



Next Policy Framework: Stakeholder Engagement on the 2021 Ministerial Policy Statement

Ontario Federation of Agriculture (OFA)
Policy Advisory Council (PAC)

August 24, 2021

Purpose

- To seek stakeholder input on the priorities and policy direction for the Next Policy Framework (NPF), the successor to the Canadian Agricultural Partnership (CAP)

Context:

The Development of CAP

Multilateral Framework Agreements

- Since the implementation of the Agricultural Policy Framework (APF) in 2003, multilateral framework agreements between federal/provincial/territorial (FPT) governments have played a significant role in providing direction and support to the Canadian agriculture and agri-food sector
- FPT governments are looking ahead to the successor to CAP, the Next Policy Framework (NPF), and are seeking stakeholder feedback on the key policy objectives and principles that will underpin the next framework
- The first phase of this process is to identify the vision and priorities for the NPF to be captured in a Ministerial Policy Statement in 2021

CAP represented a five-year investment in the sector

BRM Programs

- An average of **\$1.6 billion annually*** for demand-driven BRM programs to assist producers in managing significant risks that threaten the viability of their farm and are beyond their capacity to manage

Strategic Initiatives

- More than **\$1 billion** in federal programs and activities that are national in scope and are funded and delivered by Agriculture and Agri-Food Canada
- **\$2 billion** in cost-shared programs that are funded 60:40 (F:PT) and delivered by provincial and territorial governments (PTs)

** Recent changes to AgriStability will impact this number*

See Annex for more detail

State of the Sector and Looking Ahead

Frameworks have played an important role in supporting the sector

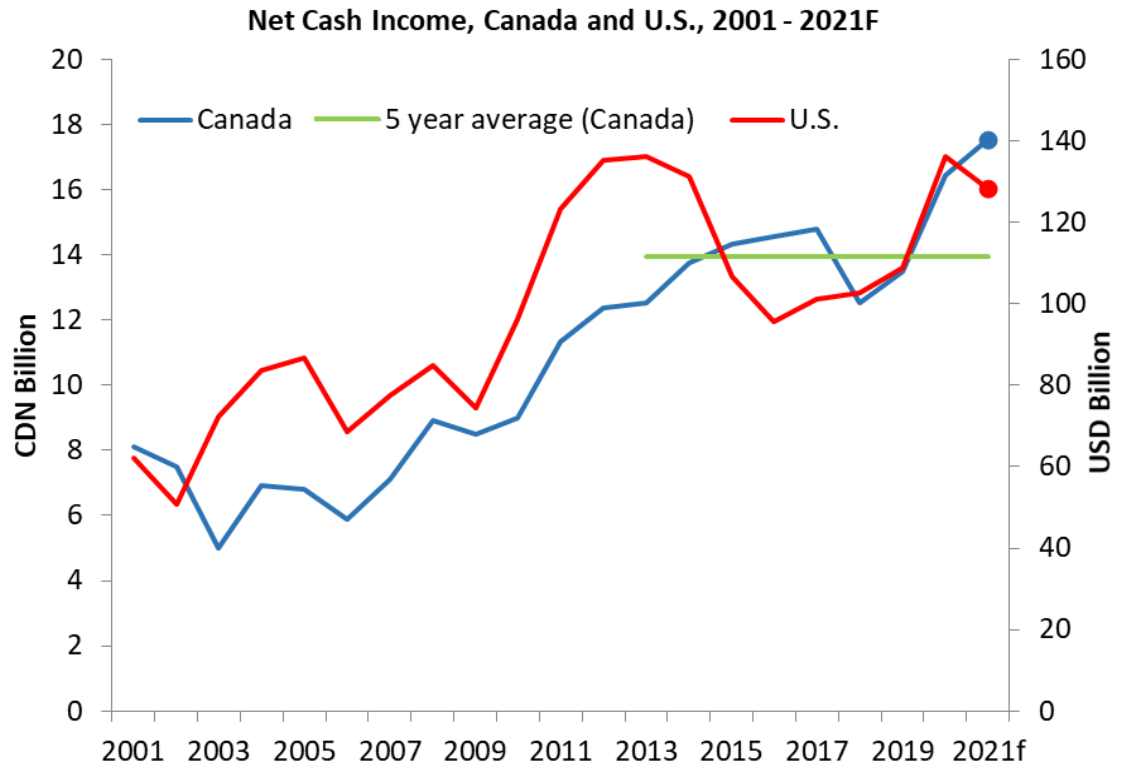
- CAP, and the previous Frameworks, allowed FPT governments to work together to develop and implement policies and programs to assist the sector in addressing challenges and capturing opportunities
- From the Agricultural Policy Framework (APF) in 2003 to the Canadian Agricultural Partnership (CAP) in 2018, frameworks have evolved to meet changing circumstances
 - An emphasis on innovation and long-term competitiveness
 - Incorporated a whole-farm approach to risk management programs
 - Increased flexibility to allow provinces/territories to develop initiatives that suited their needs
- The policy priorities for the NPF will need to consider both the current challenges and opportunities and those that are expected to be key for the sector over the next five to ten years

BRM – Looking Forward

- Even prior to COVID-19, FPT Ministers have heard that the existing suite, in particular AgriStability, is not responsive enough to producers.
- In March 2021 federal, provincial, and territorial Ministers agreed to remove the Reference Margin Limit for AgriStability, and to make this change retroactive to the 2020 program year. The enrollment deadline for producers will also be extended to June 30, 2021.
- Longer term alternative approaches to AgriStability are under development and tracking to FPT discussions later in 2021. Various concepts are being explored in response to long-standing producer concerns, including program complexity, predictability, flexibility and equity.

The outlook for the sector is, generally, positive

Despite COVID-19 disruptions, and initially lower expectations, Net Cash Income in Canada is forecast to have increased significantly by 21.8% to a new record in 2020, with further growth expected in 2021



Sources: Statistics Canada, USDA-WASDE December 2020 and AAFC forecasts for 2020-21. 5 year average refers to 2015-19.

However, there is a high degree of variability in this diverse industry and broader challenges remain

Agriculture and agri-food will continue to see steady growth

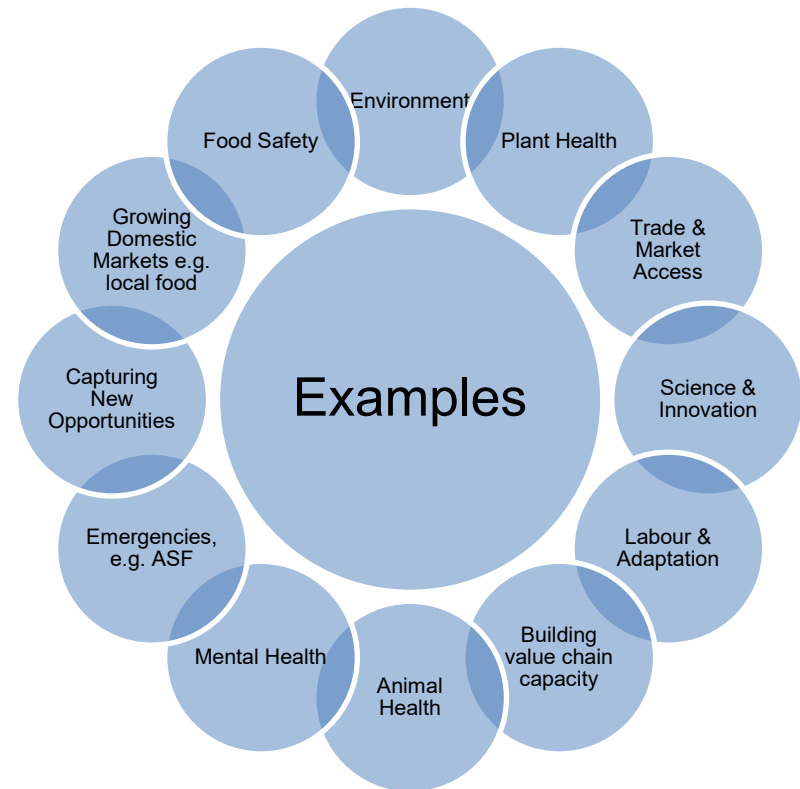
- Over the past decade, exports of Canadian agriculture and agri-food products increased by 67.5%
 - Exports of Ontario agri-food products have increased by 83.4% over the past decade
- In 2020 exports of Canada's agriculture and agri-food products increased by 13.4%, mainly because of increased exports to China and EU28
 - In 2020 exports of Ontario agri-food products increased by 4.2%, mainly because of increased exports to the US and China
- Exports of agriculture and agri-food products in January 2021 totalled \$5.7 billion, an increase of 17.5% from January 2020
 - Exports of Ontario agri-food products in January 2021 totalled \$1.3 billion, an increase of 1.0% from January 2020.
- Over the next decade, demand for Canadian agriculture and food products is expected to continue to grow driven by steady demand from developing economies where population and middle class are expanding
 - Export values are expected to reach \$80.8 billion in 2025

While the outlook is positive, challenges remain

- COVID-19 exposed structural issues
 - The strong interdependencies of our supply chain/food system
 - Concerns for domestic food security
 - A need for better data and analytics
- The sector has faced a number of challenges and unpredictability in recent years that will likely continue to persist
- These include:
 - Volatility in global trade from disputes and political challenges (e.g., US and China on soybeans, China's action on Canadian canola, trade with US and dairy)
 - Access to labour
 - Interruptions in the transportation of agricultural and agri-food products
 - Effect of climate change with severe weather events impacting production in various regions
 - Increased issues around public trust
 - The threat of African Swine Fever

Identifying the themes for the NPF

- A need to evaluate the CAP themes and consider emerging priorities, such as:
 - Additional eligibility areas (e.g. aquaculture, local food)
 - Enhancing sector resilience and capacity
 - Emergencies (e.g. ASF)
 - Working with new / different partners (e.g. automation / robotics)
- NPF themes should be future-looking and consider immediate post-COVID-19 recovery and the length of the framework (2023 to 2028)





Seeking Your Input:

Identifying the Priorities for the Next Policy Framework

Seeking feedback

- What should be the top priority for the Next Policy Framework?
 - What is new that needs to be considered, or what areas of focus should be more prominent, in the NPF?
- What specific problems or opportunities, both current and in particular emerging, do you see creating pressure for the sector?
- What are the opportunities to refocus NPF to increase prosperity through increased trade and export?
- Are there opportunities to re-balance funding between programs to better support the sector?
- Where can improvements be found (e.g. program design, delivery, etc.)?

Next Steps

- Following the release of the 2021 Ministerial Policy Statement, FPT governments will begin negotiations on the multilateral framework agreement (MFA)
- Stakeholder engagement on policies and programs for the NPF will begin in late fall 2021 and continue through the spring of 2022
- The MFA is expected to be finalized in July 2022, with bilateral agreements between Canada and provinces and territories to be completed and implemented by April 1, 2023

Other ways to provide input

- Email OMAFRA:

OMAFRA.intergov@ontario.ca

ANNEX

The Calgary Statement and priorities for CAP

- The Calgary Statement from July 2016 set out a vision for CAP
 - To collaborate with industry to drive the sustainable growth, innovation and competitiveness of the sector
- And outlined the following six objectives:
 - Expanding domestic and international markets and trading opportunities for the sector
 - Enhancing competitiveness and strengthening competitive advantages by advancing science and innovation capacity and encouraging the adoption of products, practices and processes
 - Anticipating, mitigating and responding to risks in a manner that supports the sustainable growth of the sector
 - Supporting the resiliency and environmental sustainability of the sector to ensure long term adaptation and growth
 - Improving the growth of the value-added agriculture and agri-food processing sector
 - Securing and growing public trust in the sector
- The Statement also signaled the need for a strengthened commitment to collecting and sharing results and demonstrating value to Canadians

Provincial & Territorial Strategic Initiatives

- A \$2 billion investment over 5 years:
 - Designed and delivered by PTs
 - Provided flexibility to address regional needs while advancing shared FPT CAP priorities
 - Are cost-shared on a 60:40 basis (federal:provincial/territorial)
- Examples of cost-shared programs and activities under the CAP include, but are not limited to:
 - Business development programming for skills training and mentoring
 - Investments in research and knowledge transfer/adoption (e.g., workshops, training)
 - Support for farms or firms to develop new products, practices and processes
 - Financial assistance to increase environmental sustainability and to implement on-farm beneficial management practices
 - Agricultural awareness and communications building activities

CAP Strategic Initiatives - Ontario

New CAP programming to support and protect farmers, workers, and the agri-food supply chain during COVID-19

- Over **\$5.4 million** already committed to farmers, processors, other businesses, and sector organizations for more than **760 projects** to help address COVID-19 impacts

Regular cost-share programming to implement projects to drive improvements in **economic development, protection & assurance**, and **environmental stewardship**

- Over **\$69.8 million** committed to farmers, processors, other businesses, and sector organizations for more than **2,600 projects**

Targeted cost-share funding to help agri-food businesses and organizations respond to specific market and industry challenges

- Over **\$14.0 million** committed to farmers, processors, other businesses, and sector organizations for more than **1,280 projects** to help address specific sector issues / opportunities

Industry-led partnerships to invest in industry experts and partners to collaborate and promote sustainable growth, innovation, and research within the sector

- Over **\$60 million** committed to supporting the sector through approximately **44** industry-led partnerships

Workshops, e.g. Environmental Farm Plan, Biosecurity (plant & animal health) and Growing Your Farm Profits

- During the first 2 years of CAP, **over 3300 participants** took part in **over 240 workshops** delivered by OSCIA. Since April 2020 workshops have been offered virtually.

*Data as of December 2020

CAP Strategic Initiatives - Federal

Approximately \$686.5m was invested in six federal programs over 5 years

\$338m – AgriScience:

- Supports leading-edge innovation and discovery/applied science

\$128m – AgriInnovate:

- Accelerates the commercialization, adoption, and/or demonstration of innovative agri-based products, technologies, processes or services

\$121m – AgriMarketing:

- Helps the agriculture industry take advantage of market development opportunities

\$74m – AgriAssurance:

- Supports industry systems, standards and tools related to the health and safety of Canadian agri-food products, and how they are produced

\$20.5m – AgriCompetitiveness:

- Supports the agricultural sector to leverage, coordinate and build on existing capacity through the promotion of farm business management, farm safety and agricultural awareness

\$5m – AgriDiversity: Helps under-represented groups – e.g. youth, women, Indigenous Peoples, persons with disabilities – to participate in the sector

An additional \$467m was directed into federally-funding activities that benefited producers, processors, supported foundational science, value chain roundtables and regional collaboration

BRM programs under CAP

- A robust suite of risk management programs that helps producers manage significant risks that threaten the viability of their farm and are beyond their capacity to manage
- The BRM suite is composed of:
 - **AgriInvest** – a savings account to help producers manage smaller income declines and make investments to manage on-farm risk
 - **AgriStability** – provides support when producers have a large market decline
 - **AgriInsurance** – for protection against production loss in crops caused by natural events
 - **AgriRecovery** – helps producers with the extraordinary costs to recover from natural disasters

Additionally, FPT governments continue to support the development of new risk management tools through the **AgriRisk** program

CAP is just one way FPT governments support the sector

- In addition to the investments made through CAP, federal and provincial governments provide support in other areas that benefit producers and processors
- The Governments of Ontario and Canada have committed \$36.6 million through the Enhanced Agri-Food Workplace Protection Program to help farmers better protect the health and safety of agri-food workers in Ontario during the COVID-19 outbreak to ensure the continued supply of locally grown food all year round
- The Ontario government expanded the Risk Management Program in 2020 by \$50 million for a total of \$150 million annually to support farmers with unforeseen challenges such as fluctuating market prices, extreme weather events like flooding or drought, and disease
- Some federal examples include:
 - A Food Policy for Canada to ensure access to safe, nutritious, and culturally diverse food
 - Working with Global Affairs Canada on an export diversification strategy
 - Initiatives led by Innovation, Science and Economic Development Canada, in particular the Strategic Innovation Fund and Innovative Superclusters Initiative
 - Working with the Canadian Food Inspection Agency (CFIA) to safeguard food safety and plant and animal health