



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

NEXT AGRICULTURAL POLICY FRAMEWORK

Report of the Standing Committee on Agriculture and Agri-Food

**Pat Finnigan
Chair**

MARCH 2017

42nd PARLIAMENT, 1st SESSION

Published under the authority of the Speaker of the House of Commons

SPEAKER'S PERMISSION

Reproduction of the proceedings of the House of Commons and its Committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the *Copyright Act*. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a Standing Committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the *Copyright Act*.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its Committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this permission.

Also available on the Parliament of Canada Web Site
at the following address: <http://www.parl.gc.ca>

NEXT AGRICULTURAL POLICY FRAMEWORK

Report of the Standing Committee on Agriculture and Agri-Food

**Pat Finnigan
Chair**

MARCH 2017

42nd PARLIAMENT, 1st SESSION

STANDING COMMITTEE ON AGRICULTURE AND AGRI-FOOD

CHAIR

Pat Finnigan

VICE-CHAIRS

Bev Shipley
Ruth Ellen Brosseau

MEMBERS

David Anderson	Lloyd Longfield
Pierre Breton	Joe Peschisolido
Francis Drouin	
Jacques Gourde	
Alaina Lockhart	

OTHER MEMBERS OF PARLIAMENT WHO PARTICIPATED

Harold Albrecht	Tom Lukiwski
Bob Bratina	Christine Moore
Julie Dabrusin	Glen Motz
Matt DeCoursey	Don Rusnak
Pierre-Luc Dusseault	Deborah Schulte
Peter Fragiskatos	David Sweet
Randall Garrison	Chris Warkentin
Raj Grewal	

CLERKS OF THE COMMITTEE

David Chandonnet, Paul Cardegna, Jean-Denis Kusion

LIBRARY OF PARLIAMENT

Parliamentary Information and Research Service

Frédéric Forge, Analyst
Khamla Heminthavong, Analyst

THE STANDING COMMITTEE ON AGRICULTURE AND AGRI-FOOD

has the honour to present its

FIFTH REPORT

Pursuant to its mandate under Standing Order 108(2), the Committee has studied the Next Agricultural Policy Framework and has agreed to report the following:

TABLE OF CONTENTS

THE NEXT AGRICULTURAL POLICY FRAMEWORK	1
INTRODUCTION	1
AGRICULTURAL POLICY FRAMEWORK	1
A. Priorities for the next policy framework	2
B. Program administration	3
MARKETS AND TRADE	5
A. Canada: A net exporter of food products	5
B. AgriMarketing Program	6
C. Strengthening the government’s international trade capacity.....	8
1. Trade agreements	8
2. Trade barriers.....	9
3. Market development support.....	10
RESEARCH, SCIENCE AND INNOVATION	11
A. Importance of research, science and innovation	11
B. Innovation programs	12
1. AgriInnovation and agri-science clusters.....	13
2. Administration and funding.....	14
VALUE-ADDED AGRICULTURE AND AGRI-FOOD PROCESSING	16
A. Importance of the food processing sector	16
B. Challenges facing the food processing sector.....	16
BUSINESS RISK MANAGEMENT	18
A. Supply management	18
B. Business risk management programs	18
1. AgriInvest	20
2. AgriStability	21
3. AgriInsurance	23
4. AgriRecovery.....	24
5. AgriRisk Initiatives	24

ENVIRONMENT AND CLIMATE CHANGE	25
1. Meeting the environmental challenges	25
2. Keeping the sector competitive	27
3. Programs under the next policy framework	29
PUBLIC TRUST	32
A. Communication strategy	32
B. Certification and assurance programs.....	33
LABOUR FORCE AND NEXT GENERATION OF FARMERS	35
A. The labour force	35
1. Labour shortage on farms and in processing plants.....	35
2. Temporary Foreign Worker Program.....	37
3. Job opportunities and careers in agriculture	38
B. The next generation of farmers	40
1. Barriers to entry	40
2. Programs and initiatives to help new farmers.....	40
3. Farm transfers	41
LIST OF RECOMMENDATIONS	43
LIST OF WITNESSES.....	47
REQUEST FOR GOVERNMENT RESPONSE	51
DISSENTING OPINION OF THE CONSERVATIVE PARTY OF CANADA	53
SUPPLEMENTARY OPINION OF THE NEW DEMOCRATIC PARTY OF CANADA ...	59

THE NEXT AGRICULTURAL POLICY FRAMEWORK

INTRODUCTION

Since 2003, a five-year federal-provincial-territorial (FPT) agreement has framed the policies and programs established to support Canada's agricultural and agri-food industry. The current policy framework, *Growing Forward 2* (GF2), expires on 31 March 2018, and the FPT ministers officially launched the agreement renewal process by signing the *Calgary Statement* in July 2016. The Statement sets out the key elements of the next policy framework that will be the successor to GF2.

As was the case when GF2 was being developed, the Standing Committee on Agriculture and Agri-Food (hereinafter, the "Committee") wanted to consult the agriculture and agri-food sector on the next policy framework. On 2 May 2016, the Committee adopted the following motion:

That the Committee undertake a study on Canada's next multi-year agricultural policy framework at its earliest convenience, including sections on Canada's suite of farm income safety nets and the role of discovery science and innovation in the sector; that the Committee hear from government officials and a wide and diverse range of industry representatives and interest groups from every region of the country; and that the Committee report its findings to the House.¹

The Committee held 11 public hearings between June and December 2016. It consulted representatives of various industries in the agriculture and agri-food sector, as well as representatives of Agriculture and Agri-Food Canada (AAFC). This report first provides background information on the next policy framework. Subsequent sections elaborate on the priority areas identified in the *Calgary Statement* and address various issues raised by the witnesses who appeared before the Committee.

AGRICULTURAL POLICY FRAMEWORK

The current policy framework, GF2, is the third version of the agricultural policy, succeeding the *Agricultural Policy Framework* (2003–2008) and *Growing Forward* (2008–2013). It provides \$3 billion in FPT investment to the agriculture and agri-food sector. The three successive policy frameworks are structured in a similar manner and include a suite of business risk management (BRM) programs to help farmers manage the risks of market volatility and disaster situations. They offer non-BRM programs in two categories – federal programs and cost-shared programs delivered by the provincial and territorial governments. The latter are funded 60% by the federal government and 40% by the provincial and territorial governments. Although the framework aims to establish

¹ House of Commons, Standing Committee on Agriculture and Agri-Food (AGRI), [Minutes of Proceedings](#), 42nd Parliament, 1st Session, 2 May 2016.

national objectives, the provinces and territories have the flexibility to implement programs adapted to the needs of their producers.²

A. Priorities for the next policy framework

The content of the *Calgary Statement* builds on past policy frameworks and does not mark a major shift in the approach to program development. The general objectives, as well as the principles of the policy framework, such as the 60:40 federal and provincial/territorial cost-share ratio, are more or less those of GF2. However, the *Calgary Statement* sets out more priority areas than does the GF2. These priority areas are as follows:

- markets and trade;
- science, research and innovation;
- risk management;
- environmental sustainability and climate change;
- value-added agriculture and agri-food processing; and
- public trust.

Climate change, agri-food processing and public trust are explicitly defined in the policy framework as priority areas for the first time.

Some witnesses believe the new policy framework should set ambitious goals for the agriculture and agri-food sector. The National Cattle Feeders' Association believes that Canada is well positioned to become an agriculture superpower because of its resource base, know-how and modern production technologies, suitable climate, and internationally recognized food safety system. The sector could double its current value to \$200 billion and 15% of GDP, and increase its exports from \$60 billion to \$100 billion.³ The world's population is expected to grow to 9.6 billion by 2050. This will require a 70% increase in global food production. Canada is well positioned to play a vital role in feeding Canadians and the world with its safe, high-quality products.⁴

Witnesses pointed out that agriculture is an important sector in the Canadian economy and that sustainable growth, innovation and competitiveness must be fostered.

2 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 20 October 2016, 0925 (Mr. Andrew Goldstein, Director General, Policy, Planning and Integration Directorate, Strategic Policy Branch, Department of Agriculture and Agri-Food).

3 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 27 October 2016, 0910 (Mr. Casey Vander Ploeg, Manager, Policy and Research, National Cattle Feeders' Association).

4 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 25 October 2016, 0845 (Mr. Kurt Siemens, Director, Egg Farmers of Canada).

However, some believe that the success of the next framework will require commitments that extend beyond the mandates of the Department of Agriculture and Agri-Food.⁵

On missing components, an agricultural policy framework confined to the mandates of the Minister of Agriculture and Agri-Food is not sufficient for a sector that is impacted broadly and deeply by other government departments and agencies. It is vitally important that there be a whole-of-government commitment to policy, programs, and decisions that support increased agriculture and agrifood production, value added, innovation, exports, investment, and jobs.⁶

Similarly, witnesses told the Committee that the agriculture and agri-food sector requires strategic support from the government to ensure its growth and prosperity. A whole-of-government approach is needed to achieve these objectives.

I believe that every department involved in food processing – agriculture, health, industry, transport – should have an open door for our business and not work in a silo. We need to have the departments involved in food processing talking to each other, and if possible have a committee. The departments need to work together and have an open mind on how we can develop a strategy that will involve everybody.⁷

Recommendation 1

The Committee recommends that the Government ensure that all other governmental departments and agencies integrate the new agricultural policy framework to ensure a whole-of-government approach to maximize the expected short- and long-term impacts.

Many witnesses also stressed the importance of adequately funding both current priorities and new priorities in the policy framework.

B. Program administration

In addition to the whole-of-government approach, witnesses cited seamless transition from one framework to the next as a necessity for success. In fact, government representatives are hoping that the ministers will sign the multilateral agreement by July 2017 to ensure a timely transition for getting programming in place.

Then we'll have time to either start soliciting applications and start sending signals to stakeholders that the existing programs are going to continue or, if there are new programs, we can start to advertise them and solicit applications into those programs so that when we get to April 1, 2018, we're not starting from zero. We will already be in place so that we can have programming up and running, particularly on the innovation side of things, in those science clusters in particular.⁸

5 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 15 November 2016, 0945 (Mr. Troy Warren, President and Chair of the Board of Directors, Canadian Meat Council).

6 Ibid.

7 Ibid., 0925 (Ms. Sylvie Cloutier, Chair, Canadian Council of Food Processors).

8 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 20 October 2016, 0910 (Mr. Andrew Goldstein).

Although many programs are available, farmers deplore the administrative burden, the complexity of the application process and the slow approvals process. The Dairy Processors Association of Canada (DPAC) indicated that this complexity is reflected in the time spent looking at available programs and contacting different departments regarding eligibility criteria, forms and deadlines. Smaller industries and small businesses do not necessarily have the means to deal with complex administrative tasks.⁹ Several witnesses suggested simplifying the application process and making it easier to understand.

[I]f the agriculture policy framework, the application process, the ability to understand, were better, and if it were more transparent for them to fill out the application and get the application through simply, that would be much easier for them. The big farms will potentially have a person who is in charge of filling out all of this paperwork, whereas the small farmers might not have that. It's making that simpler for them to do that.¹⁰

The DPAC recommends that the government create a “one-stop shop” to facilitate investment.¹¹

Several witnesses also mentioned the need to maintain consistency in application documents and requirements for in-kind and cash contributions.¹² Moreover, effort must be made to ensure that the application process is more transparent. Some of the common complaints pertain to changes to the application criteria and timelines. To enhance the transparency of the decision-making process, the Canadian Federation of Agriculture (CFA) recommends that the government establish a clearly defined application process and rules.¹³

Aside from greater transparency in the approval process, several witnesses suggested streamlining application processes. They also want programs to be more flexible in taking into account changes and natural cycles within agriculture. This would allow readjustments along the way.¹⁴

AAFC representatives acknowledge that there are problems with the program application process. That is why online applications, online payouts and online management of the interface with program officers and applicants were introduced. The federal and provincial governments are currently looking at options for standardizing applications so that information is collected only once.¹⁵

9 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 25 October 2016, 0925 (Mr. Kurt Siemens).

10 Ibid.

11 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 24 November 2016, 1005 (Mr. Jacques Lefebvre, President and Chief Executive Officer, Dairy Processors Association of Canada).

12 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 25 October 2016, 0900 (Mr. Ron Bonnett, President, Canadian Federation of Agriculture).

13 Ibid., 0955.

14 Ibid., 0850 (Mr. Kurt Siemens).

15 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 13 June 2016, 1555 (Mr. Greg Meredith, Assistant Deputy Minister, Strategic Policy Branch, Department of Agriculture and Agri-Food).

Recommendation 2

The Committee recommends that the Government ensure a seamless transition from one policy framework to the next and implement a simple and transparent mechanism for processing funding applications.

MARKETS AND TRADE

A. Canada: A net exporter of food products

Canadian agriculture and agri-food exports make a significant contribution to the Canadian economy, generating direct and indirect benefits of \$30 billion for the agriculture sector and over \$65 billion for the food manufacturing sector. Canada's agriculture and agri-food sector is dependent on trade; more than half of everything the country produces is exported: over 50% of our beef production, 65% of our soybeans, 70% of our pork, 75% of our wheat, 90% of our canola, 95% of our pulses and 40% of our processed food products.¹⁶ In 2014, 52% of Canadian fruit and vegetable production was exported, representing a farm-gate value of over \$2.1 billion.¹⁷ Canada is one of the few countries that is a net exporter of food.¹⁸ In 2015, Canada exported over \$60 billion of agriculture and agri-food products.¹⁹

International trade is crucial for Canadian agriculture and agrifood, as 58% of its total value is generated through exports. Over the last 10 years our exports have grown by 103%, from \$30 billion to over \$60 billion, boosting farm cash receipts by 61% over the same time period. To put this in perspective, 90% of farmers rely directly on exports. One in two jobs in crop production depends on exports, and one in four jobs in food manufacturing, so for our trade-dependent sectors, competitive access to global markets is simply not a choice but a requirement.²⁰

Several witnesses stressed the importance of having access to markets to ensure Canada's growth and prosperity. The growth potential of Canada's agriculture and agri-food sector is very significant because of projected increases in world population combined with income growth and urbanization. Furthermore, AAFC representatives anticipate that a sharp increase in demand from China, India, Southeast Asia and Indonesia will create major export opportunities for Canada.²¹

16 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 17 November 2016, 0850 (Ms. Claire Citeau, Executive Director, Canadian Agri-Food Trade Alliance).

17 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 24 November 2016, 0950 (Mr. Keith Kuhl, President, Canadian Horticultural Council).

18 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 13 June 2016, 1535 (Mr. Greg Meredith).

19 Ibid.

20 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 17 November 2016, 0850 (Ms. Claire Citeau).

21 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 13 June 2016, 1535 (Mr. Greg Meredith).

B. AgriMarketing Program

The AgriMarketing Program, a federal-only program, provides funding for market development and promotion activities, and for the development of national quality assurance systems and standards. Witnesses told the Committee they greatly appreciate this program and recommend its renewal in the next policy framework. They mentioned a number of areas in which this program could have a significant impact.

Several witnesses commented that, in order to access new markets and take advantage of trade opportunities, it is important to have a good understanding of the needs of both foreign and Canadian markets. To maintain and enhance the sector's competitiveness, it is important not only to understand market needs but also to grow the right products to ship into these markets and to implement the right trade agreements to ensure free and open trade with those markets.²² Products under the supply management system are essentially local products that respond to consumers' demand for fresh, high-quality products.²³ Although supply management offers trade opportunities to export products, Dairy Farmers of Canada (DFC) cautioned that these markets should not be developed at the expense of the domestic market.²⁴

To set themselves apart from the competition, several industries have adopted brand strategies. Many companies are promoting their brand by focusing on environmentally friendly and sustainable practices because they know that consumers care about environmental sustainability.²⁵ Other industries, such as the pork industry, have worked hard to brand Canadian products internationally as premium products and as safe products.²⁶ The organic sector has been using the AgriMarketing Program to promote the Canadian brand abroad and to create export opportunities for more than 100 processors, traders and growers across the country.²⁷ Equivalency agreements with the United States (U.S.), Europe, Japan, Switzerland and Costa Rica to recognize foreign organic standards give Canada access to 90% of the global demand for organic products.²⁸ Nonetheless, the organic industry is concerned that its brand will collapse if the government decides not to fund the next review of the Canadian organic standards. These standards are reviewed every five years to keep them relevant and compliant with

22 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 1 November 2016, 0910 (Mr. Ron Lemaire, President, Canadian Produce Marketing Association).

23 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 25 October 2016, 0945 (Mr. Kurt Siemens).

24 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 3 November 2016, 0920 (Ms. Caroline Emond, Executive Director, Dairy Farmers of Canada).

25 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 15 November 2016, 0915 (Ms. Carla Ventin, Vice-President, Federal Government Affairs, Food and Consumer Products Canada).

26 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 1 November 2016, 1010 (Mr. Hans Kristensen, Board of Directors, Canadian Pork Council).

27 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 24 November 2016, 0850 (Ms. Tia Loftsgard, Executive Director, Canada Organic Trade Association).

28 Ibid., 0935 (Ms. Marie-Ève Levert, Director, International and Regulatory Affairs, Canada Organic Trade Association).

international equivalency agreements. The most recent review of the organic products standards cost the industry and government more than \$1 million (\$300,000 coming from the AgriMarketing Program).²⁹

If our government chooses not to fund the next review of the Canadian organic standards in 2020, this would likely lead to a collapse of the Canada organic brand and would invalidate all our international equivalency agreements. I urge this committee to not let that happen, and secure support for the maintenance of Canada's organic standards in perpetuity in the next agricultural policy framework.³⁰

The AgriMarketing Program has also helped numerous industries penetrate new markets through promotional and branding activities on the international scene,³¹ and has helped the sector resolve market-access issues at the international level.³² For example, the canola industry has established a canola oil promotion program in China and Korea that has helped to increase exports to these markets by \$850 million per year over the last five years. AgriMarketing funds have also allowed the creation of export opportunities for more than 100 organic processors, traders, and growers.

Nonetheless, DPAC suggested that the market development stream should allow companies with more than 250 employees and annual sales exceeding 50 million to be eligible.³³ In light of the recent revocation of TraceCanada's funding, DFC recommended that AAFC provide stable funding for livestock traceability projects under the Assurance Systems stream of the AgriMarketing Program,³⁴ because Canada needs a functional traceability system.³⁵

Witnesses also hope that the next policy framework will continue to support efforts to improve the performance of Canada's transportation system, as it is a key element in the sector's success.³⁶ In order to be able to take advantage of new trade opportunities, the agriculture and agri-food sector must be able to count on reliable transportation. AAFC representatives indicated that the issue of transportation falls outside the scope of the policy framework and that the department has limited responsibilities in that regard. Nonetheless, they assured the Committee that AAFC is working with colleagues from

29 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 3 November 2016, 1005 (Ms. Ashley St Hilaire, Director, Programs and Government Relations, Canadian Organic Growers).

30 Ibid.

31 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 27 October 2016, 0855 (Mr. Brett Halstead, President, Canadian Canola Growers Association).

32 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 17 November 2016, 0900 (Mr. Jim Everson, Executive Director, Soy Canada).

33 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 24 November 2016, 1005 (Mr. Jacques Lefebvre).

34 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 3 November 2016, 0855 (Ms. Caroline Emond).

35 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 1 November 2016, 0950 (Ms. Corlena Patterson, Executive Director, Canadian Sheep Federation).

36 Ibid., 0845 (Mr. Greg Cherewyk, Chief Operating Officer, Pulse Canada).

Transport Canada and other departments to make sure they understand the challenges that infrastructure creates for the agriculture sector.³⁷

The last time we applied for funding under GF2 to address transportation, we did it as a coalition. We did it as an agriculture industry that had come together to support a long-term strategy, and one of the challenges we faced in the early goings-on was the fact that the policy framework was established to promote trade and didn't exactly acknowledge the role that transportation plays in facilitating trade, so the department had to work very hard to make necessary adaptations to allow for such an innovative proposal to come forward. [...] There is a recognition now that the next policy framework must accommodate innovative work that needs to be undertaken with respect to transportation, and continue to support that going forward.³⁸

Recommendation 3

The Committee recommends that the Government renew the AgriMarketing Program within the next policy framework.

C. Strengthening the government's international trade capacity

1. Trade agreements

To ensure its growth, it is important for the sector to have significant access to international markets and for trade barriers to be removed. Many witnesses believe it is essential to have trade agreements in place, which is why they are encouraging implementation of trade agreements such as the Comprehensive Economic and Trade Agreement (CETA) and the Trans-Pacific Partnership (TPP) Agreement.

In light of the current uncertainty surrounding the TPP, some witnesses believe that Canada should consider resuming trade discussions with Japan.³⁹ The Canadian Cattlemen's Association (CCA) is pressing the government to enter into bilateral negotiations with Japan as soon as possible so that Canada's cattle industry can reclaim Japanese consumers. Because of the free trade agreement between their two countries, Australian producers enjoy a preferential tariff in the Japanese market.⁴⁰

Japan is our third export market and a high-value market. The EU is negotiating free trade agreements with Japan, Vietnam, and Malaysia. Some of the other TPP members – Australia is one of them – already have a bilateral agreement with Japan. The more we wait, the more we fall behind.⁴¹

37 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 20 October 2016, 0950 (Mr. Andrew Goldstein).

38 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 1 November 2016, 0930 (Mr. Greg Cherewyk).

39 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 15 November 2016, 0850 (Ms. Carla Ventin).

40 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 17 November 2016, 0955 (Mr. Dan Darling, President, Canadian Cattlemen's Association).

41 *Ibid.*, 0910 (Ms. Claire Citeau).

While some industries are pleased with CETA and TPP, the supply management sector is concerned that implementing these agreements could result in significant losses. The dairy industry estimates that CETA could result in potential losses of \$720 million annually and the loss of some 2,900 jobs if measures are not implemented to mitigate these losses. The dairy industry recognizes that it must find ways to adapt under the new environment created by CETA; however, it needs the support of government.⁴² Although the government has assured the supply management sector that it will provide transition funding, the sector does not know what form it will take.⁴³

2. Trade barriers

While Canada is increasing its free trade agreements, thus eliminating more and more tariff barriers, the country continues to face barriers that prevent it from capitalizing on trade opportunities.⁴⁴ These are primarily non-tariff barriers pertaining to food safety and plant protection.⁴⁵ For example, the issue of maximum residue limits (MRLs) of pesticides complicates Canada's exports. The problem lies in the fact that various organizations including the Codex Alimentarius at the international level, the European Food Safety Authority, the Pest Management Regulatory Agency in Canada and the Environmental Protection Agency in the U.S. cannot agree on the process or timing for establishing MRLs. Rather than strengthening harmonization at the international level, several countries are moving away from the Codex to establish their own standards.⁴⁶

Pulse Canada and its partners across the agriculture sector strongly support an expansion of efforts under the next policy framework to identify and manage this specific category of trade vulnerabilities. There is a need to quantify and build data on the growing extent of misalignment of MRLs in order to more precisely identify and manage specific risks. Reliable data will assist in management of vulnerabilities and corrective action, as well as development of common positions within grower and community groups internationally on the need for predictable, science-based international standards and trade rules.⁴⁷

Other trade barriers include the approval of biotechnology products, sanitary and phytosanitary measures,⁴⁸ technical barriers,⁴⁹ import quotas, export subsidies,

42 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 24 November 2016, 1005 (Mr. Jacques Lefebvre).

43 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 3 November 2016, 0915 (Mr. Mark Davies, Chair, Turkey Farmers of Canada).

44 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 13 June 2016, 1540 (Mr. Greg Meredith).

45 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 1 November 2016, 0900 (Mr. Ron Lemaire).

46 Ibid., 0845 (Mr. Greg Cherewyk).

47 Ibid., 0850.

48 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 17 November 2016, 0915 (Mr. Jim Everson).

49 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 15 November 2016, 0945 (Mr. Troy Warren).

countervailing duties, special licences, non-science-based decision-making on the safety of food products, bureaucratic delays, and export restrictions.⁵⁰

According to the CCA, these barriers often appear once the trade agreements are implemented.⁵¹ At present, there are in excess of 300 foreign market access barriers on the priorities list maintained by the AAFC's Market Access Secretariat (MAS).⁵² Witnesses told the Committee that the service provided by the MAS is critical to resolving issues pertaining to trade barriers and improving market access. In their opinion, it is unlikely that all of the barriers identified by the MAS will be actioned. They deplore the lack of resources in organizations that support industries in their export activities.

We used to have a CFIA that had a meat division, and the whole division would get involved in trying to negotiate these access barriers in foreign countries. They reorganized and made an import and export division. We had one person in that division for a couple of years who had the whole meat sector. It was one person. Now she has a bit of help, but there just aren't the resources there to do it.⁵³

Several witnesses agreed that limited government resources are hampering the Canadian agriculture and agri-food sector's export capacity. They recommended increasing the resources of the various organizations that provide international trade support.⁵⁴ The witnesses also mentioned that international agreements that are science-based and internationally recognized by everyone would help to improve market access. With respect to sanitary and phytosanitary standards, the establishment of a single, effective international organization that sets an MRL that all import countries respect would be an asset for many exporting countries.⁵⁵ Witnesses suggested more active and better-funded Canadian participation in international standard-setting bodies.⁵⁶

3. Market development support

Several witnesses stressed the need to continue to provide trade commissioners overseas to improve market access and facilitate trade relations. Trade missions and market research studies have also helped several industries build and retain markets.⁵⁷

50 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 17 November 2016, 0850 (Ms. Claire Citeau).

51 Ibid., 1000 (Mr. Dan Darling).

52 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 15 November 2016, 0945 (Mr. Troy Warren).

53 Ibid., 1015 (Mr. Ron Davidson, Director, International Trade, Government and Media Relations, Canadian Meat Council).

54 Ibid., 0945 (Mr. Troy Warren).

55 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 17 November 2016, 0910 (Mr. Jim Everson).

56 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 15 November 2016, 1010 (Mr. Ron Davidson).

57 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 17 November 2016, 0900 (Mr. Jim Everson).

The policy framework should allocate proper resources to the network of Canadian representatives abroad, notably embassies and agriculture trade commissioners. Canada's ability to build a competitive industry depends in large part on how well the country opens doors abroad and builds and leverages relationships with relevant government and industry influencers and decision-makers.⁵⁸

Witnesses agreed that it is important to invest in market development in order to ensure the sector's success and growth. Nonetheless, a number of them said that those investments should not focus solely on international markets, because there is enormous potential to capture domestic market share in sectors such as the sheep industry.⁵⁹

Recommendation 4

The Committee recommends that the Government deploy the necessary resources in organizations that support international trade in order to increase the sector's export capacity.

RESEARCH, SCIENCE AND INNOVATION

Canada's agriculture and agri-food sector is one of the most technologically advanced sectors.⁶⁰ Thanks to technological progress, like genomics and the use of GPS for precision agriculture, several agricultural sectors have increased their yields and productivity. Research, science and innovation are key elements in the current policy framework and are expected to continue to be such in the next framework.⁶¹

A. Importance of research, science and innovation

The witnesses all agreed that research, science and innovation are critical to maintaining and enhancing the sector's competitiveness, both internationally and domestically, and to enhancing its ability to respond to environmental challenges and changing consumer demands. Witnesses urged the government to renew funding for the next policy framework, as it is one of the key drivers of the sector's success. A significant portion of the GF2 funds are already being used to support innovation.

In Growing Forward 2, at the federal level we've allocated almost \$700 million over the five years towards science and innovation activities. That's a combination of some of the work we do internally with our scientists and innovation activities led by the industry, whether it's through our science clusters or individual projects. The provinces are supporting innovation through Growing Forward 2 in the range of about \$700 million to

58 Ibid., 0850 (Ms. Claire Citeau).

59 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 1 November 2016, 0955 (Ms. Corlena Patterson).

60 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 13 June 2016, 1615 (Mr. Greg Meredith).

61 Ibid., (Mr. Andrew Goldstein).

\$800 million on top of that. A significant portion of the Growing Forward 2 funds are being used to support innovation.⁶²

Support for innovation not only means support for research and for the development of new technologies in Canada. It also means ensuring access to the latest technologies from outside the country. For example, Peak of the Market, a horticultural business in Winnipeg, invested in state-of-the-art equipment that helped the company increase its productivity. While the majority of the new equipment was made in Canada, some pieces were sourced and customized in the Netherlands, Germany and the U.S.⁶³

B. Innovation programs

Witnesses told the Committee that, overall, they are very happy with the innovation programming. They like the fact that it brings a range of partners together to collaborate in certain sectors.⁶⁴ Nonetheless, measuring the impact of innovation is a real challenge; it is difficult to track the investments made in GF2 because the impacts happen over a long period of time. Various research and development (R&D) studies have shown that the rates of return of innovation in agriculture are quite high, and there are multiple impacts. The canola industry did not exist two decades ago. Today, it is a flourishing \$19-billion industry.⁶⁵

Canola was developed in Canada from federally funded research in the 1970s. Since then, the private sector has picked up the ball in variety development and joint investment in research that has helped producers significantly improve their yields, increase their profitability, and reduce production risk from pests and other stressors, all while increasing the sustainability of the crop. Industry and government investment has also uncovered valuable properties of canola products that have increased market demand. Those properties are key to our market development programs globally.⁶⁶

Investments in advanced technologies, and R&D in Canada has not kept pace with our competitors.⁶⁷ According to some witnesses, the regulatory environment is making Canada less attractive to investment and is more onerous compared to 2014.⁶⁸

62 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 20 October 2016, 0905 (Mr. Andrew Goldstein).

63 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 1 November 2016, 0900 (Mr. Ron Lemaire).

64 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 20 October 2016, 0910 (Mr. Andrew Goldstein).

65 Ibid., 0920.

66 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 27 October 2016, 0900 (Ms. Patti Miller, President, Canola Council of Canada).

67 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 15 November 2016, 0845 (Ms. Carla Ventin).

68 Ibid., 0850

1. AgrilInnovation and agri-science clusters

Various industries have had great success with the agri-science clusters funded under the AgrilInnovation Program. For example, the Canadian Field Crop Research Alliance's cluster, which supports research to genetically enhance field crops, has released 63 new soybean varieties in the last six years.⁶⁹

Several witnesses told the Committee that agri-science clusters have been a very positive force in the industry and have encouraged collaboration among various industry stakeholders, including the private sector, universities and the public sector to ensure greater efficiency in research.⁷⁰ Witnesses believe that the collaborative approach and the existence of good research networks have been vital to ensuring the competitiveness of Canada's agriculture and agri-food industry.⁷¹ However, a successful model of collaboration such as that of the Netherlands must not be limited to farming activities. A successful partnership requires the participation of all stakeholders throughout the value chain, including stores, restaurants and households.⁷²

In addition to encouraging collaboration among the various stakeholders in the sector, the cluster approach stimulates significant investment in research projects since it ensures that funding is targeted to areas that matter most to the industry. Indeed, government support encourages the industry to invest in research that can benefit the entire industry.⁷³ The beef science cluster, for example, has made significant investments in areas such as animal health and care, environmental sustainability and antimicrobial resistance.⁷⁴ The industry needs these investments to increase productivity, maximize production, enhance environmental stewardship, and improve feed quality and animal health.⁷⁵ Furthermore, clusters have made it possible to conduct costly, long-term research such as clinical trials on human nutrition and health research.⁷⁶

In addition to conducting valuable research, the cluster program has allowed the industry to communicate information in a way that is easily understood. This sharing of research results enables the industry to make better decisions.⁷⁷ However, a number of witnesses feel that AgrilInnovation is not putting enough emphasis on knowledge

69 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 17 November 2016, 0900 (Mr. Jim Everson).

70 Ibid., 0855.

71 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 27 October 2016, 0940 (Ms. Patti Miller).

72 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 15 November 2016, 0930 (Ms. Carla Ventin).

73 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 27 October 2016, 1000 (Ms. Patti Miller).

74 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 17 November 2016, 0955 (Mr. Dan Darling).

75 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 27 October 2016, 0915 (Mr. Casey Vander Ploeg).

76 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 3 November 2016, 0850 (Ms. Caroline Emond).

77 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 27 October 2016, 0900 (Ms. Patti Miller).

dissemination. They want the next policy framework to ensure effective and timely dissemination of research findings and new knowledge, and want technology transfer to be well funded.⁷⁸

2. Administration and funding

Although the witnesses greatly appreciate the AgrilInnovation Program, the funding period does not necessarily coincide with the duration of the research. Witnesses also said that they do not want the funding period to be limited to five years; they would like it to be spread out over several years. The poultry industry, which, unlike the pork and beef industries, has no federal research facility, would like the funding period to be extended to allow for a more flexible approach to ongoing research that can address needs as they emerge.⁷⁹ Greater flexibility would also allow the industry to access funding when issues arise midway through the program.⁸⁰ A number of witnesses reminded the Committee that having an excessively rigid framework or set of criteria would make it difficult to pursue the sector's goals.⁸¹ Several witnesses also stressed the importance of stable funding to ensuring the effectiveness of research projects.

Research funding, however, must not end with the conclusion of research projects. Research that can't be implemented in real time is of very little benefit if it can't be translated by stakeholders into profitability and productivity.⁸²

The DPAC mentioned that red tape and the financial design of the AgrilInnovation Program are two of the shortcomings that prevent the program from leveraging its full potential as part of Canada's economy.⁸³ Industry investment in R&D in Canadian food processing is low. Moreover, the public sector rarely includes the food processing industry in its research projects.⁸⁴ For example, the existing food processing science cluster excludes dairy processing. DPAC has recommended that a cluster be created specifically

78 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 1 November 2016, 0955 (Ms. Corlena Patterson).

79 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 3 November 2016, 0845 (Mr. Mark Davies).

80 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 1 November 2016, 0935 (Mr. Greg Cherewyk).

81 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 3 November 2016, 0910 (Ms. Caroline Emond).

82 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 1 November 2016, 0955 (Ms. Corlena Patterson).

83 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 24 November 2016, 1005 (Mr. Jacques Lefebvre).

84 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 15 November 2016, 0845 (Ms. Carla Ventin).

for dairy processing.⁸⁵ Food and Consumer Products of Canada recommended encouraging more R&D companies to invest in the food processing industry.⁸⁶

It was also mentioned that the smaller industries do not necessarily have the funding or administrative capacity to support a cluster, yet their activities have a considerable impact on the entire agriculture and agri-food sector.⁸⁷ To enable small industries to participate in cluster programs, the CFA suggested creating a model with a second-tier funding match formula and coordinated or pooled administrative support.⁸⁸ The smaller industries would perhaps get up to 90% of the funding.⁸⁹

Some witnesses support continuing with the current model of 75% federal government and 25% industry funding for research. Others, however, are concerned that reducing the government contribution might increase the industry's financial burden⁹⁰ and decrease research capacity and efforts.⁹¹

We are concerned that reducing the leverage from its current three to one would penalize industry, discourage growth in industry investment, and negatively impact other planned research programming. This would be a perverse outcome for sectors that have undertaken great efforts to invest in themselves.⁹²

Some industries indicated that the current 75:25 cost-share ratio is too high. This is especially true for smaller industries, such as the sheep industry, which support multiple projects at the same time.⁹³ The organic sector is concerned that reducing the government's cost share might lead the industry to focus its research funding on proprietary projects rather than on projects of general public interest, such as sustainability and pollution reduction.⁹⁴

85 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 24 November 2016, 1005 (Mr. Jacques Lefebvre).

86 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 15 November 2016, 0845 (Ms. Carla Ventin).

87 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 25 October 2016, 0910 (Mr. Ron Bonnett).

88 Ibid., 0910.

89 Ibid., 0955.

90 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 1 November 2016, 0935 (Mr. Ron Lemaire).

91 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 3 November 2016, 0850 (Ms. Caroline Emond).

92 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 17 November 2016, 0955 (Mr. Dan Darling).

93 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 1 November 2016, 0955 (Ms. Corlena Patterson).

94 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 3 November 2016, 1000 (Ms. Ashley St Hilaire).

Recommendation 5

The Committee recommends that the Government maintain an appropriate cost-share ratio for the agri-science cluster component of the AgriInnovation Program and provide appropriate financial and administrative support to smaller industry organizations to support their participation in innovation programs.

VALUE-ADDED AGRICULTURE AND AGRI-FOOD PROCESSING

A. Importance of the food processing sector

The food processing sector is the largest employer in the Canadian manufacturing sector. It employs some 300,000 Canadians in over 6,000 facilities across the country, which is more than the automotive and aerospace industries combined.⁹⁵ In addition to being the country's largest employer, the Canadian food processing sector is the main customer for agricultural producers. Processors purchase about 40% of the output of Canada's primary agriculture sector.⁹⁶ In Quebec, this figure rises to over 70%.⁹⁷ The food processing sector makes a major contribution to society by adding value to agricultural products and creating jobs. The sector ships more than \$90 billion in goods each year.⁹⁸

Despite its substantial contribution to the Canadian economy, the food processing sector feels somewhat ignored by government policy. Only 5% of Agriculture and Agri-Food Canada's total spending is allocated to the food processing sector. The sector claims to be underrepresented and underfunded relative to its importance and potential, as it received only a tiny amount of funding in the *Growing Forward 2* framework.⁹⁹

B. Challenges facing the food processing sector

Attracting investment is a major challenge for the food processing sector. Processors need to invest in modern facilities and equipment to be productive, innovative and competitive in Canada and abroad. A 2014 KPMG report entitled *Technology Readiness Assessment of Automation and Robotics in the Food and Beverage Processing Sector in Canada* found that Canada's food processing sector is lagging behind its European and American competitors in the areas of automation and robotics. Cost is the main barrier to adopting these technologies.¹⁰⁰ In the Netherlands, the government

95 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 15 November 2016, 0845 (Ms. Carla Ventin).

96 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 13 June 2016, 1610 (Mr. Greg Meredith).

97 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 15 November 2016, 0900 (Ms. Sylvie Cloutier).

98 Ibid., 0900.

99 Ibid., 0845 (Ms. Carla Ventin).

100 Ibid.

provides substantial funding to the food processing sector because it recognizes food processing as a strategic sector both for the economy and for food security.¹⁰¹

Some Canadian industries, such as the canola and soybean industries, have not hesitated to invest heavily in food processing. Thanks to these major investments, the canola industry has shown enormous growth in value-added processing.

Over the last decade, the industry has invested more than \$1.3 billion in processing plants – either expansions or new builds – increasing the amount of canola processed in Canada by 150%.¹⁰²

We are very hopeful that there can be some investment in western Canada in processing. There are three significantly sized processing facilities in eastern Canada. Two are in Ontario, and one is near Trois-Rivières, Quebec. [...] Their crush is up this year from previous years.¹⁰³

In addition to their investment challenges, food processors are facing a labour shortage. Many processing plants operate at only 70% efficiency because they do not have enough workers. This lack of labour hurts the food processing sector's competitiveness and prevents it from increasing its market share.¹⁰⁴

A number of witnesses were delighted to see the food processing sector included among the priorities of the next agricultural policy framework. The sector expects the next policy framework to pay it more attention and provide it with the support it needs to grow.

According to Ms. Carla Ventin, Vice-President, Federal Government Affairs, Food and Consumer Products of Canada, this future support should focus on capital investment, the integration of new technology, innovation, research, and significant access to international markets, as Canada is currently running a trade deficit in processed food.¹⁰⁵ Several witnesses agreed that a greater emphasis on investments in value-added agriculture and agri-food processing is needed. Such investments could help the sector develop and keep the jobs and value added in Canada.¹⁰⁶

The CFA supports the idea of greater investment in the food processing sector. However, the CFA believes the government must ensure the funding provided to

101 Ibid., 0925.

102 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 27 October 2016, 0905 (Ms. Patti Miller).

103 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 17 November 2016, 0930 (Mr. Jim Everson).

104 Ibid., 0910 (Mr. Casey Vander Ploeg).

105 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 15 November 2016, 0845 (Ms. Carla Ventin).

106 Ibid., 0900 (Ms. Sylvie Cloutier).

processors will clearly benefit Canadian farmers. Furthermore, on-farm processing should be a priority for this investment.¹⁰⁷

Recommendation 6

The Committee recommends that the Government increase attention to the food processing sector, including on-farm processing, by providing it with the support necessary to increase its productivity and improve its competitiveness to position Canada as a global food leader.

BUSINESS RISK MANAGEMENT

The agriculture sector is highly exposed to various risk factors, such as weather conditions, pests and market volatility that can lead to bad outcomes for farmers. These risks directly affect the profitability and viability of agricultural businesses. The federal government, together with its provincial and territorial counterparts, has established risk management tools to mitigate risk and protect farmers from drops in income that stem from natural disasters and market crashes.¹⁰⁸ These risk management tools include the BRM programs and supply management.

A. Supply management

The poultry, egg and dairy sectors operate in a supply management system. The witnesses from supply managed sectors believe that this system is one of the best business risk management tools.¹⁰⁹ Moreover, this system provides income stability to farmers while supporting the vitality of rural communities.

It has an ability to contribute to the rural fabric of this country and to the small towns, which we know are under pressure and struggle now, especially with an economy that is basically a little flat over a few years.¹¹⁰

Recommendation 7

The Committee recommends that the Government continue to defend and protect supply management.

B. Business risk management programs

The BRM programs of GF2 grew out of the farm income support programs developed in the late 1990s. Their current names date back to the launch of *Growing*

107 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 25 October 2016, 0910 (Mr. Ron Bonnett).

108 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 13 June 2016, 1540 (Mr. Greg Meredith).

109 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 3 November 2016, 0900 (Ms. Caroline Emond).

110 *Ibid.*, 0915 (Mr. Mark Davies).

Forward in 2008. However, some of the programs' terms and conditions have changed with the introduction of GF2. The BRM programs include the AgriInvest, AgriStability, AgriInsurance, AgriRecovery and AgriRisk Initiatives programs, which protect farm income against various losses.¹¹¹

The BRM programming is expected to be a significant component of the next policy framework, as governments will continue to support producers with a suite of programs that are comprehensive in scope and that assist in managing the impact of severe events that affect the profitability and income of farmers.¹¹²

Despite the changes made to some of the BRM programs' terms and conditions since GF2 took effect in 2013, these programs remained useful and enabled farmers to receive nearly \$4 billion.¹¹³

A number of witnesses recognized that the BRM programs are essential tools for protecting their incomes and that they must be renewed and improved in the next policy framework. The witnesses noted that some programs have been more successful than others. Participation rates for the AgriInsurance and AgriInvest programs have remained steady, while enrolment in the AgriStability program has fallen significantly.

Some stakeholders have expressed concerns about the slow payment process, predictability and coverage levels of the BRM programs.¹¹⁴ Many witnesses proposed ways of improving the BRM programs such as making calculations more transparent, simplifying the application process, issuing payments more quickly and increasing predictability.

In order to be truly effective, any BRM program must be both predictable and responsive in a timely manner to ensure producers can make decisions to react to market conditions today with the confidence and the future protection provided to them through the existing suite of BRM programs.¹¹⁵

Some witnesses argued that the next policy framework should include a separate consultation mechanism for the BRM programs. Grain Growers of Canada recommended the creation of an advisory committee made up of representatives of national commodity associations and relevant provincial associations to assess the effectiveness of the current suite of programs and make recommendations to governments.¹¹⁶

111 Agriculture and Agri-Food Canada, [Growing Forward 2](#).

112 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 20 October 2016, 0855 (Mr. Andrew Goldstein).

113 Ibid.

114 Ibid., 0850.

115 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 1 November 2016, 1000 (Mr. Hans Kristensen).

116 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 25 October 2016, 0855 (Ms. Fiona Cook, Executive Director, Grain Growers of Canada).

Recommendation 8

The Committee recommends that the Government ensure that the business risk management programs in the next agricultural policy framework are transparent, quick to respond, simple and predictable and that they better meet the needs of farmers.

1. AgrilInvest

The [AgrilInvest](#) program is a savings account for producers that is supplemented with matching contributions from the federal, provincial and territorial governments. The governments will match 1% of allowable net sales to a maximum of \$15,000 per year. This program helps farmers manage small income declines and supports investments to mitigate risk.

In general, the witnesses are satisfied with the AgrilInvest program, as it is simple and costs little to administer, and many producers use it.¹¹⁷ Farmers appreciate the program because it enables them to accumulate funds and receive government contributions.

However, some witnesses believe the AgrilInvest program could be improved. Because of the limits on government contributions, the funds provided by the program would likely not provide meaningful support during periods of severe income declines.¹¹⁸ Some also argued that the program's scope is limited.

The AgrilInvest program has not been effective in helping hog producers manage the short-term drops that are no longer covered by AgriStability. It is not effective in helping producers make investments to manage risk or improve market income. Even small income drops in commercial-sized operations are not addressed by a maximum government contribution of \$15,000 per year. This level does not reflect the economic realities and scale of production of current production practices in Canada.¹¹⁹

The witnesses suggested increasing the contribution rate to somewhere between 1.5% and 4.5%; most called for a return to the initial coverage of 1.5%. Increasing the contribution rate to 1.5% and greater flexibility to make use of their own contributions¹²⁰ would allow farmers to have more money to make strategic investments.¹²¹ A contribution rate two or three times higher than the current rate could generate funds that producers could use to manage their own risk on their own terms, including by buying private

117 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 24 November 2016, 0950 (Mr. Keith Kuhl).

118 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 22 November 2016, 0845 (Mr. Ray Orb, President, Saskatchewan Association of Rural Municipalities).

119 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 1 November 2016, 1000 (Mr. Hans Kristensen).

120 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 25 October 2016, 0855 (Mr. Ron Bonnett).

121 Ibid., 1005.

insurance products that meet their needs.¹²² The Canadian Horticultural Council argued that the contribution rate should be increased to 4.5% and the caps eliminated. It also called for more flexibility to enable farmers to remove their own funds first on pre-approved investments.¹²³

2. AgriStability

The [AgriStability](#) program offers protection against large declines in farm income. Producers receive a payment under the program when their current-year program margin falls below 70% of their reference margin, which is the average margin of previous years. The government covers 70% of the decline below 70% of a producer's reference margin. The AgriStability program was designed to use historical margins.¹²⁴ Products under supply management are given the same level of protection as those that are not.

A large number of witnesses admitted that they no longer participate in the AgriStability program because it does not work as well as it once did. Indeed, the participation rate declined from 60% in 2007 to 36% in 2013 and continues to fall. The complexity of the application, the lack of predictability and delays in payment all played a role in damaging the program's credibility. When they apply, farmers do not know when and how much they will be paid.¹²⁵

Furthermore, a number of witnesses reported that, because of the changes made under GF2, AgriStability no longer provides adequate support.¹²⁶ These changes substantially reduced the level of coverage, making the program less attractive. For example, the threshold for receiving payments decreased from 85% of the reference margin under *Growing Forward* to the current level of 70%.¹²⁷ The grain industry noted that the program was not popular among grain farmers even before the changes,¹²⁸ but it acknowledged that the program may be useful in other agricultural sectors, such as livestock production.¹²⁹

122 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 22 November 2016, 0905 (Mr. Mark Brock, Chairman, Grain Farmers of Ontario).

123 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 24 November 2016, 0950 (Mr. Keith Kuhl).

124 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 20 October 2016, 0945 (Mr. Rosser Lloyd, Director General, Business Risk Management Programs Directorate, Programs Branch, Department of Agriculture and Agri-Food).

125 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 25 October 2016, 0850 (Ms. Fiona Cook).

126 Ibid., 0900 (Ron Bonnett).

127 Ibid., 0925.

128 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 22 November 2016, 0900 (Mr. Mark Brock).

129 Ibid., 0905.

According to Grain Growers of Canada, the AgriStability program would not necessarily cover income declines in a diversified operation, as the program is based on a business's total income.

For example, a farmer may have a hog and a grain operation. If the grain crops fail, the income from the hog operation might keep the farm over the threshold, while they still need the support of BRM programs, which have been already paid for, to overcome losses.¹³⁰

For example, it would be useful to have an AgriStability program that encourages rather than discourages diversification of operations, because many growers, as you know, are involved in several elements of agriculture, but the AgriStability program as it currently stands is organized in such a way that diversified operations often do not meet the threshold for compensation when one element of their operation fails.¹³¹

Grain Growers of Canada would like to see the AgriStability program become more flexible to accommodate different sizes and types of farms and their locations. In light of AgriStability's participation rate, Grain Growers of Canada believes that large agricultural businesses are likely the main users of the program. Smaller operations run by new farmers may not be able to use the program because of its administrative complexity and inflexibility.¹³²

According to the CCA, the caps on payments under the AgriStability program and the other BRM programs discriminate against large businesses. To ensure all businesses are treated equally, the CCA suggested eliminating these caps.¹³³

To restore producers' trust and draw them into the program, AgriStability must provide a level of support that enables producers to manage their risk. That is why a large number of witnesses called for the restoration of the 85% protection level. However, others said that returning to the former eligibility and coverage criteria would probably not be enough.

Simply returning the program to previous levels may not be enough to address all these concerns. For that reason, CCGA recommends that a national safety net, a national committee of associations, be established to further explore the effectiveness of the current suite of programs and make recommendations on how to refine them in the next agricultural policy framework.¹³⁴

130 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 25 October 2016, 0850 (Ms. Fiona Cook).

131 Ibid.

132 Ibid., 0925.

133 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 17 November 2016, 1000 (Mr. Dan Darling).

134 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 27 October 2016, 0850 (Mr. Brett Halstead).

Recommendation 9

The Committee recommends that the Government review the threshold for payments under the AgriStability program to ensure that it provides farmers with adequate protection and flexibility for greater participation.

3. AgrilInsurance

The [AgrilInsurance](#) program insures against production losses and loss of product quality owing to natural hazards. AgrilInsurance covers traditional crops such as wheat, corn, oats and barley, as well as horticultural crops such as lettuce, strawberries, carrots and eggplants. Some provinces also insure bee mortality and maple syrup production.

In general, the witnesses are satisfied with the AgrilInsurance program, because it pays out quickly and it is predictable and transparent. The program is also easy to use and administer. Farmers can access the program easily, as it is administered by the provinces. AgrilInsurance is one of the most popular and well-funded BRM programs.¹³⁵

Of all the programs in business risk management, that's the one that governments spend the most money on. I would say for the most part it's the most popular program. It's deemed to be predictable in terms of what it would pay out, under what circumstances, and it's transparent in terms of what the farmer has to pay in premiums. Subscription is very high and payouts are quick.¹³⁶

Grain farmers would like to see the AgrilInsurance program remain as it is, because it works well and covers production risk. Although farmers pay sizable premiums, the program's participation rate is steady and significant, as it offers reliable coverage.¹³⁷

Despite the AgrilInsurance program's simple and predictable features, some witnesses, particularly in the livestock sector, believe the program should be more flexible and better tailored to farmers' needs. The Canadian Pork Council stated that the AgrilInsurance program is of limited value to its members in its current form.¹³⁸ The program's coverage should be expanded to livestock and other products.¹³⁹

Animal agriculture is excluded from the largest area of business risk management expenditure. There is \$941 million allocated to AgrilInsurance. Animal health and mortality risks are not adequately mitigated or managed through ad hoc disaster programs. Combined with the significant erosion of AgriStability, the absence of AgrilInsurance

135 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 13 June 2016, 1545 (Mr. Greg Meredith).

136 Ibid.

137 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 22 November 2016, 0900 (Mr. Mark Brock).

138 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 1 November 2016, 1000 (Mr. Hans Kristensen).

139 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 25 October 2016, 0900 (Mr. Ron Bonnett).

severely exposes the livestock and meat industry sector to market and biological risks. Animal agriculture should be eligible for AgriInsurance.¹⁴⁰

4. AgriRecovery

The [AgriRecovery](#) program is a disaster relief framework. A provincial or territorial government can request an assessment of a disaster event, and an initiative can be launched to cover the extraordinary costs of recovery in the agriculture sector. AgriRecovery helps affected producers resume farming operations or mitigate the impacts of a disaster as quickly as possible.

To provide farmers with better protection, some witnesses proposed changing the program to cover the long-term consequences of a single disaster event or recurring events.¹⁴¹

One of the other key challenges that our producers identified was the frequency of disaster events due to climate change, and the need to ensure our programs, particularly AgriInsurance and AgriRecovery, are responsive. Both programs need to be more flexible to accommodate and provide support for the often multi-year impacts of disaster events.¹⁴²

5. AgriRisk Initiatives

The [AgriRisk](#) Initiatives program supports research and development, as well as the implementation and administration of new risk management tools. The program provides technical and financial support to the private sector for the development and implementation of risk management tools.

As part of the AgriRisk Initiatives, Western Canada developed a tool for managing price-related risk: the [Western Livestock Price Insurance Program](#) (WLPPI). The WLPPI is available in British Columbia, Alberta, Saskatchewan and Manitoba. It provides price protection for cattle and hog farmers by insuring against unexpected price drops; farmers are guaranteed a floor price. The federal government covers 60% of the program costs, the provinces covering the remaining 40%. The administration costs are split among the provinces based on industry size.

In the cattle industry, a large number of animals are sold on contract, which complicates price discovery. The WLPPI is an important tool that helps cattle feeders manage market risk.¹⁴³

140 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 15 November 2016, 0945 (Mr. Troy Warren).

141 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 1 November 2016, 0955 (Ms. Corlena Patterson).

142 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 25 October 2016, 0900 (Mr. Ron Bonnett).

143 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 27 October 2016, 0915 (Mr. Casey Vander Ploeg).

The western livestock price insurance program pilot is a forward-looking, market-based, insurance-style program that allows producers to manage price risk. The WLPIP pilot should be made permanent under the next APF. Expanding this price insurance program beyond the western provinces would positively contribute to a national plan that would allow Canadian producers to better manage price risk.¹⁴⁴

Recommendation 10

The Committee recommends that the Government continue to support the Western Livestock Price Insurance Program and consider its extension to the entire country.

As for the crop sector, Grain Farmers of Ontario believes it would be an innovative idea to create a program similar to the WLPIP, but tailored to the grain industry. Implementing risk management pilot projects that are created using funding from the AgriRisk Initiatives could benefit this sector.¹⁴⁵ However, the pork industry noted that it is having trouble benefitting from this program.

Currently, many Canadian pork producers are unable to take advantage of this useful management tool due to the fact that they would be financially unable to provide the large cash injections that may be required through margin calls in the open market. Without a range of risk management tools and strategies, hog producers face a combination of production, market, and financial risk that can undermine the success of a farm. Pork producers need a program to mitigate the risk of margin calls so that hedging becomes a useful and used business risk management tool.¹⁴⁶

Recommendation 11

The Committee recommends that the Government support the private sector in developing and implementing risk management pilot projects that better address the needs of the agriculture sector.

ENVIRONMENT AND CLIMATE CHANGE

1. Meeting the environmental challenges

The agriculture and agri-food sector has made significant progress in reducing its greenhouse gas (GHG) emissions and environmental footprint through the efficient use of inputs, the careful use of fuel and the incorporation of best management practices, such as minimum and zero tillage.¹⁴⁷

Agricultural production has been working hard to reduce its environmental footprint. Growers of grains, oilseeds and pulses in the Prairies have significantly reduced their

144 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 17 November 2016, 1000 (Mr. Dan Darling).

145 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 22 November 2016, 0935 (Mr. Mark Brock).

146 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 1 November 2016, 1005 (Mr. Hans Kristensen).

147 Ibid., 0915 (Mr. Greg Cherewyk).

carbon emissions over the past 30 years and continue to do so year after year.¹⁴⁸ The Western Canadian Wheat Growers Association referred to a study conducted by CropLife Canada that shows the significant contributions farmers have made in reducing their environmental footprint.

Since 1990, the reduction in tillage owing to use of plant science innovations have resulted in a 3.8 fold increase in carbon sequestration in cultivated land, reducing greenhouse gases by about 4 million tonnes per year. Decreases in summer fallow add another 5.2 million tonnes of greenhouse gas reductions through carbon sequestration.¹⁴⁹

Through biotechnology innovation in the canola industry, farmers have seen a significant reduction in soil erosion. Greenhouse gas emissions per tonne of canola have fallen 65% from 1986 to 2006. The industry's carbon dioxide emissions have therefore been reduced by 1 billion kilograms, the equivalent of taking half a million cars off the road. Moreover, canola is the only Canadian crop certified under the international sustainability and carbon certification program.¹⁵⁰ Since 1981, the soy industry has reduced the net carbon footprint per unit of soybean output by 11% and increased land use efficiency by 16%, all while using 26% less energy.¹⁵¹ These results were achieved because the industry properly managed its resources by, for example, making better use of inputs and reducing water use.¹⁵²

Other industries have also made significant environmental gains. The meat sector has made major advances in feed conversion and the use of water.¹⁵³

- Since 1981, the beef industry has reduced its GHG emissions by 15% through advancements in technology and management. In 1950, it took 11 pounds of feed and 44 gallons of water to produce one pound of beef. Today, it takes six pounds of feed and eight gallons of water. If beef were to be produced today as it was in 1950, farmers would need another 45 million acres (approximately 18 million hectares) of land to do it.¹⁵⁴
- GHG emissions from dairy farms were reduced by over 25% between 1981 and 2006 as a result of efficiency gains made on farms. This trend

148 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 8 December 2016, 1000 (Ms. Margaret Hansen, Vice-President, Saskatchewan, Western Canadian Wheat Growers Association).

149 Ibid., 1005.

150 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 27 October 2016, 0935 (Ms. Patti Miller).

151 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 17 November 2016, 0905 (Mr. Jim Everson).

152 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 25 October 2016, 0935 (Ms. Fiona Cook).

153 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 15 November 2016, 0945 (Mr. Troy Warren).

154 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 27 October 2016, 0915 (Mr. Casey Vander Ploeg).

has continued to show a steady decline in GHG emissions from dairy farms of approximately 1% per year.¹⁵⁵

- Over the past 50 years, egg farming has doubled production while cutting its environmental footprint in half. Alberta's Brant Colony implemented a net-zero initiative. The company, whose goal is to make its production carbon neutral, received \$250,000 from *Growing Forward 2* for a feasibility assessment, capital equipment, monitoring and expansion. The egg industry believes that the next policy framework could fund similar initiatives in order to help it become more environmentally friendly.¹⁵⁶
- The chicken industry has the smallest environmental footprint in the meat sector. It is currently conducting a life cycle assessment to better understand its situation and make any necessary improvements. The assessment should be complete in 2017.¹⁵⁷

The organic industry's farming practices also provide significant carbon sinks, and, according to Ashley St Hilaire, "promote biodiversity, enhance soil health, reduce pest outbreaks, reduce nutrient leaching, prevent contamination of water, and use energy efficiently."¹⁵⁸

In 2011, Food and Consumer Products of Canada conducted a member company survey on environmental sustainability. The survey showed that most of the members already have policies and practices in place to reduce waste and GHG emissions throughout their product's life cycle. A similar study conducted in 2015 showed that 94% of respondents already had GHG reduction target plans in place.¹⁵⁹

2. Keeping the sector competitive

As mentioned earlier, the agriculture sector has carried out many environmental projects, and it wants to let Canadians know that it is working hard to protect the environment and contributing a lot to mitigate GHG emissions.¹⁶⁰ The Canadian Meat Council pointed out that these concrete achievements should be taken into account when

155 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 3 November 2016, 0855 (Ms. Caroline Emond).

156 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 25 October 2016, 0930 (Mr. Kurt Siemens).

157 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 15 November 2016, 1005 (Mr. Mike Dungate, Executive Director, Chicken Farmers of Canada).

158 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 3 November 2016, 1005 (Ms. Ashley St Hilaire).

159 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 15 November 2016, 0915 (Ms. Carla Ventin).

160 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 17 November 2016, 0905 (Mr. Jim Everson).

future environmental policies and programs are developed.¹⁶¹ That viewpoint was shared by many witnesses who believe that the industry's efforts must be recognized when environmental policies are developed.

There is perhaps no industry that has made more efficiency and productivity gains than agriculture. When new policies such as carbon taxes are being discussed, it is important that this be recognized.¹⁶²

Many witnesses are worried that the new carbon pricing initiative will affect farm profitability and the industry's competitiveness. The witnesses think that a carbon tax would put Canadian producers at a competitive disadvantage compared to countries such as France and Australia that do not have this sort of tax.¹⁶³ Many witnesses believe that a carbon tax would significantly increase production costs.

Depending on the design and implementation of a carbon tax, it would increase the price of farmers' largest inputs, such as fuel and fertilizer. It could also impact the cost of rail transportation and the cost structure of processing plants, both of which would result in additional costs being downloaded to farmers.¹⁶⁴

The industry's profitability is being negatively affected by the accumulation of environmental regulatory measures.¹⁶⁵ When testifying before the Committee, the Saskatchewan Association of Rural Municipalities (SARM) indicated that it was strongly opposed to the creation of a federal carbon tax. A carbon tax would affect the price of fuel and fertilizer. The SARM is worried about the negative effects a carbon tax would have on farmers, particularly since they cannot pass those costs on to consumers.¹⁶⁶

Several witnesses were in favour of taking action on climate change as long as it does not undermine the industry's competitiveness. The organic industry recommended that "a revenue-neutral system for carbon pricing be developed that reinvests revenues from agriculture into the industry."¹⁶⁷

The National Cattle Feeders' Association proposed specific exemptions for those who use environmentally sustainable practices. The Province of Alberta has set up a program to improve energy efficiency and on-farm fuel efficiency. In Alberta, farm fuels are

161 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 15 November 2016, 0945 (Mr. Troy Warren).

162 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 27 October 2016, 0910 (Mr. Casey Vander Ploeg).

163 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 8 December 2016, 1000 (Ms. Margaret Hansen).

164 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 27 October 2016, 0850 (Mr. Brett Halstead).

165 Ibid., 1005 (Mr. Casey Vander Ploeg).

166 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 22 November 2016, 0845 (Mr. Ray Orb).

167 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 3 November 2016, 1005 (Ms. Ashley St Hilaire).

exempt from the carbon tax.¹⁶⁸ Funding the sector to adapt to a changing regulatory landscape would be an investment that leverages the considerable drive for efficiency that already exists within the sector.¹⁶⁹

Canada's agriculture and agri-food sector has come a long way in recent decades. As a result of new advances in research and technology, agriculture is producing more per acre and farming activities are becoming more concentrated on bigger farms.

The consequences of this ecological loss are significant and can have long-term ramifications, not only for Canada's finances and climate resiliency but also for our agricultural sector's growth, competitiveness, and public trust.¹⁷⁰

Environmental enhancement remains a key consideration for agricultural producers¹⁷¹ and consumers.¹⁷² According to the Canola Council of Canada, reducing its environmental footprint and using sustainable farming methods would help the sector promote and differentiate itself in the market.¹⁷³ In fact, many businesses are already branding themselves by using environmentally sustainable practices.¹⁷⁴ Witnesses recognized that the environment and climate change pose major challenges that may continue to have an impact on many areas of agricultural production, such as access to water, pest management and energy sources.¹⁷⁵ Environmental sustainability and climate change are priorities that are shared by many industry stakeholders.

3. Programs under the next policy framework

According to Ducks Unlimited Canada, the next policy framework presents an opportunity to reverse the negative habitat loss trajectory while growing a viable and competitive agriculture and agri-food sector.¹⁷⁶ For example, the Atlantic provinces have implemented stricter measures to protect wetlands.¹⁷⁷ According to Ducks Unlimited Canada, it is also important to quantify both the economic and environmental benefits of protecting and enhancing wetlands in order to better understand the situation.

168 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 27 October 2016, 0935 (Mr. Casey Vander Ploeg).

169 Ibid., 0915.

170 Ibid.

171 Ibid.

172 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 15 November 2016, 0915 (Ms. Carla Ventin).

173 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 27 October 2016, 0945 (Ms. Patti Miller).

174 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 15 November 2016, 0915 (Ms. Carla Ventin).

175 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 24 November 2016, 0955 (Mr. Keith Kuhl).

176 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 22 November 2016, 0850 (Mr. James Brennan, Director, Government Affairs, Ducks Unlimited Canada).

177 Ibid., 0925.

The organization is of the opinion that the Watershed Evaluation of Beneficial Management Practices carried out under the last policy framework was a good first step. However, a better understanding of the costs and benefits of the different stewardship practices would help inform not just this policy but future frameworks as well.¹⁷⁸

Canadian Organic Growers recommends that the government perform a life cycle assessment and energy audit of the entire Canadian agriculture and agri-food system. “The assessment would look at each sector in detail, with a focus on embedded energy use on farms, in transport, processing, retail, and in the kitchens of Canadians.”¹⁷⁹

According to a number of witnesses, innovation will be a determining factor in improving environmental sustainability and adapting to climate change. The canola industry has been able to innovate to increase its production and profitability while reducing its environmental footprint.¹⁸⁰ Technological advances have made it possible for the horticultural industry to reduce its environmental impact. More specifically, drones and other innovations are being used to monitor fields, improve irrigation and reduce the use of pesticides. The agriculture sector will have to invest in innovation in order to further reduce its environmental footprint. While support for environmental sustainability is critical at the grower level, it should not be forgotten across the rest of the supply chain.¹⁸¹

One initiative that could help the industry reduce its GHG emissions involves the reclamation of farm waste. The CFA brought up the idea of continuing the advancement of generating renewable energy using agricultural waste, whether on livestock or grain farms. A number of livestock farms are putting in methane digesters. Bio-digesters help increase the farm’s revenue while helping combat climate change.¹⁸²

Environmental farm plans are another measure that has been successful.¹⁸³ Environmental farm planning is a tool that can help make farmers more aware of environmental benefits and risks.¹⁸⁴ Some witnesses see environmental farm plans as a potential model for implementing sustainability indicators on animal care, and the use of water, pesticides and herbicides. These benchmarks would help address the concerns of consumers who are trying to learn more about how their food is produced.¹⁸⁵

178 Ibid., 0915 (Mr. Paul Thoroughgood, Regional Agrologist, Prairie Canada, Ducks Unlimited Canada).

179 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 3 November 2016, 1005 (Ms. Ashley St Hilaire).

180 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 27 October 2016, 0935 (Ms. Patti Miller).

181 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 1 November 2016, 0855 (Mr. Ron Lemaire).

182 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 25 October 2016, 0930 (Mr. Ron Bonnett).

183 Ibid., 0905.

184 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 22 November 2016, 0855 (Mr. Paul Thoroughgood).

185 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 25 October 2016, 0930 (Mr. Ron Bonnett).

However, the witnesses indicated that improvements need to be made to environmental farm plans.

[N]ow is the time to invest in a renewal to develop a national baseline for the environmental farm plans and to launch an enhanced, strengthened program. Work for this is already under way. The national environmental farm plan [EFP] must remain industry led and government supported. It must improve environmental outcomes through being science-based and it must be sufficiently resourced.¹⁸⁶

We fully support ongoing discussions on how the EFP can be used to help producers respond to domestic and international sustainability demands. To accomplish this, the EFP has to be strengthened by placing greater focus and support on areas of the farm that are not directly under production.¹⁸⁷

Ducks Unlimited Canada identified a weakness in the current environmental farm plan program. The organization indicated that, while the program focuses on production management techniques, including issues related to fertilizer storage and tillage operation, issues related to the management of non-productive land should not be underestimated. Leaving non-productive land out of the environmental farm plan sends the wrong message that those lands do not have any value. A good environmental farm plan would demonstrate the real value of that land and how it contributes to environmental sustainability by helping capture carbon, improve water quality and maintain pollinators. The environmental farm plan would be a more effective management tool if it took into consideration agricultural lands that are not being used for direct production.¹⁸⁸

In order to encourage best management practices, some witnesses proposed implementing incentive programs that respond to concerns regarding soil and water quality, biodiversity and climate change.¹⁸⁹ Others agreed and recommended the implementation of voluntary ecosystem or environmental programs that are incentive-based and community-delivered.¹⁹⁰

Recommendation 12

The Committee recommends that the Government, in cooperation with the agriculture and agri-food sector, analyze the environmental and economic costs and benefits of environmental practices at various stages of the agri-food production chain.

186 Ibid., 0905.

187 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 22 November 2016, 0855 (Mr. Paul Thoroughgood).

188 Ibid., 0915.

189 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 24 November 2016, 0855 (Ms. Tia Loftsgard).

190 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 25 October 2016, 0850 (Mr. Kurt Siemens).

Recommendation 13

The Committee recommends that the next policy framework include a component for implementing environmental practices at various stages of the agri-food production chain, including measures to address climate change and deal with its effects and measures to help the sector adapt to the environmental regulations landscape in conjunction with the provinces and territories.

PUBLIC TRUST

Canadians enjoy a reliable access to safe and nutritious food. In a globalized world, consumers are becoming increasingly concerned about their food choices. They want more information about where their food comes from and how it is produced. Consumers are more interested in healthy food that is produced in conditions that take into account animal welfare and environmental concerns. They are therefore looking for high-quality food that is produced in a responsible, sustainable manner that addresses their concerns. Despite the increasing interest Canadians have in how food is produced, they do not always have a sound understanding of the realities of the modern agriculture sector.¹⁹¹

A. Communication strategy

The CFA indicated that, with only 1% of the Canadian population involved in farming, it is going to be increasingly difficult for farmers to deal with public trust issues.¹⁹² Many witnesses firmly believe that a better understanding of the sector would help solidify public trust. That is why they recommended that the next policy framework focus on public awareness so that Canadians can gain a better understanding of what farmers do and how food is produced.

Some witnesses were of the opinion that school programs on agriculture starting in the early grades would be a good way to raise awareness.¹⁹³ However, witnesses felt that educators may also need to be trained to ensure that accurate information from reliable sources was being presented.

You mentioned Agriculture in the Classroom, but that's just part of it. We have to go back from that and look at the teachers who are being educated. I think teachers' colleges have to understand what's going on agriculture as well. I've heard some horror stories over what teachers are saying to some of their students, and it's because they don't understand. They're picking up their information from the Internet.¹⁹⁴

191 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 27 October 2016, 0915 (Mr. Casey Vander Ploeg).

192 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 25 October 2016, 0945 (Mr. Ron Bonnett).

193 Ibid., 0915 (Mr. Kurt Siemens).

194 Ibid., 0915 (Mr. Ron Bonnett).

The witnesses believe that a credible framework needs to be put in place to strengthen public trust. The information provided must come from a reputable source and be disseminated by someone credible.

With that, one thing we've found with the science, which I think is important, is that scientists can do a lot. They have a lot of credibility. The ones who have the most credibility are our producers. We're finding that you can give the science to your young producers especially and tell them to talk to consumers. Some of the programming we've done is in enabling producers to talk to consumers, because producers resonate far more than anybody else.¹⁹⁵

Many witnesses contend that the various stakeholders in the agriculture sector have a shared responsibility to provide consumers with accurate information.

Despite the excellent track record that our industry has on stewardship and safety, we understand that the public is increasingly calling for more information and transparency. It's important that the agriculture sector maintain the trust of consumers. It is up to our sector to explain and build awareness, and we share this responsibility with government.

The next program should assist in the development of vehicles to bring consumers, governments, and civil society together with the farm community. It should assist in developing certification systems and standards that demonstrate best practices being followed in the sector.¹⁹⁶

Recommendation 14

The Committee recommends that the Government support public trust of the agriculture and agri-food sector through focused efforts to increase robustness and confidence in assurance systems and regulatory systems, and financial support for public awareness activities that are grounded in scientific information.

B. Certification and assurance programs

In order to assure consumers at home and abroad of the quality of food and that it is produced with regard for the environment and animal welfare, many industries have certification and best practice assurance programs.

The organic industry is well known for its environmental advocacy. Through its certification process, the industry attempts to give consumers who buy certified organic products assurance of their products' authenticity. In addition to looking for products that address their health, animal welfare and environmental protection concerns, consumers pay close attention to where their food comes from, and many consumers prefer to buy local.

In order to meet this type of demand, Chicken Farmers of Canada created a new program called Raised by a Canadian Farmer. This brand guarantees that the chicken

195 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 17 November 2016, 1010 (Ms. Andrea Brocklebank, Executive Director, Beef Cattle Research Council, Canadian Cattlemen's Association).

196 Ibid., 0900 (Mr. Jim Everson).

was raised in Canada and meets the highest food safety and animal care standards.¹⁹⁷ Furthermore, Chicken Farmers of Canada has a federal, provincial and territorial on-farm food safety system that is recognized. All chicken farmers participate in the program and are subject to an annual audit. Farmers must also participate in a mandatory animal care program based on the code of practice, which was updated in 2016.¹⁹⁸

Like chicken farmers, dairy producers also participate in an on-farm food safety program. The proAction program was created by DFC to reassure consumers of the quality and safety of their product while responding to consumers' growing interest in best farming practices. The program consolidates on-farm best practices and is made up of several modules, including milk quality and animal care.¹⁹⁹

The Verified Beef Production Plus program launched by the beef industry focuses on good practices in on-farm food safety, animal care, biosecurity and environmental stewardship. This assurance program guarantees consumers at home and abroad that Canadian beef farmers produce safe, high-quality food while using practices that are environmentally sustainable and mindful of animal welfare.²⁰⁰

In order to maintain and enhance public trust, witnesses recommended that support for national industry on-farm verification programs be maintained in the next policy framework and that funding be allocated to the development of such programs. However, Chicken Farmers of Canada noted that many production areas did not receive funding until after they began developing on-farm safety programs. Some of these programs fell by the wayside and did not receive final approval because they did not have stable funding. The witnesses would like a partnership with the government to implement sustainable, long-term, cost-shared programs.

Witnesses also indicated that they would like government support for projects to strengthen public trust, which use a value-chain approach.

[T]here is an initiative where industry is trying to build a consensus on how we approach public trust issues, using the existing value chains for that. Under the APF, if that could be identified as one of the types of project funding that would be prioritized, that would be important. With industry coming together, they're going to put some coin in. If government puts some coin in, then I think we could start working on that.²⁰¹

Many witnesses agreed that there is a need to provide the industry with proper funding so that it can manage the pressures related to public trust. In addition to financial

197 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 15 November 2016, 1040 (Mr. Mike Dungate).

198 Ibid., 1000.

199 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 3 November 2016, 0930 (Ms. Caroline Emond).

200 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 17 November 2016, 1000 (Mr. Dan Darling).

201 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 25 October 2016, 0915 (Mr. Ron Bonnett).

support, the next policy framework needs to provide support to the sector as it works to strengthen public trust, particularly when it comes to validating and supporting scientifically sound production practices.²⁰² However, the National Farmers Union (NFU) wanted to warn against the government funding messages that are not always true. The information disseminated by groups that have been advocating for their particular version of social licence and best practices is not necessarily based on the science of agriculture.²⁰³

The NFU recommends that the Government of Canada be extremely cautious when interpreting these phrases, and even more cautious if considering spending taxpayers' dollars in such efforts. The NFU's position is that it is better to build confidence and public trust by requiring more independent and government testing of products in order to provide real transparency. Proper regulation is desirable and necessary.²⁰⁴

Recommendation 15

The Committee recommends that the next policy framework support the concerted efforts of the Canadian agriculture sector to strengthen public trust, such as the public trust initiatives established by the existing value chains, and fund public research to reinforce public trust.

LABOUR FORCE AND NEXT GENERATION OF FARMERS

At the Committee's public hearings, the witnesses also spoke about other issues that do not necessarily fall under the priorities set out in the *Calgary Statement*, including labour force issues and the opportunities and challenges facing the next generation of farmers in the agriculture and agri-food sector.

A. The labour force

The labour force is very important for the agriculture and agri-food sector since the profitability and viability of farms depends in large part on labour availability. However, the sector is dealing with a shortage of workers, particularly in labour-intensive production areas such as horticulture, and in processing plants.²⁰⁵

1. Labour shortage on farms and in processing plants

According to the [report](#) issued by the Canadian Agricultural Human Resource Council (CAHRC) in cooperation with the Conference Board of Canada, the size of the sector's labour gap has doubled over the past decade and is expected to double again by 2025. This report indicates that, 10 years ago, the primary sector was short

202 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 1 November 2016, 0955 (Ms. Corlena Patterson).

203 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 8 December 2016, 0855 (Mr. Stewart Wells, Past president, National Farmers Union).

204 Ibid.

205 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 20 October 2016, 1000 (Mr. Andrew Goldstein).

30,000 workers and that it is now short 59,000 workers. That number is expected to reach 114,000 in the next 10 years.

On-farm job vacancies are exceptionally high, at a 7% vacancy rate. The national average for other industries is only 1.8%, so this is a clear exception and a clear problem. It's costing the farm industry \$1.5 billion in lost sales revenue each year. That's \$1.5 billion on the primary agriculture side alone.²⁰⁶

The CAHRC indicated that, despite efforts by business owners to attract workers, there is a high vacancy rate in agriculture because many of the jobs are seasonal, many of the businesses are located in rural areas, people have negative perceptions of farm work and the workforce is aging.²⁰⁷ In order to increase productivity and reduce the need for employees, some businesses have been using robotics.

Automation and robotics are used in planting, picking, and packing of produce, all helping to reduce the demand on labour while also reducing waste and improving productivity, but automation cannot replace all labour needs.²⁰⁸

Although the impact of the labour shortage is especially acute in the primary sector, it is also being felt by the rest of the supply chain.²⁰⁹ Moreover, this problem affects both low- and high-skill jobs. There is also a significant shortage of technicians, supervisors and managers of operations.²¹⁰ Automation and robotics require people who are qualified to operate the technology.²¹¹

The labour shortage can be costly for the industry. For example, two years ago, in Quebec, \$30-million worth of apples did not make it to market because there were not enough workers to pick them.²¹² Labour shortages in the meat-processing sector have led to missed trade opportunities.

The problem with the shortage of labour is that in a lot of these markets we're developing, we disassemble the product here and send certain parts of the animals to other places. If the plants don't have people to disassemble and make the specialty cuts, that means they have to decide whether they are not going to kill as many cattle that day or whether they are going to put people on the line to kill more cattle. They can't do both. The labour

206 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 3 November 2016, 0950 (Ms. Portia MacDonald-Dewhirst, Executive Director, Canadian Agricultural Human Resource Council).

207 Ibid.

208 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 1 November 2016, 0855 (Mr. Ron Lemaire).

209 Ibid.

210 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 3 November 2016, 0955 (Ms. Portia MacDonald-Dewhirst).

211 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 15 November 2016, 0905 (Ms. Carla Ventin).

212 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 1 November 2016, 0920 (Mr. Ron Lemaire).

shortage is actually hurting our chances of taking advantage of some of these trade opportunities.²¹³

Knowing that the labour shortage is having a huge negative impact on Canada's agriculture and agri-food sector, the CAHRC firmly believes that labour must be added to the next policy framework as a seventh priority area. In addition to hindering progress on the priorities proposed by Agriculture and Agri-Food Canada, the labour shortage poses a significant risk to the country's capacity for value-added agriculture and agri-food processing.²¹⁴

2. Temporary Foreign Worker Program

Canada's agriculture and agri-food sector wants to first give priority to hiring Canadian workers. However, producers are sometimes unable to fill vacancies. In order to help the sector resolve the problem of the shortage of agriculture workers, there are programs outside the scope of *Growing Forward 2*. The [Temporary Foreign Worker Program](#) (TFWP) allows producers to hire foreign nationals to fill temporary labour shortages. The witnesses from the produce sector emphasized the essential role that foreign workers play in their sector given "the increasing demand to meet production targets and avoid fruit and vegetable rot on farms."²¹⁵

Many of our producers have been using the programs for many years, often bringing the same people in year after year. We suggested that the government look at developing a NEXUS program or trusted employer program that would allow the timeline needed from when you need the worker to when the worker arrives.²¹⁶

The federal government must continue to work with industry to ensure an accessible and reliable workforce. It is important to note that temporary foreign workers generally come for about six months. Most Canadians are looking for full-time employment. Also, our studies have shown that, for every foreign worker we bring in, two full-time Canadian jobs are created within the value chain.²¹⁷

It is important to note that the manufacturing sectors are excluded from certain streams of the TFWP. For example, foreign workers who are hired under the TFWP to work on the production side cannot do any food processing. This particular situation has created a pronounced shortage on the food-processing side.²¹⁸

213 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 17 November 2016, 1020 (Mr. Dan Darling).

214 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 3 November 2016, 0955 (Mr. Doug Chorney, Vice-Chair, Canadian Agricultural Human Resource Council).

215 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 24 November 2016, 0950 (Mr. Keith Kuhl).

216 Ibid., 1030.

217 Ibid., 0955.

218 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 15 November 2016, 0905 (Ms. Sylvie Cloutier).

In addition to having difficulty filling vacancies in its plants, the meat-processing industry is dealing with an employee turnover rate of about 50% on average. It is difficult to run an operation when new employees have to constantly be trained and educated because of this high rate of turnover. The meat industry has been trying to get around this problem by having employees work overtime, moving work elsewhere or not doing value-added activities. The meat industry has also been trying to recruit in Indigenous communities, but it is still unable to fill the vacancies.²¹⁹

Recommendation 16

The Committee recommends that the Government improve the Temporary Foreign Worker Program to better accommodate the needs of the Canadian agriculture value chain.

3. Job opportunities and careers in agriculture

As part of the agriculture and agri-food sector's efforts to address labour shortages, Food and Beverage Ontario launched an awareness campaign regarding jobs in the sector. The industry recognizes that there is a real problem if people are not trained or if they are not excited about the idea of working in the industry.²²⁰

Food and Beverage Ontario launched a program last year called Taste Your Future. We went out and did a lot of research. Unfortunately for our industry, I think we've neglected trying to at least make our industry a little sexy and attract new Canadians and young Canadians into our industry.²²¹

According to the CAHRC, one of the best ways to encourage new Canadians to work in the agriculture sector is to allow the local community to sell itself to those families. The communities need help doing that because there are many other factors to consider, such as housing, schools and activities for spouses and children.²²²

The CAHRC made four recommendations to resolve the labour shortage. The first is to improve diversity, or in other words, to encourage under-represented groups such as youth, people with disabilities, Indigenous people and women to consider working in the sector.²²³

We support women's inclusion and participation in the workforce. Women currently make up 30% of the agriculture workforce, and outreach initiatives are needed for under-represented groups, including women.²²⁴

219 Ibid., 1015 (Mr. Troy Warren).

220 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 17 November 2016, 1005 (Mr. Norm Beal, Chief Executive Officer, Food and Beverage Ontario).

221 Ibid.

222 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 3 November 2016, 1035 (Ms. Portia MacDonald-Dewhirst).

223 Ibid.

224 Ibid., 0955 (Mr. Doug Chorney).

According to Iris Meck from the Advancing Women in Agriculture Conference (AWAC), the contribution of women is not recognized.²²⁵ In order to support women participation in the agriculture sector, AWAC organizes conferences that focus on the challenges faced by women working or wanting to work in this sector. AWAC also encourages these women to gather together to share and discuss the problems and challenges they are facing.²²⁶ Some provincial governments cover the conference's registration fees so that women can attend. AWAC would like the next policy framework to recognize its conferences as a training program and to provide funding so that women in the agriculture sector can participate in them. The NFU believes it is very important for women to participate in the agriculture sector and has positions reserved for women on its board.²²⁷

The CAHRC's second recommendation calls for national employment initiatives, or making people aware of the fact that there are interesting and well-paying careers in agriculture. Food and Beverage Ontario, which shares this opinion, believes it is important to get young people interested in the industry and to tell them about the wide variety of career choices in agriculture. Not all of the jobs in the industry involve working in processing plants. The industry is also looking for food scientists, tasters and product developers.²²⁸

The CAHRC's third recommendation involves providing more accessible training, including online learning, to improve the knowledge and skills of workers.

The CAHRC's fourth recommendation is that adequate funding be provided to implement the Canadian Agriculture and Agri-food Workforce Action Plan. The action plan is a strategic road map for jobs and growth in rural Canada that was developed in cooperation with many industry stakeholders.²²⁹

Recommendation 17

The Committee recommends that the Government support workforce development initiatives to improve agriculture career awareness amongst underrepresented groups, in order to reduce barriers and increase awareness of the job opportunities available in the agriculture and agri-food sector.

225 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 8 December 2016, 0905 (Ms. Iris Meck, Advancing Women in Agriculture Conference).

226 Ibid.

227 Ibid., 0935 (Stewart Wells).

228 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 17 November 2016, 1015 (Mr. Norm Beal).

229 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 3 November 2016, 0955 (Mr. Doug Chorney).

B. The next generation of farmers

In addition to labour shortages, Canada's agriculture and agri-food sector is dealing with a workforce where the average age of farmers is 55. Aspiring farmers face a major obstacle in reaching their goal: gaining access to land, which keeps going up in price.²³⁰ The result is that many new farmers who do not come from farming backgrounds end up settling on inexpensive land.²³¹ The matter of farm transfers also comes with its share of challenges for the next generation of farmers.

1. Barriers to entry

Many witnesses indicated that access to land and capital are the biggest obstacles facing young farmers. Running a farm requires significant investments because the sector is highly capitalized. Take, for example, the money required to buy land, buildings, quota, machinery, etc. It is not always easy for young farmers to borrow such a large amount of money from a financial institution, particularly if they do not have a credit history.

Other obstacles for new farmers include access to training²³² and labour.²³³ According to some witnesses, the next policy framework should include initiatives and programs to help young farmers overcome those obstacles. For example, young farmers must be given easier access to credit in order to encourage them to enter the sector.²³⁴

2. Programs and initiatives to help new farmers

There are currently a variety of federal initiatives to support young farmers, including loan programs and skills-development and training programs. There are also similar programs available at the provincial level.²³⁵

In the supply management sector, where quota prices are extremely high, many provinces provide a support program for new farmers that offers free quota, financing or business planning.²³⁶

The Canadian Young Farmers' Forum (CYFF) is an organization that advocates for young farmers between the ages of 18 and 40 across the country. The role of the CYFF falls between 4-H and the Outstanding Young Farmers Program. The purpose of the CYFF is to help young farmers develop their skills by providing them with education and

230 Ibid., 1020.

231 Ibid.

232 Ibid., 1020 (Ms. Geneviève Grossenbacher, Organic Farmer, Canadian Organic Growers).

233 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 24 November 2016, 0905 (Mr. Paul Glenn, Chair, Canadian Young Farmers' Forum).

234 Ibid.

235 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 20 October 2016, 0930 (Mr. Andrew Goldstein).

236 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 25 October 2016, 0915 (Mr. Kurt Siemens).

leadership training, while the 4-H program gives youth their start in agriculture and the Outstanding Young Farmers Program celebrates their success.²³⁷

The CYFF relies on support from Agriculture and Agri-Food Canada and industry to carry out its activities. It receives support from AAFC under the AgriCompetitiveness fostering business development stream. Industry provides funding and in-kind contributions.²³⁸ The CYFF is asking the government to recognize and include the value of in-kind contributions in the consideration of future funding under federal and provincial initiatives since such contributions are not currently considered.²³⁹

If in-kind contributions from the industry were considered, it would reduce matching requirements for the CYFF. Right now, the AgriCompetitiveness fostering business development stream limits the government's maximum contribution to 50% of eligible costs. The CFA proposed that the government reduce the cost-shared funding requirement from 50:50 to 25:75 for the AgriCompetitiveness program since youth engagement, farm safety and business development are important priorities. If the industry's share were reduced, organizations could focus their resources on projects and activities that benefit producers.²⁴⁰

Although young farmers have access to the same programs as other farmers, Mr. Paul Glenn, Chair of the Canadian Young Farmers' Forum, noted that these programs are not designed specifically for young farmers. He believes that it is important to have measures that specifically target young farmers.²⁴¹

3. Farm transfers

The witnesses emphasized that, in order for farm transfers to be successful, they need to be planned well ahead of time. It is important to have a proper succession plan, prepared by accountants and lawyers, to ensure that the business is viable for the next generation and that there is retirement income for the person selling the farm.²⁴²

An improperly prepared succession plan can result in some nasty surprises, such as huge tax liabilities.²⁴³ Grain Growers of Canada noted that the tax rules do not encourage family transfers. In fact, because of tax rules such as capital gains treatment, it

237 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 24 November 2016, 0900 (Ms. Guenette Bautz, General Manager, Canadian Young Farmers' Forum).

238 Ibid.

239 Ibid.

240 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 25 October 2016, 0905 (Mr. Ron Bonnett).

241 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 24 November 2016, 0940 (Mr. Paul Glenn).

242 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 25 October 2016, 0920 (Mr. Ron Bonnett).

243 Ibid.

is more advantageous for farmers to sell their farm to an outside interest than to pass it on to a family member.²⁴⁴

The CFA proposed a funding model that would promote the transfer of farms between farmers in cases where older farmers are offering financing to younger farmers taking over their farm. The CFA believes that, if the interest paid to those farmers could be tax exempt, it would encourage this practice. Farmers could lend at a lower interest rate and still get the retirement pension they need.²⁴⁵

The Canada Organic Trade Association presented another financing model. This plan would allow older farmers to slowly transition their land to younger farmers and would be based on the establishment of land trusts and the creation of a program that would allow older farmers to work with younger farmers on their land. According to the association, a model that seeks to eliminate economic and income tax hurdles needs to be explored further.²⁴⁶

Recommendation 18

The Committee recommends that the Government work with stakeholders to support the next generation of farmers by improving farm start-up conditions, succession planning and the transfer of knowledge to help young farmers and beginning farmers start their business.

244 Ibid., 0920 (Ms. Fiona Cook).

245 Ibid., 0915 (Mr. Ron Bonnett).

246 House of Commons, AGRI, [Evidence](#), 42nd Parliament, 1st Session, 24 November 2016, 0945 (Ms. Tia Loftsgard).

LIST OF RECOMMENDATIONS

Recommendation 1

The Committee recommends that the Government ensure that all other governmental departments and agencies integrate the new agricultural policy framework to ensure a whole-of-government approach to maximize the expected short- and long-term impacts..... 3

Recommendation 2

The Committee recommends that the Government ensure a seamless transition from one policy framework to the next and implement a simple and transparent mechanism for processing funding applications..... 5

Recommendation 3

The Committee recommends that the Government renew the AgriMarketing Program within the next policy framework. 8

Recommendation 4

The Committee recommends that the Government deploy the necessary resources in organizations that support international trade in order to increase the sector's export capacity. 11

Recommendation 5

The Committee recommends that the Government maintain an appropriate cost-share ratio for the agri-science cluster component of the AgriInnovation Program and provide appropriate financial and administrative support to smaller industry organizations to support their participation in innovation programs..... 16

Recommendation 6

The Committee recommends that the Government increase attention to the food processing sector, including on-farm processing, by providing it with the support necessary to increase its productivity and improve its competitiveness to position Canada as a global food leader..... 18

Recommendation 7

The Committee recommends that the Government continue to defend and protect supply management..... 18

Recommendation 8

The Committee recommends that the Government ensure that the business risk management programs in the next agricultural policy framework are transparent, quick to respond, simple and predictable and that they better meet the needs of farmers..... 20

Recommendation 9

The Committee recommends that the Government review the threshold for payments under the AgriStability program to ensure that it provides farmers with adequate protection and flexibility for greater participation..... 23

Recommendation 10

The Committee recommends that the Government continue to support the Western Livestock Price Insurance Program and consider its extension to the entire country. 25

Recommendation 11

The Committee recommends that the Government support the private sector in developing and implementing risk management pilot projects that better address the needs of the agriculture sector. 25

Recommendation 12

The Committee recommends that the Government, in cooperation with the agriculture and agri-food sector, analyze the environmental and economic costs and benefits of environmental practices at various stages of the agri-food production chain. 31

Recommendation 13

The Committee recommends that the next policy framework include a component for implementing environmental practices at various stages of the agri-food production chain, including measures to address climate change and deal with its effects and measures to help the sector adapt to the environmental regulations landscape in conjunction with the provinces and territories..... 32

Recommendation 14

The Committee recommends that the Government support public trust of the agriculture and agri-food sector through focused efforts to increase robustness and confidence in assurance systems and regulatory systems, and financial support for public awareness activities that are grounded in scientific information. 33

Recommendation 15

The Committee recommends that the next policy framework support the concerted efforts of the Canadian agriculture sector to strengthen public trust, such as the public trust initiatives established by the existing value chains, and fund public research to reinforce public trust..... 35

Recommendation 16

The Committee recommends that the Government improve the Temporary Foreign Worker Program to better accommodate the needs of the Canadian agriculture value chain. 38

Recommendation 17

The Committee recommends that the Government support workforce development initiatives to improve agriculture career awareness amongst underrepresented groups, in order to reduce barriers and increase awareness of the job opportunities available in the agriculture and agri-food sector. 39

Recommendation 18

The Committee recommends that the Government work with stakeholders to support the next generation of farmers by improving farm start-up conditions, succession planning and the transfer of knowledge to help young farmers and beginning farmers start their business..... 42

APPENDIX A LIST OF WITNESSES

Organizations and Individuals	Date	Meeting
<p>Department of Agriculture and Agri-Food</p> <p>Andrew Goldstein, Director General Policy, Planning and Integration Directorate, Strategic Policy Branch</p> <p>Greg Meredith, Assistant Deputy Minister Strategic Policy Branch</p>	2016/06/13	17
<p>Department of Agriculture and Agri-Food</p> <p>Andrew Goldstein, Director General, Policy, Planning and Integration Directorate, Strategic Policy Branch</p> <p>Rosser Lloyd, Director General Business Risk Management Programs Directorate, Programs Branch</p>	2016/10/20	25
<p>Canadian Federation of Agriculture</p> <p>Ron Bonnett, President</p>	2016/10/25	26
<p>Egg Farmers of Canada</p> <p>Alison Evans, Director, Corporate and Public Affairs</p> <p>Kurt Siemens, Director</p>		
<p>Grain Growers of Canada</p> <p>Fiona Cook, Executive Director</p>		
<p>Canadian Canola Growers Association</p> <p>Brett Halstead, President</p> <p>Catherine Scovil, Director of Government Relations</p>	2016/10/27	27
<p>Canola Council of Canada</p> <p>Patti Miller, President</p>		
<p>National Cattle Feeders' Association</p> <p>Casey Vander Ploeg, Manager Policy and Research</p>		
<p>Canadian Pork Council</p> <p>Hans Kristensen, Board of Director</p> <p>Gary Stordy, Public Relations Manager</p>	2016/11/01	28
<p>Canadian Produce Marketing Association</p> <p>Ron Lemaire, President</p>		
<p>Canadian Sheep Federation</p> <p>Kristy House, National On-Farm Food Safety Coordinator</p> <p>Corlena Patterson, Executive Director</p>	2016/11/01	28

Organizations and Individuals	Date	Meeting
Pulse Canada Greg Cherewyk, Chief Operating Officer		
Canadian Agricultural Human Resource Council Doug Chorney, Vice-Chair Portia MacDonald-Dewhirst, Executive Director	2016/11/03	29
Canadian Organic Growers Geneviève Grossenbacher, Organic Farmer Ashley St Hilaire, Director Programs and Government Relations		
Dairy Farmers of Canada Émie Désilets, Assistant Director Dairy Production Research Caroline Emond, Executive Director		
Turkey Farmers of Canada Phil Boyd, Executive Director Mark Davies, Chair		
Canadian Council of Food Processors Sylvie Cloutier, Chair François Couture, Senior Advisor, Innovation	2016/11/15	30
Canadian Meat Council Ron Davidson, Director, International Trade, Government and Media Relations Troy Warren, President and Chair of the Board of Directors		
Chicken Farmers of Canada Mike Dungate, Executive Director Lauren Kennedy, Senior Government Relations Officer		
Food and Consumer Products of Canada Carla Ventin, Vice-President Federal Government Affairs		
Canadian Agri-Food Trade Alliance Claire Citeau, Executive Director	2016/11/17	31
Canadian Cattlemen's Association Andrea Brocklebank, Executive Director Beef Cattle Research Council Dan Darling, President		
Food and Beverage Ontario Norm Beal, Chief Executive Officer	2016/11/17	31

Organizations and Individuals	Date	Meeting
Soy Canada Jim Everson, Executive Director		
Ducks Unlimited Canada James Brennan, Director Government Affairs Paul Thoroughgood, Regional Agrologist Prairie Canada	2016/11/22	32
Grain Farmers of Ontario Mark Brock, Chairman		
Saskatchewan Association of Rural Municipalities Ray Orb, President		
Canada Organic Trade Association Andrew Hammermeister, Representative Marie-Ève Levert, Director International and Regulatory Affairs Tia Loftsgard, Executive Director	2016/11/24	33
Canadian Horticultural Council Keith Kuhl, President		
Canadian Young Farmers' Forum Guenette Bautz, General Manager Paul Glenn, Chair		
Dairy Processors Association of Canada Jacques Lefebvre, President and Chief Executive Officer		
Advancing Women in Agriculture Conference Iris Meck, Host	2016/12/08	37
National Farmers Union Stewart Wells, Past President		
National Farmers Union - New Brunswick Ted Wiggans, President Amanda Wildeman, Executive Director		
Western Canadian Wheat Growers Association Margaret Hansen, Vice-President Saskatchewan Stephen Vandervalk, Vice-President Alberta	2016/12/08	37

REQUEST FOR GOVERNMENT RESPONSE

Pursuant to Standing Order 109, the Committee requests that the government table a comprehensive response to this Report.

A copy of the relevant *Minutes of Proceedings* ([Meetings Nos. 17, 25, 26, 27, 28, 29, 30, 31, 32, 33, 37, 40, 41, 42, 43 and 44](#)) is tabled.

Respectfully submitted,

Pat Finnigan
Chair

The Standing Committee on Agriculture and Agri-Food The Next Agricultural Policy Framework Report CPC Dissenting Report

What is the future of farming in Canada and what level of government involvement is necessary? These are the questions for the Liberal government to keep in mind as it negotiates a new Agricultural Policy Framework (APF) with the provinces.

Throughout our hearings we heard some consistent themes – that there is a bright future for Canadian agriculture, that in many areas we are world leaders in agriculture and that we need to get products to market that consumers and customers can have confidence in.

There is a growing demand for food. By 2050, global demand is expected to rise by 70 percent. We are told that the world will need to produce as much food in the next 45 years as in the previous 10,000. (Unleashing the growth of key sectors, Advisory Council on Economic Growth).

The sheer diversity of agriculture in this country is astounding. At the House Standing Committee on Agriculture and Agri-Food hearings we were constantly reminded of the incredible diversity of opportunities and needs inherent in Canadian agriculture. What will the new APF look like? With no defined fiscal commitment and with new pillars being added to the APF, can this government create programs that will work for producers across the spectrum?

A critical challenge for Canadian agriculture is to communicate accurately with a Canadian public that is increasingly disconnected from their food production and increasingly susceptible to misinformation about agriculture and food. Canadian agriculture is a world leader both in producing healthy food and in technological development. Producers have a great story for the public - we are growing and eating and drinking the best food in the world.

Our food safety system is a model for other countries. Public education, including educating the educators, needs to be a deliberate and ongoing component of Canadian agriculture.

Agricultural success in Canada depends on trade. The vast majority of agriculture in Canada must export. International trade deals always find agriculture playing a major role in negotiations. The challenge of balancing Canadian agricultural interests is a huge one. Varying expectations, strong positions held by various agricultural interests, and the notion that any good trade deal will result in markets both being opened and closed keep our negotiators on their toes. The recent approval of the Canada-European Union (EU) Comprehensive Economic and Trade Agreement (CETA) was critical for Canadian export trade. The future of Trans Pacific Partnership (TPP) is unknown but a successful conclusion of it will open opportunities in a vast, and growing, consumer market. Canadian farm products are needed around the world. High quality premium

products are in ever increasing demand in countries whose food habits are changing as their economies develop. We have the opportunity to meet those expectations.

Producers make agriculture work. The role of government should be to smooth the path to success. Allowing producers to produce, giving them the freedom to market, where necessary creating efficient and transparent regulatory structures and then getting out of the way – that's the role of government. Canadian producers are the best in the world – let's let them do their work.

We are thankful for the many who have taken time to be witnesses, to share the important aspects of their segment of agriculture.

RECOMMENDATIONS:

PROGRAM FUNDING

- That the government make it the highest priority to have a seamless and timely transition from Growing Forward 2 to APF3 in order to protect producers and processors.
- That there be a review of the Business Risk Management (BRM) program payment processes to make them more efficient and to simplify and standardize application procedures.
- That the government be transparent in it's funding of agriculture programming so that producers can see where the money is being spent and can ensure that they are not disadvantaged by the government having doubled the number of priority areas that form the APF pillars.
- That departments involved in the food production system be given a specific mandate to work together to ensure the growth and prosperity of the agriculture sector. This includes providing relevant information about market needs and product development.
- That departments involved in trade be given a specific mandate to work together to enable Canada to best profit from the projected increases in food demand.
- That departments involved in transportation be given a specific mandate to work together to enable Canada to best transport it's product to market.

PROGRAM OPERATION

- That serious effort be put into streamlining program application processes and that the provinces and federal government have a standardized application process within two years.

- That the government establish an industry led Committee to evaluate and assess the effectiveness of the suite of programs on an ongoing basis.
- That the government review the contribution rate for the AgriInvest program in order to make it a larger component of the BRM package and that farmers be allowed to remove their own money on preapproved investments.
- That the government review the role of AgriStability to determine the most effective use of the program money, including an examination of the program's flexibility, its response to new farmers, its administrative complexity and the present caps on payments.
- That AgriInsurance be continued as a cost share program but that the government examine the capacity of the program to more broadly provide an insurance program for animal insurance.
- That AgriRecovery consider covering multi-year impacts of disaster events.
- That AgriRisk continue to provide financial support to the private sector to enable it to develop private risk management tools with the purpose of reducing producers' reliance on taxpayers.

Within AgriRisk, that the government work with provinces to explore with the possibility of making the Western Livestock Price Insurance Program permanent and national. Recommend that AgriRisk explore the development of new initiatives to mitigate the risks of margin calls for pork producers.

MARKET DEVELOPMENT

- That inter-provincial trade restrictions be examined and that government work with the provinces to lessen those restrictions.
- That the government identify priority markets for Canadian agriculture products and use the resources of Global Affairs and International Development to assist with the development of those markets.
- That a clear strategy be developed that will highlight internationally the high quality and food safety of Canadian agriculture products.
- That an agriculture agreement with Japan be prioritized so that Canadian farmers have increased access to Japanese markets.
- That the government educate the network of Canadian representatives abroad – including Embassy personnel – so that agriculture opportunities are identified and relayed to the agriculture sector.

TRADE

- That the government address the issues of Maximum residue Levels with our competitors.

RESEARCH AND SCIENCE

- That science clusters are maintained under the new Policy Framework.
- That the government continue to partner with provinces to fund innovation and new technology development.
- That the government partner with the private sector as much as possible.
- That there be stable funding for research but also a plan to take new innovation/research to a commercial conclusion.
- That the government show a willingness to alter the cost share ratio for funding so that smaller organizations can participate as partners.
- That private investment is encouraged in food processing through tax policy that makes Canadian industry more competitive, especially in areas of investment and the integration of new technology.
- That the Government examine and address the elements of the food processing sector where government policy has limited productivity and competitiveness.
- That the government provide funding for the next review of the Organic Standards.

ENVIRONMENT

- That the government recognize the industry's environmental efforts in the development of new policy and programs.
- That all environmental decisions be based on adequate science conducted without prescribed conclusions.
- That the government fund educational materials that demonstrate the incredible change in farming practices that has taken place in the last 30 years and highlight improvements in water usage, pesticide management and environmental practices.
- That any money spent on 'public trust' rely on accurate information and real evidence.
- That the attitude towards producers regarding the environment be reversed – that the government listen to the experts who live on the land and tailor programs to them rather than limiting producer involvement and ignoring local concerns.
- Given agriculture's contribution to essential food production and its incredible improvement in environmental practices, that no carbon taxes be imposed on agriculture.
- That a full cost impact analysis of the governments' environmental tax proposals be carried out prior to any implementation and that any related increases to production costs be made known to producers.

That environmental taxes not put our producers at a competitive disadvantage.

- That the government recognize the value of carbon sinks and carbon sequestration, best management practices and that that the government allow locals to control the funding and research goals of projects in their area.
- That the government establish community based, community directed environmental programming for rural communities.
- That a condition of wetlands protection projects be that they not impact adjacent private lands.
- That the government consider tax friendly policies that would encourage the reclamation and recycling of agricultural waste.
- That Environmental Farm Plans are industry led and government supported and leave control of land and production with producer.
- That Environmental Farm Plans be expanded to include the management of non-productive land and of land that is not being used for direct production.
- That all foreign government funding for environmental programs be reported in a transparent way.
- That the government support private and public awareness campaigns to educate the Canadian public and to teach them about the positive contribution made by the agriculture industry to environment.
- That government promote the development of public awareness activities grounded in solid science and include Quality Assurance programs.
- That government work with the many components of the agriculture industry to develop voluntary best practice assurance and certification programs.

LABOUR

- That labour be added to the APF pillars as this was identified as an industry wide issue.
- That the shortage of agriculture workers be treated as an emergency and a responsible approach be developed as soon as possible.
- That a 'trusted worker', 'trusted employer' program be developed for returning foreign workers
- That Manufacturing be included in the Temporary Foreign Worker program.
- That the government adopt the Canadian Young Farmers' Forum (CYFF) request and recognize in kind contributions from industry.

TAX POLICY

- That government examine tax policy to make it easier to transfer farm land to genuine farmers and to family members.
- That government examine tax policy to make it attractive to sellers to privately finance purchasers over time and that it explore the idea of land trusts as an option.
- That government raise the Capital Gains Exemption to \$2 million.

THE NEXT AGRICULTURAL POLICY FRAMEWORK SUPPLEMENTARY REPORT BY THE NEW DEMOCRATIC PARTY

Ruth Ellen Brosseau
Agriculture and Agri-Food Critic for the NDP

On behalf of the New Democratic Party, we would like to thank all the witnesses who took time to share their views on the *Next Agricultural Policy Framework*. We are confident that this exercise has been beneficial and instructive for all political parties. The consensus on almost all the recommendations reflects the willingness of all parties to produce a constructive and useful report for decision makers.

However, the Report does not address all the issues, especially in the sections Program administration, Research, Science and Innovation, and the Temporary Foreign Worker Program. In order to address these issues, the NDP would like to make five important recommendations for a better Agricultural Policy Framework.

1. The Committee recommends that the Government study the possibility of implementing a “one stop shop” approach for the delivery of its programs in the agriculture and agri-food sector.

In the section “Program administration,” several witnesses referred to the complexity of the application process and of the bureaucracy, particularly for small and medium-sized businesses. In his testimony, the Egg Farmers of Canada representative spoke about how long it took just to fill out a simple form.¹

On this issue, the Dairy Processors Association of Canada clearly recommended that the Committee create a “one stop shop” to facilitate the delivery of its programs in agriculture and agri-food sector.²

Therefore, to streamline the application process and facilitate access to its investment programs, it is important that the Government focus on a “one stop shop” approach.

2. The Committee recommends that the Government ensure the effective and timely dissemination of research findings and new knowledge, and fund technology transfer.

With respect to new knowledge funding and technology transfer, the NDP believes that the Committee’s recommendation reflects only part of the testimony we heard.

¹ House of Commons, AGRI, *Evidence*, 42nd Parliament, 1st Session, 25 October 2016, 0925 (Mr. Kurt Siemens).

² House of Commons, AGRI, *Evidence*, 42nd Parliament, 1st Session, 24 November 2016, 1005 (Mr. Jacques Lefebvre).

Regarding the section “Research, Science, and Innovation,” the Canadian Sheep Federation said that technology transfer that sees the interpretation and implementation of research findings must also be well funded.³ The Dairy Farmers of Canada said that it is one thing to do research, but the knowledge needs to be transferred in order to ensure real change for farmers across the country.⁴ The Canadian Organic Growers strongly urged the Committee not to let knowledge transfer activities fall to the bottom of the priority funding list in the next policy framework.⁵

3. The Committee recommends that the Government improve the Temporary Foreign Workers Program to enhance the capabilities and capacities of Canadian farm operations.

The Temporary Foreign Workers Program (TFWP) has been used by many producers for many years, and this program is very much appreciated by farmers. However, some issues that frequently arise include the timing of when workers arrive and when they are needed.⁶ Also, high labour turnover makes it really difficult for some industries to get a well-trained labour force.⁷

According to witnesses, adjusting the program to facilitate the arrival and processing of foreign workers could increase the productivity of Canadian farmers.

4. The Committee recommends that the Government review the whole AgriStability program to provide greater support, better protection and ensure that all types of farms benefit.

Regarding the AgriStability program, the NDP believes that the stakeholders asked for more than just a review of the threshold of payments. In our opinion, the entire program needs to be reviewed.

Witnesses said that the AgriStability program in its current form is unpredictable and unreliable, providing little stabilizing security in the event of a market shock. According to the Grain Growers of Canada, the AgriStability program should have some flexible options to ensure that it will take into consideration different

³ House of Commons, AGRI, *Evidence*, 42nd Parliament, 1st Session, 1 November 2016, 0955 (Ms. Corlena Patterson).

⁴ House of Commons, AGRI, *Evidence*, 42nd Parliament, 1st Session, 3 November 2016, 0910 (Ms. Caroline Emond).

⁵ House of Commons, AGRI, *Evidence*, 42nd Parliament, 1st Session, 3 November 2016, 1000 (Ms. Ashley St Hilaire).

⁶ House of Commons, AGRI, *Evidence*, 42nd Parliament, 1st Session, 24 November 2016, 0950 (Mr. Keith Kulh).

⁷ House of Commons, AGRI, *Evidence*, 42nd Parliament, 1st Session, 15 November 2016, 1015, (Mr. Troy Warren).

sizes of farms, different types of farms, and where they are located.⁸ The Canadian Federation of Agriculture also advocated for the removal of the reference margin limit, which was introduced under GF2. They also said that AgriStability needs to address the lack of support currently available to diversified farm operations.⁹

5. The Committee recommends that the Government study the impacts of the carbon tax on the competitiveness and productivity of the agricultural sector before imposing this tax on farmers.

The agriculture and agri-food sector has made considerable progress in improving their ecological footprint. However, according to the witnesses, the carbon tax raises a number of questions, primarily with respect to their competitiveness.

According to the Canadian Canola Growers Association, a carbon tax has the potential to significantly increase the costs of production for farmers, thereby making them less productive.¹⁰ Moreover, the National Cattle Feeders' Association believes that the establishment of a carbon tax should be studied in order to determine whether specific exemptions should be made for certain agricultural sectors.¹¹ The Western Canadian Wheat Growers Association also mentioned that, on the issue of competitiveness, the key issues of climate change and carbon taxes can't be decoupled, however such a tax would probably lead to price increases among our producers and they would lose their comparative advantage.¹²

Conclusion

The Report of the Standing Committee on the *Next Agricultural Policy Framework* is the result of a thorough and wide-ranging consultation process. As such, it is worthy of close Government attention. While the NDP supports the Report, it has proposed some additions.

⁸ House of Commons, AGRI, *Evidence*, 42nd Parliament, 1st Session, 25 October 2016, 0850 (Ms. Fiona Cook).

⁹ House of Commons, AGRI, 42nd Parliament, 1st Session, 25 October 2016, 0855 (Mr. Ron Bonnett).

¹⁰ House of Commons, AGRI, *Evidence*, 42nd Parliament, 1st session, 27 October 2016, 0850 (Mr. Brett Halstead).

¹¹ House of Commons, AGRI, *Evidence*, 42nd Parliament, 1st session, 27 October 2016, 0910 (Mr. Casey Vander Ploeg).

¹² House of Commons, AGRI, *Evidence*, 42nd Parliament, 1st session, 8 December 2016, 1000 (Ms Margaret Hansen).

We strongly urge the Government to take every necessary measure to implement both the Standing Committee's Report and the Supplementary Report of the NDP.