



Ontario Federation of Agriculture

Ontario AgriCentre

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November 30, 2016

Hon. Lawrence MacAulay
Minister of Agriculture and Agri-Food
1341 Baseline Road
Ottawa, ON
K1A 0C5

Hon. Jeff Leal
Minister of Agriculture, Food and Rural Affairs
77 Greenville Street, 11th Floor
Toronto, ON
M7A 1B3

Dear Ministers,

RE: AAFC NPF Phase 2 Consultation,

The Ontario Federation of Agriculture (OFA) is the largest voluntary, general farm organization in Canada, representing over 36,000 farm families across Ontario. As a dynamic farmer-led organization based in Guelph, Ontario, the OFA works to represent and champion the interests of Ontario farmers through government relations, farm policy recommendations, lobby efforts, community representation, media relations and more. The OFA is the leading advocate and voice for Ontario farmers.

OFA is pleased to provide continued input on the development of the Next Policy Framework which will replace the current Growing Forward 2 (GF2) agreement in April 2018. As you know, OFA contributed to the formation of the Canadian Federation of Agriculture's positions with respect to strategic initiatives and business risk management programming.

Although the Phase 2 consultation is focused on the Calgary Statement, "Towards the Next Agricultural Policy Framework", we wish to emphasize the programming recommendations we provided during the Phase 1 consultation. It is important that the anticipated multilateral agreement and the bilateral agreement, presented to both of you for your signatures, provide for agricultural programming that will enable opportunities and address the issues facing our sector. For this reason, attached you will find our submission to the Phase 1 consultation. It outlines our key recommendations in connection to the existing agricultural programs and initiatives.

The Calgary Statement identifies many important agricultural policy priority areas and reiterates the Ministers' commitment to undertaking open, accountable and transparent engagement and consultation activities throughout the development and duration of the NPF. The statement provides a solid foundation in which to build a framework. However, a key question is whether

the NPF will be like previous agreements or whether it will be a true framework for agricultural policy in Canada.

Over the last 15 years, three previous five-year agricultural policy “frameworks” have been negotiated and signed by FPT governments. However, those “frameworks” were not actually frameworks at all. It would be more appropriate to describe them as “agricultural programming agreements” because they specified the agricultural programs themselves. For each 5-year period, Ontario signed both a multilateral agreement and a bilateral agreement. The multilateral agreement specified the national business risk management programs, whereas the bilateral agreement specified other programs offered to Ontario participants specifically but funded by both levels of government.

An effective framework outlines the methods and means of accomplishing something. Therefore, an agricultural policy framework should outline the methods and means to implement agricultural policies. In other words, an agricultural policy framework should speak to “how” agricultural policies are implemented whereas an “agricultural programming agreement” should outline “what” those agricultural policies are along with their specific details.

The Calgary Statement noted key priority areas of the Next Policy Framework:

- Markets and Trade
- Science, Research and Innovation
- Risk Management
- Environment Sustainability and Climate Change
- Value-Added Agriculture and Agri-Food Processing
- Public Trust

In addition to these priorities, governments have also recognized “Labour, Business Development and Competitiveness” as a priority area.

Achieving positive outcomes in these priority areas will require engagement of more than just agricultural programming agreements among AAFC and provincial agricultural ministries. There is no question that the funding and programs provided by AAFC and OMAFRA are important. However, agriculture provides multiple benefits in addition to food production (described as “multifunctionality in agriculture”) and thus agriculture is affected by multiple Ontario ministries and federal government departments. The NPF needs to recognize this fact and be constructed in such a way to ensure consistency and collaboration in the development of agricultural policies in Canada and Ontario.

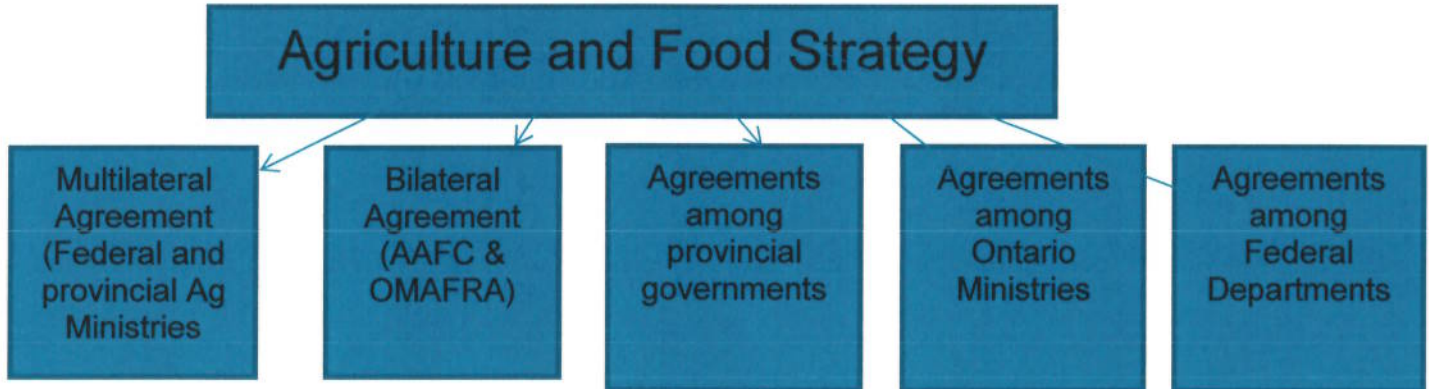
Since 2013, the OFA has called for an Ontario Agriculture and Food Strategy with a set of agreed and measurable outcomes to guide the development of agriculture and food related policy to enable focused and meaningful policies for the farm and food sector in Ontario. It was envisioned that an Agriculture and Food Strategy would impose consistent policy development, aimed at achieving agreed goals for a sustainable food system.

Crafting an Agriculture and Food Strategy for Canada would be of great value. However, before deciding on measurable outcomes as part of the Strategy, constructing the Framework itself should occur. The Framework would create the necessary structure to show how agricultural policies would be formulated.

A logical progression could be:

1. Calgary Statement
2. Next Policy Framework (NPF)
3. Agriculture and Food Strategy
4. Agricultural Programming Agreements (APAs)

Given the multifunctionality of agriculture, it is expected that executing the Agriculture and Food Strategy will involve developing and implementing many APAs (as illustrated below):



The Calgary Statement provides a good foundation for the development of the NPF. Governments have articulated key priority areas. Achieving meaningful action in those priority areas will involve the engagement of more than AAFC and provincial agriculture ministries. Thus, developing a coordinated and collaborative Agriculture and Food Strategy is recommended as well as the signing of additional APAs to achieve the strategy.

We look forward to continue working with AAFC and OMAFRA to achieve the goals and objectives identified in the Calgary Statement.

Sincerely,

Keith Currie
President

cc: Greg Meredith, Assistant Deputy Minister, Strategic Policy Branch AAFC,
Phil Malcolmson, Assistant Deputy Director, Policy Division, OMAFRA
Ron Bonnett, President, Canadian Federation of Agriculture
OFA Board of Directors

Encl. (1)



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July 29, 2016

Hon. Lawrence MacAulay
Minister of Agriculture and Agri-Food
1341 Baseline Road
Ottawa, ON
K1A 0C5

Hon. Jeff Leal
Minister of Agriculture, Food and Rural Affairs
77 Grenville Street, 11th Floor
Toronto, ON
M7A 1B3

Dear Ministers,

Re: AAFC GF2 Phase 1 Consultation

The Ontario Federation of Agriculture (OFA) is Canada's largest voluntary general farm organization, representing more than 36,000 family farm businesses across Ontario.

OFA is pleased to contribute to the first phase of the consultations related to the Next APF which will replace the current Growing Forward 2(GF2) agreement in April 2018. Attached you will find our responses to the Phase 1 consultation questions.

We look forward to continuing to work with AAFC and OMAFRA to ensure the next Agricultural Policy Framework enables opportunities and address the issues facing our sector.

Sincerely,

A handwritten signature in black ink, appearing to read 'Don McCabe', is written over a white background.

Don McCabe
President

cc: Greg Meredith, Assistant Deputy Minister, Strategic Policy Branch, AAFC
Phil Malcolmson, Assistant Deputy Minister, Policy Division, OMAFRA

Encl (1)



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The Ontario Federation of Agriculture (OFA) is the largest voluntary, general farm organization in Canada, representing over 36,000 farm families across Ontario. As a dynamic farmer-led organization based in Guelph, Ontario, the OFA works to represent and champion the interests of Ontario farmers through government relations, farm policy recommendations, lobby efforts, community representation, media relations and more. The OFA is the leading advocate and voice for Ontario farmers.

Canadian and Ontario farmers form the backbone of a robust Agri-Food system, which is the number one industry in Canada. In 2014 Canada's Agri-Food industry contributed over \$108 billion to national GDP, amounting to 6.6% of Canada's total GDP. Ontario is leading the way for the Canadian Agri-Food industry with \$36 billion, or 33% of the industry's national contribution to GDP coming from Ontario. The Agri-Food industry continues to be a job creator with one out of every eight jobs in Canada generated by the Agri-Food industry.

Despite the major contributions Canadian and Ontario farmers have made to the Agri-Food industry and the Canadian economy, farming is a high risk business, with many risks beyond a farmer's ability to control including: volatile commodity prices, even more volatile weather, and global competition that is bolstered by the support of foreign governments. This highlights the tremendous need and importance of a national Agricultural Policy Framework (APF) which provides Canadian and Ontario farmers a stable foundation to do what they do best and continue to drive the Canadian economy forward.

OFA is pleased to provide comments to Agriculture and Agri-Food Canada as well Federal/Provincial/Territorial (FPT) governments on the Next APF which will replace the current Growing Forward 2(GF2) agreement in April 2018.

Summary of OFA's Recommendations

OFA has the following recommendations for what needs to be addressed in the next APF:

Business Risk Management (BRM)

Guiding Principles of effective BRM programing

- BRM programs must be adequately funded to ensure these programs respond to the needs of all farm businesses in both the short and long term.
- BRM programs must be designed to minimize complexity.
- FPT governments must raise the bar on performance measures and timelines.
- BRM programs must be designed to encourage participation of new and beginning farmers.



Program Specific Recommendations

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 farm businesses in profitable situations while ensuring coverage of allowable expenses for those facing negative margins.
- The negative margin viability test must be removed to help farm businesses facing severe, short-term income declines.
- Farm businesses 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 farmers 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 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 farm businesses to access their own AgriInvest contributions without triggering taxable government funds.
- AgriInvest program deadline dates must ensure that application dates allow timely participation and do not conflict with key production seasons.

AgriInsurance

- Ensure farm businesses in all provinces have extended access to adequate AgriInsurance coverage when facing short-term, multi-year consequences from disaster events, including excess moisture events.

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.
- Payments from AgriRecovery programs that are targeted to provide relief from disaster-related asset losses should not be discounted or clawed back from payments from Business Risk Management programs that are designed to address income losses.



- 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.

Strategic Initiatives

A Need for Increased Transparency

- Increase transparency in funding decision making.

Environment and Climate Change

- Include dedicated funding for on farm infrastructure under the Environmental Farm Plan (EFP).
- Increase investment in detailed landscape mapping that supports the adoption of precision agricultural technologies.

A Focus on Farm Labour

- Provide training opportunities for farmers to help them both maximize the effectiveness of available labour and advance better business management practices and strategies.

Research & Commercialization

- Research funding must have realistic timelines.
- Provide research funding directly to commodity organizations.

Social License

- Programs and funding should be developed to help further support and advance the science-based production methods farmers have implemented and make our consumers aware of the due diligence undertaken by farmers in Ontario, and all of Canada.

Investments in the Food Processing Sector

- 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 farmers.



- Any funding for the processing sector should have a clear expected benefit for Canadian farmers.
- APF investments in the processing industry should include on-farm processing as a priority or standalone stream to bring greater value to farm products.

Market Development

Increase Information Sharing and Policy Coordination

- Standardize reporting and share templates to improve the ease of aggregation and reduce the burden on industry.
- Information sharing should be conducted in timely manner, and on a continuous basis for industry to analyze the information and make decisions.

Creating an Agricultural Brand for Canada and Ontario

- A joint vision of Canadian agriculture and its brands must be developed between industry and federal-provincial governments.
- The federal government should work in partnership with the Ontario government and industry to develop an agri-food brand capable of leveraging Ontario and regional specialties.

Broaden Focus of Market Development to Agriculture Economic Development

- Broaden the market development stream to support agriculture economic development initiatives.
- Funding for organizations and collaborations should expand beyond market development to enhance the capacity of the agri-food sector as a whole through local and regional initiatives

Consultation Questions

1. What programs have you used under GF2?

BRM Programs

In November 2014 OFA surveyed its members to better understand how Ontario farmers rate the performance of the government funded Business Risk Management (BRM) programs. In this survey, respondents were asked general questions as well as specific program questions related to AgriInsurance (Production Insurance) AgriStability, AgriInvest and the AgriRecovery framework. The Survey was open to All OFA members, who produce a wide range of



agricultural commodities ranging from field crops, to edible horticulture to livestock, including supply managed commodities.

At the time of the survey, 57% of respondents indicated that they were enrolled in production insurance, 77% of respondents had made a deposit into AgriInvest that year and 67% of respondents were enrolled in AgriStability. Ontario farmers have a long history of leveraging Business Risk Management programs as part of a holistic strategy to manage the inherent risks in farming.

Strategic Initiatives

In addition to the federal initiatives that include AgriInnovation, AgriCompetitiveness and AgriMarketing, Ontario farmers participate in Strategic Initiatives administered by the Ontario government, which include:

- Environment and Climate Change Adaptation
- Assurance Systems
- Animal and Plant Health
- Market Development
- Labour & Productivity Enhancement
- Business & Leadership Development

2. What do you think could be improved?

BRM PROGRAMS

Two years after Growing Forward 1 was introduced (2010), and a year after Growing Forward 2 was introduced (2014), OFA asked its members if they would recommend participating in each of the BRM programs to other farmers. Here is how they replied:

Program	Would Recommend (2014)	Would Recommend (2010)	Difference
AgriInsurance	80%	83%	-3%
AgriInvest	76%	57%	+19%
AgriStability	43%	45%	-2%

The AgriInsurance and AgriInvest programs clearly have widespread buy in from Ontario farmers, 80% of respondents who would recommend other farmers consider AgriInsurance and 76% recommending opening an AgriInvest account. However, the program funding cuts and program changes implemented under Growing Forward 2 have eroded the confidence that Ontario farmers have in AgriStability, with only 43% of respondents indicating that they would recommend other farmers participate in AgriStability.

There are three major areas these programs need to be improved upon in the next APF:

1. Program Funding;
2. Program Complexity; and
3. Raise government performance targets.



Program Funding

When OFA asked its members if the suite of BRM programs as constructed under GF2, meets the needs of their farm operation, 69% of respondents said “No”. The funding cuts to the AgriStability program have been particularly troubling for Ontario farmers. When OFA asked its members if the AgriStability program is responsive to the needs of their farm operation, 75% of respondents said “No”. Only 44% of respondents felt that given the time and costs to participate, that the AgriStability program was beneficial.

FPT governments 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.

Program Complexity

When OFA surveyed its members on their view of the current suite of BRM programs, the most glaring issue was that Ontario farmers were losing confidence in the AgriStability program because the program has become so complex they no longer understand how the program fits into their risk management strategy. We asked our members a number of specific questions related to the complexity of the AgriStability program, here is how they responded:

- 85% of respondents disagreed that AgriStability is simple to understand;
- 97% of respondents said they were unable to predict when they will trigger a payment, and how much they might receive;
- 64% of respondents indicated that they pay for the services of an accountant or advisor to participate in the AgriStability program; and
- Only 8% of respondents agreed that their lender understood the AgriStability program and gave (or would give) them a better borrowing arrangement when they participate in the program.



The Design of BRM Program's in the Next Agricultural Policy Framework must focus on minimizing complexity to encourage program participation and avoid significant, unnecessary costs. The majority of farmers 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 farmers can participate in the program without requiring advisory services in order to maximize program efficiency.

Raise Government Performance Targets

Improving Business Risk Management programs is not limited to program design changes and increasing funding. Industry and government must also work together towards setting appropriate targets that ensure the programs are meeting the needs of farmers in measurable, meaningful ways. Each program has a set of performance measures and goals that help ensure programs are accountable and meeting the needs of Canadian and Ontario farmers.

When OFA asked its members if the current suites of BRM programs are responsive to the needs of their farm business' 74% of respondents indicated that AgriInsurance was responsive while only 58% felt AgriInvest was responsive and only 25% felt that AgriStability was responsive. By raising the bar on performance targets, we can increase the utility of BRM programs to farmers without increased funding.

OFA proposes the following modifications to the existing BRM program targets:

Improved BRM Performance Measures

AgriRecovery			
Performance Target	Existing	Proposed	Rationale
Response time to process applications from eligible farm businesses in the affected area	<ul style="list-style-type: none"> - 90% of disaster situations are evaluated in 45 days - 75% of applications are processed within 9 months 	Add the following measure: -75% of the farmers surveyed believe that the financial assistance provided under the program provided timely relief for the costs associated with the disaster	For farmer businesses 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



Percentage still farming one year after the disaster payment	70% of farmers surveyed are still farming one year after the disaster payment	Set the target at 80% of farm businesses and measure three years after the disaster payment	<p>guidelines.</p> <p>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.</p> <p>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.</p>
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AgrilInvest			
Performance Target	Existing	Proposed	Rationale
Percentage participating in AgrilInvest	65% of all farm businesses in Canada.	75% of all farm businesses 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 farmers triggering AgriStability payments and making withdrawals from their AgrilInvest saving accounts	At least 60% of farm businesses triggering AgriStability payments are making withdrawals from their AgrilInvest saving accounts.	Remove this indicator.	This target reflects a narrow perspective of AgrilInvest that does not align with the reality of the program.
Percentage of AgriStability reference margins maintained in AgrilInvest funds	N/A	On average, total AgrilInvest contributions (producer and government) should represent 15% of their AgriStability reference margins over the reference margin period.	<p>AgrilInvest was developed as the top tier of a program suite, providing support for those losses not covered by AgriStability.</p> <p>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.</p>



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 the needs of farmers, helping to resolve a long-standing concern with the program. Given the complexity of some files, 75% represents an appropriate target.
Farmer Satisfaction with AgriStability (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 farm businesses, and improvement is needed to maintain BRM suite participation and overall efficacy.

AgriInsurance			
Performance Target	Existing	Proposed	Rationale
Value of insured production compared to the total value of all agricultural products eligible for insurance	60%	70%	With continued investments in improved crop insurance products since Growing Forward's inception,



(exclude livestock)			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%	

Strategic Initiatives

A Need for Increased Transparency

Growing Forward 2 (GF2) was launched immediately following Growing Forward 1 to avoid a break in programming. As such, there was limited information released about the mechanics of the program. This resulted in a high number of applications with a very high decline rate. The Ontario government recognized the need to change the process, as it was very discouraging for those who went through the application process without qualifying or without the necessary documentation. Thus the programming was revised for 2015-16 to be more specific and make the requirements clearer.

Moving forward, there is a need for greater transparency in funding decision making at all levels. Many farmers have become discouraged by the lack of follow up and reasoning for unsuccessful funding application. In the next APF, there must be a greater level of engagement with farmers before, during and after the application process.

A Focus on Farm Labour

Research from the Canadian Agricultural Human Resource Council (CAHRC) indicates that nearly 60,000 job vacancies exist in the Canadian food and agricultural sectors. The next APF must include programs to assist the industry to improve access to labour, both domestically and internationally. Additionally, support to CAHRC research has been vital for discussions and understanding the crisis that exists and must continue under the next APF. The next APF must provide training opportunities for farmers to help them both maximize the effectiveness of available labour and advance better business management practices and strategies.

Research & Commercialization

Funding the transfer of knowledge for a variety of commodities and agricultural opportunities should continue under the next APF and include more emphasis and attention on soil health, adaptation to climate change and research.

Programs should focus on long term strategies and outcomes partnered with administrative flexibility. Agricultural research can rarely be completed within a calendar year or even a policy framework. Research funding must be realistic and appropriate to the task.

Funding research directly to commodity organizations to allocate to their sectors can help ease administrative burdens and ensure that every commodity has an opportunity to advance their research objectives. Current programs and future programs must also allow for research to be conducted in unconventional and cutting edge ways to take advantage of new opportunities quickly and invest in areas that cannot be supported immediately by the private sector.



4. What new challenges or opportunities are you facing that are not currently covered by GF2?

Social License

With an ever increasing interest in agricultural production, the next APF has an opportunity to help bridge the gap between producers and consumers. The agricultural industry wants to ensure that traditional production methods are viewed neutrally without a negative connotation.

Normal farm practices conducted in Ontario are based on sound scientific evidence, but their existence and use on our farms is not widely known. Programs and funding should be developed to help further support and advance the science-based production methods farmers have implemented and make our consumers aware of the due diligence undertaken by farmers in Ontario, and all of Canada.

Infrastructure for Resiliency and Sustainability

Increased investment for rural infrastructure is sorely needed across all of Canada. While this is typically an area that would be addressed outside of an APF, there may be a role that the next APF can play to better support investments from other departments, with a particular focus on transportation and telecommunications.

The deficiencies in transportation infrastructure has a very real impact to farmers; lowering the price that they are able to receive, raising transportation costs, delaying response time to markets, and inhibiting growth if the transport system that is relied upon cannot accommodate additional traffic.

Increasingly, agricultural work relies upon reliable, high speed wireless internet for a growing list of necessary functions, including: equipment speaking directly with other equipment, tracking data and performance in real time to enable precision agriculture, traceability and to support assurance systems to name a few. The importance of investments in improved rural connectivity (through Information/Communication Technologies) to the future competitiveness of the sector cannot be understated.

Robust infrastructure for transportation, telecommunication, and water management is directly related to the agricultural sectors ability to be resilient in the face of Climate Change impacts and to achieving provincial and industry sustainability goals.

Environment and Climate Change

Ontario's farmers would like to continue to build on the success of the Environmental Farm Plan (EFP) and believe the program must be fully funded. This program is recognized by both the farm community and government as effective to reach operational and policy goals. Moving forward into the next APF, farmers need additional tools and information to move this and other programs to a higher level. This includes strategic investment in detailed landscape mapping that can feed into and increase the adoption of precision agricultural technologies.

The next APF must include dedicated funding for on farm infrastructure under the (EFP) and ensure that funding is sufficient to implement all the environmental projects that are requested. The funding should be adaptable for new ideas and infrastructure that will be required under any



future climate change agenda. These funds can ensure that the agricultural industry is meeting government imposed obligations in a fair and time effective manner.

5. What would you like to see in the next framework?

BRM

Incentivising Beginning Farmers to Participate Fully in BRM Programs

With the right changes to program design, the BRM suite in the next APF has the opportunity 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* farm businesses, 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.

OFA recommends the following tweaks to the BRM program design to encourage participation by beginning farmers:

- Waive the AgriStability fee for first 5 years of enrolment in the program;
- Provide a government-only unmatched (kickstart) deposit of 3.25% of Allowable Net Sales spread over the first 5 years for a new AgriInvest account for new participants only; and
- 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.

BRM Programs: Responsive to the Risk Management Needs of all Farm Businesses

The BRM suite must be flexible enough to respond to the diversity of farm production and business structure in Canada. This is especially true in Ontario where there is a greater assortment of farm structure and commodities produced compared to other parts of the country. Recognizing that the impacts of short-term losses can raise concerns around the financial viability for farmers with even the best management practices, farm businesses of all sizes, regions, and operating structures 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 the majority of Canadian and Ontario farmers, it must afford risk management options to farm businesses that can cater to their unique risk management needs.



Strategic Initiatives

Investments in the Food Processing Sector

Canadian and Ontario farmers have benefited from investments in the processing sector and would stand to benefit further from increased investments through the next APF. Much like the primary agricultural sector, 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 farmers. 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 and Ontario farmers. 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 and Ontario farmers 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. 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.

Market Development

Increase Information Sharing and Policy Coordination

Templates to integrate industry data into policy and program decision-making is needed to better assess the outcomes of many projects funded in the current APF. Collecting and aggregating market information has been unstructured and burdensome for industry associations. A lack of structure has resulted in poor information-sharing and less informed policy and program development as a result. There is a natural reluctance to share information, particularly in the private sector.

While a single standardized template is not feasible considering regional and programmatic differences, there are opportunities to standardize reporting and share templates to improve the ease of aggregation and reduce the burden on industry. Information sharing should also be



conducted in timely manner, and on a continuous basis for industry to analyze the information and make decisions.

The federal government can develop performance measures that are broadly applied across provinces and industries. Then, the Ontario government can refine and determine performance measures that are specific to Ontario and its commodities.

The federal government can coordinate sharing and standardizing of templates where feasible, while the Ontario government can ensure performance measures reflect a benefit to their industry. The federal government will assure the Ontario government of privacy and confidentiality of information, while both governments can assure industry of their privacy. By maintaining an open and collaborative environment, both the federal and Ontario government can collect information to improve policy coordination and outcomes of the next APF.

Creating an Agricultural Brand for Canada and Ontario

As consumer demands continue to proliferate and value chains increasingly drive production decisions, retail branding and product differentiation are becoming essential components to the marketing of agri-food products. Without coordination amongst industry, the Ontario government, and the federal government; retailers are defining what constitutes a specialty product in Canada, 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.

A Canadian branding initiative cannot be limited to enforcing the integrity of Canadian symbols and imagery; it must contribute to the integrity of Canada's agri-food industry on all fronts. Building integrity requires financial support for consumer trust campaigns, investments into infrastructure to maintain commercial integrity with trading partners, and enhance the industry's capacity to consistently produce and transact products at the Canadian standards identified.

The federal government should work in partnership with the Ontario government and industry to develop an agri-food brand capable of leveraging Ontario and regional specialties. The Ontario government should be responsible for developing and implementing 'buy local' and provincial branding initiatives, but must be encouraged and supported through cost-shared support from the federal government.

Both the Ontario and federal governments have specific roles to play in both domestic and international market development. The federal government must lead the identification of, and 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. The Ontario government should play a supporting role to the federal government in developing access to international specialty markets.

Broaden Focus of Market Development to Agriculture Economic Development

The next APF should broaden the market development stream to support agriculture economic development initiatives that enhance the viability of food, fibre, and fuel production across the entire agri-food value chain. While still supporting the development of plans, strategies, products, processes, promotions, and staff, the broader scope should include funding for



organizations and collaborations to examine, promote and support the agriculture and agri-food sector in their community.

While there are other programs in Ontario that fund market development activities, agriculture economic development projects are currently competing for other, oversubscribed funding programs. Supporting agriculture economic development initiatives will enhance local food systems, leading to a robust and flexible agri-food sector that can adapt to dynamic market demands.

6. Is there general awareness in the sector of the Growing Forward brand? / Should we continue to use the name, Growing Forward, to describe Canada's agricultural policy framework?

Nearly 50% of OFA members, surveyed felt that the naming of the "AgriSuite" (AgriStability, AgriInvest, AgriInsurance, AgriRecovery) was confusing and made it difficult to distinguish one program from the other. That being said, there is general awareness of the "Growing Forward Brand" and OFA members are more concerned about the continual improvement of the programs than the naming or branding of the programs.

7. Other Comments or Questions

Trade Considerations

As a country with significant export interests, the viability and competitiveness of Canadian and Ontario 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 farm businesses, 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.

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 Canadian farmers. 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 farmers make to ensure this safe supply.

Additionally, future trade agreements must not impact Ontario's ability to set provincial policy in areas such as promoting local food, government food procurement policies, and regulated commodity marketing systems.



OFA is grateful for the opportunity to give its perspective on the next APF and looks forward to working closely with the Canadian and Ontario governments as the consultation process moves forward.

Sincerely,

Don McCabe
President