Over eighty potato board and staff members participated in the discussions. The preceding pages reveal the issues that must be addressed in the process of creating the NPRA.

Most importantly, the consultations demonstrated a range of reactions to the proposal of the creation of a NPRA for potatoes. While the reactions ranged from enthusiastic to guarded support, the CPC can view this as sufficient support to continue working towards the creation of a NPRA for potatoes.

Section 8: NPRA – An Implementation Roadmap

The provincial potato board consultations demonstrated that careful and methodical discussion of the issues related to the creation of a NPRA is required. In addition, there are several details regarding the design and operation of a NPRA that must be finalized through negotiations among industry members. The issues that were surfaced in the consultations will be at the core of their discussions. A realistic implementation roadmap involves the following steps:

Feasibility Study

This feasibility study assessed the practicality and appetite of industry members for the creation of a NPRA. More specifically, the study described the basic concept of a NPRA, potential application to the industry and the issues that are to be addressed prior to applying to the Farm Products Council for Agency status. The feasibility study has compiled the essential information for the creation of the Agency and has identified two important barriers that must be overcome in order to be ready for an application to the Farm Products Council of Canada.

Three elements of this roadmap can be pursued concurrently. These elements, highlighted in Figure 8 - NPRA Roadmap, are a pre-requisite to the preparation of an application to the FPCC.

Implement Final Conditions for the Creation of a NPRA.

The feasibility study identifies one significant issue that required resolution before a NPRA is ready to operate and collect a levy on imported potatoes. All potato-producing provinces must have a levy collection agency in place with the authority to collect a non-refundable levy. Currently one province has a refundable levy, while another province is not collecting any levy on potatoes. It is important to point out that this issue does not prevent the creation of a NPRA, it simply keeps the NPRA from meeting the National Treatment Criteria and does not allow the collection of a levy on imports. This step will require some time to implement as it requires important changes for a provincial potato board and a commodity association as well as potentially requiring modifications to provincial regulations.

Definition of the NPRA – Additional Work Required

While the feasibility study outlines the potential look and feel of a NPRA, several details of the agency operations must be further defined and negotiated. The CPC is best positioned to act as the broker for these important discussions and sufficient time is required for representatives of the provincial potato boards to get direction and consent from their respective boards on key decisions. As outlined in Section 7.3, there are a few, critical issues that require additional definition. This additional work should be guided by the requirements of the application that will be submitted by the CPC to the Farm Products Council of Canada. The concentrated effort of a relatively small but representative group could finalize many of the details over the course of six months.

Grower and Industry Awareness Building

The feasibility study consultations revealed varying degrees of support for a NPRA (a reality that the study authors have characterized as “guarded support”). Some growers and their provincial boards are enthusiastic supporters, ready to make continued financial investments in research and promotion. Others voice their support but are



Figure 8 - NPRA Roadmap

unable or unwilling to make similar investments. This disparity can only continue contributing to a sense of unfairness amongst growers and their respective boards. Continued awareness building is essential. The feasibility study has developed a comprehensive list of industry stakeholders that must be informed and ultimately consulted if a NPRA is going to be established. It is essential that continued communication and awareness building reach out to all industry members. To this end, it is recommended that a communication strategy supported by communication products (such as newsletters, fact sheets, centralized website information and so on) be developed and implemented in early 2014. The process of awareness building should be continuous until the Farm Products Council of Canada is ready to conduct public hearings regarding the application.

Application to the Farm Products Council

Once the NPRA details are finalized, the preparation of an application to the Farm Products Council is in order. Much of the information required to submit an application has been documented in this feasibility study report. The application requires a comprehensive research and promotion & marketing plan. This is in good order as the CPC has begun the implementation of the National Innovation and Research Strategy for Potatoes as well as the National Marketing and Promotion Plan. The completion of the application can be quick, however, the Farm Products Council may request clarifications and adjustments. It is not unreasonable to expect the Council staff to take 3 months to review and obtain clarifications on the application.

Public Hearings by the Farm Products Council

Once an application has been received, the Farm Products Council will conduct public hearings to assess the merits of the application and determine the degree of support for the creation of the Agency. Upon completion of the hearings, Council may recommend that the Minister seek Governor-In-Council approval for the establishment of a NPRA for potatoes. The amount of time required for public hearings is dependent upon the number of applications the Farm Products Council of Canada is processing. It is reasonable to expect this phase to last six to nine months.

Governor in Council Proclamation

The Governor in Council may establish a NPRA if satisfied that a majority of producers support such an Agency. The Governor in Council may ask that each province hold a plebiscite to determine the degree of support. The amount of time required to obtain the Governor in Council proclamation is perhaps the most difficult to estimate as this process goes beyond the realm of the Farm Products Council of Canada and enters the Minister of Agriculture's purview. This phase could take 3 to 12 months.

Overall Roadmap Timelines

The time required to get through this high level roadmap is approximately 24 to 36 months.

Section 9: Conclusions and Recommendations

Many Conditions for the Successful Implementation of a NPRA are Present

The conditions for the successful implementation of a National Promotion and Research Agency for potatoes are present. These conditions include:

- The presence of provincial potato boards in all provinces except Saskatchewan.
- The long history of collaboration among industry members as demonstrated by the CPC as the body active in representing the interests and coordinating the actions of potato growers.
- The establishment of the National Innovation and Research Strategy for Potatoes and the subsequent funding of twelve national potato production research projects.
- The establishment of a National Marketing and Promotion Strategy for Potatoes. The strategy's action plan requires the necessary funding for its implementation.

In practice, a NPRA for Potatoes Exists Today

The legal structure of a NPRA for potatoes does not yet exist. However in practice, it does. The behaviours and actions of the members of the provincial potato boards and of the Canadian Potato Council are proof. Many functions performed by the Manager of the Potato Council are directly related to the operation of a NPRA.

A Few Critical Issues Must be Addressed

Initial impressions by some members of the CPC and provincial potato Board was that a NPRA would be quick and easy to implement. This feasibility study has the flexibility with which a NPRA can be created, however two issues must be addressed before an agency is legally capable of collecting a levy on imported potatoes. First, and most pressing, is the fact that one province has a refundable levy. The second issue relates to the fact that Saskatchewan potato growers are not organized to the same degree as other potato-producing provinces – they do not collect a levy on potato production. These two issues remain problematic and eliminates the ability to implement of a levy on US imports.

Additional details regarding the operation of a NPRA need to be discussed further before an application is filed with the Farm Products Council of Canada. Agreement on the NPRA funding model particularly as it relates to levy collection and distribution will be essential to resolve. The feasibility study consultations revealed guarded support for the creation of a NPRA. The CPC should choose to view this as a green light for further work on this project and ultimately file an application to the FPCC. In order to achieve this, it is recommended that the CPC form a working group to further settle the details related to the funding model and begin the necessary preparation for the application to the FPCC. Continued efforts in educating the members of the industry are necessary in order to minimize resistance and increase understanding of the potential benefits of the creation of a NPRA. This report contains most the information to build industry awareness regarding the creation of a NPRA, however, it is not conducive for broad distribution. Communication products should be developed and circulated broadly.

Expand the Work of the Existing “Unofficial” NPRA

Until the critical issues are addressed and resolved, the CPC should continue to fund the work required to support the national research strategy. Astute observers will quickly point out the fact that a NPRA cannot generate sufficient revenues on an import levy alone. While this is true, provincial potato boards already spend over 2 million a year⁸ on potato production research and promotion. Simply put, the creation of a NPRA requires industry members, and in particular the provincial potato boards, to develop a new regime of collection and distribution of levies and spend a portion in a national plan to benefit all growers. In practice, provincial potato boards have already begun to conceive a different way to pool resources to fulfill a national potato research plan. The CPC with the full cooperation of provincial potato boards should consider expanding this informal practice to promotion by pooling some modest resources to accomplish a few select, impactful promotion-related projects. This would go a long way to demonstrating the benefits of a full-fledge NPRA.

⁸ Over 400K /year is spent on research, between 1.5 to 2 M on promotion, and process growers contribution to APRE of 200K.

Appendix A: Review of Relevant Provincial Legislation

Province	Act	Legislated Organization	
Alberta	Marketing of Agricultural Products Act	Agricultural Products Marketing Council	
	Potato Growers of Alberta Plan Regulation	Potato Growers of Alberta	
	Potato Growers of Alberta Authorization Regulation	Potato Growers of Alberta	
	Potato Growers of Alberta Marketing Regulation	Potato Growers of Alberta	
British Columbia	Natural Products Marketing (BC) Act	British Columbia Vegetable Marketing Commission British Columbia Farm Industry Review Board	
	BC Vegetable Scheme	British Columbia Vegetable Marketing Commission	
	National Products Marketing (BC) Act Regulations	All marketing boards and commissions	
Manitoba	The Farm Products Marketing Act (Manitoba)	Manitoba Farm Products Marketing Council	
	Manitoba Vegetable Producers Marketing Plan Regulation	Peak of the Market	
	Potato Promotion and Research Levies Regulation		
	Levies Regulation re Non-Quota Potatoes Potato and Root Crop Producer Registration Order Potato (Freshly Dug) Seasonal Farmers' Market/Roadside Stand Exemption Order, repeal Potato (Freshly Dug) Seasonal Retail Production and Marketing Exemption Order, repeal Potato General Order Potato Marketing Fee Regulation re Humanitarian Assistance Potato Quota Order Potato Small Grower Exemption Order		
	Manitoba Processing Potato Marketing Plan Regulation		
	Processing Potato Fee Regulation		
	Overproduction Potato Penalties Plan Regulation (to be repealed on September 30, 2014) Processing Potato Designated Processor Designation Order Processing Potato General Order Processing Potato Growing Agreement Order Processing Potato Information Order Processing Potato Penalty Levies Regulation Processing Potato Permit Procedures Order Processing Potato Registration Order Processing Potato Regulated Processor Designation Order	Keystone Potato Producers Association	
	New Brunswick	Natural Farm Products Act	New Brunswick Farm Products Commission
		New Brunswick Potato Regulation	Potatoes New Brunswick
	Nova Scotia	Natural Products Marketing Act	Natural Products Marketing Council

	Nova Scotia Potato Marketing Plan Nova Scotia Potato Marketing Levy Regulations Nova Scotia Potato Marketing Licence Regulations	Nova Scotia Potato Marketing Board
Ontario	Farm Products Marketing Act	Ontario Farm Products Marketing Commission
	Ontario Regulation 247/99	Ontario Potato Board
	Ontario Regulation 245/99	
Prince Edward Island	Natural Products Marketing Act	Prince Edward Island Marketing Council
	Potato Marketing Plan Regulations	Prince Edward Island Potato Board
Quebec	An Act Respecting The Marketing of Agricultural, Food And Fish Products (Loi sur la mise en marché des produits agricoles, alimentaires et de la pêche)	Régie des marchés agricoles et alimentaires du Québec
	Règlement sur les contributions des producteurs de pommes de terre du Québec	la Fédération des producteurs de pommes de terre du Québec

Appendix B: Agricultural Products Marketing Act and Delegated Organization

Province	Enabling Regulation	Legislated Organization
Alberta	<ul style="list-style-type: none"> Alberta Potato Marketing Levies (Interprovincial and Export) Order Alberta Potato Order 	Potato Growers of Alberta
British Columbia	<ul style="list-style-type: none"> British Columbia Vegetable Marketing Levies Order British Columbia Vegetable Order 	British Columbia Vegetable Marketing Commission
Manitoba	<ul style="list-style-type: none"> Manitoba Vegetable Marketing (Interprovincial and Export) Order Manitoba Vegetable Order 	The Manitoba Vegetable Producers' Marketing Board
New Brunswick	<ul style="list-style-type: none"> New Brunswick Potato Order New Brunswick Potato Marketing Levies (Interprovincial and Export) Order New Brunswick Potato Marketing Levies (Interprovincial and Export) Order – No. 2 	Potatoes New Brunswick
Newfoundland and Labrador	<ul style="list-style-type: none"> No orders on record 	
Nova Scotia	<ul style="list-style-type: none"> No orders on record 	
Ontario	<ul style="list-style-type: none"> Ontario Fresh Potato Order 	Ontario Fresh Potato Growers' Marketing Board
Prince Edward Island	<ul style="list-style-type: none"> PEI Potato Order PEI Potato Marketing Levies Order PEI Vegetable Order (does not apply) 	Prince Edward Island Potato Board
Quebec	<ul style="list-style-type: none"> Quebec Vegetables for Processing Order 	Office Des Producteurs De Fruits Et Légumes Du Québec
Saskatchewan	<ul style="list-style-type: none"> No orders on record 	

Appendix C: Existing Levies

Province	Type of levy	Amount	Collection Mechanism	
Alberta	Table Potatoes	\$22/harvested acre	Self-reported at registration; acre planted	
	Seed Potatoes	\$30/certified harvested acre	Self-reported at registration; acre planted	
	Processing Potatoes	\$0.06/cwt	Collected at the point of sale of potatoes by the grower to the processor, shipper, or packer	
	Cull Potatoes Sold for Processing	\$0.02/cwt		
	Lab/Greenhouse	0.75% of annual gross income, sales, and transfers		
	Annual License: Growers, Packers, Dealers, Processors	\$50		
British Columbia	Administration Levy: Fresh Potatoes	\$5.42/ton	Designated agencies collect and remit levies to the BCVMC	
	Administration Levy: Contract Potatoes	\$4.87/ton		
	Research and Industry Development Levy: Fresh and Contract Potatoes	\$0.11/ton		
	Producer License	\$250/year		
Manitoba	Peak of the Market	Humanitarian Fund	\$0.01/75lb unit	Collected at the point of sale of potatoes by the grower to the processor, shipper, or packer
		Sales and Marketing	\$0.43/75lb unit	
		Promotion and Research	\$0.08/75lb unit	
	Keystone	Seed and Processing	\$0.04/cwt	Collected at the point of sale of potatoes by the grower to the processor, shipper, or packer
		Chipping	\$0.005/cwt	
New Brunswick	Grower Levy	\$16.50/acre planted	Self-reported at registration; acres planted	
	Shipper License Fee	> 1000cwt - \$1000/year < 1000cwt - \$50/year		
	Producers, Shippers, and Processors	\$0.08/cwt		
Nova Scotia	Marketed Potatoes Fee	\$0.03/cwt	Self-reported; voluntary	
	Packers and Growers License Fee	\$50		
Ontario	Grower only	\$0.08/cwt	Collected at the point of sale of potatoes by the grower to the processor, shipper, or packer	
	Packer only	\$0.04/cwt		
	Grower and packer	\$0.12/cwt		
	Process	\$0.12/cwt		
	Packer License	\$50		
Prince Edward Island	Process	\$0.09/cwt	POS; verified at inspection stations and dealer invoices	
	Seed and Table	\$0.10/cwt		
	Dealer and Exporter	\$0.03/cwt		

	Dealer License	\$1,400	
	Export License	\$2,000	
Quebec	Growers	\$69.50/hectare	Comparison of POS and self-reported amounts and adjustment
	Growers	\$0.12/cwt (up to maximum of a levy based on \$69.50/hectare)	
	Packers (for advertising of packers)	Joint initiative of packers and growers; levy of \$0.02/bag to a dedicated promotion fund	
	Packers fee	\$100 to the federation and an unknown fee to the association of packers	

Appendix D: Canada – US Potato Trade Statistics

Canadian Imports of Potatoes⁹

Given that the NPRA could potentially collect levies on imported potatoes, this background paper presents the amounts of potato imports to Canada on a 4-year basis (2008-2012). For a detailed table organized by year and province, please refer to the next Appendix.

HS Code - Category	Average Amount on a 4-year basis (Canada - 2008-2012)
070190 - Potatoes, fresh or chilled nes	215,037 metric tons
0701100000 - Potatoes, seed, fresh or chilled	13,505 metric tons
0710100000 - Potatoes, frozen, uncooked/steamed/boiled in water	1,347,344 kilograms
110510 - Potato flour, meal and powder	1,376,495 kilograms
110520 - Potato flakes, granules and pellets	5,314,851 kilograms
1108130010 - Potato starch, for food use	6,138,121 kilograms
1108130020 - Potato starch, for industrial use, non-food	3,050,540 kilograms
2004100000 - Potatoes, prepared or preserved o/t by vinegar or acetic acid, frozen	64,680,301 kilograms
2005200020 - Potato chips, flakes, frills, prepared or preserved o/t by vinegar or acetic acid	15,648,951 kilograms (18,055,000)

US Import Levies

For information, the table below presents the US levies collected on imported potatoes.¹⁰

HS Code - Category	US import levy
070190 – Potatoes, fresh or chilled	3c/cwt
070110 – Potatoes, seed, fresh or chilled	3c/cwt
071010 – Potatoes, frozen, uncooked / steamed / boiled in water	3c/cwt
110510 – Potato Flour, meal or powder	21.429c/cwt
110520 – Potato Flakes, granules or pellets	21.429c/cwt
110813 – Potato Starch for food uses	27c/cwt
110813 – Potato Starch for industrial use	27c/cwt
20041 - Potatoes, Prepared or preserved by vinegar or acetic acid	6c/cwt
2005200020 – Potato Chips, flakes, frills prepared or preserved by vinegar or acetic acid	12.24c/cwt

⁹ Source: Agriculture Canada (2013). CATSNET. Please note that reviewers of this document have indicated that the data on Canadian imports of Potatoes might include packaged shipments only and does not account for bulk shipments. Further verification is being conducted while the report is being released.

¹⁰ Federal Register (2009). Proposed Rules 74 (142). Accessed from: <http://www.ams.usda.gov/AMsv1.0/getfile? dDocName=STELPRDC5078537>

Appendix E: Detailed Import Statistics

		Import				
		Quantity				
		2008/09	2009/10	2010/11	2011/12	2012/2013 (June)
070190 - Potatoes, fresh or chilled nes (Metric Ton)	Alberta	11,973	15,014	15,270	12,890	12,087
	British Columbia	76,699	81,990	155,443	121,997	96,731
	Manitoba	4,729	26,502	4,695	5,577	6,958
	New Brunswick	16,487	23,382	12,497	16,915	29,883
	Ontario	59,515	60,027	53,512	60,914	116,122
	Québec	5,482	4,713	3,522	4,929	2,589
	Saskatchewan	379	739	1,770	1,371	1,409
	Canada total	175,264	212,367	246,709	225,806	267,454
0701100000 - Potatoes, seed, fresh or chilled (Metric Ton)	Alberta	436	425	397	858	324
	British Columbia	60	0	349	57	292
	Manitoba	2,399	5,209	10,785	4,437	5,165
	New Brunswick	4,793	4,549	4,911	2,576	4,792
	Ontario	1,851	1,421	1,558	4,947	1,489
	Québec	18	20	50	183	106
	Saskatchewan	15	831	626	259	119
	Canada Total	9,572	12,455	18,676	13,317	12,287
0710100000 - Potatoes, frozen, uncooked/steamed/boiled in water (Kilogram)	Alberta	9,077	46,567	53,575	21,093	56,722
	British Columbia	62,960	228,273	235,783	186,430	214,175
	Manitoba	10,088	4,902	5,977	4,878	8,734
	New Brunswick	0	10,145	0	0	8,338
	Ontario	1,669,291	410,633	713,148	944,862	808,154
	PEI	0	0	0	0	0
	Québec	535,590	51,743	97,524	84,507	290,283
	Saskatchewan	0	933	503	892	2,857
	Canada	2,287,006	753,196	1,106,510	1,242,662	1,389,263
110510 - Potato flour, meal and powder	Alberta	9,327	70,194	44,639	101,901	57,867
	British Columbia	148,340	538,644	778,300	1,551,303	1,639,863
	Manitoba	163	2,274	311	247	755
	New Brunswick	0	0	0	50	0
	Ontario	122,214	241,100	334,270	1,310,100	1,363,839
	Québec	93,191	3,235	459	4,552	3,307
	Saskatchewan	128,486	19,278	0	3,402	142

	Canada	501,721	874,725	1,157,979	2,971,555	3,065,773
110520 - Potato flakes, granules and pellets	Alberta	156,797	131,832	789,546	856,027	297,684
	British Columbia	436,778	322,515	1,788,065	1,415,597	321,264
	Manitoba	3,409	15,774	191,623	123,859	66,523
	New Brunswick	0	35,482	49,156	0	0
	Nova Scotia	107,376	0	0	2,334,361	598,320
	Ontario	2,623,515	3,084,157	2,786,369	2,705,393	2,207,197
	Québec	34,908	13,150	11,945	3,839	119,448
	Saskatchewan	11,638	31,570	539,120	655,601	633,371
	Canada	3,374,421	3,634,480	6,155,824	8,094,677	4,243,807
1108130010 - Potato starch, for food use (Kilogram)	Alberta	370,649	235,498	252,966	264,496	444,968
	British Columbia	1,215,314	1,431,319	825,273	1,027,310	1,287,318
	Manitoba	77,673	60,431	64,733	20,777	61,092
	New Brunswick	59,248	179,073	190,466	116,806	97,603
	Ontario	2,498,725	3,256,456	3,420,571	4,202,397	3,865,884
	Québec	1,328,882	1,021,412	1,156,889	1,275,119	977,729
	Saskatchewan	0	0	0	0	0
	Canada	5,550,491	6,184,189	5,910,898	6,906,905	6,734,594
1108130020 - Potato starch, for industrial use, non-food (Kilogram)	Alberta	131,769	301,571	570,029	1,569,055	59,999
	British Columbia	763,819	866,350	13,610	58,785	125,030
	Manitoba	53,020	201,360	80,857	1,532	56
	New Brunswick	3,121	24,091	139,719	636	5,673
	Ontario	35,898	409,512	860,507	33,433	39,301
	Québec	1,598	38,116	78,376	429	199
	Saskatchewan	2,625,939	2,903,917	416,965	18,144	0
	Canada	3,615,164	4,744,917	2,160,063	1,682,014	230,258
2004100000 - Potatoes, prepared or preserved o/t by vinegar or acetic acid, frozen (Kilogram)	Alberta	3,509,014	3,165,076	3,390,805	2,793,562	2,208,880
	British Columbia	14,832,341	15,669,710	17,866,958	15,137,815	13,345,388
	Manitoba	2,793,977	3,944,699	2,599,367	2,366,158	2,508,232
	New Brunswick	17,084,021	28,739,745	37,044,946	21,474,595	18,648,323
	Nova Scotia	3,182	1,592	620	0	57
	Ontario	15,519,299	16,303,446	13,057,726	16,436,449	15,919,868
	Québec	119,283	418,470	485,810	338,863	247,125
	Saskatchewan	487,226	808,649	962,541	1,365,164	716,011
	Canada	54,348,343	69,051,480	75,408,773	59,912,606	53,593,884

2005200020 - Potato chips, flakes, frills, prepared or preserved o/t by vinegar or acetic acid (Kilogram)	Alberta	655,819	290,163	325,394	392,843	296,540
	British Columbia	2,008,187	1,784,364	1,977,671	1,772,095	1,545,187
	Manitoba	1,673,026	1,810,413	3,310,854	2,818,035	1,807,045
	New Brunswick	50,268	109,950	165,334	45,536	13,867
	Newfoundland	0	0	0	117	258
	Nova Scotia	555	1,589	651	510	271
	Ontario	10,596,384	8,200,064	9,268,271	9,857,386	8,138,576
	Québec	796,091	1,011,674	917,199	1,020,627	840,240
	Saskatchewan	667,993	219,895	426,012	420,832	260,565
	Canada	16,448,323	13,428,112	16,391,386	16,327,981	12,902,549

Appendix F: Canadian Potato Production

Province	Area and Production	2009	2010	2011	2012	2013
Canada	Harvested Acres	359,700	344,000	348,800	366,400	351,800
	Production (cwt x 1,000)	100,859	97,153	92,372	100,138	102,704
Newfoundland and Labrador	Harvested Acres	600	500	500	500	500
	Production (cwt x 1,000)	84	88	90	88	88
Prince Edward Island	Harvested Acres	82,000	86,000	86,000	87,500	89,000
	Production (cwt x 1,000)	24,600	25,800	24,510	23,800	25,009
Nova Scotia	Harvested Acres	2,200	2,000	2,000	1,900	1,900
	Production (cwt x 1,000)	583	470	460	418	450
New Brunswick	Harvested Acres	54,500	51,300	48,500	52,500	47,500
	Production (cwt x 1,000)	14,715	15,134	11,883	14,438	13,395
Quebec	Harvested Acres	41,800	42,700	41,300	41,500	42,300
	Production (cwt x 1,000)	10,998	11,486	11,250	11,001	12,026
Ontario	Harvested Acres	36,400	38,000	36,500	39,500	37,500
	Production (cwt x 1,000)	7,826	8,170	6,388	7,505	8,438
Manitoba	Harvested Acres	77,500	68,000	70,000	75,500	69,500
	Production (cwt x 1,000)	21,700	19,040	17,500	20,763	21,545
Saskatchewan	Harvested Acres	8,000	7,000	7,000	6,500	6,500
	Production (cwt x 1,000)	2,320	1,785	1,960	1,625	1,788
Alberta	Harvested Acres	49,700	45,000	50,100	54,000	51,000
	Production (cwt x 1,000)	16,003	14,130	16,433	18,576	18,258
British Columbia	Harvested Acres	7,000	3,500	6,900	7,000	6,100
	Production (cwt x 1,000)	2,030	1,050	1,898	1,925	1,708

Source: Statistics Canada. Table 001-0014 – Are, production and farm value of potatoes, annual

Appendix G: Canadian Agri-Science “Cluster 2” Potato Research

The National Potato Research and Innovation Strategy, adopted in the fall of 2012, established priorities for production research and innovation over the next ten-year period. The Canadian Potato Council Research Working Group identified several projects for funding by industry and Agriculture and Agri Food Canada Grants and Contributions programs. The AAFC Growing Forward 2 Innovation Program has provided an opportunity for the potato industry to leverage funding to support research of national priorities as identified in the strategy. The funding formula for the Cluster 2 program is 75% AAFC and 25% industry. The activities listed below are those that have been included and approved as the potato portion of the CHC Agri-Science Cluster for Horticulture 2. All projects are proposed for a five year period (April 1, 2013 to March 31, 2018) with the exception of Activity 14 which is a four year project ending March 31, 2017.

The final total cost of the six potato research projects is expected to be \$8.21 million. The Canadian potato industry has confirmed a significant amount to support these research activities. To date, industry funding of over \$2 million has been confirmed to support potato research projects. This includes almost \$600k in cash and in-kind support from grower organizations, over \$1.2 million in cash and in-kind support from other industry sources (universities, research funds and companies) and over \$200k in cash from other government funding sources (NSERC, provincial governments).

Potato Research Projects in Cluster 2	Lead Researcher	Total Budget
Understanding of Potato virus Y complex in Canada and development of a comprehensive on-farm management strategy.	Dr. Mathuresh Singh, Agricultural Certification Services Inc.	\$1,011,777
Wireworm Control in Potatoes and Strategic Rotational Crops in Canada	Dr. Robert Vernon, Agriculture and Agri-Food Canada	\$2,182,000
Development of a Rapid and Sensitive Triplex Nested Real-time PCR Method for Quantification of Verticillium in Soil.	Dr. Mario Tenuta, University of Manitoba	\$181,513
Zebra Chip and Potato Psyllid Survey and Monitoring	Dr. Dan Johnson, University of Lethbridge	\$500,000
Nitrogen for Improved Yield, Quality, and Profitability of Potato	Dr. Mario Tenuta, University of Manitoba	\$672,041
Canadian Variety Evaluation Project		
Canadian Potato Variety Evaluation Program	Zenaida Ganga, Cavendish Farms, PEI Potato Board	
Potato varieties and line evaluation in Quebec	Sub-Activity 2 (Andre Gagnon, Progest	
Variety Development for Ontario	Dr. J. Alan Sullivan, University of Guelph	
Variety Evaluation – nutrient quality evaluation of processing and table stock in Ontario	Dr. Rickey Yada, University of Guelph	
Evaluation and Adaptation of French fry potato varieties for Manitoba	Gaia Consulting	
Variety Evaluation in Alberta	Dr. M. Korschuh, Alberta Agriculture and Rural Development	
Potato Variety Evaluation in British Columbia	Heather Meberg, E.S. Cropconsult Ltd.	
Total Canadian Potato Variety Evaluation Program		\$3,658,832

Appendix H: Marketing and Promotion – Preliminary Work Plan

The CPC's National Marketing & Promotion Strategy, developed by the Working Group, provides overall direction to guide future marketing and promotion efforts. A preliminary work plan was created to highlight the national activities that would be undertaken under a NPRA. The activities below would take place over a span of 3 to 5 years. Key features of the work plan include:

Professional Services in Marketing and Promotion

Acquire, under contract, the support of a marketing and promotion professional to work with provincial potato boards to develop and direct national marketing and promotion projects and activities. Professional services, in the form of agency work, will also be required to help develop communications products (newsletters, information packages, etc.), conduct consumer and market research, and implement media, outreach and in-store merchandising plans.

Development of Creative Content and Media Plan

Marketing and promotion activities are based on research that provides a full understanding of the driving factors that contribute to the decline in consumption, and establish a benchmark consumption level so as to continue to monitor both fresh potato consumption, and measure effectiveness of promotion campaigns. In addition, research

on selected target market analysis is necessary to fully understand who is eating potatoes, what the key purchase drivers are, and identify gaps in information.

This research will allow a professional marketing agency to establish a campaign and develop the key messages around health and nutrition to reach the target markets and influence consumers. Quantitative research is required and necessary to establish a baseline - a starting point. Periodic evaluation of marketing and promotion plans is necessary to determine the impact. Periodic evaluation of our marketing and promotion plans will also help hone messaging and remain current with consumer trends and market preferences.

Execution of the Marketing and Media plan

Baseline research is required to develop a creative message. This will take into account several factors: target market, health perceptions, attitudes towards potatoes, and more. Once the creative content and media plans are established, a marketing and promotion campaign can begin.

Potential promotion tactics could include:

- Online, traditional media and non-traditional media promotion such as Website, Facebook, Twitter, Pinterest along with promotions in traditional media like magazines, newspapers, TV advertising, outdoor billboards.
- Consumer relationship management or database marketing. Gradually building up a strategic database of potato consumers to initiate a contact strategy through email database, weekly email recipes, nutrition content etc.
- In-store and point of sale promotions. Merchandising potatoes at point of purchase to increase awareness such as retail bins, displays. Working with retailers and foodservice to improve perception of potatoes in-store or within menus at restaurants
- Develop sponsorships by establishing strategic partnerships that provides cross-promotion or tie-into increasing potato consumption.
- Creation of school programs to reach younger generations (e.g. Grow Your Own Potatoes, Spuds in Tubs).
- Working with counterpart groups, such as APRE and other organizations.

Execution of Public and Influential Stakeholder Relations Campaign

In addition to promotion efforts directed to consumers, a campaign aimed at “key influencers”, such as dietitians, various food columnists and others, is also recommended. Tapping into influential media people and groups will bring credibility and substance to any media messaging. Groups such as APRE have been very successful in tapping into the media to help educate and change negative perceptions.

Funding Requirements for Marketing and Promotion

Very preliminary and modest funding estimates for the marketing and promotion activities listed above indicate a cost of approximately \$350,000 for a first year (start up and benchmarking) and subsequent costs of \$1,000,000 per year to execute the marketing / media plan and the public s/ stakeholder relations plan.

Appendix I: Existing Orders Made Under the Agricultural Products Marketing Act

The following orders have been made under the federal Agricultural Products Marketing Act regarding the authorities delegated for the marketing of potatoes interprovincially and for export trade.

Province	APMA Marketing Orders	What the Order decrees
PEI	Prince Edward Island potato Marketing Levies Order <i>Current June 10th, 2013</i>	Process Potatoes: \$0.05/CWT Potatoes (other than process) \$0.07 CWT
New Brunswick	New Brunswick Potato Marketing Levies (Interprovincial and Export) Order <i>Current to July 10th 2013</i>	Producers, Shippers and Processors to pay \$0.08 /CWT
	New Brunswick Potato Marketing Levies (Interprovincial and Export) Order – No. 2 <i>Current to July 10, 2013</i>	Producer pays a levy of \$14.40 / acre of potatoes produced.
Quebec	Quebec Vegetable for Processing Order.	Grants authority to Office des producteurs de fruits et légumes du Québec to regulate the marketing of vegetables for processing produced in Québec in interprovincial and export trade. Provides the Board (Office) with powers to fix, impose and collect fees and levies
Ontario	Ontario Fresh Potato Order <i>Current to July 10th, 2013</i>	Grants the authority to collect and use the levies and charges from persons in Ontario engaged in the production and marketing of potatoes. No levy amount is set in this order.
Manitoba	Manitoba Vegetable Order <i>Current to July 10, 2013</i> Manitoba Vegetable Marketing (Interprovincial and Export) Order <i>Current to July 10th, 2013</i>	Grants the authority to the Commodity Board with respect to persons engaged in the marketing of vegetables in interprovincial and export trade, to fix levies or charges and impose them on and collect from persons engaged in the production and marketing of vegetables No levy amount is set in this order as this authority is delegated to the Commodity Board. Identifies the Manitoba Vegetable Producers' Marketing Board and the Commodity Board referred to under Manitoba Vegetable Order. States that no person shall buy vegetables except from or through the Commodity Board; states that no producer can sell vegetables except to or through the Commodity Board.
Saskatchewan	There are no orders regarding interprovincial and export trade for vegetables	

Province	APMA Marketing Orders	What the Order decrees								
Alberta	<p>Alberta Potato Order <i>Current to July 10, 2013</i></p> <p>Alberta Potato Marketing Levies (interprovincial and Export) Order <i>Current to July 10, 2013</i></p>	<p>Grants the authority to the Alberta Potato Commission to regulate interprovincial and export trade of potatoes produced in Alberta.</p> <p>This order delegates the authority to the Commission to fix, impose and collect levies. It sets levies as follows:</p> <table data-bbox="829 457 1440 583"> <tr> <td>Canada No. 1 / No. 2:</td> <td>\$0.085 / CWT</td> </tr> <tr> <td>Seed potatoes:</td> <td>\$0.085 / CWT</td> </tr> <tr> <td>Ungraded potatoes for Processing:</td> <td>\$0.0625 / CWT</td> </tr> <tr> <td>Remaining potatoes (minus No. 1&2):</td> <td>\$0.04 CWT</td> </tr> </table>	Canada No. 1 / No. 2:	\$0.085 / CWT	Seed potatoes:	\$0.085 / CWT	Ungraded potatoes for Processing:	\$0.0625 / CWT	Remaining potatoes (minus No. 1&2):	\$0.04 CWT
Canada No. 1 / No. 2:	\$0.085 / CWT									
Seed potatoes:	\$0.085 / CWT									
Ungraded potatoes for Processing:	\$0.0625 / CWT									
Remaining potatoes (minus No. 1&2):	\$0.04 CWT									
British Columbia	<p>British Columbia Vegetable Order</p> <p>British Columbia Vegetable Marketing Levies Order</p>	<p>Order grants the authority to regulate the marketing of vegetable in BC by the British Columbia Vegetable Marketing Commission and fix, impose, and collect levies.</p> <p>Authorizes “agencies” as appointed by the Commission and processors to deduct applicable levy from net proceeds on interprovincial and export trade.</p> <p>Storage Crops:</p> <table data-bbox="829 877 1372 942"> <tr> <td>Fresh potatoes</td> <td>\$5.42/ton - \$0.11 / ton</td> </tr> <tr> <td>Contract potatoes</td> <td>\$4.87/ton - \$0.11 /ton</td> </tr> </table>	Fresh potatoes	\$5.42/ton - \$0.11 / ton	Contract potatoes	\$4.87/ton - \$0.11 /ton				
Fresh potatoes	\$5.42/ton - \$0.11 / ton									
Contract potatoes	\$4.87/ton - \$0.11 /ton									

Appendix J: Revenue Scenario 1

This scenario was drawn from Agriculture and Agri-Food data on Imports

		Import				
		Quantity				
Fresh		2008/09	2009/10	2010/11	2011/12	4 yr average
070190 - Potatoes, fresh or chilled nes (N)	Canada	175,264	212,367	246,709	225,806	215,037
Total converted to LB	2204.62	386,390,520	468,188,536	543,899,596	497,816,424	474,073,769
Total converted to CWT	100	3,863,905	4,681,885	5,438,996	4,978,164	4,740,737.69
Potential Levy (levy x cwt)	\$0.03	\$115,917	\$140,457	\$163,170	\$149,345	\$142,222
Seed		2008/09	2009/10	2010/11	2011/12	4 yr average
070110 - Potatoes fresh or chilled	Canada	9,572	12,455	18,676	13,317	13,505
Total converted to LB	2204.62	21,102,623	27,458,542	41,173,483	29,358,925	29,773,393
Total converted to CWT	100	211,026	274,585	411,735	293,589	297,734
Potential Levy (levy x cwt)	\$0.03	\$6,331	\$8,238	\$12,352	\$8,808	\$8,932
Processed		2008/09	2009/10	2010/11	2011/12	4 yr average
0710100000 - Potatoes, frozen, uncooked	Canada	2,287,006	753,196	1,106,510	1,242,662	1,347,344
Total converted to LB	2.20462	5,041,979	1,660,511	2,439,434	2,739,597	2,970,380
Total converted to CWT	100	50,420	16,605	24,394	27,396	29,704
Potential Levy (levy x cwt)	\$0.03	\$1,513	\$498	\$732	\$822	\$891
2004100000 - Potatoes, prepared or pre	Canada	54,348,343	69,051,480	75,408,773	59,912,606	64,680,301
Total converted to LB	2.20462	119,817,444	152,232,274	166,247,689	132,084,529	142,595,484
Total converted to CWT	100	1,198,174	1,522,323	1,662,477	1,320,845	1,425,955
Potential Levy (levy x cwt)	\$0.06	\$71,890	\$91,339	\$99,749	\$79,251	\$85,557
2005200020 - Potato chips, flakes, frills, p	Canada	16,448,323	13,428,112	16,391,386	16,327,981	15,648,951
Total converted to LB	2.20462	36,262,302	29,603,884	36,136,777	35,996,993	34,499,989
Total converted to CWT	100	362,623	296,039	361,368	359,970	345,000
Potential Levy (levy x cwt)	\$0.1224	\$44,385	\$36,235	\$44,231	\$44,060	\$42,228
2005200090 - Potatoes, nes, prepared o	Canada	9,955,418	10,485,119	10,192,194	12,191,435	10,706,042
Total converted to LB	2.20462	21,947,914	23,115,703	22,469,915	26,877,481	23,602,753
Total converted to CWT	100	219,479	231,157	224,699	268,775	236,028
Potential Levy (levy x cwt)	\$0.06	\$13,169	\$13,869	\$13,482	\$16,126	\$14,162
		2008/09	2009/10	2010/11	2011/12	4 yr average
Estimated Levy		\$253,205	\$290,636	\$333,716	\$298,412	\$293,992

Appendix K: Revenue Scenario 2

This scenario was drawn from United Nations Commodity Trade Statistics Database

Fresh	2008	2009	2010	2011	2012	Average
70190 (in kg)	157,888,267	203,058,109	222,389,218	247,691,781	303,559,765	226,917,428
Total converted to CWT	3,480,840	4,476,665	4,902,843	5,460,669	6,692,347	5,002,673
Potential Levy (\$0.03 x cwt)	\$104,425	\$134,300	\$147,085	\$163,820	\$200,770	\$150,080
Seed	2008	2009	2010	2011	2012	Average
70110 (in kg)	7,350,323	10,500,000	12,269,000	18,650,000	13,377,166	12,429,298
Total converted to CWT	162,047	231,485	270,485	411,162	294,916	274,019
Potential Levy (\$0.03 x cwt)	\$4,861	\$6,945	\$8,115	\$12,335	\$8,847	\$8,221
Processed	2008	2009	2010	2011	2012	Average
71010 (in kg)	2,797,715	1,275,175	921,736	1,271,225	1,371,212	1,527,413
Total converted to CWT	61,679	28,113	20,321	28,026	30,230	33,674
Potential Levy (\$0.03 x cwt)	\$1,850	\$843	\$610	\$841	\$907	\$1,010
200410 (in kg)	50,977,841	55,338,872	78,001,035	66,133,439	57,350,473	61,560,332
Total converted to CWT	1,123,869	1,220,013	1,719,628	1,457,993	1,264,362	1,357,173
Potential Levy (\$0.06 x cwt)	\$67,432	\$73,201	\$103,178	\$87,480	\$75,862	\$81,430
200520 (in kg)	32,032,667	33,165,093	32,866,358	36,907,513	36,688,951	34,332,116
Total converted to CWT	706,199	731,165	724,579	813,671	808,853	756,894
Potential Levy (\$0.06 x cwt)	\$86,439	\$89,495	\$88,688	\$99,593	\$99,004	\$92,644
	2008	2009	2010	2011	2012	Average
Estimated Import Levy	\$265,008	\$304,783	\$347,676	\$364,069	\$385,390	\$333,385

Appendix L: Potato Import and Export Volumes

Exports from Canada to the Rest of the World		2008	2009	2010	2011	2012	Average
070110 – Potatoes, seed	Netweight (kg)	39,389,226	94,508,275	94,508,000	96,087,000	91,376,000	83,173,700
	Value (in US \$)	\$26,370,490	\$36,197,670	\$35,333,365	\$36,781,238	\$37,857,941	\$34,508,141
070190 – Potatoes, fresh	Netweight (kg)	430,500,356	382,855,640	399,157,133	518,044,260	708,373,023	487,786,082
	Value (in US \$)	\$180,772,226	\$138,397,612	\$137,362,746	\$192,421,211	\$123,657,956	\$154,522,350
071010 – Potatoes, uncooked/cooked by steaming/boiling in water, frozen	Netweight (kg)	1,240,761	809,491	1,477,752	887,884	554,264	994,030
	Value (in US \$)	\$1,296,012	\$843,738	\$1,623,387	\$1,020,312	\$865,979	\$1,129,886
200410 - Potatoes, prepared or preserved o/t by vinegar or acetic acid, frozen	Netweight (kg)	902,830,867	956,536,803	872,991,662	898,530,808	880,354,704	902,248,969
	Value (in US \$)	\$848,373,062	\$848,157,563	\$801,584,887	\$844,961,551	\$867,796,208	\$842,174,654
200520 - Potatoes, prepared or preserved o/t by vinegar or acetic acid, not frozen	Netweight (kg)	16,187,827	23,569,089	24,587,896	19,906,925	18,832,301	20,616,808
	Value (in US \$)	\$53,946,516	\$66,589,738	\$71,766,426	\$56,918,959	\$57,844,209	\$61,413,170

Imports to Canada from the rest of the world		2008	2009	2010	2011	2012	Average
070110 – Potatoes, seed	Netweight (kg)	7,350,323	10,500,000	12,269,000	18,650,000	13,377,166	12,429,298
	Value (in US \$)	\$1,886,391	\$3,193,060	\$3,005,545	\$3,800,980	\$4,116,471	\$3,200,489
070190 – Potatoes, fresh	Netweight (kg)	157,888,267	203,058,109	222,389,218	247,691,781	303,559,765	226,917,428
	Value (in US \$)	\$89,586,960	\$83,656,190	\$85,885,171	\$119,931,836	\$94,428,897	\$94,697,811
071010 – Potatoes, uncooked/cooked by steaming/boiling in water, frozen	Netweight (kg)	2,797,715	1,275,175	921,736	1,271,225	1,371,212	1,527,413
	Value (in US \$)	\$2,863,695	\$1,536,534	\$1,130,080	\$1,885,825	\$2,042,843	\$1,891,795
200410 - Potatoes, prepared or preserved o/t by vinegar or acetic acid, frozen	Netweight (kg)	50,977,841	55,338,872	78,001,035	66,133,439	57,350,473	61,560,332
	Value (in US \$)	\$77,784,229	\$79,068,238	\$107,762,251	\$100,458,258	\$93,912,319	\$91,797,059
200520 - Potatoes, prepared or preserved o/t by vinegar or acetic acid, not frozen	Netweight (kg)	32,032,667	33,165,093	32,866,358	36,907,513	36,688,951	34,332,116
	Value (in US \$)	\$96,562,342	\$104,016,354	\$108,660,256	\$128,108,652	\$133,194,032	\$114,108,327

Source: United Nations Commodity Trade Statistics Database.

Appendix M: Agency Administration Expense Scenario

Salaries		
General Manager (Half time: 80k/2)	\$ 40,000	
Book Keeper & Database Manager (Half time 50k/2)	\$ 25,000	
Administrative Support (36k/2)	\$ 18,000	
	<i>Sub-Total</i>	83,000

Professional Fees		
Financial Audit	2500	
Bank Fees	750	
Insurance Director Liability / Errors & Omissions, Contents Translation	5000	
	<i>Sub-Total</i>	8,250

Board / AGM Costs		
Annual General Meeting	\$ 2,000	
Board Meetings (Virtual)		
Board Meetings - Travel (12 people avg. \$1000 each)	\$ 12,000	
Director Per Diems	\$ 0	
	<i>Sub-Total</i>	\$ 14,000

Technical Committee Meeting		
Research Technical Committee (Accommodation)	\$ 2,400	
Promotion Technical Committee (Accommodation)	\$ 2,400	
Committee Per Diems		
	<i>Sub-Total</i>	\$ 4,800

Office Costs		
Office start up/admin (one-time costs)	\$ 5,000	
Office Supplies & Printing	\$ 2,000	
Postage/Courier	\$ 800	
Communications (phone, web, network, graphic design, etc.)	\$ 2,500	
Equipment Rental	\$ 2,500	
Conference Calls	\$ 2,500	
IT Support and Computer Maintenance	\$ 6,000	
Office Rent	\$ 12,000	
	<i>Sub-Total</i>	\$ 33,300

	<i>Total</i>	\$ 143,350
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