POSITIONING CANADIAN AGRICULTURE FOR CONTINUED SUCCESS

The Next Agriculture Policy Framework (2018)






CFA FCA

CANADIAN FEDERATION OF AGRICULTURE

FÉDÉRATION CANADIENNE DE L'AGRICULTURE

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01. INTRODUCTION

The Canadian Federation of Agriculture (CFA) has prepared the following policy and program recommendations for the next agricultural policy framework (APF) which will replace Growing Forward 2 (GF2) in April of 2018. The policy and recommendations contained within this paper have been prepared in close conjunction with CFA's members and in consultation with other producer and industry associations and federal departments. CFA believes the following policy directions and program recommendations reflects a balanced and considered vision that positions Canadian agriculture to succeed. These recommendations will lead to an APF that increases Canadian agricultural global competitiveness by creating a policy environment that enables increased investment in the sector and adaptability to changing market and climatic conditions. CFA and its members look forward to working in partnership with federal, provincial and territorial governments to consider, discuss and implement these recommendations in the next APF.

02. THE PROCESS

The CFA Board of Directors established an APF Planning and Analysis Committee that first began meeting in late 2014 to develop policy recommendations to inform the next APF. The Committee was comprised of elected representatives from the CFA's members and working groups comprised of CFA members' staff. The Committee included the following three working groups that delved into all federal and provincial areas covered by GF2 and some areas not currently covered:

- Strategic Investments and Industry Adaptability Working Group
- Risk Management Working Group
- Market Development Working Group

Each working group was tasked with analyzing the effectiveness of programs funded through GF2 based upon the best available data and to develop recommendations on how GF2 programs can be adapted and/or improved to more effectively meet the needs of producers and better achieve associated policy objectives, where possible. As the Working Groups came to conclusions and recommendations on specific policy areas, these were presented to the Committee for further discussion and approval. Throughout this process, the CFA informally shared materials with relevant stakeholders, including other national producers associations, for further discussion. The CFA's provincial general farm organizations were invited to do the same at the provincial level, including informal discussions with provincial governments. This feedback then led to further refinement of the policies and recommendations found below.
This document was presented to the CFA Annual General Meeting in Ottawa, ON February 23-24, 2016 and was adopted by the CFA Board of Directors following the AGM.

3.0 RISK MANAGEMENT

3.1 Introduction

Canadian agriculture is an essential part of the economic, political and social fabric of Canada. As a core driver of the Canadian economy, agriculture contributes to the well-being of both rural and urban communities as a key generator of Canadian jobs in rural and urban communities across Canada and as a leader in Canadian productivity growth.

Agriculture is a high risk business that faces volatile prices, unpredictable weather, and a global market influenced by government supports to competing producers in other countries. In order to maintain its economic growth and continued innovation, Canadian agriculture must have a stable economic foundation from which to address shifting global and domestic market opportunities. For those risks that cannot be addressed through on-farm management practices, access to effective risk management programs provides Canadian producers with the income stability they need to continue investing in innovative technologies, to adapt to evolving market demands, and maintain long-term economic growth.

Canadian producers continue to focus on maximizing their income from the marketplace. The ongoing investment needed to maintain an adaptable agriculture industry requires an effective, credible suite of Business Risk Management programs that manages the effects of short-term volatility in weather and markets through bankable and timely programs. These programs must comply with WTO agreements, limit the risk of countervail from international competitors, but first and foremost, they must provide the predictable support needed to maintain a vibrant agriculture industry and healthy rural communities.

The development of a credible Business Risk Management suite of programs represents a strategic investment into Canadian agriculture, providing producers with the tools they need to affordably and effectively maintain income stability, promote flexibility, and provide the liquidity needed to ensure farm businesses are adaptable to both global and domestic market opportunities as they arise. This is only possible if producers continue to participate in Business Risk Management programs. Growing Forward 2's 2013 reduction in support and coverage levels provided under AgriStability have eroded producer confidence in the current suite of Business Risk Management programs and significant amendments are required to restore confidence and ensure a credible Business Risk Management suite of programs is available to Canadian producers.

3.2 Fundamental aspects of an effective, credible Business Risk Management suite

3.2.1 FUNDING

Both levels of government must be committed to Business Risk Management programming as a strategic investment into the competitiveness, adaptability, and innovative capacity of the Canadian agriculture industry.

Governments must ensure these investments are developed through agreements that provide flexibility and responsiveness to short-term industry needs, while contributing to a long-term vision that aligns with industry's goals and objectives. In developing domestic support policies, governments must ensure any supports are harmonized with international agreements to provide a sustainable and adequate financial foundation for the industry. The funding portfolio provided for any domestic support programs must be demand-driven, without any pro-rating due to budgetary restrictions, and provided in a fashion that ensures funding is available to cover their full costs.

Governments must ensure Business Risk Management funding levels are made available to:

- Pay for a credible Business Risk Management suite;
- Create a level playing field with our competitors; and
- Ensure farmers have access to useful, affordable risk management tools that provide a credible and effective foundation from which farmers can respond to short and long-term needs.

3.2.2 BUSINESS RISK MANAGEMENT & TRADE

As a country with significant export interests, the viability and competitiveness of Canadian farmers are affected by the actions of governments in other countries. While first and foremost ensuring Canada's Business Risk Management suite of programs provide adequate support to Canadian producers, these programs must continue to be designed to be as production and trade neutral as possible, to ensure they can withstand international scrutiny and remain defensible against trade actions.

Where an injury to Canadian farmers can be identified as a result of other governments' actions, the federal government must be prepared to strategically implement and fund efforts to mitigate these imbalances. Business Risk Management program design must take into account the actions of other countries, but funding to address any specific trade injury must be new money and not draw upon existing Business Risk Management program funds.

3.2.3 COMPLEMENTARY PROGRAMS

Business Risk Management design should be approached comprehensively, ensuring a complementary suite of programs that addresses the entire scope of risks that confront Canadian farmers. The development of additional risk management programs and/or tools must never undermine the utility of existing programs or result in particular regions or segments of the industry being disadvantaged by their development.

Risk management design should provide a common basis for risk management programs that is sufficiently flexible to allow provinces to adapt programming to their specific set of circumstances while ensuring that equitable treatment for all producers and regions remains a fundamental design objective.

3.2.4 PROGRAM LINKAGES

Any links between programs must encourage program use and ensure that all producers are able to access core Business Risk Management programs without being required to adopt specific management practices or adopt additional standards. CFA believes that positive incentives should be the only means through which Business Risk Management programs promote adoption of beneficial standards or guidelines.

3.2.5 SUPPLY MANAGEMENT

Supply management must be recognized as a risk management program, and the three pillars of supply management – import controls, producer pricing and production discipline – must be identified and supported in the context of the current and future agricultural policy framework.

3.3 Risk Management Program Design

Income stabilization and disaster programs must adequately compensate farmers for significant drops in income resulting from factors beyond their control.

In general:

- Risk management programs must be demand-driven and capable of accommodating year-to-year variation and multi-year income declines, while providing credible support to producers;
- Funding for any programs with annual budget allocations must roll-over unused program dollars for future use;
- Program design should ensure producers can make maximum use of all applicable risk management programs;
- Effective program design should ensure delivery of funds to producers is timely, predictable, bankable, and straightforward; and
- All programs must be regularly reviewed in a transparent fashion to ensure programs are meeting their objectives and responding to industry needs.

3.3.1 DIVERSITY OF CANADIAN PRODUCERS

The Business Risk Management suite must be flexible enough to respond to the heterogeneity of farm businesses in Canada. Recognizing that the impacts of short-term losses can raise viability concerns for those with even the best management practices, producers of all sizes, regions, operating structures, and business approaches must be afforded equitable support when managing risk.

Business Risk Management program design should encourage investments in on-farm risk management and mitigation, such as diversification. For any suite of Business Risk management Programs to maximize use and provide credible support to most Canadian producers, it must afford risk management options to producers that can cater to their risk management needs.

3.3.2 PROTRACTED INCOME DECLINES & EXTRAORDINARY COSTS

Risk management program design must ensure that producers receive adequate compensation when experiencing protracted income declines due to short-term conditions beyond their control, even where those declines may extend beyond short term reference margins or as the result of a disaster with multiple years of extraordinary recovery costs.

3.3.3 BEGINNING FARMERS

Beginning farmers face risks and challenges that are unique from those facing more established farming operations. Central to these challenges is the significant debt loads taken on in acquiring farmland, equipment, and other assets, which can weigh heavily on their operations' immediate and ongoing viability. Recognizing that good management is a prerequisite for success, any effective Business Risk Management suite must develop programs to mitigate the unique risks facing beginning farmers and ensure short-term income declines beyond their control do not jeopardize the long-term viability of their operations.

Risk management programs should be designed to ensure they remain effective, accessible and affordable to all producers, including those beginning farmers without sufficient historical reference margins or production histories. Program design features should be developed to mitigate participation barriers faced by beginning farmers.

3.3.4 PROGRAM COMPLEXITY AND SUPPLEMENTAL COSTS

Program design must focus on minimizing complexity to encourage program participation and avoid significant, unnecessary costs. The majority of producers should not require advisory services, such as hiring an accountant for the purposes of program participation or ongoing audit requirements.

Where complexity is unavoidable, FPT governments must coordinate communications to ensure most producers can participate in the program without requiring advisory services in order to maximize program efficiency.

3.4 AgriInsurance

CFA believes that production insurance programs must be maintained and improved. Government must provide effective production insurance for commodities that are not adequately covered by traditional crop insurance. Provinces should be given the opportunity to preserve the integrity of current programs, and these programs should be available equitably to all producers in Canada.

An insurance program must meet the following basic principles:

- It must be an actuarially sound program;
- The allocation of funds must be set according to risk factors;
- The calculation of premiums to be paid by producers should be related to government contributions;
- Adequate coverage must be maintained for producers facing short-term, multi-year consequences from disaster events; and
- Programs must actively encourage participation of young and beginning producers.

KEY RECOMMENDATIONS:

- Ensure producers in all provinces have extended access to adequate AgriInsurance coverage when facing short-term, multi-year consequences from disaster events, including excess moisture events.
- Establish premium credits for beginning farmers to assist with the costs of participation in AgriInsurance during the first 5 years of any new farming operation.

3.5 AgriStability

CFA believes that AgriStability cannot be limited to providing disaster support and must provide funding on a timely basis to ensure that the short-term impacts of significant income losses are mitigated. Significant income loss is understood to represent any variation in income below 85% of a producer's historic reference margin that also results in a lack of profitability that year.
In addition, AgriStability payments must be calculated in a transparent and straightforward fashion that allows producers to predict and bank upon impending payments. Program design features intended to limit paying into the profitability of farm businesses must ensure additional complexity is minimized as much as possible, program design features do not distort existing business practices, and any such limit does not establish disincentives to reducing farm expenses.

For those industry's facing significant but short-term income declines due to factors beyond their control, AgriStability must still be available to provide meaningful support and assistance. In order to ensure this support remains available, the negative margin viability test must be removed to help producers facing severe, short-term income declines. In addition, producers should be automatically given the better of the 5-year Olympic or previous 3 year average for reference margins, to ensure the program has the flexibility required to provide producers with support when facing income declines beyond their control.

In regards to future program design changes, any considerations that would adjust the treatment of allowable income and expenses must only be undertaken following robust consultation with industry, to ensure the program continues to provide equitable treatment to all producers.

The choice of revenue and expenses to be included in the margin is key to the success of any margin-based program. Any changes to the reference margin calculation first requires a comprehensive and transparent review of eligible revenue and expenses.

In order to encourage participation in AgriStability, and reduce systemic risk within the industry, beginning farmers in the first 5 years of operation must see their AgriStability fees waived. These fees tie up valuable capital that can is vital to investing in the future viability of the operation.

KEY RECOMMENDATIONS:

- Restore AgriStability's payment trigger to when program year margins fall below 85% of a farmers' historical reference margins.
- Eliminate AgriStability's Reference Margin Limitation provisions and explore alternative approaches that limit payments for producers in profitable situations while ensuring coverage of allowable expenses for those facing negative margins.
- Waive the AgriStability fee for first 5 years of enrolment in the program in order to encourage beginning farmers' participation.
- The negative margin viability test must be removed to help producers facing severe, short-term income declines.
- Producers should be automatically given the better of the 5-year Olympic or previous 3 year average for reference margins, to ensure the program has the flexibility required to provide producers with support when facing income declines beyond their control.

3.6 AgriInvest

The AgriInvest program represents an integral component of an effective business risk management suite, providing a vital contribution to producers' financial flexibility in managing the impact of short-term losses and impacts that are not adequately addressed through other Business Risk Management Programs. CFA believes a shift in focus is required to recognize the AgriInvest program as a tool for strategic investment. AgriInvest represents a vital support to producers' stability, not only as a source of funds to weather small financial risks, but also by providing access to the liquidity necessary to invest in proactive risk mitigation and improved market incomes.

Recognizing AgriInvest is one component of a broader risk management program suite, it should strive to contribute more to the sector than simply a rainy day fund that assists producers in addressing the short-term impacts of small risks. As a program that is bankable for producers and governments, enhancing support and capacity within the AgriInvest program provides a platform to facilitate market-based adjustments and proactive investments in risk mitigation
The AgriInvest program must match producer contributions up to 1.5% of allowable net sales and the government-matched contribution limit must also be amended to allow for matchable annual contributions up to $100,000.

To ensure producers are able to fully participate in this program, AgriInvest program deadline dates must ensure that application dates allow timely participation and do not conflict with key production seasons.

To assist producers with the unique risks facing the early years of an operation, AgriInvest must provide a government-only unmatched deposit of 3.25% of Allowable Net Sales spread over the first 5 years for those with a new Agri-Invest account.

The mandatory initial withdrawal of all taxable government contributions limits the capacity for producers to invest in the sector due to producers' limiting their withdrawals to those periods that will not result in increased taxation. While this does encourage maintenance of a rainy day fund, these same tax considerations are a barrier to proactive investment of AgriInvest funds. Recognizing AgriInvest as a strategic tool for investment in future income generation and risk mitigation, program design should remove tax barriers that prevent proactive investment of producer contributions.

KEY RECOMMENDATIONS:

- The outcome of the AgriInvest program should be amended to reflect its role in managing all financial risks, not limited to 'small' risks as it currently stands.
- Increase the basic maximum matched producer contribution rate to 1.5% of Allowable Net Sales.
- Establish a $100,000 annual maximum for matching contributions.
- Encourage investments into a set of pre-approved, proactive risk mitigation and income generation investment opportunities by allowing producers' to access their own AgriInvest contributions without triggering taxable government funds.
- To encourage participation and support beginning farmers, provide a government-only unmatched (kickstart) deposit of 3.25% of Allowable Net Sales spread over the first 5 years for a new Agri-Invest account for new participants only.
- AgriInvest program deadline dates must ensure that application dates allow timely participation and do not conflict with key production seasons.

3.7 AgriRecovery

CFA believes that the AgriRecocery framework must define clear and precise rules such that it can respond quickly to exceptional events and take into account all losses not covered by programs such as AgriStability and AgrIinsurance. To ensure consistent application and delivery of the framework across provinces, industry requests for the covering of extraordinary costs must recognize precedents set by similar previous disasters covered by the framework. In addition, the effects of disasters do not limit themselves to a particular province and often cross provincial boundaries. The AgriRecovery framework must ensure consistent treatment across provinces facing the same disaster scenario. To incorporate these principles into the program, the Federal minister must be granted the capacity to assemble a joint disaster assessment task force, in addition to the existing authority that resides with provincial agriculture ministers.

To ensure this consistency in practice, federal and provincial officials must coordinate initial assessments to ensure that initial provincial data collection and subsequent analyses are sufficient for a comprehensive assessment and speed up the assessment process. Requests for additional information between governments and gaps in initial data collection not only delay the development of appropriate disaster programs but increase the probability that this assistance will not accurately address the entire scope of extraordinary costs resulting from the disaster, leaving producers without vital assistance in a time of need.

The AgriRecovery framework provides a necessary source of support through which producers can address those extraordinary costs required by producers to resume operations following a disaster that is beyond their control. Recognizing the exceptional nature of these events, programs delivered through AgriRecovery must be clearly defined in program design as disaster-related and be decoupled from other Business Risk Management programs so that disaster payments are not clawed back under another program.

These extraordinary costs often evolve following the disaster and can span multiple years. AgriRecovery programs must recognize the fluency of these situations and not be limited to paying out one time only, when extraordinary costs continue to develop over the subsequent years. In order to develop programs that adequately address producers' needs in this regard and communicate their availability to producers, relevant producer groups must be engaged in the program design process. This will ensure the benefits of any support are properly targeted and that these targets are clearly communicated to affected producers.

CFA believes that the AgriRecovery framework represents a last resort, where other programs fail to adequately address extraordinary costs associated with disasters. Following a disaster, a formal process must be undertaken to assess what additional measures must be made to address and/or mitigate this risk in the future. In instances of repeated, aberrant disaster situations that closely follow one another, and where subsequent mitigation efforts are unable to provide a sufficient response, AgriRecovery programs must remain available to assist affected producers with extraordinary recovery costs.

KEY RECOMMENDATIONS:

- Amend AgriRecovery to cover multiple years of extraordinary costs/losses resulting from the short-term impacts of a single event or recurring events that could not be effectively addressed through alternative mechanisms.
- Programs delivered through AgriRecovery must be clearly defined as disaster-related and be decoupled from other Business Risk Management programs so that disaster payments are not clawed back under another program.
- AgriRecovery must define clear and precise rules such that it can respond quickly to exceptional events and must recognize precedents set by similar previous disasters covered by the framework
- The Federal minister must be granted the capacity to assemble a joint disaster assessment task force, in addition to the existing authority that resides with provincial agriculture ministers.
- Federal and provincial officials must coordinate initial assessments to ensure that initial provincial data collection and subsequent analyses are sufficient for a comprehensive assessment, in order to speed up the assessment process.

3.8 AgriRisk Initiatives Program

CFA believes the federal government has a key role to play in supporting the ongoing exploration, development, implementation, and early administration of alternative business risk management tools. This support should be focused on establishing tools to complement a credible and robust suite of business risk management programs and further leverage the stability, flexibility, and liquidity this suite affords to producers.

CFA believes funding for the AgriRisk program should be responsive to industry demands and prioritize deficiencies in existing business risk management programs. Thus, the approval of proposals must take no longer than 90 business days and should take place through a transparent decision-making process based on criteria established and regularly reviewed in partnership with industry. These criteria must require that any alternative tool development will not result in increased cost to producers seeking to receive the level of support provided by existing BRM programs.

Given the risks associated with implementation of novel risk management tools, regional pilot projects represent an important first step in the development of alternative risk management tools. However, where these pilot projects have demonstrated that they effectively assist producers in managing risk and significant demand for these tools exists in other regions across Canada, available funding must prioritize their expansion to producers across Canada in a timely fashion.

KEY RECOMMENDATIONS:

- Support should be focused on establishing tools to complement a credible and robust suite of business risk management programs and further leverage the stability, flexibility, and liquidity this suite affords to producers.
- Approval of proposals must take no longer than 90 business days.
- Approval should take place through a transparent decision-making process based on criteria established and regularly reviewed in partnership with industry, requiring that any alternative tool development will not result in increased cost to producers seeking to receive the level of support provided by existing BRM programs.
- Where regional pilot projects have demonstrated that they effectively assist producers in managing risk and significant demand for these tools exists in other regions across Canada, available funding must prioritize their expansion to producers across Canada in a timely fashion.

3.9 Advance Payments Program

The interest-bearing advance limit under the Advance Payments Program must be increased in order to address the growing size of Canadian farm businesses and the ongoing increase in costs associated with seeds and other farm inputs. The limit for interest-free advances under the Advance Payments Program must also be increased to $400,000. In addition, both interest-free and interest-bearing advance limits must keep pace with rising input costs and accommodate the continued growth of agricultural operations. As such, these limits should be reviewed every 5 years to ensure that increases in the Farm Input Price Index are reflected in both the interest-free and interest-bearing advance limits.

The financial loan guarantees provided through the Advance Payments Program are an essential tool to help producers overcome cash flow concerns that can limit their flexibly to market their products at the most opportune time. While recognizing that the provision of advances must remain tied to marketing of agricultural products, flexible repayment is essential to ensure producers are able to market their products at a time that makes the most business sense, rather than simply to meet program guidelines. Thus, producers must have the ability to repay advances at any time, while they can illustrate storage of the commodity, without a proof of sale and without penalty. Where perishability is a concern, repayment schedules should be determined in relation to perishability, eliminating any need for proof of sale.

In order to address the challenges facing beginning farmers, CFA believes that farm businesses in the first 5 years of operation should have access to interest-free advances with a limit 50% greater than that imposed on other producers. In addition, attribution rules within the program must not deem sharing of equipment and other capital-intensive farm assets as a form of relatedness. This is necessary to ensure both beginning and established operations can optimize their capital without limiting their ability to access advances.

Federal guidelines for the Advance Payments Program must also ensure that farmers across Canada can access Advance payments for all eligible products, regardless of geographic location, by ensuring adequate administrator capacity exists to provide such advances across the country.

In any instances where conditions for reimbursement are set out in any agreement signed between farm businesses and either Agriculture & Agri-food Canada or a program administrator, once in compliance, the Advance Payments Program must no longer consider affected producers as being in default. This is required to ensure that producers meeting their repayment requirements on a product-specific advance are not prevented from accessing advances on other agricultural products.

KEY RECOMMENDATIONS:

- The interest-bearing advance limit under the Advance Payments Program must be increased in order to address the growing size of Canadian farm businesses and the ongoing increase in costs associated with seeds and other farm inputs.
- The limit for interest-free advances under the Advance Payments Program must also be increased to $400,000.
- Both interest-free and interest-bearing advance limits should be reviewed every 5 years to ensure that increases in the Farm Input Price Index are reflected in both the interest-free and interest-bearing advance limits.
- Producers must have the ability to repay advances at any time, while they can illustrate storage of the commodity, without a proof of sale and without penalty
- Farm businesses in the first 5 years of operation should have access to interest-free advances with a limit 50% greater than that imposed on other producers.
- Government must ensure adequate administrator capacity exists to provide advances on all commodities across the country.
- Where conditions for reimbursement are set out in any agreement signed between farm businesses and either Agriculture & Agri-food Canada or a program administrator, once in compliance, the Advance Payments Program must no longer consider affected producers as being in default.

3.10 Canadian Agricultural Loans Act Program

The Canadian Agricultural Loans Act (CALA), through its loan guarantees, has the potential to become a valuable contributor to the provision of capital for producers across Canada looking to improve farm assets, adopt new technologies, and improve overall financial viability. While concerns have been expressed around the level of participation in the program, CFA believes CALA represents an important pillar of Canadian agriculture's overall credit policy context.

CFA supports CALA as a low risk, low cost support for the agricultural sector that provides favourable repayment terms, acts as a price leader for agricultural lenders, and ensures lenders have the protections required to ensure credit is available to Canadian producers. The benefits of the CALA guarantee is not limited to direct participation and CFA believes that the broader influence CALA has on agricultural credit and lending policy from financial institutions represents an important metric upon which the program's success must be measured.

CFA also supports the continued inclusion of beginning/startup farmers and intergenerational transfer loans as a valuable contribution to access to capital for beginning farmers.

However, with the cost of farm equipment continuing to increase, CFA believes the maximum loan limits available to producers should be increased to $500,000 for all purposes, not just real property. This limit should be reviewed every 5 years to ensure that increases in the Machinery and Equipment Index for Crop and animal production are reflected.

KEY RECOMMENDATIONS:

- The maximum loan limits available to producers should be increased to $500,000 for all purposes, not just real property.
- This limit should be reviewed every 5 years to ensure that increases in the Machinery and Equipment Index for Crop and animal production are reflected.

3.11 Provincially-funded Programs

Provincially-funded programs are an important pillar in the total Business Risk Management suite to ensure provinces have the ability to address the specific needs of their farmers. Transparent review and reporting mechanisms must be included in all provincially-funded program design to ensure industry and other provinces can compare programming and identify beneficial program design features. Bilateral agreements between the FPT governments must include flexibility and incentives for provinces to incorporate programming improvements from other provinces.

3.12 Raising the Bar

Improving agriculture programs isn't just limited to making one-time program changes. Industry and government must also work together towards setting appropriate policy outcomes and targets that ensure the programs are meeting both parties' needs in measurable, meaningful ways. Behind each policy is a set of performance measures and goals that help drive policy-making and ensure programs are accountable.

Improving performance should be an ongoing, collaborative task between industry and government in order to maximize the value of the government & producer funds involved and improve the utility of these programs for farmers. Based on this approach, CFA has put together a series of modifications to the existing program measurements that can be found in Appendix A.

3.13 Conclusion

In conclusion, the CFA believes that any Business Risk Management suite of programs must provide producers with the tools they need to affordably and effectively maintain income stability, promote flexibility, and provide the liquidity needed to ensure farm businesses are adaptable to both global and domestic market opportunities as they arise. Further, it is imperative that Business Risk Management programs be developed in partnership with producers and their respective industry associations.

04. STRATEGIC INVESTMENTS AND INDUSTRY ADAPTABILITY

4.1 Strategic Investment and Industry Adaptability Objectives

The CFA adopted the following guiding principles for the strategic investments and industry adaptability suite of programs of the next APF:

1. Support agricultural producers in continuous improvement to long term economic, social and environmental sustainability;
2. Create the necessary conditions through strategic investments for agricultural producers to be able to access the latest and best technologies, research, inputs and market opportunities to support improvements to Canadian agriculture's leadership in global competitiveness and innovation;
3. Build support and recognition for the public goods and services provided by agricultural landscapes; and,
4. Continually engage Canadian agricultural producers in the development, implementation, monitoring and evaluation of agricultural policy frameworks.

4.2 Infrastructure to Support Rural Communities

Agriculture remains a backbone of many rural communities and economies and will continue to offer the potential to increase employment and prosperity in rural communities. In fact, 2.2 million people work in agriculture and agri-food. However, in order for agricultural producers to continue to make the investments and growth that will offer benefits to rural Canadians and to Canada as a whole, increased investment for rural infrastructure is sorely needed. While, these areas generally would be addressed outside of an APF, there may be a role that the APF can better support investments from other departments, with a particular focus on transportation and telecommunications.

Many agricultural producers suffer from the poor transportation services, whether that be rail, road, air or other shipping. This has limited the amount and speed with which their products can be shipped to domestic and international markets, putting some at a disadvantage to our competitors. The deficiencies in transportation infrastructure has a very real impact to producers by in some cases lowering the price that they are able to receive, raising transportation and other costs, delaying time response time to markets, and inhibiting growth if the transport system that is relied upon cannot or will not accommodate additional traffic. When new processing facilities are opened, producers need to have the transportation infrastructure also in place in order to get their products to the locations they are needed. Further research into identifying where the bottlenecks lay is needed. There is also the need for significantly increased coordination and communication between transportation departments and agriculture in order to assess the key areas for upgrades in transportation infrastructure. Overall, there should be better linkages between federal, provincial, territorial agricultural and non-agricultural ministries to ensure that investments meet the agricultural industry's needs.

Increasingly, agricultural work relies upon high speed wireless internet for equipment to speak directly with other equipment, to track many sources of data and performance in real time to enable precision agriculture, for traceability and to support assurance systems. Much of the marketing and other day to day aspects of running an agricultural operation also rely upon good phone and internet service in order to be in touch with contacts and access the most relevant and up to date information. Unfortunately, there are still many areas in rural Canada that do not have cellular service, high speed internet or high speed wireless data services. This can represent a concern for personal safety as producers will not be able to telephone for help if needed. Producers need to have the same access in order to take advantage of the same technologies that their competitors are using and which are available to the rest of Canadians.

Water management is also a key area of infrastructure that is closely related to agricultural production. Many production systems and individual operations are reliant upon appropriate and effectively managed water infrastructure in order to ensure the availability of sufficient water as well as the containment and removal of excess water when needed. Investments in water infrastructure will serve to benefit agricultural production as well as upstream and downstream communities. This area will increasingly become more important as the localized impacts of climate change become better known and investments into adaptation and resiliency are made. Within this context, it is not just man-made structures and systems that should be considered as water management infrastructure as wetlands and natural ecosystems also play a key role in water management and mitigating climate change.

There should be some consideration as to how an APF could support producers to upgrade their own infrastructure to better access markets and meet the investments in infrastructure that are taken post-farm gate. This should be balanced as an infrastructure BMP should not divert any meaningful APF funding from other programs. This also highlights the challenging in investing in on-farm infrastructure. To what degree is an investment a business decision versus one that benefits the sector as a whole? There is a clear link between resilient infrastructure and adaptation to climate change impacts, especially as they relate to flooding, drought and water management in general.

KEY RECOMMENDATIONS:

- Any investments in infrastructure from the APF should be on-farm with funding for post-farm gate infrastructure to be financed through other means.

4.3 Processing sector

Agricultural producers have gained from investments within the processing sector that have been made to date and can stand to benefit further from increased investments through the APF. The processing sector in Canada continues to face significant labour shortages and infrastructure challenges. A holistic approach to processing recognizes that investments and improvements in processing impacts primary production. However, any additional funding for the processing sector should represent new funding and not be taken at the expense of current funding levels and programs that directly benefit producers. Furthermore, a simple eligibility requirement should be imposed upon funding for the processing sector that is delivered through the APF: that there should be a clear expected benefit to Canadian agricultural producers. Investments that would increase the market for Canadian agricultural products such as through investments in capacity, new technologies or innovative products would all continue to apply. One of the limiting factors for the agriculture and agri-food sector has been the closure of processing facilities and the severe challenges posed by poor transportation infrastructure. In order to ensure that Canadian agricultural producers are able to respond to export opportunities and to take advantage of all investments in the domestic processing sector, improved responsiveness of infrastructure investment will be required.

Investments in processing that would only benefit the use of foreign agricultural products should not be included within the scope of the APF. There are effective federal and provincial programs and investments directly in the manufacturing sector that already effectively cover this area. The CFA strongly supports APF funding that clearly benefits Canada's agricultural sector and agricultural producers. Therefore, APF investments in the processing industry should include on-farm processing as a priority or standalone stream to bring greater value to farm products. This prioritization should also be matched by efforts to address rural infrastructure in order to be ready to absorb additional processing activities that require improved wastewater treatment, roads and rail, energy demands and other factors.

KEY RECOMMENDATIONS:

- That AAFC require a clear benefit to Canadian agricultural producers be demonstrated in all APF funding for processors.
- Make on-farm processing a priority to be funded in any expanded support for processing under the APF that is coupled with infrastructure investment to support expanded on-farm processing operations.

4.4 Access to Capital for New Entrants

The average age of agriculture producers continues to rapidly increase. While there remain many job opportunities available in the agriculture and agri-food sector, there continues to be barriers in pursuing a career in agriculture. The steep costs and other barriers to entry have been identified as one of the primary reasons that it is difficult to begin a career as an agricultural producer. Many new entrants do not have credit histories or capital available to make the large investments needed to launch an operation at a profitable scale. In order for a sustainable agricultural sector and supply chain to flourish and be sustainable in Canada specific attention to supporting new entrants and farm transitions is needed.

Within this context, it is recognized that a healthy, robust and profitable agriculture is the best way to attract new entrants. However, new entrants may also require some assistance in accessing land, capital and knowledge in order to launch their new endeavours.

Many provinces currently offer beginning farm loan programs but there remains areas for improvement across the board to ensure that the next generation is able to sustainably enter agricultural production. There is also the need to address financing needs during the transition from one generation to the next and from one commodity to another. At present there are different programs in place depending on the provinces which have approached the issue differently. Regional variability remains needed in addressing access to capital in a way that is most responsive to the economic, demographic and agricultural production realities of each province. However, it should be noted that all provinces should explore and consider the need for some preferential financial arrangement to incentivize young and new entrants to agricultural production. The provinces are encouraged to look across provincial jurisdictions and at international examples for the identification of best practices and continued development of programs that best address this challenge to Canadian agriculture's sustainability.

The CFA encourages the development of multiple, robust and flexible programs in order to be the most relevant to new entrants in agricultural production. It is recognized that Farm Credit Canada (FCC) and some private lenders offer support to young producers/new entrants, but current programs do not fully satisfy the need. While FCC shouldn't be solely responsible for addressing access to credit there is scope to increase FCC's involvement. Industry, provinces and the federal government should jointly consider the need for access to seed capital for producers establishing smaller offerings available for niche, specialized operations that may be smaller in scale and therefore would benefit from a reduced administrative burden.

Another way to increase access to capital for younger farmers, is to incent or support retiring farmers helping the next generation. Providing loan guarantees or reduced taxation on interest income, may encourage retiring farmers to provide additional credit or better repayment terms to the next generation. It would also serve to incentivize the retiring farmer to keep their capital within agriculture rather than investing it outside the sector.

Many agricultural producers would like to see their land remain in use for agriculture and not used for other development. As one emerging method to explore keeping agricultural lands in use for agriculture, the model of agricultural land trust that Nova Scotia has developed should be explored by other jurisdictions. This should include exploring how to better support the overhead costs associated with the legal fees and purchasing of development rights off the land. Ensuring agricultural land remains as land available for agriculture is key to ensuring the availability of land for new entrants and to meet growing global demand for agricultural products.

KEY RECOMMENDATIONS:

- Provinces should build upon access to preferential financing arrangements and/or grants for young farmers and new entrants at a scale that enables commercially viable operations, allowing for provincial flexibility.
- The next APF should encourage a breadth of programming related to access to capital for young producers and new entrants that addresses both transitional funding for intergenerational farm transfers and seed capital requirements for the establishment of new operations.
- Consider tax-exempting interest and security for retiring producers participating in young farmer/new entrant programs in order to incentivize non-commercial lenders to offer more products and better rates.
- Conduct regular and detailed information sharing between provinces in terms of best practices for encouraging young farmers and new entrants and in the access to capital.

4.5 Health

The next APF should support Canadian agriculture to position itself as the source of healthy choices for consumers through recognizing the preventative role that food choice plays in health. Programs that help to support the maintenance of agriculture lands as greenspaces could also be supported in recognizing the link that quality of life and exposure to nature has on wellbeing. Other program areas that include impacts to health have been covered separately. However, programs that support environmentally sound, science-based food production and processing that contribute to the health of Canadians remain needed.

Examples where agriculture can play an important role in improving health outcomes for Canadians is not only with the provision of food and nutrients but also some of the environmental outcomes which have been discussed elsewhere within this document under ecological goods and services. Agriculture can provide improvements to water quality, air quality, mitigate climate change and contribute to landscape resilience to climate and extreme weather events. Agriculture also needs continuous improvements in areas that affect human health such as nutritional value of food, food safety, antimicrobial resistance and research into new products and processing techniques which will further improve the healthy options available to Canadian consumers. One area that has garnered much attention from government, media and producers has been anti-microbial resistance and the grave potential consequences for public health. Canada's agricultural industry has taken this challenge seriously and has implemented changes to minimize agriculture's potential role in building anti-microbial resistance. This is likely to remain a priority moving forward.

However, there are also legitimate concerns for the stress and mental health of agricultural producers who operate in a complex and uncertain financial, disease and weather dependent environment. While there are a number of mental health initiatives supported by various levels of government within Canada, increased attention needs to be spent upon the agricultural and rural population.

KEY RECOMMENDATIONS:

- Effectively address concerns regarding the mental health of agricultural producers.
- Provide support for the agricultural industry to continue to lead in addressing concerns of anti-microbial resistance.

4.6 Ecological Goods and Services (EG&S)

EG&S programs as exemplified in Alternative Land Use Services (ALUS) programs enjoy widespread support from agricultural producers in Canada. Many jurisdictions outside of Canada also recognize the public goods and services provided by farmland and specific actions taken by producers to protect such public goods as biodiversity, water and air quality and aesthetics. In Canada, privately owned farmland through the decisions and investments of farm managers provide public ecological goods and services such as improving water quality, water management, erosion control, carbon sequestration, outdoor air quality, biodiversity, protection for species at risk habitat, pollination, waste treatment and even pleasing aesthetics. In recognizing the success of numerous pilot projects across Canada, support from private landowners and in recognition of the burden placed upon them to provide EG&S to wider society without any financial or other support from wider society, AAFC is encouraged to pursue discussions and support for increased recognition of EG&S in Canada. This should be at the initial stage a conversation with other federal and provincial departments and industry on exploring what further support could be offered and establishing considerations in the design of a national EG&S program. Within this, the CFA encourages AAFC to cooperate with Environment Canada to address considerations of accepting EG&S/ALUS approaches as satisfying effective protection under the Species at Risk Act (SARA). Further integration between EG&S and species at risk conservation is both possible and needed. The next APF must include the freedom for provinces to use funding in the next APF to support their own EG&S programs, whether these be province-wide or sub-regional in scope.

KEY RECOMMENDATIONS:

- Ensure that the next APF funding can be allocated to provincial or regional EG&S programs and pilots.
- Address the need to meet effective protection under SARA through EG&S programming.
- Explore additional support that could be offered for EG&S and in conjunction with federal and provincial departments and industry, what considerations and support would be needed for a national EG&S program.
- Recognize the role that EG&S programs and programs such as the PFRA played in building resiliency, supporting producers and supporting water infrastructure that impacts many downstream users and stakeholders.

4.7 Environmental Farm Plans (EFP)

The spread of EFPs to all Canadian provinces and federal funding support for the plans themselves and access to Beneficial Management Practices have been seen overwhelmingly as positive by agricultural producers. However, while these programs have faced reductions in funding over the past number of years, increasingly processors and some commodities are demanding proof of a completed EFP or are exploring the possibility of making it a requirement of their assurance programs. Coupled with significant interest in establishing sustainability assurance schemes which are commodity specific, there is now the possibility of transforming the EFP into a stronger program that would function as a sustainability assurance program. This has been considered to be especially pertinent so as to avoid the duplication of commodity-specific sustainability schemes that will conceivably lead to additional reporting burden that could instead be streamlined into one indicator. The EFP offers potential value as a national program that could be modified to provide national environmental sustainability assurance in the agriculture sector. A national assurance program holds the possibility of conveying agriculture's sustainability to consumers and addressing the increasing proliferation of sustainability metrics imposed by companies on their suppliers. It could also contribute to a green branding of Canadian products in the international marketplace and provide a preferred product for international supply chains under pressure to demonstrate sustainable sourcing. In this way, an expanded EFP program with governmental support may actually provide a competitive advantage and improve opportunities for Canadian agricultural producers in the international marketplace for both exports and in competition with imports.

There is growing demand for verification of environmental performance of agricultural products that is being articulated by both the public and supply chains. It may prove difficult to maintain the participation of agricultural producers if the confidentiality and voluntary nature of the EFP is eroded by transparency and collection of data. Further conversations that explore this potential trade off will be needed that would also explore incentives for participation within the EFP. Any data sharing that occurs must clearly show some benefit to the producer and not be solely exploited by the supply chain.

While most provinces require that an EFP be renewed every five years, this is not currently the case in all jurisdictions. In order to better support continuous environmental improvement for all producers and the incorporation into sustainability schemes, it is recommended that the EFP establish a validity period of five years for all jurisdictions. The contents of the EFP should also be reviewed every five years so that the program itself does not remain static and will be updated in order to meet the needs of its users and to reflect environmental realities.

The APF should offer increased funding support for the EFP and should mention it directly within the multi-lateral and bi-lateral agreements to ensure that stable funding and political support for the EFP remains strong in all jurisdictions. AAFC should explore with their provincial counterparts and industry associations how best to ensure the EFP as a national program will be able to provide sustainability assurance to agricultural producers in response to increased interest in demonstrating environmental sustainability along the supply chain. One overall scheme through a strengthened EFP could provide on-farm sustainability assurance rather than requiring producers to fill out different paperwork for assurance programs by commodity or by purchaser. This collaborative approach will enable a strengthened EFP program to launch in conjunction with the next APF. It is envisioned that this enhanced EFP program would require further federal involvement but would retain the provincial customization in delivery methods, modules and content which has made it a success. Certain modules will likely be required to exist across all jurisdictions so as to satisfy requirements such as biodiversity, species at risk, water quality, etc. However, the content of these modules will retain differences across jurisdictions so that they remain regionally relevant and offer stronger sustainability assurance, as well as value to the individual producer. Agricultural producers and industry must lead the design and delivery of the EFP with support from FPT governments so that it is the industry that creates and leads the further development of assurance systems rather than government imposing it upon producers.

A key benefit of the EFP program has been the link to cost-shared funding and the development of Beneficial Management Practices (BMPs). These have spurred large increases in the sustainability of farming from the environmental performance pillar. As the impacts of climate change continue to be better understood, funding for BMPs should be increased and this is a key tool that governments can leverage to incentivize agricultural producers to make the investments needed to build resiliency to climate change impacts and incentivize reductions in emissions.

The next APF should serve as the launch of the enhanced version of the EFP and discussions of how much transparency to include within the national EFP should continue. Industry and federal/provincial departments are encouraged to explore the possibility of integration with on-farm food safety or animal welfare systems in order to pursue a single electronic access point that serves to satisfy all agriculture producers' needs.

KEY RECOMMENDATIONS:

- Increase funding for BMPs overall and with specific priority focus on those that can contribute to mitigation and adaptation to climate change.
- Establish a validity period of five years for EFPs in all jurisdictions and review the contents of the EFP every five years.
- Collaborate with governments, producers and industry to develop a national baseline for the EFP and launch an enhanced and strengthened EFP.
- Explore the integration of verification within the EFP program in order to assess whether the EFP could meet environmental assurance of sustainable sourcing requirements.
- Continue the EFP's focus as a voluntary, educational and awareness tool.
- Ensure that the EFP moving forward remains industry-led and government supported.

4.8 Communication

There is a clear need at the national, provincial and local levels for improved communications between agriculture producers and consumers. This includes both awareness raising of modern agriculture in Canada and the people that produce Canadians' food and the two way feedback necessary for producers to be responsive to consumers. The next APF can support these goals through a two pronged approach of financing communications at the national level through industry associations and growers' groups to "tell agriculture's story" and secondly through the provinces to foster greater linkages between producers and consumers. The regional stream will provide a more targeted message to develop a deeper understanding among consumers of how their food is produced.

The focus on communication in the next APF is needed to portray to Canadians the importance of Canadian agriculture and update popular culture's perception of farms to improve agriculture's social license. These activities will not promote a small vs. large farm approach, nor one commodity over another. Rather they will improve Canadians' perceptions of where their food comes from, ensuring that agricultural producers will be the most trusted profession in Canada and that their food is ethically, sustainably and professionally produced.

KEY RECOMMENDATIONS:

- Pursue communications funding at the national and provincial levels targeted to industry and producer associations to enable two-way communication between producers and consumers with the aim of building public trust in agriculture.

4.9 Tracking Consumer Perceptions

The agricultural industry bears responsibility for gathering data on consumer perceptions of agriculture and food in Canada and some financial support should be offered by the federal government through the next APF in order to ensure reliable and regular data collection. By setting which questions are asked, the industry will be able to better assess the level of social license provided to agriculture within Canada and to pose questions which would enable the industry as a whole to be more responsive to consumer trends and interests. This tracking of perceptions will be conducted regularly so that movement and trends can be tracked over time, thus enabling prioritization of areas which show insufficient progress and incorporating positive feedback from those that have been successful. In placing responsibility for tracking consumer perceptions of agriculture and agri-food clearly within the hands of industry, we will be able to better maintain and strengthen agriculture's social license while building a stronger and more responsive Canadian agriculture sector that is better connected to consumers.

KEY RECOMMENDATIONS:

- Provide funding for industry to undertake regular and reliable data collection on consumer perceptions of agriculture.

4.10 Animal Care

Broad support for the existing collaborative industry, government and non-governmental organizations' approach to developing codes of practice for animal care has been key to the continuous improvement of animal care in agriculture and being able to demonstrate the actions that have been taken. The support of the next APF is needed to maintain this momentum and ensure that this type of approach is available to continue to move forward the development of codes for smaller commodities and the renewal and updating of existing codes. It is rare to have such a well-regarded program that is seen as objective and credible enough to meet perceptual needs of consumers and retailers yet also the practical on-farm needs of producers. Further support should be allocated to communicate the existence of the codes of practice, tools for their implementation and the progress attained so far to producers, throughout the value chain, and more broadly to the general public. In order to move codes forward, there needs to be clear support for the development, implementation and maintenance of assessment frameworks for animal care. This key step will further animal care by moving towards an assurance system that builds public trust in the industry.

As this voluntary process continues to unfold, it is expected that there will be costs associated with implementing new/revised codes where they may call for renovations or equipment purchases to comply. It is in this regard that APF cost-shared support for on-farm improvements must be maintained and available in all jurisdictions so that producers will be able to afford to move forward in the area of animal care and in meeting consumer expectations. Such a program could provide significant incentive for producers to invest in the changes needed to meet the growing demands of demonstrating animal care compliance.

A current gap that has come to light through the adoption of traceability, premises identification and the promotion of some municipalities and provincial governments of private animal raising within cities is that there are increasing numbers small-scale backyard/small-lot producers. These animals are not as easily traceable as those in dedicated agricultural operations and so disease investigations within a food safety or animal care context could suffer as a result. Furthermore, the sale or trade of animals is not well regulated or tracked so many of the people responsible for housing and raising the animals will have neither the experience nor training to ensure appropriate attention or consideration to modern animal care standards or the codes of practice. In light of this continuing trend, AAFC needs to work with other jurisdictions and departments in a coordinated effort to ensure that inexperienced backyard/small-lot owners understand their obligations and what requirements should be met to ensure their animals' care. As these individuals are largely not raising animals as a commercial activity, industry has little to no information on where or how these animals are being raised. What information that is collected under traceability is subject to strict privacy controls.

A communications and outreach program as well as incentives or other encouragement to register premises identification and traceability movements would also aid in this regard: currently, neither industry nor government have a means to track where these animals are or the conditions under which they are kept. This also may have implications for national herd health in the case of a disease outbreak. It should be recognized that animal owners with just a couple animals in their backyards have not been the target of APF programing as they are largely operating outside of assurance systems and commercial food production. All animal owners, regardless of their size, should be held to the same animal care standards, this is not an area where exemptions for small producers should be considered. Indeed, these individuals and families may one day expand their operations and move into commercial agriculture and therefore an inclusive approach is warranted. Therefore an outreach and communications program on animal care for backyard and small lot producers should be enacted under the APF.

KEY RECOMMENDATIONS:

- Continue to provide support for the continuous improvement and collaborative model for developing animal care codes of practice.
- Bolster support for communicating the existence, approach and success of animal care codes of practice and the development of assessment frameworks for industry.
- Support cost-shared programs in all jurisdictions that incentivize producers to make the capital investments needed to improve animal care outcomes and maintain compliance with codes of practice as they are updated.
- Explore development of an outreach and communications program to address the proliferation of backyard/small lot producers and implications for animal welfare by inexperienced owners.

4.11 Food Safety

There is a clear role for the federal government to play in ensuring food safety for the Canadian and international markets and consumers throughout the value chain. The CFIA must continue to strive to provide credible assurance of food safety outside of APF funding. However, the next APF represents a key opportunity to continue to strengthen Canada's approach to food safety in conjunction with the ongoing food safety regulatory modernization initiative being led by CFIA. Due to its implicit role in jointly delivering programs through the provinces with matched funding, there is an opportunity for the federal government to push for alignment and seamless integration between provincial food safety assurance systems and those that operate in federal jurisdictions to reduce duplication and competing systems that only confuse participants and consumers. CFIA's formal recognition of on-farm food safety programs has been a success and support should be maintained and expanded.

Food safety assurance is important throughout the value chain and key for ensuring sustainability. If there are challenges or deficiencies within the system itself, it can lead to Canada's export markets finding reason to discriminate against Canada's agricultural producers. In this way food safety requirements can function as a barrier to entry to markets. Therefore, there is a real need for national support for food safety assurance as a whole in order to protect the opportunities for the industry through Canada's reputation as a provider of high quality safe food and to recognize the efforts and documentation that producers make to ensure this safe supply. These initiatives contribute to the public good and greater welfare and require public investment in order to strengthen and build upon from the on-farm food safety level to traceability of livestock throughout the system to the end product available at retail.

Agricultural producers have played a leading role in the development and maintenance of food safety assurance systems. However, there is a role for the next APF to continue to provide funding in terms of training for individuals and maintenance of the overall food safety system at a national and regional level. It is imperative that food safety programs and systems be cohesive with each other, reduce duplication and provide a strong assurance to local as well as international markets. To this end, a model of continuous improvement is required that the APF is capable of supporting with sustained funding for reviewing and improving industry-led food safety assurance programs. Due to Canada's diverse geography there are clusters of different types of agricultural production in different provinces and therefore there is some need for provincial ability to establish their own solutions to their most pressing food safety issues in their area.

There is a clear role for the federal government to play in ensuring that there is a coordinated national approach to food safety that food safety assurance systems can communicate with each other and are complementary to each other, not duplicative, competing or contradictory. This explicitly requires improved federal – provincial integration of food safety assurance systems. These systems themselves must be scalable and therefore responsive based upon the specific needs of the commodity in question. Furthermore, such an approach will be able to better address the proliferation of food safety requirements that some retailers have decided to impose upon their suppliers. At present, these retailer developed codes do not enjoy the same consistency as other processes which have involved producers in development of requirements and implementation. The next APF offers an opportunity to better respond to this pressure through supporting recognition of producer-developed food safety standards and schemes.

Many processors and retailers are establishing their own requirements or adopting existing food safety requirements that they ask all their suppliers to demonstrate that they follow.
While producers have played a leading role in the past, there is a risk that if the industry is not responsive enough, there will be a multiplication of assurance systems required by processors and retailers which will result in market confusion and increase the risk of producers becoming regulated to ensure food safety. It is within this context that the next APF must be responsive to producers' needs for sustained support to continue to build upon the industry-led food safety assurance programs which have been successful so far. Traceability offers a prime example where a national role is needed in order to provide full assurance, not only for export oriented markets but for domestic and inter-provincial trade as well.
Traceability is key in order to respond quickly during an emergency situation and therefore a transparent, integrated and scalable solution is required. A national identification and traceability system would constitute a risk management tool that can greatly improve the competitiveness of our industry as it would allow for identification of contamination sources, reduction of response time in the event of a crisis and minimizing the economic impacts of an animal or plant disease outbreak or other food safety crisis. Improving the ability for consumers and retailers to trace their food is also responding to increased attention and interest that has been expressed. The federal government must ensure there is adequate resourcing to respond to a food safety crisis and that appropriate and timely compensation is available to be provided to affected producers including for lost market access.

While ensuring that food safety standards for imported products meet the same standards that Canadian producers and processors are required to meet may be outside of an APF's scope, this remains an outstanding and serious concern from agricultural producers. Food that is imported to Canada must be held to the same food safety and labelling requirements as food that is produced in Canada to ensure Canadian producers and processors are not placed at a competitive disadvantage, and more fundamentally, that food safety for consumers is assured.

KEY RECOMMENDATIONS:

- Alignment and integration between food safety assurance systems at the federal and provincial levels to make these systems scalable and sustainable.
- Support for producers to continue to build upon existing and successful food safety assurance programs to ensure they meet the needs of producers, processors, retailers, regulators.
- Further support for advanced and centralized traceability systems and recognition of on-farm food safety programs.

4.12 Farm Safety

Despite the long history of agricultural production in Canada and the leadership role that many have taken to reducing farm injuries and death, farming remains one of the most dangerous occupations in Canada. A safe farm is critical to growth and sustainability. Challenges in cultivating a safety culture in farming have included the diversity in geography, production systems and equipment used compounded with the limited administrative capacity of many farms. A lack of awareness and understanding along with the fact that many farm operations weren't considered workplaces years ago are also contributing factors. While occupational safety is a largely a provincial jurisdiction governed by an employer-employee relationship, there is a role for both provincial and national farm safety initiatives. Promoting changes in practices and culture to foster safety and continue to improve Canada's farming safety record remains needed. The role of a national farm safety organization should remain focused on the national role by sharing information, contributing to technical standards and supporting provincial and local initiatives. Provincial organizations will conduct provincially, regionally and locally specific programs and projects on farm safety and It is at the provincial level where the bulk of the programs addressing farm safety should be allocated.

Farm safety is a non-negotiable area that must continue to be been able to provide producers with the tools they need to ensure safe working conditions for themselves and their families. The farm safety plan and this module-based approach to assessing farm safety and spurring changes in behaviour, investments and/or operations should be more linked with other programs that have a similar approach to delivery. This would offer improvements in efficiencies, outreach to producers and reduction in the paperwork and administrative burden to producers. It is also an opportunity to identify priorities to make investments in on-farm safety. In the past, APF funding was available for critical safety equipment such as eyewash stations. The next APF should reintroduce cost-shared funding for on-farm safety equipment as identified through an appropriate risk assessment.

The Canadian Agriculture Safety Association (CASA) has played a lead role in championing farm safety, in the development of tools for producers to improve safety outcomes and reduce the likelihood of incidents. The CFA recommends that general capacity and project-based funding support continue for CASA under the next APF in a manner that adequately resources CASA to meet this challenge head on by recognizing that it is not the role of the national farm safety organization to deliver projects. It is recognized that industry must continue to match funding contributions in this area, but that setting the match funding ratio too high has led CASA and many other organizations devoting too much of their time to solicit industry funding rather than focusing on the issues that they are meant to address. It is in this light that the CFA recommends that government contributions for all the organizations currently funded under the Fostering Business Development Program be increased to 75% with a 25% match from industry. Furthermore, the priority for delivery farm safety programs under the next APF should clearly be established at the provincial and regional level where organizations are familiar with and operate effectively within provincial safety legislation and are best positioned to deliver farm safety programs to producers.

KEY RECOMMENDATIONS:

- Ensure that gaps in improving farm safety are addressed through funding a national organization and maintain a focus on regional organizations to conduct more specific and localized work leveraging their direct contact with producers and operation within provincial safety legislation.
- Reduce the government cost-shared funding requirement to 25/75 from 50/50 to allow all organizations in the Fostering Business Development Program to more effectively focus their resources upon projects that benefit agricultural producers and the value chain.
- Recognize farm safety as a research priority to better address improvement in working conditions through better knowledge.
- Reintroduce cost shared on-farm safety investments for critical safety equipment.
- Explore the integration of farm safety risk assessment modules through provincial general farm organizations to achieve greater connection with producers and program efficiencies.

4.13 Labour Sustainability

The approach to labour from the APF should be one of ensuring its sustainability. This recognizes that at present a lot of the on-farm labour, including seasonal as well as the labour within the processing side is dependent upon imported labourers. There is a need to cultivate the skills and training for agricultural occupations to ensure the long term sustainability of labour sources, employees and producers. This includes support for broader farm management of employees, specific skill sets, agricultural career opportunities and worker safety. Some of this may be delivered directly by the provinces, and other aspects are best delivered by third party organizations.

Federal, provincial and territorial governments have fairly well delineated labour mandates that rest largely outside of agricultural ministries. However, there is a clear role for agricultural ministries to work together and with their labour, human resources and skills training ministries to ensure that considerations for agricultural producers are made. A competent technical interdepartmental working group that enjoys strong executive support in all ministries should lead the coordination of agriculture input into the Labour Market Development Agreement and the Labour Market Agreement.

The role of the APF should clearly reside in providing funding delivered at the provincial level to agricultural producers on human resources training to further farm management skills. Farm safety training and awareness is also an area that the next APF should clearly address. As some provinces are moving to bring their workplace safety requirements into farm operations, financial support for awareness and outreach will be needed to ensure that producers are aware of what will be required of them and how they can meet their legal obligations.

Many farm workers are responsible for highly skilled tasks that require extensive skills development and training. Poorly trained staff can negatively impact profitability, but also animal care, environmental outcomes or working conditions. Agricultural producers have recognized a need for the APF to specifically support animal care training programs to better support animal welfare as this has often been the weak link in animal abuse situations. As farming remains one of the more dangerous occupations in Canada, there is room for more and better training to substantially increase workplace safety. Better trained employees will reduce the risk of instances of compromised animal welfare and worker safety.

KEY RECOMMENDATIONS:

- Establishment of an interdepartmental federal/provincial/territorial working group comprised of representatives from labour and agricultural ministries to ensure that agricultural issues are taken into consideration in development of joint federal/provincial/territorial labour policy frameworks.
- Support training and skills development for agricultural producers and their employees to support retention, competitiveness and other outcomes whether they be environmental, workplace safety or animal care.

4.14 Business Management

The degree to which provinces have addressed farm business management programming through GF2 varies as does the approach, implementation, coverage and requirements. While these provincial inconsistencies risk creating a patchwork of business management capacity at the agricultural producer level across Canada, there also appears to be duplication in work carried out by governments. In this light, the next APF farm business management programming would greatly benefit from increased coordination across governments in order to save time, money and level the playing field for agricultural producers so that some do not lose out on access to training and products based upon where they live within Canada.

Some provinces have chosen to undertake the farm business coaching as part of their business management program. The CFA would like to recommend that delivery agents that are not government are used for this purpose and that opportunities to achieve regional scale, synergies and cost savings be explored by partnering with nationally based organizations and other provinces. More integration of farm business management and business risk management programs should also be explored.

The Value Chain Roundtables (VCRTs) are also funded under the AgriMarketing program. The CFA continues to support the APF funding the secretariat function that AAFC has played for the VCRTs. These have been very useful in providing a forum for building capacity and where industry stakeholders throughout the value chain can come together with government and jointly address issues that impact everyone within the sector. The CFA notes AAFC's receptiveness to launching new VCRTs throughout GF2 and recommends that this policy will prevail within the next APF. This should begin with exploring the development of a farm business management roundtable modelled on the VCRT and one on social license.

Under GF2's AgriMarketing Stream B – Fostering Business Development – funding has been provided to the following organizations: 4-H Canada, Canadian Agricultural Safety Association, Canadian Young Farmers Forum, Canada's Outstanding Young Farmers' Program and Farm Management Canada. All five organizations continue to play an important role in supporting Canada's agricultural sector and will benefit from stable and predictable funding under the next APF. There has been some criticism of the move towards project based funding under the Fostering Business Development program in GF2 that has left these organizations without general capacity funding to undertake ongoing activities that have been difficult to raise the necessary funding for solely from industry sources. Furthermore, although project funding might be provided for a pilot project or a one-off project, it has proved difficult to raise and maintain the funding required to operate program or service after AAFC funding has concluded. Funding provided to these five organizations has been reduced under GF2 compared to GF and the CFA recommends that funding levels be increased to better support the ongoing services that these organizations are capable of providing and the clear and unique role that they play in supporting improvements in Canadian agriculture.

Stream C of the Agri-Marketing program has provided a useful service to Canadian agriculture through supporting input into regulatory modernization and funding for the Pest Management Centre's Minor Use Pesticides Program. As Canada remains a fairly small market for many large registrants, support for minor use crops has been critical to ensure that Canadian producers have access to the pesticide products that they need in order to stay competitive with producers in larger markets.

KEY RECOMMENDATIONS:

- Improve farm business management programming across provincial governments in an integrated fashion that promotes cooperation and that creates basic requirements for all jurisdictions to meet.
- Ensure the support remains available to launch other VCRTs such as a standalone farm business management roundtable.
- Expand general capacity funding under the Fostering Business Development stream and reduce government cost shared funding requirement to 25/75.
- Continue support for the Pest Management Centre's Minor Use Pesticides Program.

4.15 Research

The 2014 update to the Federal Science, Technology and Innovation saw agriculture being designated as a research priority area. In this light the next APF can be leveraged to make improvements in how agricultural research policy and programming is delivered and to strengthen AAFC's commitment to agricultural research in support of the Federal government recognizing agriculture as a priority research area. This includes continued certainty in the operation of research facilities, public research programs and a robust plan to replace researchers and content experts as they retire from public service. Furthermore, the next APF must enable industry to drive government funded research to ensure relevancy for agriculture and agri-food.

The CFA recommends that AAFC renew its commitment to maintaining world class research facilities and increase investments in public sector research in areas that industry is unlikely able to conduct the research itself. This includes basic and applied research which may be too far from commercialization for industry to see a return on investment and in areas that may improve outcomes for producers yet do not have a well-funded industry association or company to coordinate investments.

There are some real challenges in forcing research to fit within a five year policy framework. This includes the fact that there are many types of agricultural research that necessitates a longer timeframe than five years to complete. However, to date there has yet to be a full five years of research possible through APF funding due to lost time in negotiations with the provinces and territories, development of new programs, call for proposals, the review period, funding decision-making, the length of time to actually transfer any funding and then the startup period on the researcher's side. There are currently many hurdles to conducting timely research that take place at the administrative and operational levels and clear timelines should be established. Some researchers are left with the decision on whether to begin research activities with the hope that funding is granted and absorb the additional cost and risk associated with doing so.

Perhaps most pertinent to research in the next APF will be the transition period from GF2 to when research programs actually start. In the past, this transition period has been very onerous on the research clusters and other ongoing research which has never even been close to launch for April 1st. This lag period is far too lengthy and can be foreseeably avoided with proper planning. A clear strategy to address this issue must be considered by AAFC as otherwise it may add up to 8-12 months of lost opportunity and continuity. Firstly, all efforts to ensure that the research funding portion of the APF is truly ready for an April 1st launch as it is intended must be undertaken. This includes the willingness of the federal government to launch research calls for proposal and sign contribution agreements prior to the start date of the next APF. As many agricultural research projects depend upon the growing season as well as continuous experimentation from one year to the next, improvements in predictable and timely funding is needed. Consideration should also be paid to lengthening the timeframe for research funding to a seven or ten year cycle as this would reduce disruptions from current practice. This would necessitate an improvement in responsiveness so that the research priorities are captured by a longer research cycle for projects and aspects which do not rely on as long a cycle as others. If it is not possible to secure the seamless continuation of research projects in the transition to the next APF within the APF framework, a new type of bridge funding should be considered that would target the projects that rely upon sustained funding, field trials and costs accrued as of April 1st, not as of the signature date of a contribution agreement that may arrive months later.

The CFA strongly supports the continuation of the research cluster model as these have placed greater responsibility in the hands of industry in setting the research agenda. However, there are some challenges that can be effectively addressed with changes for the next APF. In order to operate a cluster, a strong national organization for that commodity or area must exist that is capable of handling the onerous administrative and operational requirements to doing so. Not all commodities have such an organization nor the available money to provide the required matched funding, yet they would still benefit from research funding. Therefore, the CFA recommends that both the Agri-Science Cluster and Agri-Science Project funding streams continue with some modifications by AAFC to address the administrative burden imposed on industry associations and researchers. Concerns have been expressed by researchers that they have had to devote their time to fulfilling the administration aspects of clusters rather than focusing on the research that is being funded. A different matching funding formula for commodities below a certain threshold in order to incentivize the development of a research cluster should also be considered.

There remains interest from both industry and AAFC to develop additional research clusters. In order to effectively do so while maintaining the effectiveness of existing clusters, additional funding should be provided to enable the launch of new clusters so that the funding does not come at the expense of existing clusters' budgets. Furthermore, the current cap of for cluster funding should be abandoned. To further encourage development of new research clusters and the smooth operation of existing ones, the CFA recommends that AAFC refrain from continuous modification of administrative requirements and documents. The changes in forms used and reporting requirements have dramatically increased the time that it takes to administer AAFC funded research well beyond what was originally envisioned by the proponent or the organization that hosts the cluster.

Another challenge in allocating five years' worth of research funding at once is that it doesn't remain flexible enough to respond to changing research priorities and new discoveries. Furthermore, assigning five years' worth of research funding in the first year is a barrier for new researchers who may only be entering their position mid-way through an APF and therefore will struggle to access funding opportunities. It would be an improvement to allow for the allocation of a new portion of the committed funding in year three of the five year program to boost flexibility and responsiveness in addressing research priorities and to better support new researchers. This would entail the amount having been announced and budgeted for, but not yet allocated to specific projects and envisioned to be a subset of the overall research funding under the APF. This would not be reallocating from already announced or awarded research funding, but would be for funding new projects, or new needs identified within existing projects.

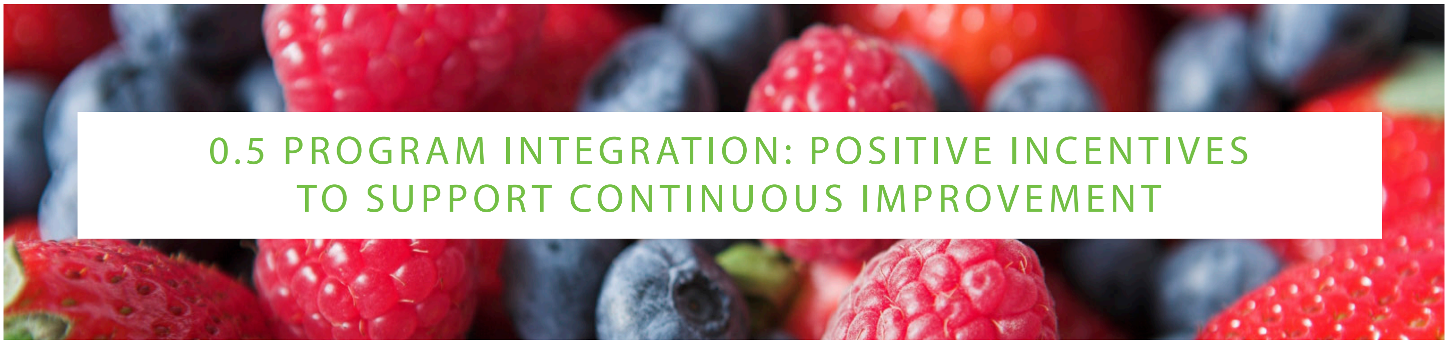
A common challenge faced by researchers is the increasing administrative time that they have had to devote to the administration of GF2 funding. Researchers are increasingly spending more time on administration than on research and in some cases have had to hire administrative staff. One of the largest challenges has been the changing program requirements – even after funding has been awarded. This includes quarterly reports, whereas other federal departments have only required annual or biannual reporting. Additionally, some researchers and applicants have reported that the government forms used for applications and reporting have changed a number of times throughout the project. Overall, the awarding and delivering of research funding has been a slow and arduous process which could stand to benefit from empowering regional offices and lower levels of management to award funding. There is the perception that the need to have a Minister or Deputy Minister sign every funding award has exacerbated the internal government bureaucratic hurdles and subsequently extended the timelines.

A new funding stream should be launched that focuses specifically upon knowledge translation and knowledge dissemination. A knowledge translation funding stream will allow researchers to not only bring their ideas to a wider audience of users, but to address barriers which may exist to the uptake of new products/practices with a focus on translating what might otherwise remain in a fairly inaccessible scientific journal article to language and media that speaks to agricultural producers as users.

This new funding opportunity should focus on enabling researchers to take their findings to producers and others throughout the value chain where the findings have could have an implication in changing current production practice or management. This is distinct from the need to address communicating research results to relevant stakeholders which should already be ingrained in every research design at the proposal stage and will serve to partly fill the gap in extension services that has developed. While the total funding envelop available for this new funding stream should remain smaller than the other research funding streams, the program would ensure that agricultural producers and processors are able to take advantage of pertinent research findings that could improve their operations.

KEY RECOMMENDATIONS:

- Reduce the administrative costs for researchers receiving government research funding and pursue a simpler model of administering the research clusters to reduce industry's cost and time to do so.
- Increase investments in public sector research to ensure increased funding is allocated on basic research and that internal AAFC capacity is maintained in areas unlikely to be supported by industry funding.
- Develop a human resources plan that maps out the sustainability of AAFC's current research expertise to ensure that key knowledge gaps are not created and/or exacerbated as researchers retire.
- Address funding and administrative challenges in transitioning from GF2 to the next APF.
- Establish and meet clear timelines from the outset for approval and delivery of research funding.
- Provide additional funding for new clusters to ensure that new clusters are not receiving their funding at the expense of existing clusters.
- Establish a two tiered funding matching formula for commodities to maintain a research cluster in areas that do not receive significant research funding.
- Allow for greater flexibility in allocating research funding in year three of the APF for emerging priorities and to better support new researchers.
- Authorize lower levels of management and regional offices to award funding to improve timeliness of funding.
- Launch a new funding stream to focus on the knowledge translation and dissemination needs of researchers to reach producers and processors.



0.5 PROGRAM INTEGRATION: POSITIVE INCENTIVES TO SUPPORT CONTINUOUS IMPROVEMENT

As stated above, program participation rates within the BRM suite remain an area of concern and as such, CFA is opposed to the imposition of any additional requirements. The use of incentives represent the most beneficial means of supporting producers' continued improvement in management practices. CFA recommends that governments support participation in business risk management programs alongside the adoption of farm best management practices through the use of positive financial incentives. FPT governments must agree to incentivize these practices through reduced participation fees for BRM programs. An example of this approach would be to offer lower crop insurance rates or AgriStability fees for producers that participate in a particular program. This approach enables governments to support producers in their continuous improvement by encouraging these specified priority practices, risk assessments or program participation.

A partnership approach between industry and the FPT governments must be used to determine an approved list of programs, BMPs and/or practices that help farmers and the province address priority on-farm investments. Potential priorities could range from dealing with the effects of climate change, improving farm management capacity, farm safety, taking steps to protect or improve biodiversity and/or soil health, to a wide range of other potential best management practices. It is expected that the list of programs and/or activities to incentivize would be similar but different from one province to the other in order to address the regional realities of production, climate as well as current uptake in programs. In prioritizing programs to incentivize, options should remain available to producers and there should be some consistency from one year to the next in order to avoid ending up in the situation where there is only one program designated and it changes from year to year. Were that the case, the pursuit of program integration would lead to inconsistencies, burdens on the prioritized program and uncertainty for producers from one year to the next.

KEY RECOMMENDATIONS:

- Program integration must not result in the imposition of any additional barriers to entry for BRM programs
- FPT governments should incentivize best management practices through reduced participation fees for BRM programs.
- FPT governments must partner with industry to determine best management practices approved to receive these incentives.

06. MARKET DEVELOPMENT

6.1 Information Sharing and Policy Coordination

A key driver of an effective market development suite of programs will be the degree to which government, provinces and industry are able to actively share and use information. This includes market intelligence, performance of ongoing market development policies and programs, as well as trends and drivers that are expected to influence future opportunities. There is a natural reluctance to share information that could be considered confidential business information but there are real advantages to be gained to the broader agricultural economy.

It has been the experience to date that in many instances current approaches to collecting and aggregating market information have been ad-hoc, unstructured and burdensome to industry associations. This ultimately results in poor information sharing and little value derived from the exercise, resulting in less informed policy and program development. In order to improve upon this practice and generate useful information from a rich variety of potential information resources, templates for integrating industry's administrative data into policy and program decision-making are needed. It is recognized that regional and programmatic differences make a single template impossible, but standardized reporting and shared templates where feasible would stand to reduce the burden for industry as well as lead to easier aggregation of the data. The benefit accrued at the producer level should be incorporated to the performance measurements of both federal and provincial market development programs.

The sharing of information must also be done in a timely manner if industry is to benefit the increased transparency and openness. There is a need for producer's organizations and the agricultural industry as a whole to be able to analyze the information in further detail than what can be accomplished in simple year on year comparisons. Therefore, information must not be only shared in a timely manner, but should aspire to a continuous regular reporting model that provides information at a finer timescale. Considerations of privacy and confidential business information will need to be addressed in a way that both governments and industry are comfortable with.

The outcome of improved information sharing and transparency by all parties will be an improvement in policy coordination, which is currently lacking under GF2. The next APF offers a discussion forum at an ideal time to jointly pursue the development of policy to reach a more effective and outcome-oriented results that are better placed to offer some benefit to producers. A coordinated approach to market development funding will reduce duplication that occurs between the federal and provincial level and between provinces. It also promises to improve the functionality and outcomes of market development programs by including more stakeholders in development of policy. This would should also explicitly lead towards the requirement that market development funding and programs have a strong likelihood of providing benefits to producers. Establishing strategic objectives at the outset is needed to guide this new collaborative process and to ensure market development programs build cumulative value for industry throughout the APF, rather than function as isolated investments. It is imperative that this coordinated approach be one build upon partnership and inclusiveness to include perspectives of agricultural producers and the rest of the supply chain. Furthermore, it should pursue market development capacity building rather than the current focus on projects to increase sales.

KEY RECOMMENDATIONS:

- That federal and provincial governments develop templates to gather market and industry administrative information across programs and jurisdictions where there is enough uniformity for a template to work.
- That the information collected include both quantitative and qualitative data to better assess the outcomes of market development projects.
- Improve and develop formal, transparent and regular information sharing mechanisms between industry, provinces and the federal level that lead into coordinated strategic policy development processes and consider confidentiality and privacy needs.
- Ensure that market development projects will have an impact upon primary producers and improve such considerations into the decision-making process for funding proposals.
- Pursue a strategic focus on building industry's capacity for market development.
- Share information in a timely manner with industry that allows for finer comparisons so that the information provided can be acted upon in a time sensitive commercial environment.

6.2 Agricultural Branding

As consumer demands continue to proliferate and value chains increasingly drive production decisions, retail branding and product differentiation is becoming an essential component to the marketing of agri-food products. Without coordination amongst industry, provinces, and the federal government, retailers are branding Canadian agriculture, identifying its associated specialty products, and ultimately defining the Canadian brand. In order to optimize the support available through market development policies and programs, a joint vision of Canadian agriculture and its brands must be developed between industry and federal-provincial governments. This vision should reflect the outcome of a national food strategy, developed in partnership between industry, value chain stakeholders, and all levels of government.

This vision must be developed to inform all market development policies and programs under the next APF. This includes expanding potential markets through export promotion strategies, but this vision must also recognize the importance of developing brand(s) that contribute to the long-term capacity of the industry in developing new products and attracting new consumers, domestically and abroad. There will increasingly be the need to build markets for non-food agricultural products to support the bioeconomy. New products and new market opportunities will enable producers to find a market for what would otherwise have been agricultural wastes and also purpose grown agricultural products that have improved performance in applications and environmentally.

Therefore, a Canadian branding initiative cannot be limited to enforcing the integrity of Canadian symbols and imagery, instead it must contribute to a national food strategy that emphasizes support for the integrity of Canada's agri-food industry on all fronts. Building integrity in the Canadian industry requires financial support for consumer trust campaigns, investments into infrastructure that can ensure Canada maintains commercial integrity with trading partners, and ensuring that the Canadian agri-food industry has the capacity to consistently produce and transact products at the standards identified with the Canadian brand.

In developing this vision and its associated brands, it's important to acknowledge that both the provincial and federal governments have specific roles to play in both domestic and international market development. For example, export development must remain a joint responsibility, enabling both levels of government to work in collaboration in developing targeted strategies to take advantage of emerging market access opportunities.

FEDERAL ROLES

The Federal government must take a lead role in the development of a vision for Canadian agriculture, while working in partnership with provincial governments and industry, to provide a national Canadian brand capable of accommodating and leveraging provincial and regional specialties.

The Federal government must also take a lead role in identifying and achieving access to new markets. Where access is established, export development strategies should be developed collaboratively and coordinated between relevant industry stakeholders and both levels of government.

PROVINCIAL ROLES

Provincial governments must maintain responsibility to develop and implement 'buy local' and provincial branding initiatives, but must be encouraged and supported through cost-shared support from the federal government. A framework must be developed to support and maintain a strong Canadian brand in international markets, with flexibility to recognize and support provincial/regional differentiation and specialties.

Provincial governments should play a supporting role to the federal government, as lead, in developing access to international specialty markets.

KEY RECOMMENDATIONS:

- Federal and provincial governments must commit to working proactively in partnership with industry and adequately supporting the development of an agreed upon national food strategy that identifies a clear brand for Canadian agriculture and agri-food.
- Branding support must not be limited to promotional materials, and must include investments in the long-term capacity of the Canadian industry to develop and maintain recognition as a trusted, consistent and preferred source of safe, quality agri-food products.
- The Federal and provincial governments must implement a cost-sharing framework to support the development of provincial brands that illustrate the diversity of Canadian products included within the Canadian brand
- Market development policies and programs must agree to a common set of strategic objectives that contribute to the aforementioned brand

0.7 APF ADMINISTRATION: EFFICIENCY, CONSISTENCY & TRANSPARENCY

7.1 Implementation & Application Processes: The Need for Improved Timeliness

One of the largest challenges that agricultural producers (as well as other funding recipients and project partners) have faced with GF2 and past APFs has been the delays that take place after the APF is supposed to have launched and be in effect as of April 1st. The timeliness of implementing new programs under the next APF, research projects and projects that must remain ongoing and even learning of the details for national and each provincial/territorial program has posed significant challenges to many organizations and research projects. There are many that have been left without the certainty of their project being able to continue coupled with the unknown of what program and policy changes may be implemented.

In many research settings, the ability to carry out the research can be lost due to seasonality, availability of labour and expertise and ability to raise required matching funding. There is thus an as of yet unquantified opportunity cost that occurs in the transition from one APF to another. Even once program and policy details are made available, major delays in negotiation contribution agreements, decision-making on proposals and administratively implementing funding have remained.

Therefore, there is a real need for AAFC and all provincial/territorial agricultural departments to ensure that the next APF is ready and able to fully launch on April 1, 2018. This certainty is needed by agricultural producers, organizations that partner with federal/provincial/territorial governments and other stakeholders throughout the value chain.

In addition, service delivery standards associated with funding applications, already viewed by stakeholders to be excessively long, are regularly not met. Service delivery standards need to be amended to reflect the fast-pace of change in the agriculture industry and the urgency of many industry-led initiatives. The delegation of responsibilities associated with approval must be decentralized to facilitate this process, particularly for smaller, time-sensitive projects. Furthermore, these application processes must provide transparency and realistic timelines throughout the process, and ultimately, greater emphasis needs to be placed on ensuring resource efficient application processes do not result in significant unnecessary costs to industry.

7.2 Funding Industry-led Research: Consistency a Major Hurdle

Under GF2 there has also been widespread experience in application processes and through contribution agreements of consistently changing administrative forms, matching fund ratios and other reporting requirements which have the effect of dramatically increased the administrative cost of any organization receiving GF2 funding beyond what was originally and reasonably expected. Greater consistency throughout the next APF is requested in order to provide greater certainty for organizations as they consider the merits of submitting proposals and the likelihood of being able to provide matched funding and in-kind contributions to projects. In the case of researchers, individuals will also be able to spend more of their time on the research that is being funded rather than administration.

7.3 Cost-Shared Funding: Structured Reporting & Improved Transparency

The next APF must incorporate a reporting process for all cost-shared funding that provides annual, transparent insight into the range of supports provided under the APF. This reporting should provide a consistent interface, to the greatest extent possible, across provinces through which industry and other stakeholders can examine and identify the extent of APF funding directed towards specific programs, initiatives and outcomes. This would enable better information-sharing amongst industry associations, facilitate sharing of best practices across provincial jurisdictions, and provide improved understanding within industry associations as to the extent and range of supports provided by the APF.

In addition, any project-based funding must require an acknowledgement of support from at least one producer group, and must include producer group representation in the project's governance and management roles. These requirements will help ensure the relevance and efficacy of all projects undertaken under the APF and encourage programming that is both responsive to producers and provides tangible benefit to industry.

KEY RECOMMENDATIONS:

- Ensure that details of the next APF programs are available early so that programs are able to launch on April 1, 2018.
- Maintain consistency of administrative and financial proposal and reporting requirements throughout the term of the next APF.
- Delegate responsibilities associated with approval as it must be decentralized to facilitate this process, particularly for smaller, time-sensitive projects.
- Improve service delivery timeframes for applications, with systems in place to ensure transparency and better enforce accountability to stated service delivery standards.
- Incorporate a reporting process for all cost-shared funding that provides annual, transparent insight into the range of supports provided under the APF
- Project-based funding must require an acknowledgement of support from at least one

0.8 SUMMARY OF KEY RECOMMENDATIONS

8.1 Risk Management

BRM PROGRAM DESIGN:

- Risk management programs must be demand-driven and capable of accommodating year-to-year variation and multi-year income declines, while providing credible support to producers;
- Funding for any programs with annual budget allocations must roll-over unused program dollars for future use;
- Program design should ensure producers can make maximum use of all applicable risk management programs;
- Effective program design should ensure delivery of funds to producers is timely, predictable, bankable, and straightforward; and
- All programs must be regularly reviewed in a transparent fashion to ensure programs are meeting their objectives and responding to industry needs.

AGRISTABILITY:

- Restore AgriStability's payment trigger to when program year margins fall below 85% of a farmers' historical reference margins.
- Eliminate AgriStability's Reference Margin Limitation provisions and explore alternative approaches that limit payments for producers in profitable situations while ensuring coverage of allowable expenses for those facing negative margins.
- Waive the AgriStability fee for first 5 years of enrolment in the program in order to encourage beginning farmers' participation.
- The negative margin viability test must be removed to help producers facing severe, short-term income declines.
- Producers should be automatically given the better of the 5-year Olympic or previous 3 year average for reference margins, to ensure the program has the flexibility required to provide producers with support when facing income declines beyond their control.

AGRIINVEST:

- The outcome of the AgriInvest program should be amended to reflect its role in managing all financial risks, not limited to 'small' risks as it currently stands.
- Increase the basic maximum matched producer contribution rate to 1.5% of Allowable Net Sales.
- Establish a $100,000 annual maximum for matching contributions.
- Encourage investments into a set of pre-approved, proactive risk mitigation and income generation investment opportunities by allowing producers' to access their own AgriInvest contributions without triggering taxable government funds.
- To encourage participation and support beginning farmers, provide a government-only unmatched (kickstart) deposit of 3.25% of Allowable Net Sales spread over the first 5 years for a new Agri-Invest account for new participants only.

- AgriInvest program deadline dates must ensure that application dates allow timely participation and do not conflict with key production seasons.

AGRIINSURANCE:
- Ensure producers in all provinces have extended access to adequate AgriInsurance coverage when facing short-term, multi-year consequences from disaster events, including excess moisture events.
- Establish premium credits for beginning farmers to assist with the costs of participation in AgriInsurance during the first 5 years of any new farming operation.

AGRIRECOVERY:
- Amend AgriRecovery to cover multiple years of extraordinary costs/losses resulting from the short-term impacts of a single event or recurring events that could not be effectively addressed through alternative mechanisms.
- Programs delivered through AgriRecovery must be clearly defined as disaster-related and be decoupled from other Business Risk Management programs so that disaster payments are not clawed back under another program.
- AgriRecovery must define clear and precise rules such that it can respond quickly to exceptional events and must recognize precedents set by similar previous disasters covered by the framework.
- The Federal minister must be granted the capacity to assemble a joint disaster assessment task force, in addition to the existing authority that resides with provincial agriculture ministers.
- Federal and provincial officials must coordinate initial assessments to ensure that initial provincial data collection and subsequent analyses are sufficient for a comprehensive assessment, in order to speed up the assessment process.

AGRIRISK INITIATIVES:
- Support should be focused on establishing tools to complement a credible and robust suite of business risk management programs and further leverage the stability, flexibility, and liquidity this suite affords to producers.
- Approval of proposals must take no longer than 90 business days.
- Approval should take place through a transparent decision-making process based on criteria established and regularly reviewed in partnership with industry, requiring that any alternative tool development will not result in increased cost to producers seeking to receive the level of support provided by existing BRM programs.
- Where regional pilot projects have demonstrated that they effectively assist producers in managing risk and significant demand for these tools exists in other regions across Canada, available funding must prioritize their expansion to producers across Canada in a timely fashion.

ADVANCE PAYMENTS PROGRAM:
- The interest-bearing advance limit under the Advance Payments Program must be increased in order to address the growing size of Canadian farm businesses and the ongoing increase in costs associated with seeds and other farm inputs.
- The limit for interest-free advances under the Advance Payments Program must also be increased to $400,000.
- Both interest-free and interest-bearing advance limits should be reviewed every 5 years to ensure that increases in the Farm Input Price Index are reflected in both the interest-free and interest-bearing advance limits.

- Producers must have the ability to repay advances at any time, while they can illustrate storage of the commodity, without a proof of sale and without penalty.
- Farm businesses in the first 5 years of operation should have access to interest-free advances with a limit 50% greater than that imposed on other producers.
- Government must ensure adequate administrator capacity exists to provide advances on all commodities across the country.
- Where conditions for reimbursement are set out in any agreement signed between farm businesses and either Agriculture & Agri-food Canada or a program administrator, once in compliance, the Advance Payments Program must no longer consider affected producers as being in default.

CANADIAN AGRICULTURAL LOANS ACT:
- The maximum loan limits available to producers should be increased to $500,000 for all purposes, not just real property.
- This limit should be reviewed every 5 years to ensure that increases in the Machinery and Equipment Index for Crop and animal production are reflected.

8.2 Strategic Investments & Industry Adaptability

INFRASTRUCTURE TO SUPPORT RURAL COMMUNITIES:
- Any investments in infrastructure from the APF should be on-farm with funding for post-farm gate infrastructure to be financed through other means.

PROCESSING SECTOR:
- That AAFC require a clear benefit to Canadian agricultural producers be demonstrated in all APF funding for processors.
- Make on-farm processing a priority to be funded in any expanded support for processing under the APF that is coupled with infrastructure investment to support expanded on-farm processing operations.

ACCESS TO CAPITAL FOR NEW ENTRANTS:
- Provinces should build upon access to preferential financing arrangements and/or grants for young farmers and new entrants at a scale that enables commercially viable operations, allowing for provincial flexibility.
- The next APF should encourage a breadth of programming related to access to capital for young producers and new entrants that addresses both transitional funding for intergenerational farm transfers and seed capital requirements for the establishment of new operations.
- Consider tax-exempting interest and security for retiring producers participating in young farmer/new entrant programs in order to incentivize non-commercial lenders to offer more products and better rates.
- Conduct regular and detailed information sharing between provinces in terms of best practices for encouraging young farmers and new entrants and in the access to capital.

HEALTH:

- Effectively address concerns regarding the mental health of agricultural producers.
- Provide support for the agricultural industry to continue to lead in addressing concerns of anti-microbial resistance.

ECOLOGICAL GOODS & SERVICES:

- Ensure that the next APF funding can be allocated to provincial or regional EG&S programs and pilots.
- Address the need to meet effective protection under SARA through EG&S programming.
- Explore additional support that could be offered for EG&S and in conjunction with federal and provincial departments and industry, what considerations and support would be needed for a national EG&S program.
- Recognize the role that EG&S programs and programs such as the PFRA played in building resiliency, supporting producers and supporting water infrastructure that impacts many downstream users and stakeholders.

ENVIRONMENTAL FARM PLAN:

- Increase funding for BMPs overall and with specific priority focus on those that can contribute to mitigation and adaptation to climate change.
- Establish a validity period of five years for EFPs in all jurisdictions and review the contents of the EFP every five years.
- Collaborate with governments, producers and industry to develop a national baseline for the EFP and launch an enhanced and strengthened EFP.
- Explore the integration of verification within the EFP program in order to assess whether the EFP could meet environmental assurance of sustainable sourcing requirements.
- Continue the EFP's focus as a voluntary, educational and awareness tool.
- Ensure that the EFP moving forward remains industry-led and government supported.

COMMUNICATION:

- Pursue communications funding at the national and provincial levels targeted to industry and producer associations to enable two-way communication between producers and consumers with the aim of building public trust in agriculture.

TRACKING CONSUMER PERCEPTIONS:

- Provide funding for industry to undertake regular and reliable data collection on consumer perceptions of agriculture.

ANIMAL CARE:

- Continue to provide support for the continuous improvement and collaborative model for developing animal care codes of practice.
- Bolster support for communicating the existence, approach and success of animal care codes of practice and the development of assessment frameworks for industry.
- Support cost-shared programs in all jurisdictions that incentivize producers to make the capital investments needed to improve animal care outcomes and maintain compliance with codes of practice as they are updated.
- Explore development of an outreach and communications program to address the proliferation of backyard/small lot producers and implications for animal welfare by inexperienced owners.

FOOD SAFETY:

- Alignment and integration between food safety assurance systems at the federal and provincial levels to make these systems scalable and sustainable.
- Support for producers to continue to build upon existing and successful food safety assurance programs to ensure they meet the needs of producers, processors, retailers, regulators.
- Further support for advanced and centralized traceability systems and recognition of on-farm food safety programs.

FARM SAFETY:

- Ensure that gaps in improving farm safety are addressed through funding a national organization and maintain a focus on regional organizations to conduct more specific and localized work leveraging their direct contact with producers and operation within provincial safety legislation.
- Reduce the government cost-shared funding requirement to 25/75 from 50/50 to allow all organizations in the Fostering Business Development Program to more effectively focus their resources upon projects that benefit agricultural producers and the value chain.
- Recognize farm safety as a research priority to better address improvement in working conditions through better knowledge.
- Reintroduce cost shared on-farm safety investments for critical safety equipment.
- Explore the integration of farm safety risk assessment modules through provincial general farm organizations to achieve greater connection with producers and program efficiencies.

LABOUR SUSTAINABILITY:

- Establishment of an interdepartmental federal/provincial/territorial working group comprised of representatives from labour and agricultural ministries to ensure that agricultural issues are taken into consideration in development of joint federal/provincial/territorial labour policy frameworks.
- Support training and skills development for agricultural producers and their employees to support retention, competitiveness and other outcomes whether they be environmental, workplace safety or animal care.

BUSINESS MANAGEMENT:

- Improve farm business management programming across provincial governments in an integrated fashion that promotes cooperation and that creates basic requirements for all jurisdictions to meet.
- Ensure the support remains available to launch other VCRTs such as a standalone farm business management roundtable.
- Expand general capacity funding under the Fostering Business Development stream and reduce government cost shared funding requirement to 25/75.
- Continue support for the Pest Management Centre's Minor Use Pesticides Program.

RESEARCH:

- Reduce the administrative costs for researchers receiving government research funding and pursue a simpler model of administering the research clusters to reduce industry's cost and time to do so.
- Increase investments in public sector research to ensure increased funding is allocated on basic research and that internal AAFC capacity is maintained in areas unlikely to be supported by industry funding.
- Develop a human resources plan that maps out the sustainability of AAFC's current research expertise to ensure that key knowledge gaps are not created and/or exacerbated as researchers retire.

- Address funding and administrative challenges in transitioning from GF2 to the next APF.
- Establish and meet clear timelines from the outset for approval and delivery of research funding.
- Provide additional funding for new clusters to ensure that new clusters are not receiving their funding at the expense of existing clusters.
- Establish a two tiered funding matching formula for commodities to maintain a research cluster in areas that do not receive significant research funding.
- Allow for greater flexibility in allocating research funding in year three of the APF for emerging priorities and to better support new researchers.
- Authorize lower levels of management and regional offices to award funding to improve timeliness of funding.
- Launch a new funding stream to focus on the knowledge translation and dissemination needs of researchers to reach producers and processors.

8.3 Program Integration

- Program integration must not result in the imposition of any additional barriers to entry for BRM programs
- FPT governments should incentivize best management practices through reduced participation fees for BRM programs.
- FPT governments must partner with industry to determine best management practices approved to receive these incentives.

8.4 Market Development

INFORMATION SHARING AND POLICY COORDINATION:

- That federal and provincial governments develop templates to gather market and industry administrative information across programs and jurisdictions where there is enough uniformity for a template to work.
- That the information collected include both quantitative and qualitative data to better assess the outcomes of market development projects.
- Improve and develop formal, transparent and regular information sharing mechanisms between industry, provinces and the federal level that lead into coordinated strategic policy development processes and consider confidentiality and privacy needs.
- Ensure that market development projects will have an impact upon primary producers and improve such considerations into the decision-making process for funding proposals.
- Pursue a strategic focus on building industry's capacity for market development.
- Share information in a timely manner with industry that allows for finer comparisons so that the information provided can be acted upon in a time sensitive commercial environment.

AGRICULTURAL BRANDING:

- Federal and provincial governments must commit to working proactively in partnership with industry and adequately supporting the development of a clear, agreed upon brand for Canadian agriculture and agri-food.

- Branding support must not be limited to promotional materials, and must include investments in the long-term capacity of the Canadian industry to develop and maintain recognition as a trusted, consistent and preferred source of safe, quality agri-food products.
- The Federal and provincial governments must implement a cost-sharing framework to support the development of provincial brands that illustrate the diversity of Canadian products included within the Canadian brand.
- Market development policies and programs must agree to a common set of strategic objectives that contribute to the aforementioned brand.

8.5 APF Administration

- Ensure that details of the next APF programs are available early so that programs are able to launch on April 1, 2018.
- Maintain consistency of administrative and financial proposal and reporting requirements throughout the term of the next APF.
- Delegate responsibilities associated with approval must be decentralized to facilitate this process, particularly for smaller, time-sensitive projects.
- Improve service delivery timeframes for applications, with systems in place to ensure transparency and better enforce accountability to stated service delivery standards.
- Incorporate a reporting process for all cost-shared funding that provides annual, transparent insight into the range of supports provided under the APF.
- Project-based funding must require an acknowledgement of support from at least one producer group, and must include producer group representation in the project's governance and management roles.

AGRIRECOVERY

PERFORMANCE TARGET	EXISTING	PROPOSED	RATIONALE
Response time to process applications from eligible producers in the affected area	- 90% of disaster situations are evaluated in 45 days - 75% of applications are processed within 9 months	Add the following measure: 75% of the producers surveyed believe that the financial assistance provided under the program provided timely relief for the costs associated with the disaster	For producers in disaster situations, timeliness of payments is not a function of days and months. Instead, it is about having access to the capital need to respond to extraordinary, time-sensitive capital costs that could not be planned for. Given that follow-up surveys are already a component of performance measurement, these surveys should measure satisfaction with timeliness as it pertains to each disaster and not simply look at generic service delivery guidelines.
Percentage of producers still farming one year after the disaster payment	70% of producers surveyed are still farming one year after the disaster payment	Set the target at 80% of producers and measure three years after the disaster payment	As identified above, the costs associated with a disaster can occur over multiple years. If the effectiveness of a disaster response is to be adequately measured, a longer timeframe must be considered. Given that farm viability is the sole outcome of the program, an improved target of 80% should be attainable. Losing 30% of those operations affected by a disaster is an insufficient target.

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AGRIINVEST

PROGRAM OUTCOME:
The outcome of the AgriInvest program should be amended to reflect its role in managing all financial risks, not limited to 'small' risks as it currently stands.

BACKGROUND:
Since the creation of AgriInvest, the use of withdrawn funds has been a topic of discussion. Performance measures from the past framework illustrate that its use has not been limited to small income declines, but instead that it serves a broader array of purposes, including on-farm investment, access to additional liquidity, and maintenance as a rainy day fund for more significant income loss situations.

PERFORMANCE TARGET	EXISTING	PROPOSED	RATIONALE
Percentage of producers participating in Agri-Invest	65% of all producers in Canada	75% of all producers in Canada.	Given familiarity with the program and its broad utility as a source of liquidity and proactive risk management funds, participation targets should be increased.
Percentage of producers triggering AgriStability payments and making withdrawals from their AgriInvest saving accounts	At least 60% of producers triggering AgriStability payments are making withdrawals from their AgriInvest saving accounts	Remove this indicator.	This target reflects a narrow perspective of AgriInvest that does not align with the reality of the program.
Percentage of AgriStability reference margins maintained in AgriInvest funds	N/A	On average, total AgriInvest contributions (producer and government) should represent 15% of their AgriStability reference margins over the reference margin period.	AgriInvest was developed as the top tier of a program suite, providing support for those losses not covered by AgriStability. Although the program funds provide a myriad of short-term applications, we believe the total support provided should align with the program's risk management mandate.

AGRISTABILITY

PERFORMANCE TARGET	EXISTING	PROPOSED	RATIONALE
Fiscal year administrative costs per completed file	Current year costs will not exceed previous 3-year average costs adjusted for inflation	Total AgriStability administrative costs should not exceed $800 per adjudicated file as a national average and each Administration's total agristability administrative costs should not exceed $900 per adjudicated file.	The current target does not represent an effort to improve program administration efficiency over time. Instead, existing administrative data suggests that an average administrative cost of under $800 per adjudicated file is achievable. Not only will this encourage sharing of best practices across jurisdictions, it illustrates a commitment to improvement.
Processing time of final applications	75% of final applications are processed within 75 calendar days	75% of final applications are processed within 45 calendar days.	Shortening the number of calendar days is important to make the program respond quicker to producer needs, helping to resolve a long-standing concern with the program. Given the complexity of some files, 75% represents an appropriate target.
Producer Satisfaction with Agri-stability (AAFC is planning next producer survey for 2017 or 2018. Last survey was conducted in 2010.)	Responsiveness – 50% Predictability – 50% Timeliness – 50% Effective Risk Management tool – 70% Satisfaction with delivery – 70%	Responsiveness – 75% Predictability – 75% Timeliness – 75% Effective Risk Management tool – 70% Satisfaction with delivery – 85%	If we wish to see participation improve, and reduce risk exposure in the industry, improvements on all fronts is essential. These reflect long-standing concerns with the program for many producers, and improvement is needed to maintain BRM suite participation and overall efficacy.

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AGRIINSURANCE

PERFORMANCE TARGET	EXISTING	PROPOSED	RATIONALE
Value of insured production compared to the total value of all agricultural products eligible for insurance (exclude livestock)	60%	70%	With continued investments in improved crop insurance products since Growing Forward`s inception, participation rates should be adjusted accordingly.
Value of agricultural products eligible for insurance compared to the value of all agricultural products (exclude livestock)	85%	90%	