

THE QUÉBEC
ECONOMIC PLAN

March 2018

Biofood

BUDGET 2018-2019

An Economic Priority and Opportunity to Improve Quebecers' Health



Budget 2018-2019
Biofood: An Economic Priority and Opportunity to Improve
Quebecers' Health

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HIGHLIGHTS

The biofood sector plays a major role in Québec's economy. In addition to contributing to food security, it provides more than 500 000 jobs, that is, one out of every eight jobs in Québec in 2017, including more than 120 000 in the fields of agricultural production, fisheries and processing.

The biofood sector is active in every Québec region. It generates significant economic benefits and represents an important lever of economic vitality. In 2017, the biofood sector alone contributed 8% to Québec's GDP, representing \$25.3 billion.

The Québec Economic Plan is taking significant action to foster the biofood sector. Among other things, this sector benefited from an investment of more than \$210 million over six years, \$45 million of which came from the March 2016 Québec Economic Plan, and nearly \$167 million from the March 2017 Québec Economic Plan.

In addition to the measures instituted in recent years, the March 2018 Québec Economic Plan provides for nearly \$349 million in investments over five years, in order for the government to support initiatives that fall within the biofood policy framework, focusing on six major areas that will promote achieving the goals set for horizon 2025.

— In all, the Québec Economic Plan invests \$560 million dedicated to advancing Québec's biofood sector through 2022-2023.

Added to these investments is an additional \$80 million to modernize the training and innovation infrastructure of the Institut de technologie agroalimentaire, the analysis laboratories, as well as the centres of expertise and research affiliated with the Ministère de l'Agriculture, des Pêcheries et de l'Alimentation.

TABLE 1

Financial impact of the Québec Economic Plan's support for the biofood sector

(millions of dollars)

	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	Total
March 2018 Québec Economic Plan ^{(1),(2)}	—	—	-59.1	-70.8	-73.8	-74.5	-70.5	-348.7
March 2017 Québec Economic Plan	—	-20.7	-29.4	-35.3	-40.6	-40.7	—	-166.7
March 2016 Québec Economic Plan	-9.0	-10.0	-10.0	-8.0	-8.0	—	—	-45.0
TOTAL⁽²⁾	-9.0	-30.7	-98.5	-114.1	-122.4	-115.2	-70.5	-560.4

(1) Of these amounts, \$38.7 million will be funded from appropriations already set aside for the Ministère de l'Agriculture, des Pêcheries et de l'Alimentation.

(2) \$80 million is also earmarked for investment in the 2018-2028 Québec Infrastructure Plan.

❑ **Presentation of the biofood policy in spring of 2018**

The Minister of Agriculture, Fisheries and Food will announce the biofood policy and its implementation terms in the spring of 2018.

— This policy, which arises from the tremendous involvement of those who participated in the Food Summit held in November 2017, will be government-wide, inclusive, innovative, multifaceted, entrepreneurial, renewable and focused on continuous dialogue.

Furthermore, various initiatives in the March 2018 Québec Economic Plan, which are destined for other sectors, will also contribute to the development of the biofood sector.

TABLE 2

**Detailed financial impact of the Québec Economic Plan's support
for the biofood sector**
(millions of dollars)

	2016- 2017	2017- 2018	2018- 2019	2019- 2020	2020- 2021	2021- 2022	2022- 2023	Total
March 2018 Québec Economic Plan								
– Promote a healthier, local, Québec-based food supply	—	—	-9.9	-11.1	-11.5	-10.7	-10.7	-53.9
– Increase investment in biofood production and processing	—	—	-26.0	-37.0	-39.0	-41.0	-37.0	-180.0
– Increase efforts in innovation and training in the biofood sector	—	—	-5.6	-6.4	-5.9	-5.9	-5.9	-29.7
– Implement responsible business practices	—	—	-2.7	-4.6	-4.5	-4.0	-4.0	-19.8
– Stimulate biofood development in the territories	—	—	-14.4	-11.2	-12.4	-12.4	-12.4	-62.8
– Ensure the full deployment of initiatives in the biofood policy	—	—	-0.5	-0.5	-0.5	-0.5	-0.5	-2.5
Subtotal – March 2018⁽¹⁾	—	—	-59.1	-70.8	-73.8	-74.5	-70.5	-348.7
March 2017 Québec Economic Plan								
– Stimulate investment in the agri-food sector	—	-19.2	-27.9	-33.8	-39.1	-39.2	—	-159.2
– Support development of commercial fisheries and aquaculture	—	-1.5	-1.5	-1.5	-1.5	-1.5	—	-7.5
Subtotal – March 2017	—	-20.7	-29.4	-35.3	-40.6	-40.7	—	-166.7
March 2016 Québec Economic Plan								
	-9.0	-10.0	-10.0	-8.0	-8.0	—	—	-45.0
TOTAL⁽²⁾	-9.0	-30.7	-98.5	-114.1	-122.4	-115.2	-70.5	-560.4

(1) Of these amounts, \$38.7 million will be funded from appropriations already set aside for the Ministère de l'Agriculture, des Pêcheries et de l'Alimentation.

(2) \$80 million is also earmarked for investment in the 2018-2028 Québec Infrastructure Plan.

The sustainable development priorities for the biofood sector

The major changes observed in the biofood sector in recent years, primarily due to the change in consumers' expectations, more stringent production conditions and increased competition, necessitated reflection on the government's priorities for action, in order to oversee and ensure long-term development in this sector.

To adequately meet the new realities, the Food Summit, with the participation of the sector's stakeholders, was held on November 17, 2017.

The Summit gathered more than 200 people representing all stakeholders from the biofood industry: consumers, processors, distributors, restaurant owners, agricultural entrepreneurs, fishermen, as well as representatives from the health, environmental, municipal, economic and research industries.

To foster dialogue, an online discussion platform, meetings with stakeholders from the primary chains in the industry, as well as three preparatory meetings assembling consumer and biofood sector stakeholders addressing three main themes preceded the Summit. The three preparatory meetings were entitled:

- À l'écoute des consommateurs d'aujourd'hui et de demain, that is, listening to the consumers of today and tomorrow;
- Développement du potentiel de l'industrie alimentaire québécoise sur les marchés d'ici et d'ailleurs, that is, developing Québec's food industry potential on the market here and elsewhere;
- Perspectives d'avenir pour les entrepreneurs agricoles et les pêcheurs, that is, looking at the future perspectives for agricultural entrepreneurs and fishermen.

At the Summit, guests gave their points of view regarding the position they would like to see for the biofood sector for horizon 2025, as well as a wish list of elements for a long-term biofood policy. Partners agreed to work together to address the following challenges for horizon 2025:

- meeting consumers' expectations regarding health and the environment;
- increasing sectors of activity in food production, capture and processing in Québec;
- increasing the presence of Québec-based biofood products on the market in Québec, Canada and abroad.

The Food Summit proved to be a flagship in the preparation of the biofood policy, since it allowed the sector's stakeholders and consumers to express their primary concerns and priorities for development.

The insights gleaned, in terms of challenges, growth targets and the means for achieving them by 2025, serve as foundation for Québec's biofood policy.

1. BIOFOOD: A STRATEGIC SECTOR FOR THE ECONOMY

1.1 The biofood sector: a lever for economic development

The biofood sector plays a major role in Québec's economy. In addition to contributing to food security, it provides more than 500 000 jobs, that is, one out of every eight jobs in Québec in 2017, including more than 120 000 in the fields of agricultural production, fisheries and processing.

The biofood sector is active in every Québec region. It generates significant economic benefits and represents an important lever for the territories' vitality.

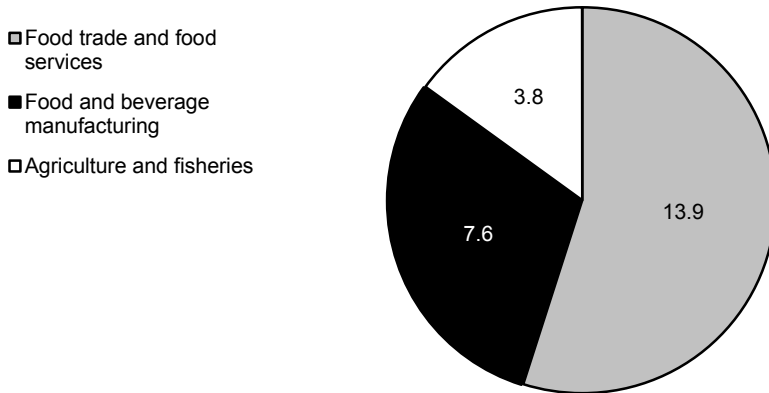
□ A sector representing 8% of Québec's economy

Present in every region in Québec, the biofood sector contributed \$25.3 billion to Québec's GDP, representing 8% of the total GDP for 2017.

The biofood industry covers all activities associated with commercial agriculture, fisheries and aquaculture, processing, food outlets (wholesale and retail), as well as food services destined for the hotel industry, restaurants and institutions. This sector plays a major role in terms of feeding Quebecers.

CHART 1

Breakdown of the biofood GDP for 2017 (billions of current dollars)



Sources: Statistics Canada and Institut de la statistique du Québec, compiled by the Ministère de l'Agriculture, des Pêcheries et de l'Alimentation.

While the market in Québec represents a stable business base for Québec companies, external markets represent driving forces for Québec’s biofood industry. For certain companies, due to the specificity of their products, markets outside of Québec have become critical to ensuring their long-term viability.

- In recent years, the biofood sector has been one of the top four manufacturing industries in terms of Québec’s exports.
- Québec is also known abroad for numerous products, most specifically pork, maple syrup, marine products and berries.

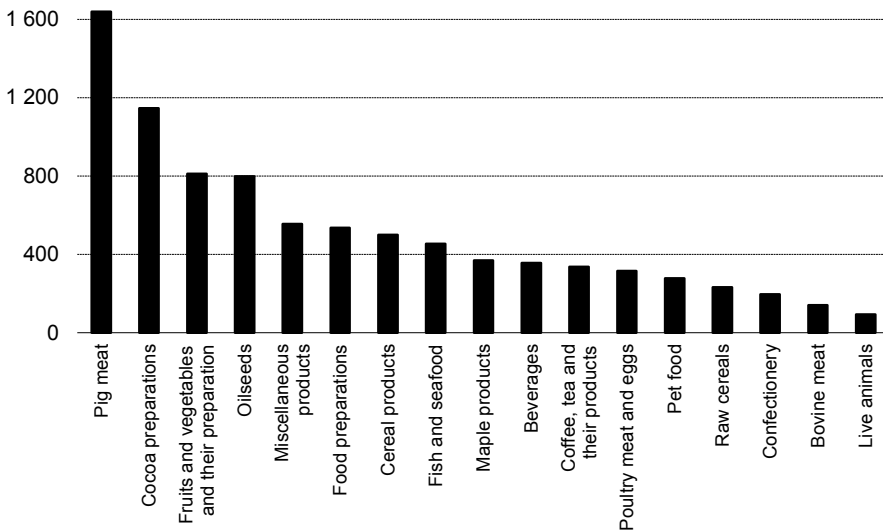
▣ More than 50% of sales outside Québec

44% of final sales in Québec’s biofood production and processing sectors stemmed from Quebecers, 25% from Canadian consumers outside Québec, and 31% from consumers abroad, primarily located in the United States.

- The main biofood products exported in 2017 included pig meat, food preparations containing cocoa, as well as fruits and vegetables and their preparations, accounting for 41% of the total value of exports.

CHART 2

Primary biofood products exported by Québec in 2017
(millions of current dollars)



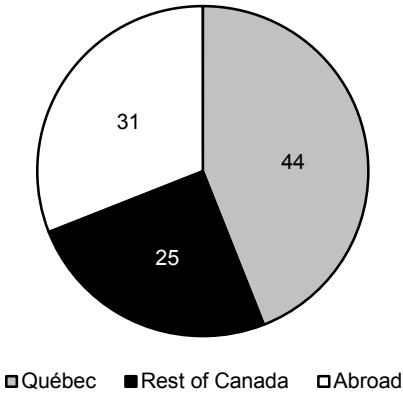
Sources: Global Trade Atlas, compiled by the Ministère de l’Agriculture, des Pêcheries et de l’Alimentation.

The value of exports is even more significant since the majority of them are processed in Québec, thereby contributing to the vitality of the food processing industry.

— In fact, approximately 80% of the products exported underwent at least the first phase of processing in Québec, while 20% of the value of Québec's exports were composed of unprocessed agricultural products.

CHART 3

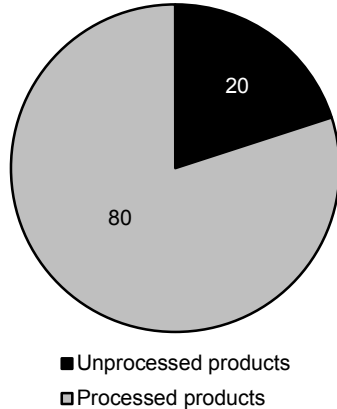
Destinations of final sales in the food production and processing sectors
(per cent)



Sources: Statistics Canada, modèle intersectoriel de l'Institut de la statistique du Québec and Modèle des flux économiques de l'industrie du ministère de l'Agriculture, des Pêcheries et de l'Alimentation, compiled by the Ministère de l'Agriculture, des Pêcheries et de l'Alimentation.

CHART 4

Value of international biofood exports according to level of processing
(per cent)



Sources: Statistics Canada, Canadian International Merchandise Trade, Industry Canada and Global Trade Atlas, compiled by the Ministère de l'Agriculture, des Pêcheries et de l'Alimentation.

❑ **Imported products processed in Québec**

Due to the northern climate in which the agricultural businesses are evolving and the limitations it imposes, Québec imports a wide range of biofood products to meet the demands of consumers and food processors alike.

— Thus, consumers have access to a wide variety of biofood products that are not available in sufficient quantities or simply not produced in Québec at all. Most particularly, this is the case with out-of-season fruits and vegetables, tropical fruits, nuts and coffee.

A significant portion—about one third—of imported products are also used as inputs for production and processing activities in Québec, and therefore become a source of added value. For example, chocolate in Québec is made from imported cocoa.

1.2 An innovative sector undergoing change

The biofood sector is marked by significant changes. Companies must be able to meet the constantly changing expectations and requirements of consumers relating to health and the environment, as well as increasingly stringent production conditions and increased competition for internal and external markets.

❑ **Diversified consumer demands**

In Québec, food demand from consumers was estimated to be \$44.7 billion in 2017. Québec consumers spent approximately 14% of their expenses on food and beverages. It was the second largest household expense after housing, and represented an annual expenditure of approximately \$9 700 per household.

Consumers' expectations are increasing and their needs are becoming more and more specific. They are more aware of the nutritional aspects and origins of the food they consume. They pay special attention to the labels on products to provide them with information as they make their choices; they are also using technology more and more for real-time information.

Their requirements from biofood companies are also increasing, since they are more conscious of responsible production and processing methods, as well as environmental impacts. They want access to less-processed foods that contain little or no food contaminants.

Consumers' requirements and expectations therefore have a direct impact on the biofood sector. Given their preferences and means, consumers have adapted their choices to meet their requirements. Therefore, the food product offering has to adapt to consumers' preferences and concerns.

❑ A competitive business environment

The Québec biofood sector is characterized by its numerous companies and the growing interdependence between stakeholders in production, processing and commercialization of agricultural, food and fish products.

Furthermore, the opening of markets and globalization of commerce accentuated the presence of foreign companies in Québec's biofood sector.

- Multinational companies have established themselves in Québec, which notably contributed to the vitality of biofood activities. At the same time, some Québec companies have become important stakeholders in their fields, thanks to acquisitions elsewhere in Canada or abroad.

Processing companies are growing

Saputo and Agropur are among the top 10 and top 20, respectively, dairy companies in the world in terms of sales. Olymel, which is part of the Coop fédérée, is among the top 20 companies in the pork industry in North America.

Furthermore, large international companies, such as Bonduelle in the processed vegetables industry and Barry Callebaut in the confectionery industry, have arrived in Québec, thereby contributing to the vitality of biofood activities.

Thus, it is important for Québec companies to make better use of opportunities arising from globalization as well as international and inter-provincial commercial agreements.

To do so, stakeholders in the sector must increase their productivity, particularly by investing in their companies, not just in terms of training, but also in terms of machinery and equipment. Research and innovation are also necessary for companies to remain competitive and to set themselves apart from their competition.

The entire biofood supply chain is supported by a vast research, development, innovation and training network.

- In fact, the Institut de technologie agroalimentaire, with its two campuses at La Pocatière and Saint-Hyacinthe, along with universities, centres for research and expertise, the large college technology transfer centres and other training establishments, enable the creation of a sustainable biofood sector.
- This network rises to meet the challenges encountered in the sector, favours implementation of business innovations, and offers training to the next generation that is adapted to the new realities of the industry.

❑ **Responsible practices to foster sustainable development in the industry**

The environmental aspect is one of the issues that raises the largest consensus within Québec society; it is becoming increasingly popular on the international scene as well.

Due to its close and daily correlation with natural environments, the biofood sector must be a major contributor toward achieving environmental objectives, as well as preserving and improving soil and marine environmental quality, not just in terms of improved performance of production methods, but also in terms of contributing to proper ecosystem functioning.

The biofood industry also needs to be concerned with the social acceptability of its production and processing activities.

It is in this perspective that businesses are implementing various initiatives that will help to meet consumers' ever-increasing expectations in terms of protecting the well-being of animals, most particularly relating to improving rearing, transporting and slaughtering conditions.

In the last ten years or so, another issue to be addressed has been the global problem of food and production residue waste. Many companies in the biofood sector have applied innovative solutions either to decrease their total waste or to revalue products.

❑ **Ensuring the development of territories and reaching Québec's fullest potential**

Spread out over the entire province, the biofood sector offers opportunities for development in all regions and their communities. Because of its multifunctionality, expressed by its impacts on social, environmental and economic plans, the biofood industry contributes to the dynamic occupation of the territory in many different ways.

The best way to ensure sustainability of the agricultural territories, in addition to the existing protection of land regime, is to promote these territories and exploit their full potential, particularly through actions that are adapted to the realities of each region.

One way of achieving this is to mobilize local and regional stakeholders around a common vision that will allow the most appropriate actions to be implemented according to the specific characteristics and potential in each territory. Collaborative bodies also participate in cross-sectoral development efforts, such as with the stakeholders in the health, employment and tourism sectors.

1.3 The sector's sustainable development priorities

Following the Food Summit, all stakeholders in the biofood industry agreed to contribute to the implementation of initiatives that will adequately meet the new realities of the biofood sector.

Thus, in order to maintain consumers' confidence in the Québec biofood industry and favour its prosperous and sustainable development, seven targets for horizon 2025 were set out.

□ Seven targets to achieve for horizon 2025

While ambitious, the targets are realistic since they are based on the sector's recent economic performance, the competition's positioning, as well as growth perspectives. They will guide, among other things, the priorities for action in the biofood sector in years to come. The targets for horizon 2025 are:

- for businesses' investments to total more than \$15 billion in agricultural production, capture and processing, that is, \$3 billion more than the period from 2006-2015;
- to increase international biofood exports from Québec by \$6 billion, to reach \$14 billion;
- to increase Québec-based content in products purchased in Québec by \$10 billion, from \$24 billion to \$34 billion in 2025;
- to increase the number of Québec-based agricultural companies that have implemented sustainable practices;
- to double the surface area of biological production from 49 000 to 98 000 hectares;
- to increase the current share of eco-certified Québec-based aquatic product volumes from 52% to 70% in 2025;
- to improve the nutritional value of food products processed in Québec.

To help achieve these targets, the biofood policy will also be supported by the investments provided for in the Québec Economic Plan.

2. \$349 MILLION IN SUPPORT FOR THE BIOFOOD SECTOR

To continue already well-established trends, the March 2018 Québec Economic Plan provides nearly \$349 million over five years for the implementation of initiatives that fall within the framework of the biofood policy. These initiatives focus on six areas of intervention:

- promoting a healthier, local, Québec-based food supply;
- increasing investment in biofood production and processing;
- increasing efforts in innovation and training in the biofood sector;
- implementing responsible business practices;
- stimulating biofood development in the territories;
- ensuring full deployment of initiatives in the biofood policy.

To that end, additional appropriations will be granted to the Ministère de l'Agriculture, des Pêcheries et de l'Alimentation. The amounts for 2018-2019 will be drawn from the Contingency Fund.

TABLE 3

Financial impact of the March 2018 Québec Economic Plan's support for the biofood sector (millions of dollars)

	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	Total
Promote a healthier, local, Québec-based food supply	-9.9	-11.1	-11.5	-10.7	-10.7	-53.9
Increase investment in biofood production and processing	-26.0	-37.0	-39.0	-41.0	-37.0	-180.0
Increase efforts in innovation and training in the biofood sector ⁽¹⁾	-5.6	-6.4	-5.9	-5.9	-5.9	-29.7
Implement responsible business practices	-2.7	-4.6	-4.5	-4.0	-4.0	-19.8
Stimulate biofood development in the territories	-14.4	-11.2	-12.4	-12.4	-12.4	-62.8
Ensure the full deployment of initiatives in the biofood policy	-0.5	-0.5	-0.5	-0.5	-0.5	-2.5
TOTAL⁽²⁾	-59.1	-70.8	-73.8	-74.5	-70.5	-348.7

(1) \$80 million is also earmarked for investment in the 2018-2028 Québec Infrastructure Plan.

(2) Of these amounts, \$38.7 million will be funded from appropriations already set aside for the Ministère de l'Agriculture, des Pêcheries et de l'Alimentation.

2.1 Promoting a healthier, local, Québec-based food supply

The increase in the value of Québec-based content in demand for food will most notably be a result of the differentiation of products from Québec and their position compared to other products. Furthermore, Québec consumers are increasingly drawn toward purchasing local products and want to be a part of helping to develop Québec's biofood industry.

As a result, the March 2018 Québec Economic Plan provides for an amount of \$54 million over five years for:

- identifying and promoting Québec-based foods;
- recognizing and assigning reserved designations and added-value claims;
- enhancing support for developing markets outside Québec;
- highlighting Québec-based food products on the institutional market;
- raising consumers' awareness and educating them about foods;
- supporting the nutritional quality of foods and new food inspection requirements.

TABLE 4

Financial impact of measures to favour a healthier, local, Québec-based food supply (millions of dollars)

	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	Total
Identify and promote Québec-based foods	-2.0	-2.2	-2.2	-2.2	-2.2	-10.8
Promote the recognition and assignment of reserved designations and added-value claims	-1.1	-1.1	-0.9	-0.9	-0.9	-4.9
Support businesses in developing markets outside Québec	-3.0	-3.0	-3.0	-3.0	-3.0	-15.0
Highlight Québec-based food products on the institutional market	-1.0	-1.0	-1.0	-1.0	-1.0	-5.0
Raise consumers' awareness and offer them food education	-0.5	-1.0	-1.0	-1.0	-1.0	-4.5
Offer support for the nutritional quality of foods	—	-0.5	-1.0	-1.0	-1.0	-3.5
Respond to the new food inspection requirements	-2.3	-2.3	-2.4	-1.6	-1.6	-10.2
TOTAL	-9.9	-11.1	-11.5	-10.7	-10.7	-53.9

❑ Identifying and promoting Québec-based foods

Issues relating to the consumers' and industry's expectations require significant action in terms of identifying and promoting Québec-based foods in Québec's market. It is in this context that the Conseil de promotion de l'agroalimentaire québécois was entrusted with the mandate several years ago to identify and promote Québec-based biofood products.

- With labels such as “Aliments du Québec”¹—identifying food from Québec—and “Aliments préparé au Québec”²—identifying food prepared in Québec—approximately 20 000 products today benefit from increased notoriety and ever-increasing consumption.

Due to this initiative's success, the March 2018 Québec Economic Plan provides \$10.8 million over five years to:

- implement a strengthened strategy to identify and promote Québec-based foods to consumers, inasmuch in the retail sales network as the hotel and restaurant industries;
- implement a large-scale promotional campaign defined with partners in the biofood industry and aiming to further encourage all Québec consumers to purchase Québec-based foods.

❑ Promoting the recognition and assignment of reserved designations and added-value claims

The recognition and certification of reserved designations and added-value claims (ARTVs) create a showcase to promote regional products and local know-how. Products that meet these characteristics offer significant development potential and business opportunities.

For these reasons, more and more segments of the biofood sector are requesting such recognition or certification. It is estimated that the number of ARTVs should increase from the current six to approximately ten by 2020, including a new protected geographical designation referred to as “Vin du Québec.”

¹ According to the Conseil de promotion de l'agroalimentaire québécois, an “Aliment du Québec” is any product that is entirely Québec-based or any product composed of a minimum of 85% Québec-based ingredients, with the condition that all main ingredients originated in Québec. Furthermore, all processing and packaging activities must have been carried out in Québec.

² An “Aliment préparé au Québec”, according to the Conseil de promotion de l'agroalimentaire québécois, is any product that was entirely processed and packaged in Québec. Furthermore, when the main ingredients are available in sufficient quantities in Québec, they must be used.

In order to foster recognition and assignment of reserved designations and added-value claims, the March 2018 Québec Economic Plan provides \$4.9 million over five years to:

- respond to the increase in the number of certified organic companies and add new reserved designations and added-value claims;
- support the increasing number of business groups in financing and carrying out projects that lead to the certification of reserved designations and added-value claims.

Conseil des appellations réservées et des termes valorisants

The Conseil des appellations réservées et des termes valorisants—known as the reserved designations and added-value claims board and created in the wake of *An Act respecting reserved designations and added-value claims*—is responsible for analyzing requests, recommending them to the Minister, accrediting the certifiers and controlling use of recognized reserved designations.

The Act protects the names and authenticity of differentiated food products, standardizes production and contributes to promoting them to consumers. The Act protects designations grouped into the following three categories relating to:

- production method such as the organic method;
- local products, such as the origin designation or protected geographical indication;
- a specificity.

Added-value claims identify a specific product characteristic, generally associated with a production or preparation method, which is sought by the consumer.

Recognized reserved designations and added-value claims

Currently, the Conseil des appellations réservées et des termes valorisants has authorized six reserved designations:

- *Maïs sucré de Neuville* (sweet corn from Neuville—designation relating to a local product), recognized since June 14, 2017;
- *Fromage de vache de race canadienne* (Canadian cow cheese—designation relating to a specificity), recognized since March 9, 2016;
- *Cidre de glace du Québec* (Québec ice cider—designation relating to a local product), recognized since December 30, 2014;
- *Vin de glace du Québec* (Québec ice wine—designation relating to a local product), recognized since December 30, 2014;
- *Agneau de Charlevoix* (lamb from Charlevoix—designation relating to a local product), recognized since March 21, 2009;
- *Biologique* (organic—designation relating to a production method), recognized since February 1, 2000.

❑ Supporting businesses in developing markets outside Québec

Exports constitute an important growth vector for businesses in Québec, most particularly due to the size of the Québec market. Thus, it is critical to implement conditions that foster expansion of the biofood sector to markets outside Québec.

The March 2018 Québec Economic Plan provides \$15 million over five years to help businesses develop export markets.

- These amounts are intended to improve businesses' abilities to export, most particularly by providing greater support in their endeavours to develop markets elsewhere in Canada and abroad.
- Furthermore, the funds will also be used to further develop an export-oriented culture within the businesses, and will help accelerate the process for those that show potential for growth in external markets.

Agri-Food Export Group Québec–Canada

With more than 450 members, the Agri-Food Export Group Québec–Canada is the largest association of agri-food product exporters in Canada. Created in 1990, the export group has developed numerous services over the years and initiated hundreds of activities to facilitate biofood exporters' access to markets outside Québec.

The Ministère de l'Agriculture, des Pêcheries et de l'Alimentation is mandating this organization to ensure that Québec-based biofood companies are present at fairs and trade shows in external markets.

❑ **Highlighting Québec-based food products on the institutional market**

In recent years, the Québec government has striven to foster the emergence of initiatives that promote healthy, local and organic foods to public institutions.

In the wake of the November 2017 Food Summit and in light of the future biofood policy, the government aspires that Québec-based foods hold a larger market share of public institutions' food procurement, most particularly to ensure that healthy and local foods are used.

More than 50 projects intended to increase the presence of Québec-based biofood products in institutions were supported.

— These projects focused on bringing Québec's offering into line with the institutional market and supporting businesses so that they can adapt to this market, most particularly through sustainable development criteria.

Additional efforts must be made so that public institutions procure even more healthy foods made from local biofood products.

To that end, the March 2018 Québec Economic Plan provides \$5 million over five years, most notably to define new ways of doing things to facilitate access to Québec-based products in the network's purchasing policies, in accordance with agreements on public procurement.

Procurement by public institutions

In 2016, restaurant services in the institutional setting in Québec represented nearly \$2.1 billion, that is, nearly 14% of total sales in food services.¹ In that vein, it was the health and education sectors that represented the largest portions of purchases, with 61% and 17%, respectively.

Food procurement by public bodies is governed by inter-governmental agreements as well as the *Act respecting contracting by public bodies*. The public departments and bodies solicit suppliers by means of public calls for tenders, or more directly through purchase by agreements.

To ensure food service offerings, public or private establishments and bodies are more often opting to manage food services internally (72% of purchases) than to resort to contractual or lump sum management (28% of purchases).

Public bodies and food service providers alike want to meet their clients' needs and tastes. Menu selection is driven by food policies, which in turn guide food selection.

- There is a real desire on the part of public institutions to source healthy, sustainable and local foods.

Over the past five years, the Ministère de l'Agriculture, des Pêcheries et de l'Alimentation supported approximately 50 projects on the institutional market across Québec.

- These initiatives have helped to draw very positive conclusions regarding the potential for growth in this market.
- Promoting healthy and local foods in public institutions therefore will require new ways of doing things.

1 Food services include services in the hotel, commercial restaurant and institutional industries.

❑ Raising consumers' awareness and offering them food education

More and more, Quebecers are showing interest in the biofood sector, most particularly regarding the origin of the foods they consume. They want to learn more about this sector and have greater access to fresh and local products. Local marketing contributes to meeting these needs.

— This translates into more direct sales activities between businesses and consumers, most notably through short food circuits or as part of limited marketing in a specific area.

To further support the implementation and development of strategic initiatives promoting consumer-citizen awareness and education, the March 2018 Québec Economic Plan provides \$4.5 million over five years to strengthen the local program.

The initiatives will primarily serve to:

- help recognize more easily where foods come from, how they were produced and what challenges are associated with their production;
- fight against food waste by passing on good practices;
- promote revaluation of unsold products.

❑ Offering support for the nutritional quality of foods

The biofood sector is a critical link that leads to improving the health of every Quebecer.

A considerable amount of effort in research and development is necessary to substitute or decrease the amount of an ingredient, in order to improve the nutritional quality of a processed food. In the same way, modifying existing formulations remains a significant technological issue for some companies, besides the fact that it is extremely costly.

In order to support businesses that have chosen this path, the Ministère de l'Agriculture, des Pêcheries et de l'Alimentation and the Ministère de la Santé et des Services sociaux have committed, within the framework of the 2017-2021 first action plan of the *Politique gouvernementale de prévention en santé*,³ to implementing a financial assistance program to improve the quality of foods.

The March 2018 Québec Economic Plan provides \$3.5 million over four years to increase the financial assistance program's capacity to improve food quality.

³ The purpose of the *Politique gouvernementale de prévention en santé*, which involves the commitment of 15 departments from various sectors of activity, including the Ministère de l'Agriculture, des Pêcheries et de l'Alimentation, is to further promote health through the complementarity of their interventions.

This program focuses on improving the nutritional quality of foods while preserving their original properties by:

- identifying opportunities to improve the food offering through diagnostic studies;
- providing support in developing foods or modifying existing formulations to increase their nutritional value.

❑ **Responding to the new food inspection requirements**

Beyond the implementation of incentives to improve the nutritional quality of foods, the government—along with the other stakeholders in the biofood industry—is responsible for ensuring that the foods offered are safe, and that the health risks and foodborne illnesses are controlled.

The inspection systems also need to change to take into account the consumers' new expectations, emerging health risks, and the new food offering models including short circuits, online sales and community sharing.

To that end, the March 2018 Québec Economic Plan provides \$10.2 million to increase the number of inspectors in food establishments and slaughterhouses, for handling complaints and visiting the establishments.

Food safety oversight

Inspection services of the Ministère de l'Agriculture, des Pêcheries et de l'Alimentation (MAPAQ) and its agent, Ville de Montréal, carry out control and surveillance activities in the sectors of production, processing, intraprovincial distribution, retail sales and restaurant services.

- All complaints, whether anonymous or not, are handled by MAPAQ.
- MAPAQ also offers financial assistance programs to food processing companies wishing to acquire a quality control and management system.

Within the federal government, Health Canada and the Canadian Food Inspection Agency (CFIA) share responsibility for food safety, while the Public Health Agency of Canada implemented a pan-Canadian food safety system for the surveillance of foodborne disease outbreaks in which Québec is a participant.

- The CFIA controls imported food and oversees establishments that trade interprovincially and internationally. It ensures conformity to Health Canada's requirements for the safety and nutritional quality of all foods sold in Canada. It is responsible for the registration and inspection of slaughterhouses and food processing plants that are under federal jurisdiction.

2.2 Increasing investment in biofood production and processing

Investment is an essential vector for improving the competitiveness of companies in the biofood sector, be it to offer a new product through innovation or adopt responsible practices.

Therefore, to encourage the implementation of measures to support profitable and sustainable business developments, the March 2018 Québec Economic Plan provides \$180 million over five years to:

- support investment by agricultural businesses to comply with standards with respect to animal welfare and energy efficiency;
- offer additional support to develop fisheries and aquaculture;
- support investment in food processing.

TABLE 5

Financial impact of measures to increase investment in biofood production and processing (millions of dollars)

	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	Total
Support investment by businesses to comply with standards with respect to animal welfare and energy efficiency	-20.0	-20.0	-20.0	-20.0	-20.0	-100.0
Offer additional support to develop fisheries and aquaculture	-1.0	-1.0	-1.0	-1.0	-1.0	-5.0
Support investment in food processing	-5.0	-16.0	-18.0	-20.0	-16.0	-75.0
TOTAL	-26.0	-37.0	-39.0	-41.0	-37.0	-180.0

❑ **Supporting investment by businesses to comply with standards with respect to animal welfare and energy efficiency**

Consumers are now more informed about agricultural production methods and wish to eat more healthily. Consequently, farmers must meet the demand and modernize their production methods in order to increase their presence in the various markets.

The significant investments required to upgrade assets are necessary to ensure that businesses comply with new market requirements, particularly in the areas of animal welfare and environmental goals.

The March 2017 Québec Economic Plan therefore announced the creation of the Program to Support Funding of Animal Welfare and Energy Efficiency Investments, injecting \$95 million over five years.

— Many applications to this program have been submitted to date, showing the great investment needs of businesses.

Therefore, to support businesses that would like to modernize their production facilities in order to improve their compliance with animal welfare standards and energy efficiency, the March 2018 Québec Economic Plan provides an additional \$100 million over five years.

Animal welfare standards

Animal welfare has become a requirement with which breeders must now comply if they wish to remain competitive and gain access to export markets such as Europe, Australia and some U.S. states.

To oversee the practice of breeding in Canada, the National Farm Animal Care Council sets standards for animal welfare, as well as deadlines to ensure that breeders comply with established standards.

The Program to Support Funding of Animal Welfare and Energy Efficiency Investments provides financial assistance to agricultural businesses that made major investments in their production facilities, in order to conform to the new animal welfare standards.

- For example, hog producers will be able to reconfigure their farrowing barn to allow sows to be raised in groups rather than in cages, while feed lots will be able to reorganize to provide animals with more space.

Required investments represent several hundred thousand dollars making it possible for businesses to adapt to the demand of domestic and export markets, and respond to consumer concerns and expectations regarding the conditions under which animals are raised. This government assistance to agricultural businesses contributes to the competitiveness and prosperity of the Québec agricultural sector.

Promoting greenhouse development

Greenhouses represent one way to develop agriculture in Québec, since they offer growing conditions adapted to regions less favourable to traditional farming. In addition, greenhouse production allows Quebecers to buy and consume high-quality local products throughout the year.

In order to accelerate investment in this sector, the March 2017 Québec Economic Plan announced a new electricity discount program to encourage investment in the greenhouse sector.

When it was announced, the Electricity Discount Program to Promote Greenhouse Development was expected to generate investments of up to \$13.5 million by December 31, 2020.

To date, requests for projects with a total investment of \$27.7 million have been submitted; this represents twice the amount of investments targeted by this measure.

Main parameters of the Electricity Discount Program to Promote Greenhouse Development

The Electricity Discount Program to Promote Greenhouse Development consists in granting eligible projects a maximum electricity discount of 20% over a period of four years, providing a reimbursement of up to 40% of eligible investments made.

- For projects to convert heating systems to electricity, the reimbursement could cover up to 50% of eligible costs.
- For projects of \$5 million or more, the March 2018 Québec Economic Plan provides a discount on electricity for a maximum of six years, an increase of two years.

To be eligible for the electricity discount, projects must be carried out in Québec in a greenhouse whose activities are of a commercial nature and reach a minimum investment threshold of \$125 000.

Projects must be submitted no later than December 31, 2018 and be completed by December 31, 2020. The March 2018 Québec Economic Plan provides for an extension of the closing date for discount applications by four years, to December 31, 2028.

❑ **Offering additional support to develop fisheries and aquaculture**

Over the last few years, the fisheries and aquaculture sectors have enjoyed excellent seasons, which has translated into higher investments plans by stakeholders.

To maximize investment potential, the March 2018 Québec Economic Plan provides \$5 million over five years. This will promote the development of commercial fisheries and aquaculture capacity as well as marine product processing, including the acquisition of innovative technologies for improved environmental performance.

Among other things, these sums will serve in the next ministerial action plan for the development of the commercial fishery and aquaculture sector, arising from the biofood policy.

— This plan will emphasize a certain number of fields, in particular those of marine biotechnologies, the recovery of coproducts from traditional processing of fishery products, the oyster industry and redfish fishing.

❑ **Supporting investment in food processing**

Food processing plays a strategic role in the Québec biofood sector. It creates added value by processing nearly 70% of products from Québec's agricultural, aquaculture and fishery activities.

Therefore, it is important to offer food processing companies, especially organic product processing companies, support that is adapted to their own realities.

To this end, the March 2018 Québec Economic Plan provides \$75 million over five years to implement a new investment program in food processing that is complementary to the actions of the Ministère de l'Économie, de la Science et de l'Innovation and of Investissement Québec.

The investments will enable food processing companies to increase their productivity and meet the challenges of the labour force.

The initiatives financed could take several forms, including:

- projects to develop and improve products and processes;
- the completion of food product quality-control and management system implementation projects.

A coordinated approach with the Ministère de l'Agriculture, des Pêcheries et de l'Alimentation, the Ministère de l'Économie, de la Science et de l'Innovation and Investissement Québec will make it possible for these entities to better serve food processing businesses.

The Québec food processing sector

The food processing industry is an important economic driver for Québec and a key link of the biofood industry.

The food processing industry is characterized by a great number of small establishments that contribute to the vitality of many Québec municipalities and regions. Among the 2 400 food processing facilities, nearly three quarters have total sales of less than \$5 million, while some 30 large businesses account for nearly three quarters of deliveries.

It processes raw materials from the primary sector (agriculture and fisheries), and sells them as processed products on the markets, in Québec, elsewhere in Canada and around the world.

- In 2017, GDP from the food processing sector was \$7.6 billion, representing 30% of the total biofood sector GDP.
- Furthermore, this sector was the biggest manufacturing activity sector in Québec in terms of the value of deliveries.

Food processing in Quebec is highly diversified. Companies do offer a wide range of products that help meet the needs of consumers.

2.3 Increasing efforts in innovation and training in the biofood sector

Reaching the growth targets of the biofood sector and implementing responsible practices in businesses that meet consumer needs requires modern training and innovation infrastructure, as well as the upgrading of knowledge across all levels of the biofood sector.

— Furthermore, in businesses, training as well as research and development are sources of innovative ideas that take different forms: creation of differentiated products, reduction of production costs, improvement of profitability, heightening of social acceptance, etc.

In this area, the March 2018 Québec Economic Plan provides for:

- investments of \$80 million in innovation and training infrastructure, preceded by studies to determine which investments to prioritize;
- the execution of innovation projects with partners;
- the enrichment of the training offer of the Institut de technologie agroalimentaire.

TABLE 6

Financial impact of measures to increase efforts in innovation and training (millions of dollars)

	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	Total
Invest \$80 million in training and innovation infrastructure ⁽¹⁾	—	—	—	—	—	—
Evaluate the needs in innovation and training infrastructure investment	-0.5	-0.5	—	—	—	-1.0
Promote innovation projects with partners	-3.2	-4.0	-4.0	-4.0	-4.0	-19.2
Enrich the training offer of the Institut de technologie agroalimentaire	-1.9	-1.9	-1.9	-1.9	-1.9	-9.5
TOTAL	-5.6	-6.4	-5.9	-5.9	-5.9	-29.7

(1) These investments are included in the 2018-2028 Québec Infrastructure Plan.

❑ Investments of \$80 million in training and innovation infrastructure

The Institut en technologie agroalimentaire (ITA), which provides technical training and continuing education at its two campuses in La Pocatière and Saint-Hyacinthe, is the leading institution in college instruction in the biofood sector.

In the area of research in the biofood sector, the main efforts will take place on a partnership basis with research and expertise corporations that are supported by partners and by the Ministère de l'Agriculture, des Pêcheries et de l'Alimentation, which lends them the necessary infrastructure.

To ensure that the infrastructure and equipment made available to the biofood sector are adapted and at the leading edge of technology, the March 2018 Québec Economic Plan provides \$80 million⁴ for:

- upgrading the infrastructures and equipment of the La Pocatière and Saint-Hyacinthe campus of the ITA, so that it can offer an evolving learning environment that reflects the agri-food industry's current realities;
- upgrading the infrastructure of centres of expertise and research with the latest technologies, with a view to nurturing the production of knowledge in response to issues in the biofood sector and optimizing the results of research work and their transfer among consultants and biofood businesses;
- upgrading the infrastructure of laboratories for food analysis, research and expertise in animal pathology and phyto-protection expertise and diagnosis.

The March 2018 Québec Economic Plan also provides \$1 million dollars over two years to complete preliminary studies aimed at determining priority investments.

⁴ Investments relating to these projects are provided for in the 2018-2028 Québec Infrastructure Plan.

❑ Promoting innovation projects with partners

During the preparatory meetings and at the Food Summit, many participants felt that innovation was an essential condition for the prosperity and sustainability of the biofood sector.

To this end, the biofood technological innovation framework program (PCITA) supports research and expertise centres, such as the Institut de recherche et de développement en agroenvironnement, that conduct biofood research.

- In fact, the shared-cost partnership approach used to fund these centres, through the PCITA, generates leverage from the partners⁵ as it allows matching with other sources of funding, which greatly supports the ability to adjust research efforts to meet the biofood sector's most urgent needs.
- For 2016-2017, for every dollar funded by the Ministère de l'Agriculture, des Pêcheries et de l'Alimentation, \$2.80 was funded by partners, including \$2.25 by non-government partners.

To increase these centres' innovation efforts in areas linked to biofood policy targets, the March 2018 Québec Economic Plan provides \$19.2 million over five years to extend and expand the scope of the PCITA. The new amounts granted will be used to:

- carry out additional mandates with research and expertise centres in areas deemed priorities by the production sectors, including reduction of pesticides, phytosanitary surveillance, soil health, reduction of environmental impacts, agricultural management and development of greenhouse operations;
- respond to specific research and training needs of a new generation of professionals and scientists by supporting innovation partnership initiatives with joint financing from the biofood sector and universities, such as research chairs.

⁵ Biofood research and innovation partners are many and diverse. Universities, college technology transfer centres, federal research centres and the federal government are among them.

Examples of initiatives delivered through the biofood technological innovation framework program

The biofood technological innovation framework program (PCITA) helped support the scientific research programming of various research and expertise centres.

- For example, the Institut de recherche et de développement en agroenvironnement and its partners delivered a project to develop biological control strategies for the control of corn borer in processing sweet corn with the help of an insect, the *Trichogramma*.

Furthermore, supporting the Réseau d'avertissements phytosanitaires under this program helps inform agricultural producers and other industry stakeholders on the most appropriate strategies for integrated management of the enemies of apple crops, field crops, ornamental horticulture and cruciferous crops.

These initiatives support the goals of the Québec phytosanitary strategy in agriculture 2011-2021 and include finding alternative methods to the use of pesticides.

❑ Improving the technical training and continuing education offer of the Institut de technologie agroalimentaire

A growing interest in employment in the biofood sector has resulted in a significant increase in enrolment at the Institut de technologie agroalimentaire (ITA).

Since its creation, ITA has adapted its training offer to respond to the needs of the community while continuing to fulfil its main mandates. This included adding organic production profiles in 2017 to the La Pocatière campus and improving the urban agriculture training offer in 2016 at the Saint-Hyacinthe campus.

- As the leading college institution in the sector, ITA must update and adapt its curriculum, a crucial factor for the competence of entrepreneurs who are the future of the biofood sector.

To meet the resource requirements of the increase in ITA enrolment, of greater demand for continuing education and the revision of training programs based on the newly identified issues, the March 2018 Québec Economic Plan provides \$9.5 million over five years for the hiring of human resources at the ITA, as well as the necessary operating budgets.

This will strengthen the technical training in organic and local agriculture, urban agriculture, dairy processing, entrepreneurship and agri-environment offered at the La Pocatière and Saint-Hyacinthe campuses, in addition to improving continuing education.

Training and the next generation of farmers

An adapted training offer

The Institut de technologie agroalimentaire (ITA) is Québec's leading college-level institution in the biofood sector. Set on two campuses, one in Saint-Hyacinthe and the other in La Pocatière, it offers seven technical programs and continuing education courses, including exclusive programs, presenting a diversified and complementary training offer unrivalled in Québec in the biofood sector.

- With a student population growth over the last three years, the ITA has a placement rate of more than 95% of its graduates.

The next generation of farmers

Emerging young people are becoming more and more educated. The proportion of young people with a post-secondary degree continues to grow. At 74% in 2006 and 79% in 2011, it reached 82% in 2016.

Women in agriculture

In addition, the proportion of women in the next generation of farmers stood at 24% in 2006 and increased from 26% to 27% between 2011 and 2016. Since 2008, new institutions have at least 30% female students each year.

2.4 Implementing responsible business practices

Biofood companies are gaining awareness of responsible production and marketing methods. To help businesses implement and integrate more responsible practices, the March 2018 Québec Economic Plan provides \$19.8 million over five years to:

- support the accelerated growth of organic production in Québec;
- encourage responsible practices to preserve soil health;
- support the adoption of good practices to ensure biosecurity in breeding facilities and implementation of animal health contingency plans.

TABLE 7

Financial impact of measures to implement responsible business practices (millions of dollars)

	2018- 2019	2019- 2020	2020- 2021	2021- 2022	2022- 2023	Total
Support the accelerated growth of organic production in Québec	-1.0	-1.5	-1.5	-1.5	-1.5	-7.0
Encourage responsible practices to preserve soil health	-1.5	-2.5	-2.5	-2.5	-2.5	-11.5
Support the adoption of good practices to ensure biosecurity and of animal health contingency plans	-0.2	-0.6	-0.5	—	—	-1.3
TOTAL	-2.7	-4.6	-4.5	-4.0	-4.0	-19.8

❑ **Supporting the accelerated growth of organic production in Québec**

Organic farming is a method of production that contributes to the protection of the environment, as well as to the health and economy of Québec. Consumers have become strong supporters of organic products and the supply of fresh and processed organic food is increasingly diversified. In fact, the organic food market is booming in Québec. Thus, the future biofood policy will aim to double the area under organic production by 2025, from 49 000 to 98 000 hectares.⁶

— In 2016, Québec had more than 1 200 companies involved in organic agricultural production that offered more than 8 000 organic products.

To promote accelerated growth in organic production in Québec, the March 2018 Québec Economic Plan provides \$7 million over five years for:

- the extension of the program to support conversion to organic farming;
- the improvement of financial assistance for some initiatives related to organic farming under the Prime-Vert program;
- the continuation of activities aimed at promoting biofood among consumers.

❑ **Encouraging responsible practices to preserve soil health**

Soil health directly impacts the profitability and quality of agricultural production. Moreover, soil health directly impacts both water quality and greenhouse gas emissions from soils.

To promote the adoption of responsible practices concerning soil health, the March 2018 Québec Economic Plan provides \$11.5 million over five years.

This new funding will provide support to businesses, in particular those involved in field crops and horticulture⁷, for the implementation of initiatives promoting soil health, including:

- development and knowledge transfer projects on the relationship between soil health and fertilization and the rational use of pesticides;
- the adoption of beneficial practices to maintain the quality of soil and water;
- the update, capture and enrichment of descriptive and cartographic data on agricultural soils.

⁶ The total area under cultivation and organic pasture increased from 31 000 hectares in 2006 to 49 000 hectares in 2016, equal to 2.4% of Québec's agricultural area.

⁷ Horticulture and field crop sectors take up most of Québec's cultivated areas.

Responsible use of agricultural pesticides

To reduce the environmental footprint of agricultural activities, sustainable agriculture must be fostered, namely, by enabling companies to reduce the risks of pesticide use on health and the environment. Although pesticides can eradicate pests or parasitic diseases in crops, they can be harmful not only to the environment, but also to human health.

This is why the government implemented the Québec Pesticide Strategy 2015-2018, providing a framework to foster responsible use of pesticides. Legislative and regulatory amendments were made in this regard.

Moreover, the government adopted the Québec phytosanitary strategy in agriculture 2011-2021, aiming to reduce by 25% the health and environmental risks associated with pesticide use in agricultural areas in Québec by 2021.

These strategies in particular aim at reducing the use of pesticides and, when their use is unavoidable, at promoting the use of pesticides less harmful to health and the environment.

To accelerate the agricultural sector's progress in reducing the risks of pesticide use on health and the environment, the March 2017 Québec Economic Plan provided for investments of \$14 million over five years.

Supporting the adoption of good practices to ensure biosecurity and the implementation of animal health contingency plans

Empowering the biofood sector in the prevention and management of diseases contributes to making animal production in Québec more sustainable and safer for public and animal health.

The needs for the prevention and management of diseases are significant, with regard to biosecurity and contingency measures, especially for cattle, hogs, small ruminants and cervidae.

In response, the March 2018 Québec Economic Plan provides \$1.3 million over three years to support the adoption of sound biosecurity practices of animal breeding.

The funds will help producers and stakeholders in two ways, supporting the implementation of effective biosecurity measures as well as the creation of animal health contingency plans.

2.5 Stimulating biofood development in the territories

The biofood sector is characterized by a distinctive rooting to the territory. It offers development opportunities for all regions and actively contributes to the vitality and occupation of territories, particularly in more remote regions, away from major centres. Nevertheless, each territory has its own realities and development issues.

To address these regional needs and issues, the March 2018 Québec Economic Plan provides for:

- the reduction of the impact of farmland value increases;
- the creation of a biofood and territorial development program, with a component aimed at small agricultural businesses;
- the establishment of territorial biofood innovation laboratories;
- the extension of the farmland drainage and liming support program for specific territories.

TABLE 8

Financial impact of measures to stimulate biofood development in the territories

(millions of dollars)

	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	Total
Reduce the impact of farmland value increases	-10.0	—	—	—	—	-10.0
Create a biofood and territorial development program	-4.0	-6.0	-6.0	-6.0	-6.0	-28.0
Establish territorial biofood innovation laboratories	-0.4	-1.2	-2.4	-2.4	-2.4	-8.8
Extend the funding of the farmland drainage and liming support program	—	-4.0	-4.0	-4.0	-4.0	-16.0
TOTAL	-14.4	-11.2	-12.4	-12.4	-12.4	-62.8

❑ Reducing the impact of farmland value increases

Considering the significant investments required for farming activities, all Canadian provinces offer measures to reduce property taxes paid by farmers. These special measures offered to agricultural businesses have the effect of encouraging the dynamic occupation and vitality of rural areas and protecting agricultural land.

However, the growth of farmland value has accelerated in recent years, increasing the property taxes paid by farmers.

Discussions with the farming community are ongoing. To this end, a working group formed by the Minister of Agriculture, Fisheries and Food will deal with the issue of agricultural taxation.

Under the March 2018 Québec Economic Plan, the government announces the implementation of short-term compensatory assistance of \$10 million to soften the impact of farm property tax increases.

❑ Creating a biofood and territorial development program

In recent years, several Regional County Municipalities (RCMs) have developed agricultural zone development plans (PDZAs), to identify opportunities for the development of agricultural and agri-food activities on their territory and propose concrete solutions to their needs, aiming to enhance their agricultural area.

To facilitate and encourage the implementation of initiatives under the PDZAs, the March 2018 Québec Economic Plan provides for the creation of a biofood and territorial development program that will optimize the use of land.

— To this end, the new program will receive \$28 million over five years.

Legalization of cannabis

The imminent legalization of cannabis will provide a new business opportunity in the Québec biofood industry. As at March 2018, six Québec producers had obtained their medical cannabis production licences, out of a total of 90 licences granted in Canada. This number should increase with the appearance and development of a non-therapeutic market.

This market features risks, including the still incomplete regulatory framework that will certainly be strict, significant investment needs, and strong competition from other Canadian provinces.

The Québec government is making sure that rigorous regulations are implemented to oversee production and distribution, thereby ensuring that the products meet strict public health criteria.

❑ **Establishing territorial biofood innovation laboratories**

The biofood sector plays a major role in the growth and vitality of the lands. However, it must meet new challenges to be able to fully participate in the occupation and vitality of the lands.

These challenges mostly relate to issues with new business start-ups, shrinking farmland areas in favour of land clearing or urbanization and preserving the resources necessary for the industry's development. The challenges are so significant that new approaches need to be explored.

To document and implement various innovative solutions to address these issues, the March 2018 Québec Economic Plan provides \$8.8 million over five years for the creation of pilot projects on territorial biofood innovation laboratories.

— These laboratories will help document different business models and test the conditions conducive to the establishment and development of sustainable biofood businesses that will contribute to the vitality of the land, with the intent of replicating them elsewhere.

For example, a laboratory could focus on the development of food production and processing in a community where physical and economic access to fresh and quality food is limited.

❑ **Extending the funding of the farmland drainage and liming support program**

In Québec, land is the largest asset in the balance sheets of farming operations. Despite the vast extent of Québec soils, cultivated areas cover only 2% of Québec's territory.

— This makes it a limited and essential resource to be protected, especially to provide security for the food supply of future generations.

Among other things, farmland draining and liming make it possible to improve crop productivity and revitalize land that may be recultivated.

— Moreover, the diversification of crops to the benefit of emerging productions offers new development opportunities for businesses.

To ensure the continuous improvement of land yields in the regions, the March 2018 Québec Economic Plan provides \$16 million over four years.

Complementing this funding is the contribution under the March 2017 Québec Economic Plan, which provided a \$4-million, two-year incentive to expand the farmland drainage and liming support program to agricultural businesses of 34 additional RCMs.

Drainage and liming

Drainage and liming can increase yields, diversify crops, improve the profitability of agricultural businesses, maintain jobs in the industry and revitalize agriculture. In fact:

- better drainage allows for faster drying and warming of land in the spring, allowing for longer production seasons;
- liming, a technique that restores the soil's pH to correct acidity, improves soil structure, offsets the acidification caused by biological activity, and promotes the absorption of nutrients by plants.

TABLE 9

RCMs eligible for the farmland drainage and liming support program

Chaudières-Appalaches	Gaspésie-Îles-de-la-Madeleine	Abitibi-Témiscamingue	Saguenay-Lac-St-Jean
L'Islet	Les Îles-de-la-Madeleine	Témiscamingue	Le Domaine-du-Roy
Montmagny	Rocher-Percé	Rouyn-Noranda	Maria-Chapdelaine
Bellechasse	La Côte-de-Gaspé	Abitibi-Ouest	Lac-Saint-Jean-Est
Robert-Cliche	La Haute-Gaspésie	Abitibi	Saguenay
Les Etchemins	Bonaventure	La Vallée-de-l'Or	Le Fjord-du-Saguenay
Beauce-Sartigan	Avignon	Bas-Saint-Laurent	Etrie
Appalaches	Laurentides	Rimouski-Neigette	Granit
Capitale-Nationale	La Rivière-du-Nord	Les Basques	Le Haut-Saint-François
Charlevoix-Est	Argenteuil	Rivière-du-Loup	Lanaudière
Charlevoix	Les Pays-d'en-Haut	Témiscouata	Matawinie
La Côte-de-Beaupré	Laurentides	Kamouraska	Mauricie
La Jacques-Cartier	Antoine-Labelle	La Matapédia	Mékinac
Portneuf	Côte-Nord	La Matanie	Shawinigan
Outaouais	La Haute-Côte-Nord	La Mitis	Maskinongé
Papineau	Manicouagan	Nord-du-Québec	La Tuque
Pontiac	Sept-Rivières	Jamésie	
Les Collines-de-l'Outaouais	Le Golfe-du-Saint-Laurent		
La Vallée-de-la-Gatineau	Minganie		
	Caniapiscau		

2.6 Ensuring the full deployment of initiatives in the biofood policy

Québec's biofood policy is a priority for the government. It involves not only the Ministère de l'Agriculture, des Pêcheries et de l'Alimentation, but also several other departments, whose collaboration and commitment are required. Moreover, it is based on a responsibility shared with the relevant stakeholders.

To ensure the successful implementation of Québec's biofood policy, a coordination and monitoring mechanism will be put in place. To this end, a secretariat will be set up within the Ministère de l'Agriculture, des Pêcheries et de l'Alimentation. The secretariat will be responsible for coordinating:

- the preparation and update of the policy action plan with the participation of partners and relevant departments and bodies;
- the organization of the annual follow-up meeting with all policy partners and the participation of relevant departments and bodies;
- the follow-up on collaborations and actions of relevant departments and bodies;
- the preparation of the required reports to assess the policy's progress.

To this end, the March 2018 Québec Economic Plan plans to allocate \$2.5 million over five years.

3. TOWARD A BIOFOOD POLICY

The biofood policy is an economic priority for the development of the biofood sector, a social commitment to support and an opportunity to improve Quebecer's health. The policy will aim to achieve the targets agreed on at the Food Summit with a view to:

- maintaining a high level of consumer confidence;
- developing a prosperous and sustainable biofood industry in Québec.

Its policy directions will revolve around the four priorities discussed at the Food Summit, namely, food supply, economic prosperity, responsible production, and vitality and occupation of the territory.

The biofood policy will guide the interventions to be favoured in the coming years, with a view to developing a prosperous, sustainable biofood industry that meets the demands and expectations of consumers.

In this regard, the policy will be part of a process of coordination and mobilization between the departments and bodies involved in the biofood industry and will invite a permanent dialogue with partners, allowing for their participation and progress monitoring.

The Québec Economic Plan lays the foundation for the future policy and paves the way for its implementation and success.

APPENDIX: FINANCIAL IMPACT OF MEASURES FAVOURING THE BIOFOOD SECTOR

TABLE 10

Detailed financial impact of the March 2018 Québec Economic Plan's support for the biofood sector
(millions of dollars)

	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	Total
Promote a healthier, local, Québec-based food supply						
Identify and promote Québec-based foods	-2.0	-2.2	-2.2	-2.2	-2.2	-10.8
Promote the recognition and assignment of reserved designations and added-value claims	-1.1	-1.1	-0.9	-0.9	-0.9	-4.9
Support businesses in developing markets outside Québec	-3.0	-3.0	-3.0	-3.0	-3.0	-15.0
Highlight Québec-based food products on the institutional market	-1.0	-1.0	-1.0	-1.0	-1.0	-5.0
Raise consumers' awareness and offer them food education	-0.5	-1.0	-1.0	-1.0	-1.0	-4.5
Offer support for the nutritional quality of foods	—	-0.5	-1.0	-1.0	-1.0	-3.5
Respond to the new food inspection requirements	-2.3	-2.3	-2.4	-1.6	-1.6	-10.2
Subtotal	-9.9	-11.1	-11.5	-10.7	-10.7	-53.9
Increase investment in biofood production and processing						
Support investment by businesses to comply with standards with respect to animal welfare and energy efficiency	-20.0	-20.0	-20.0	-20.0	-20.0	-100.0
Offer additional support to develop fisheries and aquaculture	-1.0	-1.0	-1.0	-1.0	-1.0	-5.0
Support investment in food processing	-5.0	-16.0	-18.0	-20.0	-16.0	-75.0
Subtotal	-26.0	-37.0	-39.0	-41.0	-37.0	-180.0

TABLE 10

Detailed financial impact of the March 2018 Québec Economic Plan's support for the biofood sector (cont.)

(millions of dollars)

	2018- 2019	2019- 2020	2020- 2021	2021- 2022	2022- 2023	Total
Increase efforts in innovation and training in the biofood sector						
Invest \$80 million in innovation and training infrastructures ⁽¹⁾	—	—	—	—	—	—
Evaluate the needs in innovation and training infrastructure investment	-0.5	-0.5	—	—	—	-1.0
Promote innovation projects with partners	-3.2	-4.0	-4.0	-4.0	-4.0	-19.2
Improve the technical training and continued education offer of the Institut de technologie agroalimentaire	-1.9	-1.9	-1.9	-1.9	-1.9	-9.5
Subtotal	-5.6	-6.4	-5.9	-5.9	-5.9	-29.7
Implement responsible business practices						
Support the accelerated growth of organic production in Québec	-1.0	-1.5	-1.5	-1.5	-1.5	-7.0
Encourage responsible practices to preserve soil health	-1.5	-2.5	-2.5	-2.5	-2.5	-11.5
Support the adoption of good practices to ensure biosecurity and of animal health contingency plans	-0.2	-0.6	-0.5	—	—	-1.3
Subtotal	-2.7	-4.6	-4.5	-4.0	-4.0	-19.8
Stimulate biofood development in the territories						
Reducing the impact of farmland value increases	-10.0	—	—	—	—	-10.0
Create a biofood and territorial development program	-4.0	-6.0	-6.0	-6.0	-6.0	-28.0
Establish territorial biofood innovation laboratories	-0.4	-1.2	-2.4	-2.4	-2.4	-8.8
Extend the funding of the farmland drainage and liming support program	—	-4.0	-4.0	-4.0	-4.0	-16.0
Subtotal	-14.4	-11.2	-12.4	-12.4	-12.4	-62.8
Ensure the full deployment of initiatives in the biofood policy						
	-0.5	-0.5	-0.5	-0.5	-0.5	-2.5
TOTAL⁽²⁾	-59.1	-70.8	-73.8	-74.5	-70.5	-348.7

(1) These investments are included in the 2018-2028 Québec Infrastructure Plan.

(2) Of these amounts, \$38.7 million will be funded from appropriations already set aside for the Ministère de l'Agriculture, des Pêcheries et de l'Alimentation. Thus, \$53.9 million in additional appropriations in 2018-2019, \$62.3 million in 2019-2020, \$65.8 million in 2020-2021, \$66.5 million in 2021-2022 and \$61.5 million in 2022-2023 will be allocated to the Ministère de l'Agriculture, des Pêcheries et de l'Alimentation.

