

June 30th, 2026

The Honourable Heath MacDonald
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Sent via email to: aafc.npf-pcs.aac@agr.gc.ca

RE: Ontario Federation of Agriculture (OFA) Submission for the Next Policy Framework Consultation

The Ontario Federation of Agriculture (OFA) is pleased to provide comments to Agriculture and Agri-Food Canada (AAFC) regarding the Next Policy Framework (2028-2033). OFA is the largest general farm organization in Ontario, proudly representing more than 38,000 farm family members. OFA has a strong voice for our members and the agri-food industry on issues, legislation and regulations administered by all levels of government. We are passionate and dedicated to ensuring that the agri-food sector and rural communities are considered and consulted with for any new or changing legislation that would impact the sustainability and growth of our farm businesses.

OFA is committed to promoting sustainability and resiliency in the agricultural sector. Our Mission Statement, "Farms and Food Forever" reflects this commitment. Our advocacy work consistently champions the three interconnected components of sustainability - economic profitability, environmental stewardship, and social responsibility - for all farmers of Ontario regardless of size, commodity, or production system.

We are excited to begin this process of designing the Next Policy Framework with a common goal of making the Canadian agriculture sector an economic powerhouse that drives growth, strengthens food security, supports rural communities, and contributes to Canada's long-term prosperity. Ontario farmers want a policy framework that delivers stability through effective risk management and recognition of on-farm realities, while remaining dynamic enough to foster innovation, enhance competitiveness, and capitalize on emerging opportunities.

As a proud member of the Canadian Federation of Agriculture (CFA), OFA fully endorses their submission to these consultations. To complement the CFA's broad submission, this submission will provide Ontario-specific context and data to ensure the unique realities of our province's 38,000 farm families are reflected in the Next Policy Framework.

Consultation questions:

1. FPT governments are hearing that stakeholders would like us to focus on areas such as markets and trade, growth and competitiveness, science and innovation, and resiliency. Do you agree with these priorities, or are there others?

The Ontario Federation of Agriculture (OFA) agrees with the identified priority areas, including markets and trade, growth and competitiveness, science and innovation, and resiliency.

However, the primary focus must be the resiliency of Canadian farm operations. Without a resilient agricultural sector capable of weathering intense economic and environmental shocks, producers cannot successfully adopt innovative technologies, expand into new international markets, or maintain long-term competitiveness. Therefore, ensuring robust resiliency across Ontario's diverse agricultural sector must guide the development of the Next Policy Framework.

2. In your view, what should be the top priorities for the Next Policy Framework?

In the view of OFA, one of the top priorities for the Next Policy Framework must be the retention and enhancement of the current suite of Business Risk Management (BRM) programs.

There is no need to scrap the core programs and start from scratch; the existing suite of programs provides a vital foundation for the agricultural sector.

However, these programs undeniably require meaningful modernization to address the escalating financial strain and the increasingly complex, compounding risks that Ontario producers face today.

To ensure farmers can manage these amplified risks with confidence, the framework must evolve to deliver programs that are highly adaptive, flexible, and fundamentally predictable. By building upon and refining the existing BRM suite rather than dismantling it, FPT governments can provide producers with the baseline financial certainty required to make long-term capital investments, secure financing, and confidently grow their businesses.

Furthermore, a modernized BRM suite must adequately recognize and compensate producers who are highly diverse in their operations. This is especially true for the AgriStability program where farmers who produce a diverse range of commodities are less likely to trigger a payment.

Beyond removing risks to production through BRM programs, the NPF must look forward to opportunities provided by the current global trade instability. Farmers are currently faced with shifting trade policies, geopolitical tensions, and market volatility that make it difficult to plan and invest with confidence; continued collaboration between industry and government will be key to enabling growth, accessing new markets and strengthening value chains. Strong partnerships

with government, industry, and consumers are essential to ensure our sector remains competitive, sustainable, and positioned for growth.

OFA sees increased investment in research and innovation as a key priority for the NPF. Research and innovation are fundamental to building resilience, improving productivity, and supporting evidence-based decision-making across the agricultural sector. Continued investment is needed to develop the technologies, practices, and efficiencies that will drive modern agricultural production.

Research, innovation, and the adoption of new technologies are essential to the sector's long-term competitiveness and should be supported through capacity building and the reduction of barriers to implementation. OFA believes that agri-food research is a critical tool for Ontario farmers, generating innovations that enhance productivity, create new market opportunities, and support the sustainable management of Ontario's soil, air, and water resources.

More ambitious investments in research and development are also critical to addressing persistent labour shortages while improving production rates, sustainability, and overall sector resilience. This includes supporting innovations that reduce labour demands, help producers adapt to extreme weather events, improve product quality, and strengthen environmental performance. If Canada is to realize its ambition of becoming the world's most reliable and sustainable food supplier, significantly greater investments in agricultural research, development, and innovation will be required.

All research priorities should be established through a transparent and collaborative process that engages commodities and stakeholders from across the sector. This approach will help ensure that research investments reflect industry needs and deliver meaningful benefits to farmers, rural communities, and the broader agri-food economy.

Continued support for the Environmental Farm Plan and agri-environmental cost-share funding opportunities is essential to further improving on-farm environmental performance. This support helps increase knowledge and adoption of agri-environmental Best Management Practices (BMPs), enables the implementation of on-farm action plans through cost-share funding, and supports the exploration of data use to advance on-farm environmental action as part of digitization and modernization.

Removing or reducing interprovincial trade barriers remains a key focus, and OFA appreciates the meaningful progress that has been made over the past year. Data from our 2025 Farm Business Confidence Survey highlights the urgency of this issue, with 41% of Ontario producers identifying the reduction of interprovincial trade barriers as a top policy priority for their business. OFA recommends ongoing consultation with the sector to implement practical solutions that improve the flow of goods while maintaining necessary standards and regulatory protections.

OFA also supports policies that strengthen local and regional food systems by increasing opportunities for direct-to-consumer sales and local food procurement. Governments should

support local agri-food initiatives and invest in measures that build the capacity and resilience of the agri-food value chain.

To accelerate environmental progress, OFA recommends that agri-environmental financial support for farmers be significantly enhanced. Eligibility requirements and funding options should be broadened to ensure the greatest number of farms can participate, including producers who have already adopted beneficial management practices and efficiency improvements. Application processes should be streamlined and delivered in a timely manner that aligns with agricultural production cycles.

Labour availability continues to be a critical challenge for the sector. OFA recognizes the importance of both attracting Canadian workers and maintaining access to skilled international labour to support the competitiveness and growth of Ontario agriculture.

3. Given recent challenges and unpredictability facing the agriculture and agri-food sector, what do you see as the issues, both current and emerging, that are creating the most pressure for the sector?

Ontario farmers are currently operating under unprecedented financial pressure due to intense cash flow and liquidity challenges driven by a clear and growing number of risks. The compounding impacts of increasingly severe climate events, restricted trade or market access, and unpredictable geopolitical conflicts have created significant structural shocks across the agricultural sector.

These global disruptions directly hit farmers profitability, driving extreme volatility in commodity prices and sustaining historically high costs for essential operational inputs such as fertilizer, seed treatments, and fuel.

OFA'S 2025 Farm Business Confidence Survey starkly illustrates this reality, with a staggering 79% of respondents citing rising input costs as one of their greatest business challenges, followed closely by 59% who highlight commodity price volatility as a critical threat to their business. For small and mid-sized farms, the anxiety surrounding input costs spikes even higher to 84%, demonstrating that these critical operations lack the structural scale required to absorb sudden financial shocks.

The magnitude of farmers' concern about these issues is reflected in recent cost increases, with farm expenses skyrocketing by 54% between 2018 and 2024. Ultimately, these compounding financial strains and persistent macroeconomic inflationary pressures continue to complicate supply chains, deter capital investments, and severely restrict the profitability and long-term resilience of Ontario's agricultural sector.

Ontario farmers are operating in an increasingly complex and competitive environment, facing rising costs, market uncertainty, labour challenges, climate pressures, and evolving consumer expectations. To continue producing safe, reliable, and affordable food for Canada and the world,

governments must adopt policies that recognize these realities and support the long-term competitiveness of the sector. This includes modernizing regulatory frameworks to reduce unnecessary administrative burdens, accelerate decision-making, and create an environment that rewards innovation and continuous improvement. Canada must also take a more proactive approach to trade, vigorously defending existing market access while pursuing new opportunities that allow Canadian agriculture to compete and grow in global markets.

At the same time, investments in transportation infrastructure and supply chain resilience are essential to ensuring the reliable movement of agricultural products and maintaining Canada's reputation as a dependable supplier. Equally important is a renewed commitment to public agricultural research and plant breeding capacity. Whether through restored public investment or strengthened producer-driven models, Canada must reverse the erosion of its research foundation and ensure that farmers have access to the innovation needed to remain productive, sustainable, and globally competitive. Together, these measures will help strengthen food security, support farm profitability, and position Ontario and Canada for long-term success.

4. What do you see as the greatest opportunities for the sector?

Despite these challenges, the Canadian agriculture and agri-food sector is uniquely positioned to capitalize on growing global and domestic demand by pursuing three interconnected opportunities:

1. Increasing farm productivity
2. Expanding domestic food processing capacity and;
3. Growing export markets.

Data from a recent report by Farm Credit Canada (FCC) highlights that returning to the 2% annual agricultural productivity growth rates seen in past decades could add a staggering \$30 billion in net cash income for primary producers over the course of ten years.

Furthermore, reaching this agricultural productivity milestone would expand the national GDP by \$31 billion and create 23,000 new jobs for Canadians nationwide. Similarly, recent economic analysis published by Farm Credit Canada regarding the food and beverage manufacturing sector reveals massive potential to expand domestic markets for agricultural output.

Achieving just a 3% annual GDP growth in Canada's food and beverage manufacturing sector over the next decade could add up to \$40 billion to the national economy, create 217,000 new jobs, and add \$16 billion in wages.

Increasing domestic processing capacity provides farmers with stable, localized demand for their commodities, insulating primary producers from global supply chain shocks while driving value-added economic growth.

Driving this growth will require a coordinated approach to digital agriculture that integrates reliable broadband infrastructure, data governance and privacy, cybersecurity, and technology adoption across the agri-food value chain. The rapid digitization of the agricultural sector presents significant opportunities for farmers through the adoption of innovative technologies such as automation and robotics, precision agriculture, artificial intelligence, digital tools, and advanced biotechnology. These innovations have the potential to improve productivity, strengthen sustainability, enhance resilience, and increase profitability across the agriculture and agri-food sector.

As the ninth-largest net exporter of agriculture and food products globally, Canada must maintain its current market access while continuously seeking to expand export opportunities. Strengthening regional and global agricultural trade relationships is critical for unlocking future productivity, as expanded market access makes it easier to spread knowledge, tools, and advanced technologies.

Crucially, however, for any of these extraordinary opportunities to be fully realized, the agricultural sector requires the solid foundation that a modernized and fully funded suite of BRM programs provide.

As the FCC outlines, farmers face immense financial risks when adopting new technologies or expanding operations.

A revitalized and predictable suite of BRM programs acts as a critical safety net against for farmers, providing the financial confidence and operational liquidity required to invest in productivity-enhancing innovations, reliably supply domestic processors, and aggressively pursue international export markets.

5. How can FPT governments best work with producers and processors through the Next Policy Framework to address these challenges and help advance sector priorities?

To effectively address these compounding challenges and advance the sector's strategic priorities, FPT governments must work collaboratively with producers by implementing meaningful structural reforms to the core BRM program suite.

First, the AgriStability payment trigger must be restored to 85% of historical reference margins to accurately reflect the reality of modern agricultural volatility and provide meaningful stabilization during severe margin squeezes. Additionally, the \$6 million payment cap and 90% compensation rate available in the current program year must be made permanent.

Second, the AgriInvest program requires comprehensive modernization to grant producers complete flexibility, allowing full, tax-exempt withdrawals from their accounts regardless of timing or intended use, thereby removing arbitrary administrative barriers to proactive risk management and productivity enhancing investments. Furthermore, the agri-environmental risk assessment requirement under the AgriInvest program for producers with an Allowable Net Sales (ANS) greater than \$1 million should be removed. Eliminating this requirement will remove unnecessary

administrative barriers, ensuring these producers can efficiently access their funds to proactively manage risks.

Third, to mitigate ongoing operational cash flow challenges, governments should permanently amend the Advance Payments Program guidelines to establish the interest-free portion at a baseline threshold of \$350,000, ensuring predictable access to working capital.

Finally, addressing the immense financial burden of farm transitions requires a true 'all-of-government' approach. Farm succession remains a critical pressure point, with 25% of surveyed Ontario farmers identifying it as a top challenge facing their business over the next year. While the NPF must deliver dedicated funding for succession planning resources, FPT governments must also champion tax reforms to help ease the financial pressure of farm succession planning. The current costs make it incredibly difficult to entice retiring farmers to pass their operations to the next generation. If we want to maintain the unique strength and resilience of Canada's family farms, we need coordinated tax policies that help keep family farms in the family.

6. We are nearing the halfway point of Sustainable CAP. What is working well in your view, and where is there room for improvement? What are the lessons learned that should be considered in the Next Policy Framework?

As the agricultural sector approaches the halfway point of the Sustainable Canadian Agricultural Partnership (Sustainable CAP), it is clear that certain collaborative adjustments have yielded highly positive outcomes.

Specifically, FPT governments deserve substantial credit for permanently removing the Reference Margin Limit (RML) provisions and permanently increasing the AgriStability compensation rate to 80%, both of which meaningfully strengthened the foundation of the program.

Furthermore, recent ad-hoc measures such as the temporary increases of the Advance Payments Program's (APP) interest-free limit, and the temporary 2025 AgriStability enhancements that boosted the compensation rate to 90% and doubled the maximum payment to \$6 million provided much-needed, timely relief that acknowledged the severe financial pressures and trade uncertainties facing producers.

However, a critical lesson learned from the current framework is that temporary, year-by-year programmatic adjustments reveal the need for permanent changes. Moving forward into the Next Policy Framework, governments must transition away from temporary relief and instead codify permanent, structural updates to the BRM suite, such as permanently establishing an 85% AgriStability payment trigger and a \$350,000 APP interest-free threshold to establish genuine, enduring sector stability and allow farmers to invest with confidence.

7. Other Ideas: Do you have any other ideas, comments, feedback or suggestions to share on Canada's Next Policy Framework?

While governments may be placing greater emphasis on competitiveness, productivity, and economic growth, investments in sustainability, climate adaptation, and environmental stewardship must remain a core component of agricultural policy. These investments are not separate from sector competitiveness; they are essential to building the resilience needed to withstand extreme weather events, emerging production challenges, and evolving market expectations. Supporting farmers in adopting practices that improve environmental outcomes while strengthening productivity will remain critical to the sector's long-term success.

At the same time, a renewed focus on innovation is needed to drive growth, improve efficiency, and enhance the competitiveness of Ontario agriculture. Research investments should be guided by a transparent and collaborative priority-setting process that reflects the needs of producers and the broader agri-food sector. Research outcomes must deliver practical, measurable benefits at the farm level, providing producers with the tools, technologies, and knowledge required to address current challenges and capitalize on future opportunities.

Sincerely,



Drew Spoelstra
President

cc: The Honourable Trevor Jones, Minister of Agriculture, Food and Agribusiness
Keith Currie, President, Canadian Federation of Agriculture
OFA Board of Directors

This submission has been approved by OFA Board of Directors and will be posted to OFA's website: <https://ofa.on.ca/resources>.