



Final Report

Consultation Event on the Next Policy Framework

April 13, 2017

Executive Summary

The Ministry of Agriculture hosted consultation sessions on April 13, 2017, with agriculture industry stakeholders as part of the Ministry's commitment to ongoing engagement in the development of the Next Policy Framework (NPF). The consultation was divided into two sessions: strategic initiatives and business risk management (BRM).

Strategic Initiatives

Overall, participants noted that programs are working well and that they would like to see support continue in a similar manner.

Participants emphasized:

- The importance of continuity of funding, particularly for research;
- The need for continued attention to institutional support to increase competitiveness across the sector;
- The need for better communication;
- Continued attention to public trust; and
- The importance of increased education for maximizing the value of research funding, technology transfer and for building public trust.

Business Risk Management

Participants discussed options to improve Business Risk Management (BRM) programs in the future. Many suggested that BRM programs should reward good agriculture practices. They want AgriStability to be clarified and simplified and to keep and enhance AgriInvest. Participants noted that Crop Insurance provides good support for the industry. It needs to be maintained and should not be reduced to fund changes to other programs. Participants want to improve forage insurance programs and the Western Livestock Price Insurance Program. They also want to improve communications, program education about BRM programs and give producers more choice.

Introduction

Growing Forward 2 (GF2) is a five-year (2013-2018) policy framework developed in consultation with Canada's agriculture and agri-food sector. With the GF2 agreement expiring on March 31, 2018, work is underway to develop the Next Policy Framework.

On April 13, 2017, the Ministry of Agriculture held a second round of in-person consultations with industry groups to:

- inform stakeholders on the ongoing negotiations for the NPF and collect input; and
- discuss options for Strategic Initiatives and Business Risk Management (BRM) programs to be offered in the NPF.

The morning discussion addressed industry needs for Strategic Initiatives programming. Participants were invited to participate in two of seven breakout sessions and submitted responses to interactive group polling. The seven priority areas discussed as breakout sessions included: markets and trade, science, research and innovation, risk management (producer assurance systems), environmental sustainability and climate change, value-added, public trust and farm business management.

The afternoon discussion focused on BRM programs. Participants took part in interactive group polling. And facilitated discussions on key points and recommendations for future programming.

For a list of responses to the interactive polling questions from both discussions, please see Appendix 1 at the end of the document.

The following is a summary of the discussion reported at the event. The results of the consultation session have been categorized into two sections:

1. Strategic Initiatives
2. BRM Program Recommendations

1. Strategic Initiatives

Public Trust

Discussions were positive. Participants acknowledged that public trust needs to be earned and emphasized that the whole sector needs to work together proactively. Participants suggested bringing the value-added sector into the discussion, and enhancing collaboration between provincial and federal governments and between Ministries.

Participants supported continued government investment in agriculture education initiatives, and encouraged government to continue to leverage amplifier groups, such as Farm and Food Care and Ag in the Classroom to build and maintain public trust in agriculture. They identified gaps in reaching Indigenous, immigrant and post-secondary audiences through existing educational channels. Participants also saw a need to increase producer education to support continued adoption of innovative, science-based, production practices on farms.

Participants spoke to the importance of maintaining public trust for the industry but indicated that it can be challenging to justify investment without having reliable outcome measurements.

Science, Research and Innovation

The discussion highlighted how research and innovation supports improvement across the agriculture sector, such as environmental outcomes or value-added businesses.

Participants emphasized the importance of continuity of research funding. Research is generally longer term than most projects in order to realize the benefit of research investments. Participants advised that support be consistent and predictable. As new investments into science, research and innovation are being made in competing jurisdictions, stakeholders recommended the need to carefully consider our research investments to ensure the industry maintains its competitive advantage.

Participants felt that the Canadian Agricultural Adaptation Program (CAAP) transition from the regional model used under Growing Forward 1 to the national model under Growing Forward 2 resulted in many lost opportunities for Saskatchewan and Alberta agribusinesses. Regional administration was identified as being very important to research and innovation successes in this area.

Participants noted that there is a gap in programming regarding technology transfer within Saskatchewan. Extension was identified as important to maximize the value of research investments. Participants would like to see research reports compiled in order to compare results at different sites. Participants also requested applications for all future programming to be distributed well ahead of the implementation date to ensure applicants have time to prepare.

The collaboration between commodity groups and the Agriculture Development Fund was seen to add value to the process and fund good ideas. Participants were also pleased with the Saskatchewan Agri-Value Initiative (SAVI) program and emphasized its importance to small to medium enterprises.

Markets and Trade

There was support for provinces having a role in state-to-state engagement and in different forums to advocate for improved market access and build relationships. Participants want Saskatchewan to work strategically to open and maintain markets, which can be done by collaborating with the federal government and advocating for provincial interests.

Participants stressed the need to work on transportation issues in order to get products to market more efficiently.

Participants approve of the provincial government's efforts to advocate for Saskatchewan agriculture interests and would like the government to continue such efforts.

There is a need to improve communication to consumers as well as improve education regarding Canada's science-based regulatory framework, production practices and high quality, safe products. A gap in communication between primary producers and the middlemen and those exporting products was identified that needs to be addressed and resolved. Good communication is also required to continue telling more good stories about Saskatchewan agriculture.

Participants acknowledged the need to remove unwarranted regulatory impediments and red tape and to keep advocating for science-based regulations in Free Trade Agreements.

Participants also agreed that the Saskatchewan Trade and Export Partnership (STEP) and Trade Missions are doing a good job and that STEP should be used more frequently.

Value-Added

For the value-added sector, participants emphasized the value of continued institutional support and funding for infrastructure and innovation to help all players be more competitive.

Participants highlighted the importance of reducing red tape in order to improve opportunities and growth of the sector. The sector needs a regulatory system that facilitates growth and policies that attract capital into the sector.

Saskatchewan needs to put more focus on attracting investment in value-added processing in the province. Participants noted that Saskatchewan is a good place to increase value-added processing as it is central to the product. There are opportunities to invest as the margins are low and the technology level is high. However, there were suggestions that Saskatchewan is not viewed as a large processing area and the federal government sees the province as more of a commodity supplier than as a legitimate location for manufacturing.

Workforce availability was identified as a concern as was the need to focus efforts on convincing people to move back to the province.

Participants stated that Saskatchewan Lean Improvements in Manufacturing (SLIM) has helped their businesses considerably and want the program to be more efficient in the NPF. They also requested more consistent program policies across the framework as well as allowing program funding to be spent on infrastructure.

Concern about future market access and ability to compete internationally with the new carbon tax in place was also noted by the group.

Environmental Sustainability and Climate Change

Overall, these discussions focused on the connection between environmental sustainability and climate change and three issues: risk mitigation, public trust, and market access.

Participants discussed the importance of being able to demonstrate outcomes about agriculture's positive contributions to the environment and to show that producers are doing the right thing. They highlighted positive contributions to climate change and also a worry that they might miss out on an opportunity to gain recognition for these contributions. They mentioned the need for governments to work together. They also talked about the importance of being proactive and taking control of the narrative regarding agriculture and the environment and climate change in order to take advantage of opportunities and address misinformation.

Participants highlighted the prevalence and risk of misinformation. They talked about the Environmental Farm Plan as a tool to improve public awareness and trust. In regard to a National Environmental Farm Plan, they discussed that some common elements could make sense from a market access perspective. However, it will be important for it to be tailored provincially (not standardized) given geographic differences. They discussed the importance of Saskatchewan to Canadian agriculture and the risk in decisions being made nationally versus provincially.

Participants talked about the importance of Best Management Practices (BMP) to assist producers to do the right thing. They talked about the need for bigger incentives to address financial barriers, particularly for younger/smaller farmers. They did not see value in linking risks identified in EFPs to BMP funding. In regard to a rating and ranking system, there was some acceptance and support for investing more in areas with a greater public benefit. However, there was concern about administration costs and whether or not funding would still be accessible to producers wanting to do the right thing.

Participants gave numerous suggestions to mitigate risk. They talked about the importance of leadership to develop strategies for water management (working across ministries and governments) and to address climate change, particularly methane and nitrous oxide emission. They also talked about the importance of science and research and development to achieve more resilient cropping systems, and to generate consistency between governments and agencies (i.e. neonicotinoids). Participants would like to have a greater understanding of inter-cropping and cover cropping, new crops/production opportunities, the impact/benefits of retrofitting older equipment to reduce emissions, herbicide tolerant weeds, risks of monoculture, and impacts of climate change on diseases and pests. They talked about the importance of being able to measure and enhance soil organic matter.

Farm Business Management

Participants acknowledged that more accountability is needed for producers to make changes that improve management of their operations and to ensure consultants are providing good services. This table also recognized the importance of peers sharing advice and knowledge.

Participants noted that Ag in the Classroom and the grassroots instruction and approach to classroom and youth education has been successful in the province. They were concerned about long term sustainability, uncontrollable costs such as fertilizer, chemical, seeds and fuel costs, risk management initiatives and labour management.

In regards to farm business management programming and support, participants acknowledged that there are gaps in getting help and being better managers. There is a need for government to provide objective advice in areas of succession planning and cost of production. Youth also need help in areas of farm management, particularly financial management.

Risk Management (Producer Assurance Systems)

Participants noted that systems need to balance industry protection with maintaining competitiveness.

Participants were pleased that government recognizes and provides assistance for animal welfare, food safety and biosecurity. Programs are currently focused in the right direction and only need a few tweaks, which should be developed in consultation with industry.

Increasing expectations and complexity of assurance systems is a source of concern for producers and make implementation difficult and expensive. Participants were also concerned that Indigenous people will be left out.

More focus should be placed on preventative efforts on issues such as biosecurity and preparedness for disease outbreaks instead of reacting to crises. Participants emphasized that assurance systems are important from a Public Trust perspective and there is a need for greater extension, education and awareness efforts about these systems.

2. BRM Programming

Concern around AgriStability and the need to improve this program was raised at several points in the discussions. However, such concerns were tempered by the opinion that other programs are equally as important. There seemed to be a general consensus among producers that most would prefer to have AgriStability left as is, rather than have it enhanced at the expense of other programs. Despite broadly held concerns regarding AgriStability, producers also recognized the need for targeted and somewhat more complex programs as opposed to simple and more predictable ones. On the other hand, there were some producers who would prefer to have an AgriStability program where they have an option to purchase additional coverage (insurance option).

There was general consensus on the overall need for better information and education on the BRM suite of programs. It was noted that the uptake of BRM programs among First Nations producers has been minimal. It was agreed there needs to be better communication on the intended purpose of various programs and how to submit applications.

Crop Insurance and AgriInvest were seen to be highly valued programs, although producers would like the government contribution to AgriInvest returned to the previous level (1.5 per cent of Allowable Net Sales). In terms of Crop Insurance, a number of producers felt that forage coverage needed to be improved. These programs were considered to be important and producers want them maintained in the next policy framework. A number of producers expressed the view that greater efforts should be made to ensure that producers who are enrolled in Crop Insurance are required to follow sound crop management practices. The Western Livestock Price Insurance Pilot Program was also looked at very favorably and livestock groups would like this program to become permanent even though it still has a few rough edges that need to be addressed.

There was also a feeling expressed by some, that farming has changed considerably over the last 20 years and that our risk management programs have not changed at the same pace. It was felt that with more research, marketing, better pricing and applied knowledge of domestic and world markets, our programs could be improved.

Changing Risk and Effect on BRM Programs

Producers face several risks, including price, weather, input cost and disease-related risks; changes in farming practices and technology have to a certain extent minimized production risks. The view by some participants was that BRM programs are generally slow to react to specific risk events. At the same time, however, it was acknowledged that turnaround times on AgriStability file processing have improved since administration of the program was moved to Saskatchewan. In addition to BRM programs, farmers are using diversification in the form of crop rotations and mixed operations to help manage their risk. It is generally felt that BRM programs like AgriStability are less likely to trigger payments to producers who have diversified operations and, as such, these producers find less value in these programs. It was also acknowledged that producers need to be better equipped to understand global markets and be able to better utilize techniques that are effective in helping them market their products.

While all farmers are eligible to participate in BRM programs, some producers would like to see programs designed for different stages of life. It was felt that new/beginning farmers were sometimes penalized for not having a farming history and considered to be a higher risk for the purposes of some programs. Diversifying into specialty crops was also viewed as being risky and not adequately covered under Crop Insurance. It was noted that most beginning farmers rely on off-farm income to manage their farming risk. Linkages between BRM programs and how they work together to cover different layers of risks need to be better understood.

Strengths and Weaknesses of Current BRM Programs

The general opinion was that all sectors have access to BRM programs at least to one degree or another. Furthermore, producers seem to appreciate the government

support that is available and the program funding that is provided. They also viewed the continued enhancement to Crop Insurance (such as unseeded acre coverage and wildlife damage compensation) as beneficial to them. Producers acknowledged and appreciated the assistance of AgriRecovery to address the extreme situations that are not covered by the other programs. One general consensus was that many of the current programs are trade-compliant with a low risk of countervail.

Consensus was that AgriStability is complex, unpredictable and requires the services of an accountant to submit an application. However, when asked if a simpler AgriStability program that was less targeted to their individual situations would be better, many still preferred a targeted program. Some producers maintain that the farming business has evolved significantly over the years and that BRM programs have not kept up with these changes. They also view that these programs are of limited help to beginning farmers and they do not aid new entrants into the industry.

Recommendations

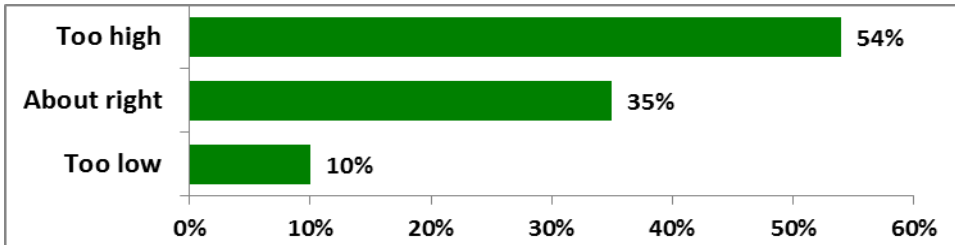
Producers recognized that many programs are working as intended and are beneficial to them. While many of these programs could still be improved through various enhancements, a major overhaul is not required. A number of producers mentioned that program stability is essential and this is especially the case for programs such as AgriRecovery that protect against extreme situations. Producers would like to see continued enhancements to Crop Insurance to encourage diversification into new and specialty crops. Producers would like to be consulted on BRM programing and feel that programs should reward producers that follow good farming practices such as adopting the latest research findings and using improved technologies and agronomic practices.

Continued education remains essential for all BRM programs and this includes education for the accountants who help producers with these programs. When programs are promoted, the promotional material should also include producer testimonials so that their peers have a better understanding of how the programs can be applied in their operations. Producers in general, but especially from First Nations communities, suggested that they would like to be more aware of all available programs, including programs offered only at the federal level. It was also felt that the government position on various BRM issues needed to be more clearly communicated.

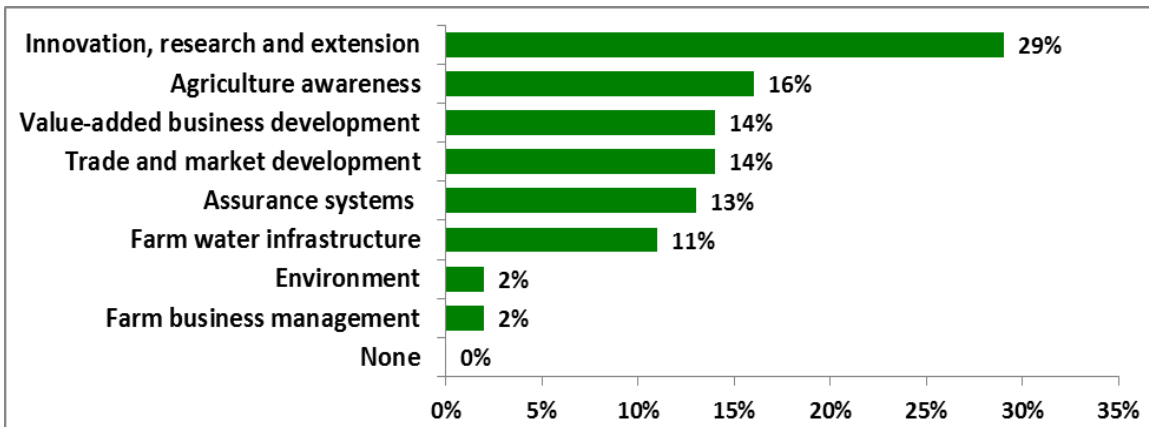
Appendix 1

Strategic Initiatives Interactive Group Questions

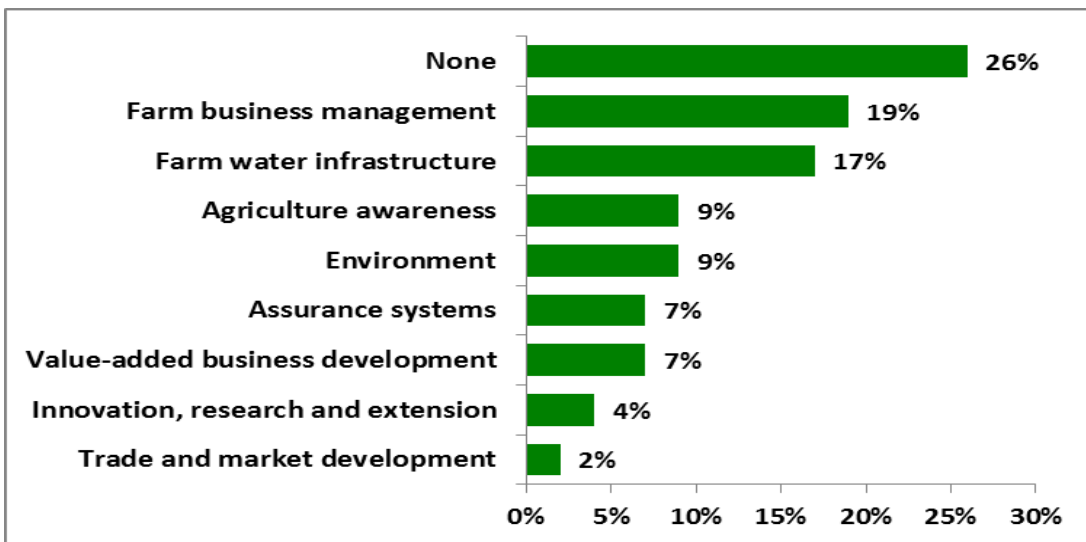
Based on the spending allocation between BRM and Strategic Initiatives, do you feel the emphasis on BRM programming is?



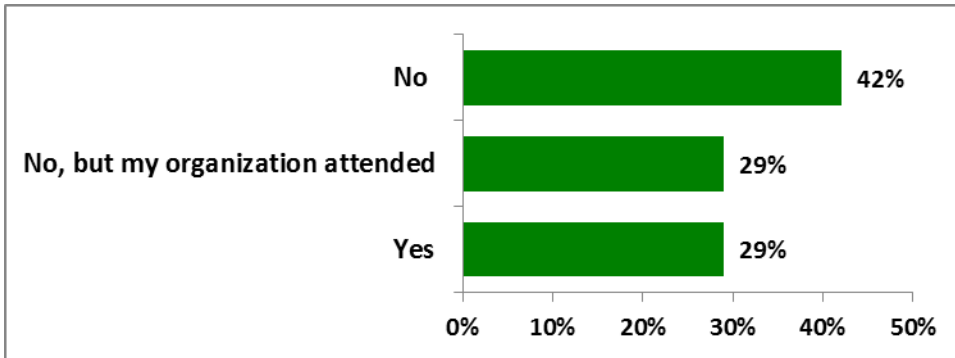
Which area, if any, do you think should receive a higher portion of funding in the NPF?



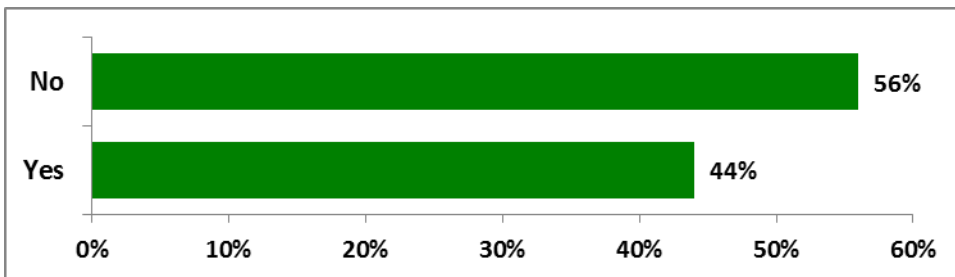
Which area, if any, do you think should receive a lower portion of funding in the NPF?



Did you attend the stakeholder consultation event in June 2016?



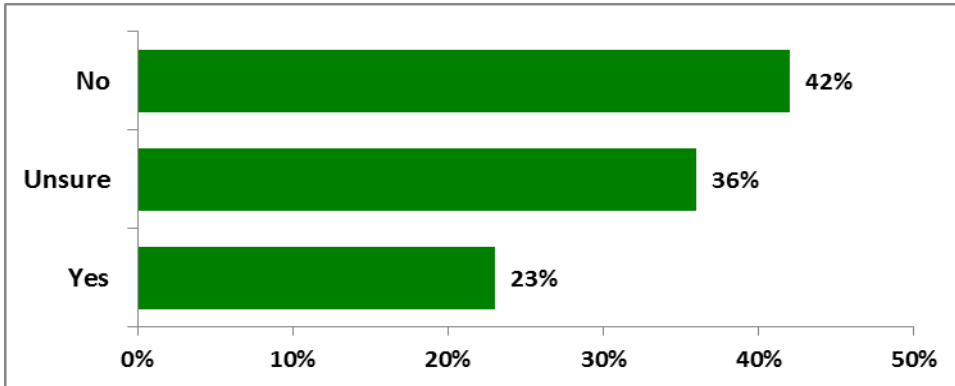
Did you respond to the online NPF survey?



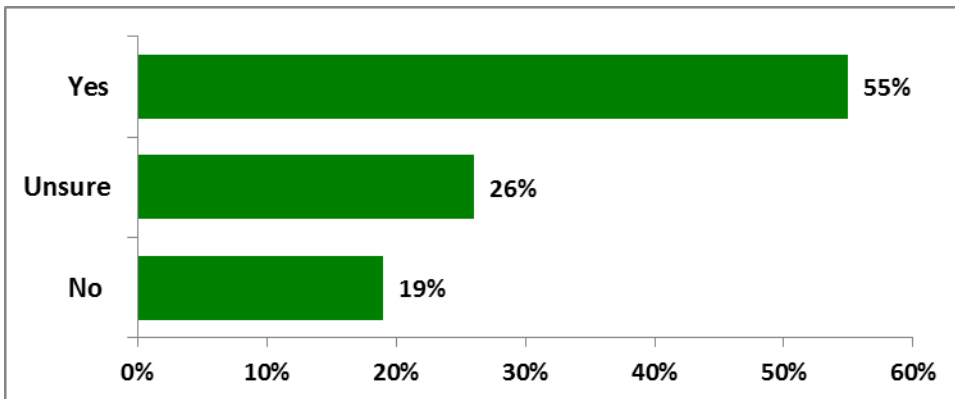
In which priority area, if any, would you like to see governments across Canada commit to a minimum percentage of spending?



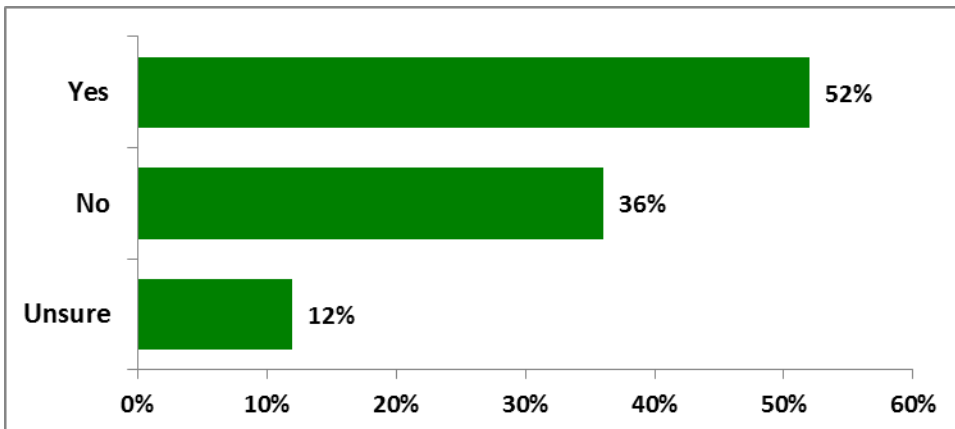
Do you feel you are receiving adequate information on the results of investments made through GF2?



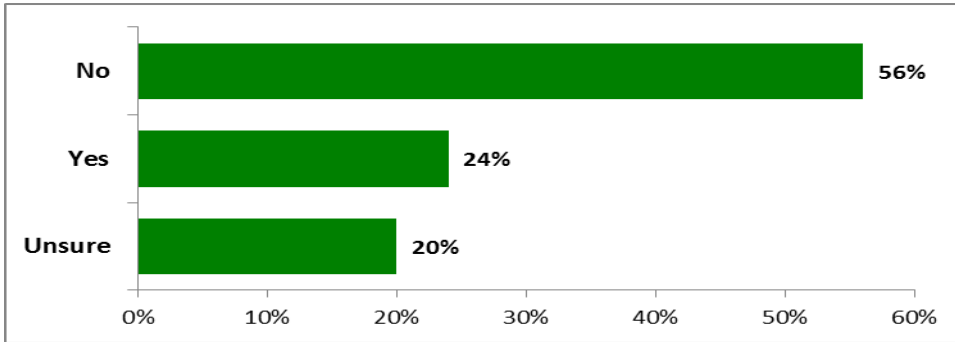
Would you, as a client, be willing to provide more information about your operation through applications, final reports or surveys if it meant government could better evaluate program effectiveness and share results?



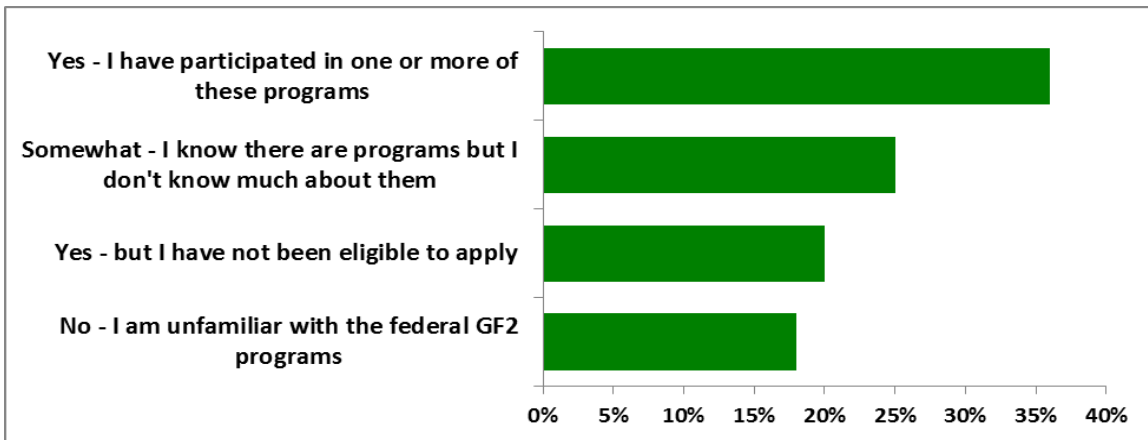
Would you be willing to consider cross-compliance between programs with similar outcomes? (e.g., on farm food safety certification required for traceability/biosecurity funding).



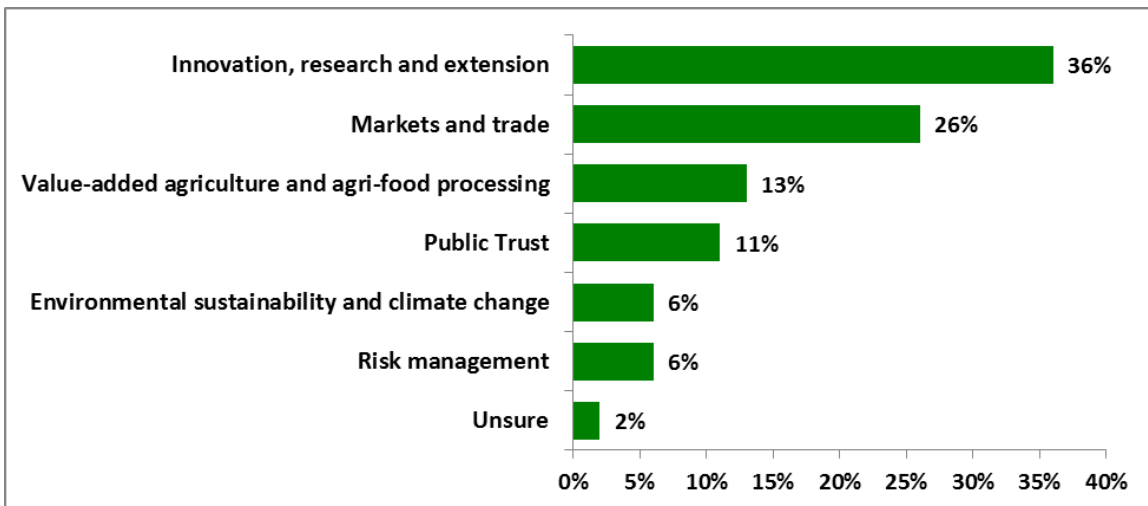
Would you be willing to consider cross-compliance between BRM and non-BRM programs? (e.g., a completed EFP required in order to participate in Crop Insurance).



Are you aware of the federal programs currently offered through Growing Forward 2?

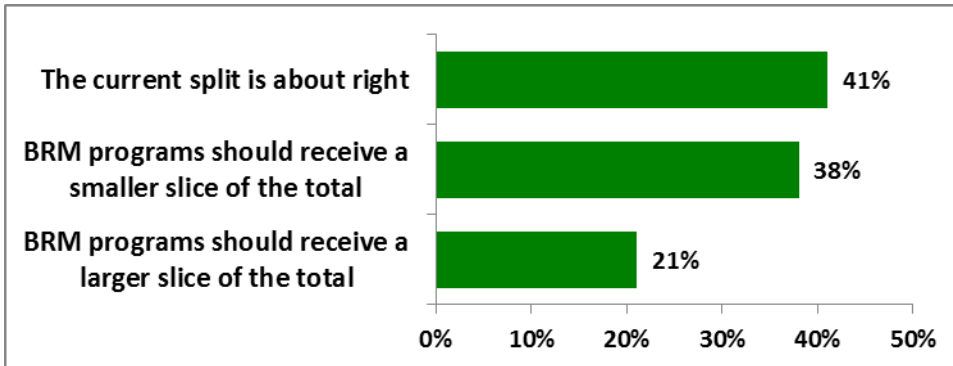


In which of the six priority areas for the NPF would you like to see the most emphasis from the federal government?

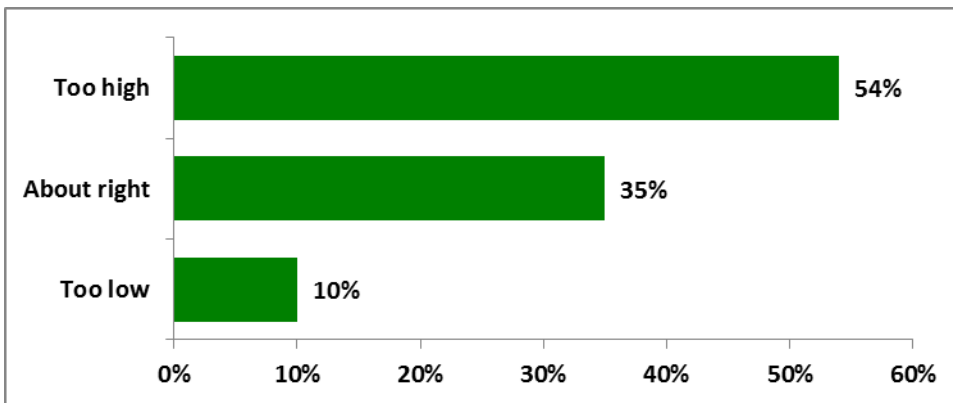


BRM Interactive Group Questions

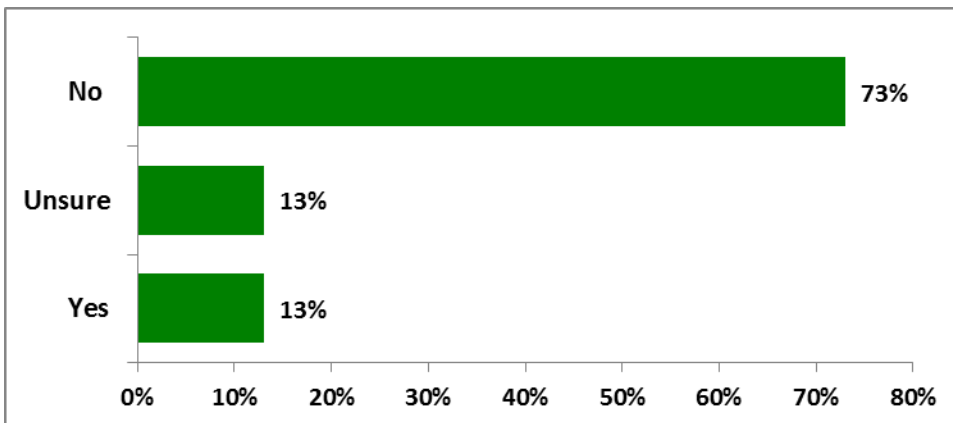
In terms of funding, do we have the right balance between BRM and non-BRM programs?



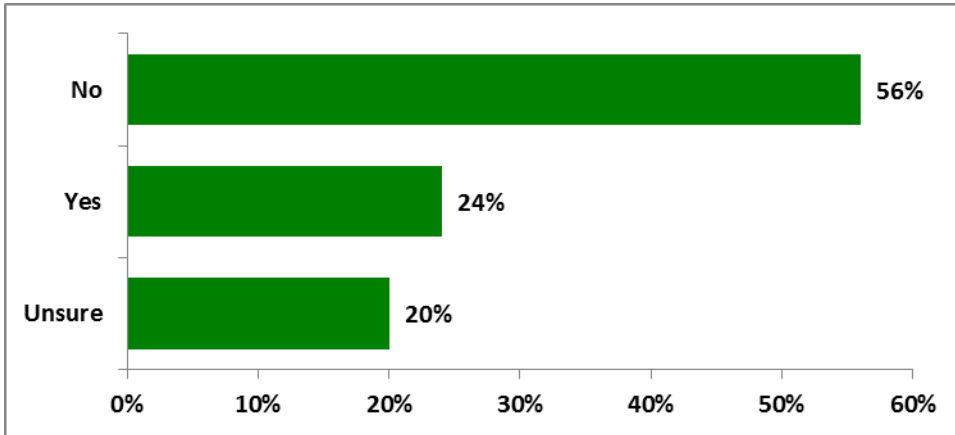
Based on the spending allocation between BRM and Strategic Initiatives, do you feel the emphasis on BRM programming is?



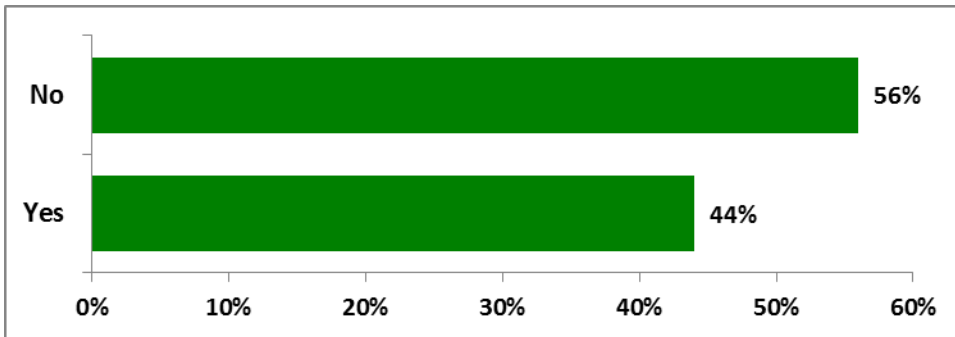
Would you be willing to consider cross-compliance between BRM and non-BRM programs? (e.g., a completed EFP required in order to participate in Crop Insurance).



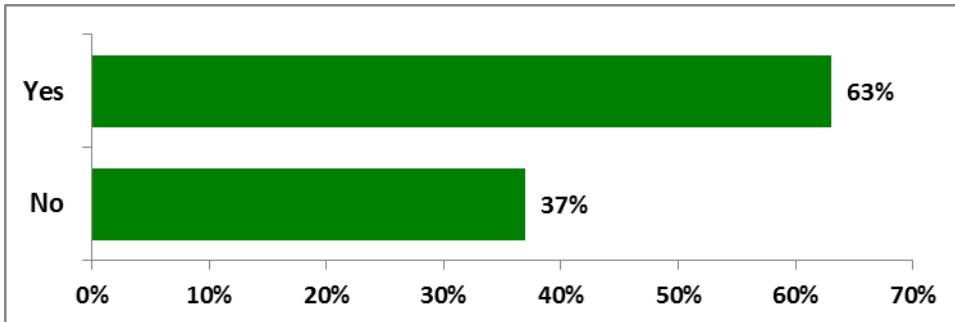
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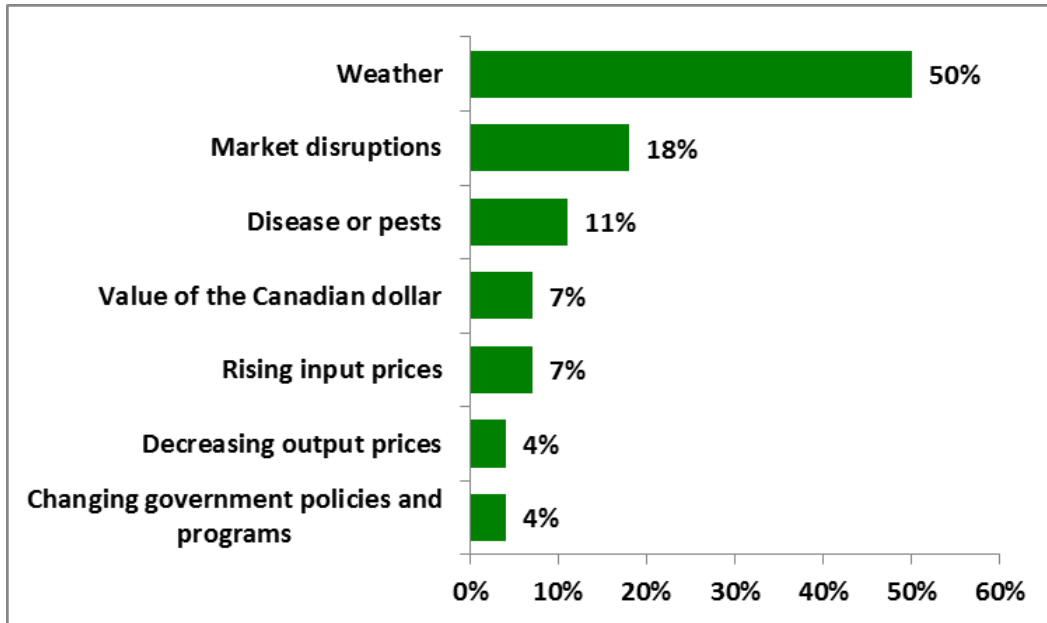
Considering the changes made to BRM programs under GF2 and the sector's generally strong performance, does it surprise you that under GF2 governments have still been investing \$450 million to \$600 million into BRM programs each year?



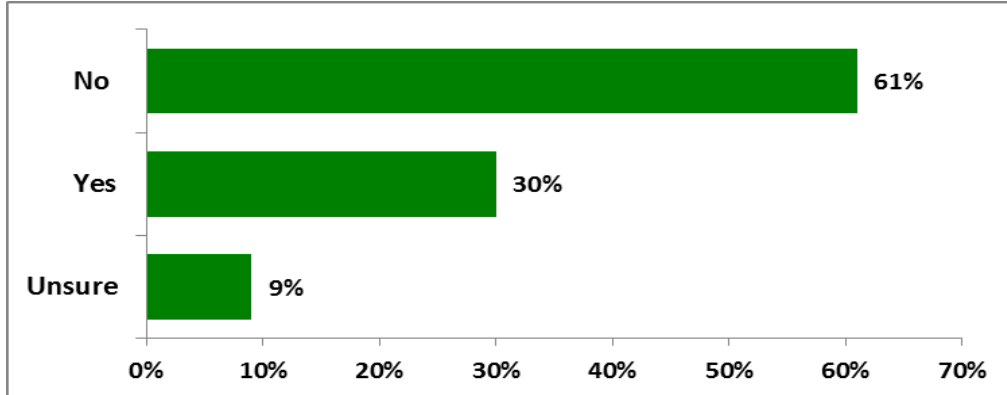
Should government be concerned that fewer than 40% of producers (representing 50% of farm cash receipts) are enrolled in AgriStability?



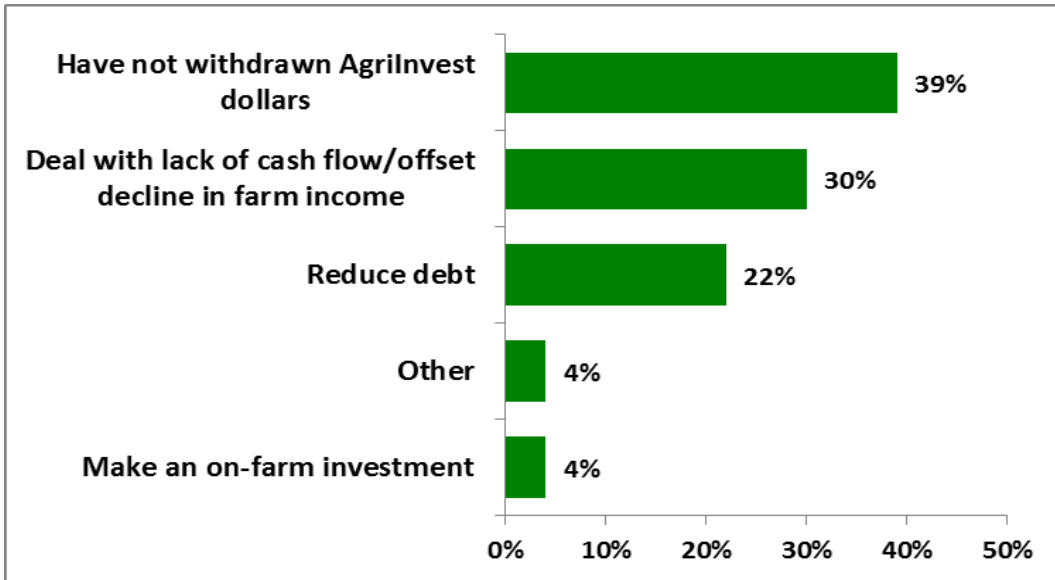
Which of the following is the most difficult risk you have to deal with in your operation?



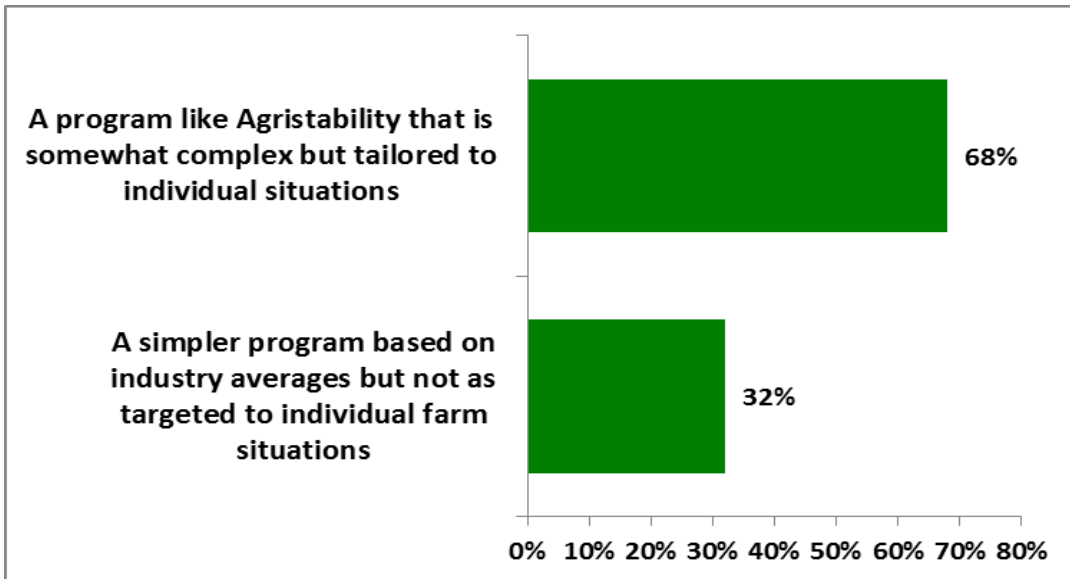
Do you think Crop Insurance provides adequate coverage?



In your operation you have withdrawn Agrinvest funds for the following purpose:



AgriStability is a program tailored to individual farm situations. This type of program requires more information from producers and leads to greater program complexity. If you had to choose between two options, which would you choose:



Any enhancements to AgriStability would need to be paid for through savings identified in other BRM programs. Areas to be considered for savings (or revenue generation) could include:

