



## **OSF national interests, voice and governance**

### **Introduction**

At the 2020 AGM, OSF Chairperson Marc Carere spoke about trust within the sector and specifically targeted efforts to bring together disparate sections of the industry including CSF and NSN.

Despite best efforts, attempts to find a common way forward for the industry have been unsuccessful. The conditions of satisfaction for OSF and CSF remain irreconcilable.

OSF sought a meeting with CSF to consider the costs and benefits of rejoining. CSF required OSF to resign from a three-province collaboration (NSN<sup>1</sup>) and apply for membership with CSF as a precondition before agreeing to a meeting.

This pre-condition was clearly untenable for a responsible OSF board to accept.

Within our work on the Crossroad Challenge, we would note that reconciliation between OSF and CSF was not a primary concern raised by Ontario producers during the Crossroads consultations –despite producers being asked pointed questions on the issue. Instead, producers are understandably focused on their farm production and local supply chain issues.

Nevertheless, national representation is a core issue for some producers and a recurring issue for the OSF board.

Where to from here?

We believe there are three key critical questions that the OSF board must address:

1. Whether to rejoin the CSF and under what conditions?
2. What are OSF national interests and how are they best satisfied?
3. How can this enduring conflict within the Ontario sheep industry be resolved?

While the past need not define the future, we believe it is useful to consider the evolution of the OSF/CSF relationship before considering these three key questions.

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<sup>1</sup> NSN is comprised of Ontario Sheep Farmers, Les Eleveurs d’Ovins du Quebec and the Alberta Lamb Producers.

## **Context**

The national representation issue is defined by two extreme positions. On one end of the spectrum some producers feel that OSF is inherently a provincial organization and should restrict its attention and use of resources exclusively to provincial issues, with, at best, an ad hoc approach towards national issues relevant to Ontario's interests.

On the other end of the spectrum some producers believe that OSF should simply rejoin CSF regardless of the cost/benefit equation. This position holds that national unity, with a single national approach to all issues, is paramount and senior to other factors including the use of available resources.

Reconciling these two positions has proven difficult. Both positions are problematic for Ontario producers.

## **History**

The investment of resources has historically been a contentious issue for the CSF and primary production provinces (Alberta, Quebec and Ontario), who have traditionally contributed a significant portion of the CSF budget through membership fees.

Ten years ago, the Quebec producers left the CSF. Five years later Alberta and Ontario also terminated membership. Each of these large production provinces independently determined that the fees associated with membership could be better invested within their respective provinces.

More recently Alberta, Quebec and Ontario formed a formal collaboration, the National Sheep Network (NSN). This effort is designed to link the largest producing provinces (approximately 70% of the national total) who supply a common marketplace (the GTA) in a joint effort to utilize existing resources, including staff, to resolve mutual issues. As a collaboration, NSN relies entirely on the staff and resources of member provinces<sup>2</sup>, that is to say it is not an organization per se but rather an agreement amongst the three organizations to collaborate on common interests through a common agenda.

OSF has a significant role to play in the national sheep context regardless of national and/or extra provincial governance models. Ontario is home to the largest Canadian market for lamb, is a significant contributor to public trust and public policy and has the greatest capacity to provide the national sector with market research and professional development products and services.

## **Leadership Change?**

Some have suggested that the acrimony between the existing national sheep organization, CSF, and the large producing provinces, Quebec, Ontario and Alberta, is a byproduct of personal

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<sup>2</sup> The NSN is governed by an Memorandum of Understanding (MOU) that outlines common national interests and a common agenda for collaboration.

relationships. Those who adopt this rational believe that the resolution of issues requires a shift in leadership and the return of Ontario to the CSF.

While we acknowledge the level of acrimony has, unfortunately, gone beyond the principal issues, we do not subscribe to the theory that leadership change at the provincial or national level would resolve the fundamental issues. This is further evidenced by similar tensions in other commodities<sup>3</sup> suggesting that there are broader and enduring structural issues inherent in farm commodity organizations beyond obvious inter-personal tensions.

The principal issue is the use of financial resources or, more directly stated, the access by a national organization to provincial checkoff funds.

While some would argue that a national organization funded by large production provinces is an industry imperative, the large production provinces have not been able to reconcile the cost/benefit equation for the producers they represent.

It is worth noting that the value gap between cost of membership and benefits accrued has persisted, in the case of Quebec, for over a decade. As stated earlier, the value gap in cost/benefit is exasperated when any of the three large production provinces – Alberta, Ontario and Quebec – decline membership.

Changing board leadership does not change this fundamental issue and would not provide comfort or harmony on the file.

Reconciling the value gap is the key obstacle for CSF. At a minimum such a reconciliation would require examining alternate service delivery, governance models and funding modalities. The resolution of the cost/benefit proposition for the existing national body is entirely the responsibility of the CSF. To date we have not observed an effort on the part of CSF to resolve the longstanding value issues.

### **Role of NSN?**

NSN is a collaborative effort between the largest production provinces. As host of the largest Canadian market for lamb, OSF requires, at a minimum, a productive relationship with Quebec and Alberta to effectively predict and potentially influence market supply.

NSN is not an alternative to national representation and, like similar extra provincial collaborations, it does not compete with or diminish the value proposition of CSF – such collaboration would likely be required regardless of OSF's status within the CSF to adequately secure Ontario's various inter-provincial interests.

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<sup>3</sup> See for example: [tensions](#) between Grain Farmers of Ontario and Grain Growers of Canada; or, [acrimony](#) over the dismantling Ontario Pork's single desk selling powers.

## **A return to CSF?**

Considering this history and context we can turn to the first question in front of the board:

1. Whether to rejoin the CSF and under what conditions?

Clearly the OSF cannot undertake CSF membership at any cost.

The assumption that a return to CSF membership would provide harmony in the sector belies an important factor, CSF currently has Ontario representation through the Ontario Lamb Caucus. What is missing is the financial contribution from Ontario producers through OSF membership. The benefit of a significant financial contribution to CSF remains a contentious issue that cannot be wished away.

OSF cannot singularly remedy the fiscal gap caused by withdrawal from CSF membership by Alberta and/or Quebec.

In addition, the challenge of reuniting Alberta, Quebec and Ontario to CSF, as some producers have encouraged, is twofold.

First the value proposition that caused three major production provinces to withdraw from CSF remains unresolved. Importantly, the membership cost/benefit equation is exasperated by the exclusion of Ontario, Quebec and Alberta.

Secondly, for some extra-provincial issues (market supply, production capacity) the co-operative NSN model is inherently more efficient than a national body with overlapping administration.

As things currently stand OSF membership within CSF would require some combination of an increase in checkoff or a significant reduction in OSF programs. Either of these approaches will predictably increase tensions within the sector.

In terms of effectiveness, there is no evidence that OSF's national interests have been compromised without membership in the CSF. Our examination included consideration of OSF's ability to access national programs as well as participate in the development of policy and programs at the national level. While it could be argued that a strong unified national voice could be more effective it is clear that OSF is not currently disadvantaged by its absence at the CSF table.

In short, a return to CSF, under current conditions, is untenable: such action would predictably increase discord in the sector without clearly (e.g. cost/benefit) advancing OSF's national interests .

That said, ignoring national issues would impair OSF efforts to earn public trust, provide guidance on public policy, strengthen professional development products and produce critical market information.

### **Defining OSF's national interests**

If rejoining the CSF under current conditions is untenable in the near term, what are the options that the board can or should consider? This brings us to the second key question for the OSF board:

2. What are OSF national interests and how are they best satisfied?

Like many provincial agriculture organizations, OSF engages all levels of government to further the interests of the sector. A combination of federal and provincial regulations and supports directly impact agriculture and the marketing of food across Canada and within Ontario.

While production methods differ between provinces and regions, Ontario is home to the dominate market for lamb. Providing market information to Ontario producers is a key focus for prosperity and requires, at a minimum, a productive relationship with Alberta and Quebec sheep organizations – these provinces representing a substantial material market impact in Ontario.

All livestock farmers in Canada have a common interest in public policy and public trust, particularly on issues like animal health and welfare. Public trust/public policy issues are a core focus area for OSF.

Sheep farmers across Canada require dependable professional development focused on a variety of sector specific issues like farm practices, reproduction, genetics and herd health. Our work on the Crossroads Challenge reinforced this perspective with near unanimity. Professional development is a focus area for OSF.

### **What path should OSF take on national issues?**

Advancing these priorities require OSF to, at times, look beyond provincial boundaries as required. From our perceptive there are four realistic options for OSF to advance it's national interests:

1. One national organization representing all Canadian sheep producers on all national issues (i.e. CSF)
2. Go it alone
3. Formal collaboration (defined by common objectives and common agenda – e.g. NSN)
4. Ad hoc collaboration (defined on an issue-by-issue basis)

The OSF board must determine the most effective option or option(s) for advancing Ontario's national interests in a way that separates personal animosity and ensures a rational decision making processes that meets key tests, or what we term, conditions of satisfaction.

## Conditions of Satisfaction

OSF has three primary areas of focus to serve Ontario producers – public trust/public policy, market intelligence and professional development.

To move forward on national issues and interests OSF must define its conditions of satisfaction in order to rationally consider the various modalities for advancing provincial interests on the national stage. From our work on the Crossroads Challenge there are six underlying condition of satisfactions to further OSF’s national priorities for the benefit of Ontario producers:

- Efficient use of resources (avoiding overlap of effort, application of existing or new resources)
- Effective use of resources (outcomes measurably achieved)
- Responsiveness (activities are clearly linked to OSF priorities)
- Transparency and accountability (clarity of roles and responsibilities with trusted and accessible access to information)
- Mandate alignment (activities are aligned with the legal and professional obligations of OSF)
- Producer acceptance (membership understanding and respect of board decisions)

We believe that the OSF board must work through this rational analysis (a model for evaluation is appended) to determine a course of action with regard to national issues. **Ending the conflict?** This brings us to the final key question for the OSF board: 3. How can this enduring conflict within the Ontario sheep industry be resolved?

The short answer is – it cannot.

If the monumental efforts at reconciliation with Canada’s indigenous peoples have taught us anything it is that overcoming personal and structural relationship challenges take time, commitment and empathy. In other words, there is no “solution”, but rather a need to think and act differently.

The current tensions between provincial marketing agencies and the existing national organizations are not unique to the sheep sector. In many ways the issues of representation and financial impact are as old as Canada.

The current debate around focusing exclusively on provincial issues or rejoining the existing national organization are impractical. National issues impact core OSF functions and rejoining the CSF without clear objectives and conditions of satisfaction would exasperate, not resolve, discord. Unanimity within the Ontario sheep membership will be difficult or impossible in the foreseeable future.

The issue of national representation for the sheep sector is not a priority issue for most Ontario producers but it is an issue that has been, at best, distracting for the OSF board. However, Ontario producers do have an interest in a functional national governing body and OSF should

entertain any meaningful effort to resolve the structural issues that confront the existing national organization on a multilateral basis.

The OSF board cannot and should not attempt to unilaterally resolve the structural challenges of the national body. Resolution is a long-term project that requires meaningful input from provincial marketing agencies and should, ideally, be initiated by the existing national organization.

OSF can and should be prepared to assist in any effort to resolve the underlying national governance/funding structural issues. In the interim, OSF should provide Ontario producers with the most effective and efficient management of priorities with a national scope.

There is no single modality that satisfies all of OSF's national interests. To achieve efficient and effective management OSF should consider the impact of national initiatives on its priorities for Ontario producers and explore models of service delivery that produce the best outcomes on a case-by-case basis.

In short, we believe that OSF should apply a rational framework in which to consider and advance Ontario's national interests while remaining open to the possibilities of reconciliation around a national voice that is clearly connected to OSF's national interests and key conditions of satisfaction.

### **Recommendations**

- The OSF board should manage national issues by identifying the most efficient and effective modalities to produce the desired outcome on a case-by-case basis.
- The OSF board must work through this rational analysis to determine a course of action with regard to national issues – we believe this will incorporate a portfolio of modalities to maximize the conditions of satisfaction.
- OSF should explore expanding the relationship with Quebec and Alberta to further the focus on market information for Ontario producers.
- OSF should remain open to cooperation and collaboration with CSF (including considering rejoining the organization) but with clear objectives and conditions of satisfaction to guide any engagement.

Analytical framework model

Modality	Interests	Efficient	Effective	Responsive	T & A	Aligned	Accept	Total
<b>National voice = CSF</b>	policy/trust							
	Market intel							
	development							
<b>Go it alone</b>	policy/trust							
	Market intel							
	development							
<b>Formal collaborate</b>	policy/trust							
	Market intel							
	development							
<b>Ad hoc collaborate</b>	policy/trust							
	Market intel							
	development							

**Scoring legend**

- 0 = does not address OSF interests
- 1 = partially addresses OSF interests
- 2 = fully addresses OSF interests