



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

May 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 is 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

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

CAP represents 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)

See Annex for more detail

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
- 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, and Innovative Solutions Canada, which is open to the agri-food sector
 - The Rural Economic Development Strategy to bring new investments in rural broadband over the next 10 years
 - Working with the Canadian Food Inspection Agency (CFIA) to safeguard food safety and plant and animal health
- Provincial and territorial Ministries of Agriculture, through collaboration with other Ministries, offer similar cross-cutting programs that provide benefits to producers and processors

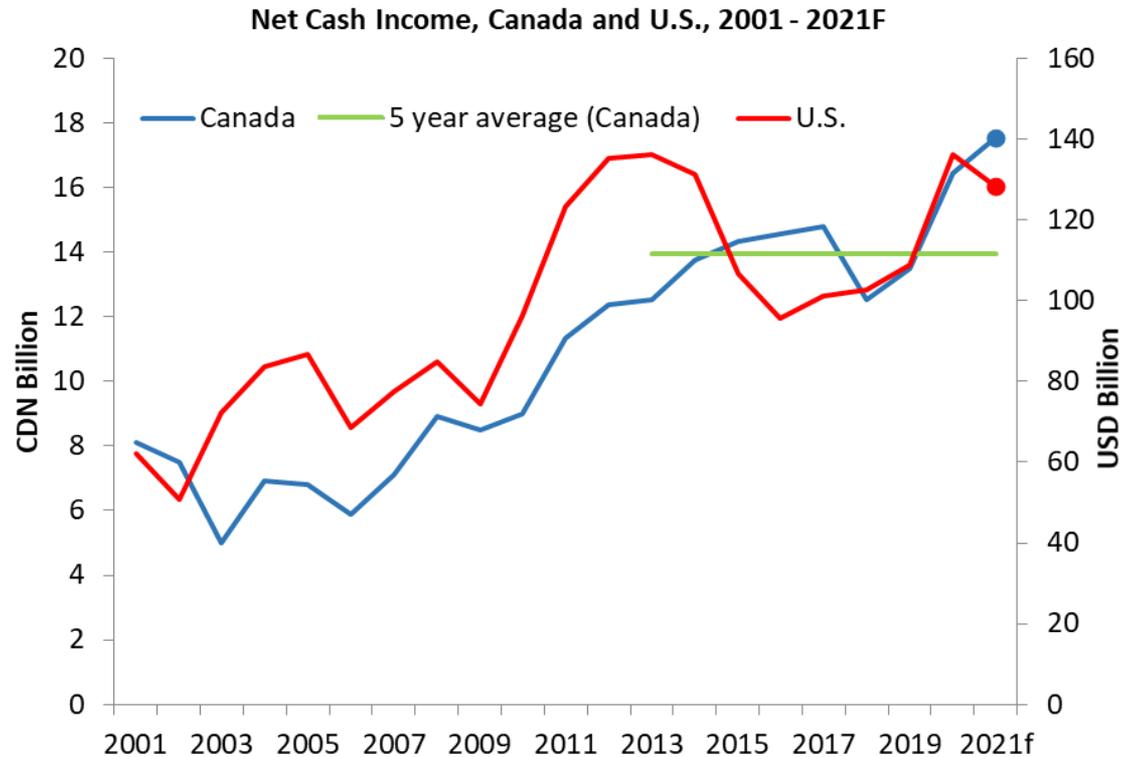
State of the Sector and Looking Ahead

Frameworks have played an important role in supporting the sector

- CAP, and the previous Frameworks have 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

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%
- In 2020 exports of Canada's agriculture and agri-food products increased by 13.4%, mainly because of increased exports to China and EU28
- Exports of agriculture and agri-food products in January 2021 totalled \$5.7 billion, an increase of 17.5% 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 (e.g., US and China on soybeans and China's action on Canadian canola)
 - 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

The Fight Against Climate Change

- We are at a pivotal point to:
 - Address the imperative of sustainable development and growth
 - Contribute to climate change goals
 - Ensure the stewardship of agricultural lands for future generations
- Climate change can exacerbate current environmental issues and introduce new challenges, for example:
 - Changes in precipitation and extreme weather can increase soil erosion
 - Increased heat waves can impact crop yields and heat stress livestock, and increase greenhouse gas emission intensity
 - Pest and diseases outbreaks will become more prevalent, impacting farmers, livestock, crops, and increasing pesticide use
- Government of Canada has laid out an ambitious agenda to address climate change and reduce greenhouse gas emissions with contributions from all sectors of the Canadian economy
 - Strengthening existing and introducing new measures to exceed Canada's 2030 emissions reduction goal
 - Legislating Canada's goal of net-zero emissions by 2050

Establishing a vision for the NPF

- The Policy Statement for the NPF will look to establish a vision for sector and to outline the priorities and objectives to achieve that vision
- The Government of Canada has outlined its commitment to:
 - Climate change, environment and sustainable growth;
 - A resilient and inclusive Canadian economy and therefore food system;
 - The potential of the agriculture and agri-food sector to support economic recovery and prosperity; and
 - The importance of developing clear objectives, measureable results, and outcomes for key priorities



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 in the NPF?
- What are the challenges, both current and emerging, that you see creating pressure for the sector?
 - How can the NPF best advance Canada's environmental and sustainability goals?
- What is working well with CAP?
- Where can improvements be found?

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

ANNEX

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

Provincial & Territorial Strategic Initiatives

- A \$2 billion investment over 5 years:
 - Designed and delivered by PTs
 - Provides 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