



**Written Submission for the Pre-Budget Consultations
in Advance of the Upcoming
Federal Budget**

By: National Sheep Network

List of Recommendations:

- **Fund the development of an agri-food labour strategy:** Led by the Canadian Agricultural Human Resource Council, this effort would convene key industry and governmental stakeholders from across Canada in identifying the strengths, vulnerabilities and opportunities facing Canada's agri-food labour market and establish an agreed upon action plan to respond with clear implementation timelines. The action must be developed in close consultation with the Canadian Agri-Food Automation and Intelligence Network (CAAIN), with funding made available to prioritize and support access to innovations, new technologies and automation throughout the agri-food value chain.
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- **Increase AgriStability Coverage:** Enhance AgriStability coverage to an 85% payment trigger, while removing the reference margin limit.
- **Support Food Processing Retrofits:** Provide food processors with additional support to retrofit and modernize operations, through a tax credit or additional, emergency funding.
- **Launch a Buy Canadian Campaign:** Leverage the existing \$25 million set aside under the Food Policy for Canada, as a Buy Canadian promotional campaign, while reallocating underutilized AgriMarketing program dollars to immediately implement an expansive Buy Canadian campaign focused on Canadian retail channels, while working with exporters to identify and address key export opportunities.
- **Develop Environmental Revenue Streams with a focus on Carbon Offsets Credits for Farmers:** This fall, ECCC will be consulting on considerations for Protocol Development in the Federal Greenhouse Gas (GHG) Offset System. Under this proposed system, farmers will be granted credits for approved activities that offset GHG emissions through prevention and sequestration. They will then be able to sell these credits to business who exceed their sector's emissions cap. The current shortlist of priority project types includes agricultural activities that increase soil organic carbon, livestock manure management, afforestation, aerobic composting, and others. CFA will be recommending that the federal government set aside an adequate portion of the budget to ensure credits offer adequate incentive to farmers for rapid uptake by the sector.

Canada's Agri-food sector can form the cornerstone of our national recovery, building on significant global needs and opportunities that have only been heightened by the COVID-19 pandemic. However, the sector is reeling from the short and long-term fallout from the pandemic, including market and price

volatility, labour shortages and massive input cost increases. These challenges can bring reduced confidence to invest in future growth and, subsequently, missed opportunities and necessity for sustainable and resilient growth for Canadian agri-food.

The opportunity that exists in Canadian agri-food sector was also highlighted by the Economic Advisory Council on Economic Growth and subsequently by Canada's Agri-food Economic Strategy Table through ambitious export and domestic sales targets for the sector – the risks and opportunities identified have only been heightened by the pandemic.

Below we outline several areas and corresponding recommendations for addressing the challenges and opportunities – but perhaps most importantly ensuring that Canada's agri-food sector plays a major role in rebuilding our economy with a safe, sustainable, and resilient agri-food system.

1. Labour

Without a doubt, the COVID-19 pandemic has illuminated the critical reliance on labour across the agri-food sector. The pandemic has also shone a bright light on the issues, challenges and needs for significant reforms to labour policies and programs to ensure a resilient and sustainable agri-food sector. We believe that it is critical for government and industry to jointly develop a labour strategy that would address the labour needs and issues within the agri-food sector.

Recommendations:

- **Fund the development of an agri-food labour strategy:** Led by the Canadian Agricultural Human Resource Council, this effort would convene key industry and governmental stakeholders from across Canada in identifying the strengths, vulnerabilities and opportunities facing Canada's agri-food labour market and establish an agreed upon action plan to respond with clear implementation timelines. The action must be developed in close consultation with the Canadian Agri-Food Automation and Intelligence Network (CAAIN), with funding made available to prioritize and support access to innovations, new technologies and automation throughout the agri-food value chain.

2. Risk Management Supports:

The COVID-19 pandemic has exposed cracks in Canada's food supply system which includes market uncertainty and price fluctuations coupled with an increase in input supplies. These risks will be exacerbated by potential secondary and tertiary waves of the virus and will have long-term consequences on the economics of Canada's entire agri-food sector.

Food businesses of all types, from primary production on the farm through processing and retail are taking on additional costs. at the same time, the short and medium-term viability of various market channels continues to evolve and remain highly volatile with the future uncertain.

Farmers across Canada are pleased to see the gradual reopening of the Canadian economy but recognize that the impacts of COVID-19 will be borne out over the coming months and years through ongoing uncertainty and increased costs.

As a potential driver of inclusive economic growth in regions across Canada, the sector is urgently in need of tools to reduce uncertainty throughout the value chain and ensure a more stability and resiliency. Additionally, there is a need to work on a strategy that can build on the lessons learned from COVID-19 and creating a stronger, sustainable and more resilient agri-food supply system.

Recommendations:

- **Increase AgriStability Coverage:** Enhance AgriStability coverage to an 85% payment trigger, while removing the reference margin limit.
- **Support Food Processing Retrofits:** Provide food processors with additional support to retrofit and modernize operations, through a tax credit or additional, emergency funding.

3. A Buy Canadian Campaign:

With the loss of sales to Canada's food services industry, Canadian agricultural producers are increasingly reliant on retail channels for domestic sales, while continuing to explore export diversification given the continued uncertainty in global agri-food supply chains. The increased volume of retail food expenditures can be a critical source of revenue and certainty during the long recovery anticipated for Canada's food services industry, and economy. By promoting the diversity of Canadian products available in grocery stores across Canada, and the benefits of supporting Canadian producers, this certainty and increased volume of sales can play a key role in positioning Canada's agri-food sector a leading driver of Canada's economic recovery. Given this uncertainty with respect to international market development practices, government should also convene leaders from key exporting sectors to determine actions that can help strengthen Canada's reputation as a reliable producer of safe, quality agri-food products.

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4. Enhance the capacity and benefits of sustainable agri-food production

Worldwide efforts to recover economically from the Corona Virus pandemic are considering an increased focus on environmental policies. The goal of these policies is to mitigate future social, economic, and environmental shocks caused by climate change. Here in Canada, the Federal Government is currently consulting on similar agricultural policies with potential to generate environmental revenue streams for farmers. Positioning these policies as part of Canada's pandemic recovery has potential to help farmers weather the economic downturn by improving long-term environmental resilience.

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The NSN represents Canada's business of sheep farming. We are a formal collaboration currently consisting of the top three lamb producing provinces, Quebec, Ontario, and Alberta. Home to 72% of

Canada's ewe flock and over 80% of processing, the NSN contributes over \$900 million to Canada's economy.