




Agri-Food Risk Report



PHASE 2

From optimism to realism

A dramatic landscape featuring a vast green field in the foreground, with a dark, stormy sky above. The sky is filled with heavy, dark clouds, and a bright light source, possibly the sun or moon, is visible through a break in the clouds, creating a strong contrast and casting long shadows. The overall mood is one of tension and anticipation.

“We are in a period where
a significant difference
in the level of political,
government and industry
leadership is required.

Continuing to putter along
is going to be devastating.

We really need to step up
our game.”



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The Canadian Agri-Food Policy Institute's mission is to lead policy development, collaborate with partners and advance policy solutions within agriculture and food.



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A MESSAGE FROM CAPI'S MANAGING DIRECTOR

The agriculture and agri-food sector is made up of people whose livelihood is at risk of weather, markets, value-chains disruptions and more. Producing food, feed, fibre, and fuel is not for the faint of heart. It is a sector that sees the proverbial glass as half full.

While optimism is a vital component of the sector's success, there is a need for a heavy dose of realism in an increasingly complex and changing world.

The aim of the Agri-Food Risk Report, including the survey and dialogues, was to better understand the drivers of that optimism and the perception of risks and to assess their impacts on the future of the agri-food policy landscape in Canada.

The results highlight an increasing need to think differently about agriculture policy and point to some of the opportunity costs of the status quo.

That status quo reflects a policy framework that was a major accomplishment when it was agreed to 25 years ago but has not kept pace with changes in the sector since then. It includes an apparent consensus that better is possible, but a resignation that better may not be achievable.

One of the challenges is that the status quo is generally seen as pretty positive. Export targets have been surpassed, labour productivity is growing, and farm net worth is increasing. But those accomplishments require a reality check. Export values and labour productivity are impacted by global increases in commodity prices, net worth is impacted by increasing land prices. Underneath this good news is a lot of risk and a lack of a plan for managing it.

No one would invest in a business without a plan, but one of the common refrains during the dialogues is that Canadian agriculture and agri-food lacks one. This report aims to further the dialogue on the need for that plan by highlighting the risks that need to be mitigated for the sector to reach its full potential.

The status quo of Canadian agriculture and agri-food is good, but it could be better. The first step to get there may be moving from optimism to realism.



Tyler McCann
Managing Director



ABOUT THE RESEARCH: MANAGING RISK IN A RISKY TIME

Introduction

Farming is a risky business. For as long as farmers have been farming farmers have been worried about there being too much water or not enough. As markets evolved farmers began to have to also worry about what it would cost to grow a crop or raise an animal and what that product would be worth when it was ready to be sold.

The United States Department of Agriculture describes five [general types of risk](#): production, price or market, financial, institutional, human or personal. These risks do not end at the farm gate, and all along the value chain the agriculture and agri-food sector are exposed to risks that can make producing food a perilous business.

For all of the discussion about risk management on the farm, there is little discussion about risks at the sector level, along the value chain or across the country. This report intends to encourage that level of discussion.

CABI acknowledges the limitations of this work. Starting with the recognition that thinking at the broader sector level is inherently a challenge. For most individuals, risks are considered in the context of their business or everyday life. There is a tendency to think of risks as the things that must be managed. It can be a challenge to think beyond the everyday to consider risks facing the sector. However, that is often the way that policy influencers think and act. There is a default towards developing policies for the sector, rather than for a particular value chain or region. Those policy influencers could do more to better consider value chain or regional differences, but the sector can also do more to think beyond their more narrow part of the broader sector.

For the purpose of this project, CABI reviewed literature and other similar studies conducted in other sectors to identify risks and grouped the top risks into five categories. The risks were listed but not defined, leaving room for differences in interpretation. For example, a dairy farmer and a grain exporter may both have selected trade and market access as a top risk with very different situations in mind.



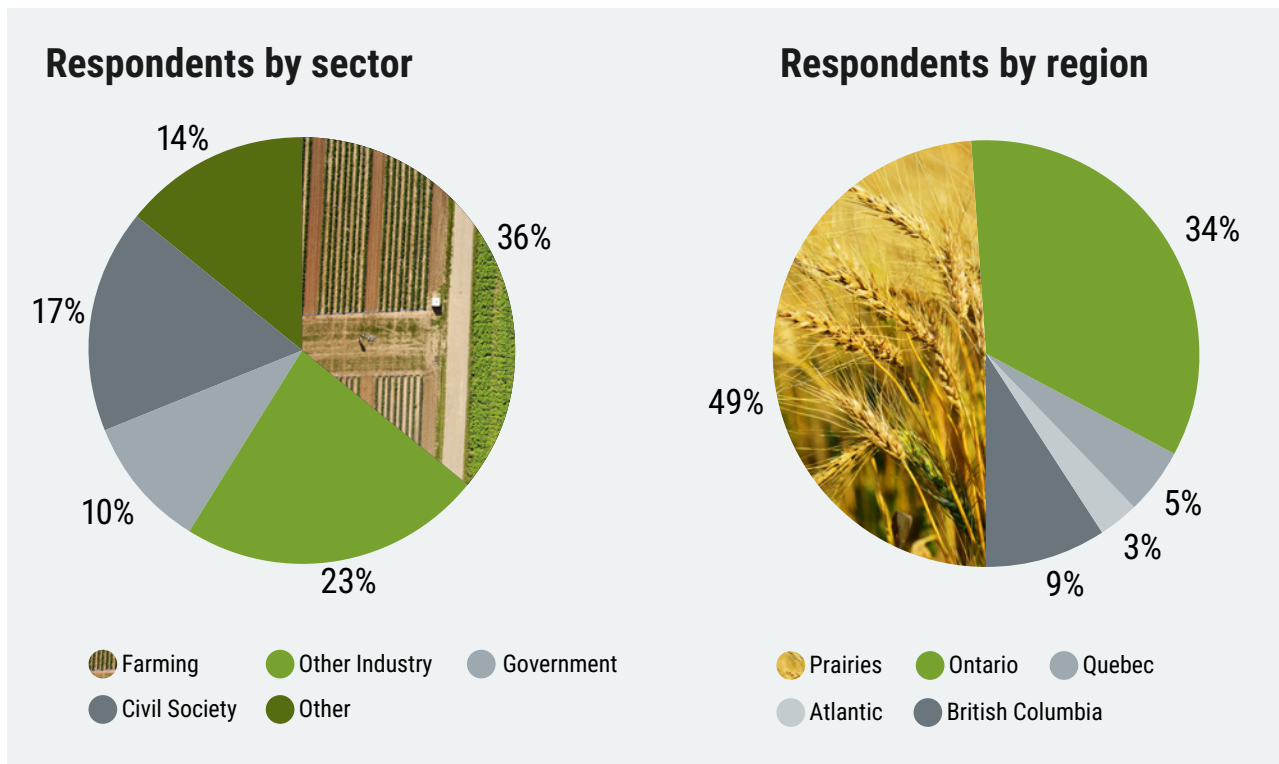
The intent of the report is to look at the risks facing the broad agriculture and agri-food sectors and how they interact with public and private policies. The fact that it is the Canadian Agri-Food Policy Institute that conducted the survey may have created some bias in the responses.

As noted above, this report intends to provoke greater dialogue and reflection on the risks facing the sector, but much more work can and should be done. CAPI looks forward to working with partners to expand this work to better understand the challenges and opportunities facing the sector.

Agri-Food Risk Report Phase 1

The Agri-Food Risk Report Phase 1 is the outcome of a survey of 549 agriculture and food sector stakeholders across Canada including 200 farmers and 50 government officials, as well as others across the sector. The survey was conducted in partnership with Angus Reid from April 30 to May 28, 2024, and was available in English and French. This report was released on July 16, 2024, by both the Canadian Agri-Food Policy Institute (CAPI) and Angus Reid.

The inaugural report was promoted through various channels, including CAPI's distribution list, social media and direct outreach. While extensive outreach to promote the survey was conducted, responses were limited in certain demographics, including in Quebec and Atlantic Canada.



[Read the Agri-Food Risk Report Phase 1](#)

Agri-Food Risk Report Phase 2

The Agri-Food Risk Report Phase 2 is a deeper dive into the topics identified by Phase 1. Three English and one French dialogue were held with a diverse group of stakeholders from across the country and across the agriculture and agri-food sector to gain further perspectives on the survey results. These focus groups were held between August 22 and September 12, 2024, with moderation from the Canadian Agri-Food Policy Institute (CAPI) and were conducted under Chatham House Rule. This Rule calls for the participants and their affiliations to remain confidential, as reflected in this report.

This work was all largely completed before the November 2024 United States election. The potential for interruption in integrated North American supply chains, added costs at the Canada-US border, and disruption in global markets have shifted the risk profile for Canadian agriculture. However, that shift is not reflected in this report. The 2025 edition of the Agri-Food Risk Report will shed light on how those risks are being considered in the sector.





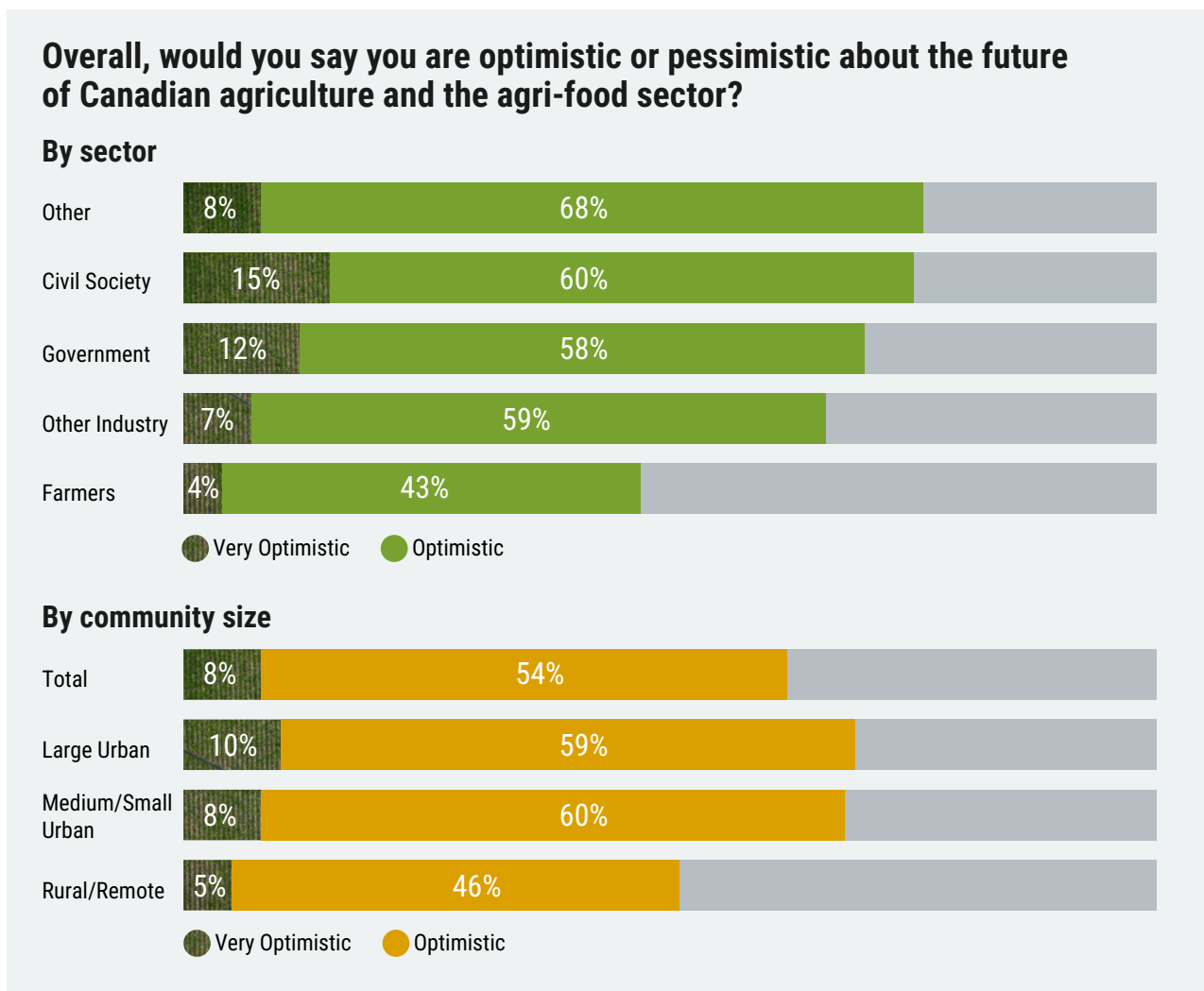
SECTION 1: OPTIMISM & OPPORTUNITY

One thing was clear from the research: the Canadian agriculture and agri-food sector is optimistic

There are more optimistic people within the Canadian agriculture sector than pessimistic ones according to The Agri-Food Risk Report Phase 1.

Approximately 62% of respondents reported having a positive view of the future and about three times more people are optimistic than pessimistic within the sector.

While the majority are optimistic regardless of where they were responding from, the level of optimism is lower amongst survey respondents in rural and remote areas.



Source: [Agri-Food Risk Report Phase 1](#)

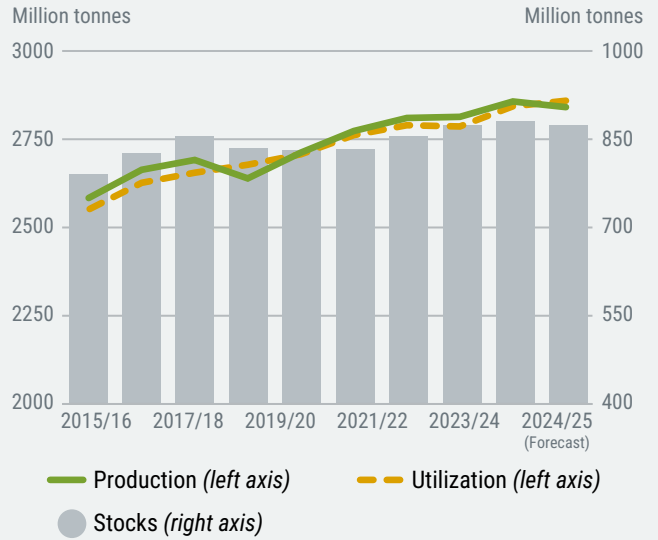
There are a lot of reasons for optimism within the sector.

Global supply and demand of commodities, including staple cereals, is tightening while stocks are levelling out. While this can create affordability and food security concerns, it points to upward pressure on prices for key Canadian crops.

Source: FAOSTAT, 2024

Canada is also well placed to produce the food needed to meet this demand with a significantly smaller carbon footprint than many other major food producers and exporters globally.

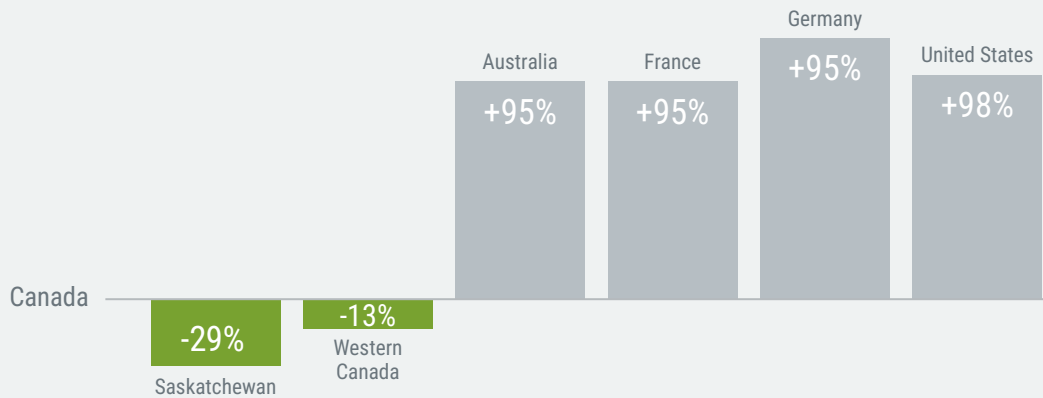
Cereal production, utilization and stocks



Source: FAOSTAT 2024

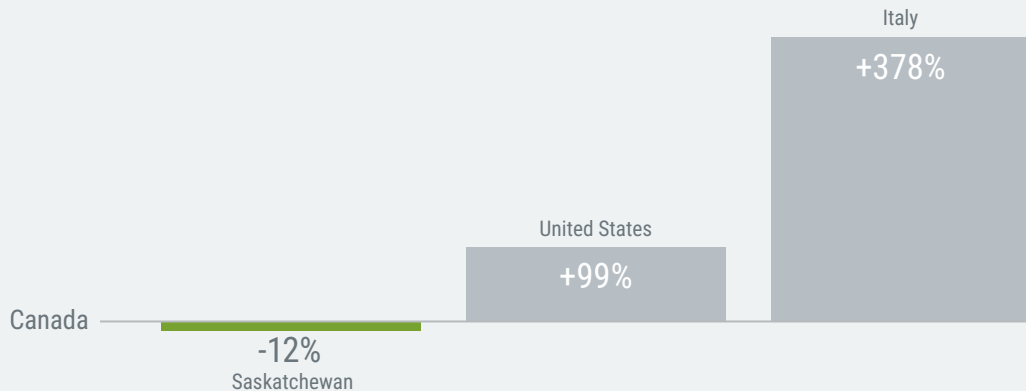
Non-durum wheat

Regional comparison: Non-durum wheat kg CO₂e including soil carbon per tonne relative to Canada



Durum wheat

Regional comparison: Durum wheat kg CO₂e including soil carbon per tonne relative to Canada

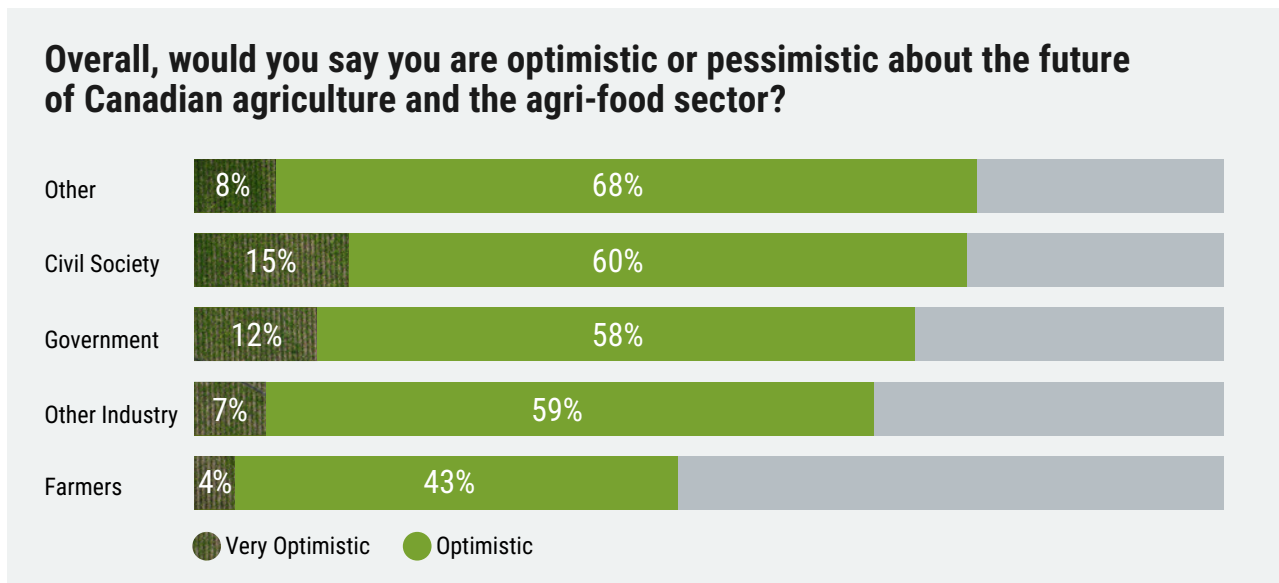


Source: <https://gifs.ca/sustainableag>

Furthermore, Canadian farm incomes and agriculture exports have both been consistently increasing, on average, for the past decade. While averages can always mask challenges across the spectrum, the statistics support there being optimism on Canadian farms. That said, farmers were less optimistic in the survey than other components of the sector, highlighting the potential awareness that there are risks on the horizon.



Source: [Statistics Canada, Table 32-10-0052-01 Net farm income \(x 1,000\)](#)



Source: [Agri-Food Risk Report Phase 1](#)

But is this optimism based in reality?

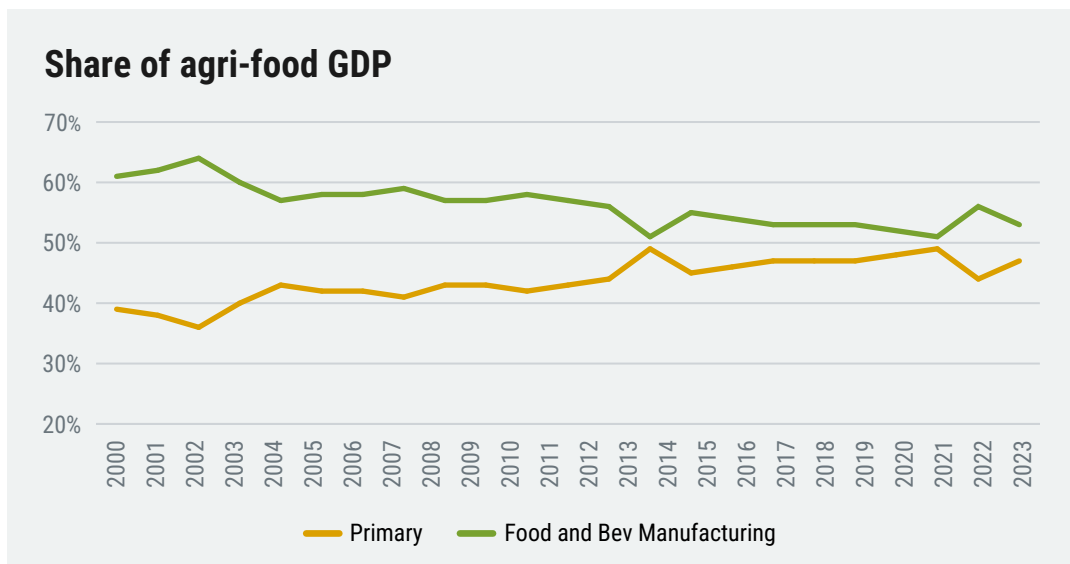
This is one of the central questions to come from this research: Is the generally optimistic outlook of the sector based in reality? Or is it, as one stakeholder suggested in our focus groups, just an inherent quality of the agriculture sector?

“Perhaps farmers or the sector is somewhat eternally optimistic, despite all the risks they face. I think they just go out and deal with things on their own.”

Optimism, and the positive drivers for it, can be a blessing and curse for the sector. Government attention is directed at sectors that struggle - struggle to get off the ground, like electric vehicles, or perhaps to survive, like small businesses during the COVID-19 pandemic. On the other end, sectors that represent technological progress and high-wage employment creation are highly favoured. Sectors that are doing okay, surviving but not thriving, are often not the proverbial squeaky wheel that gets the grease.

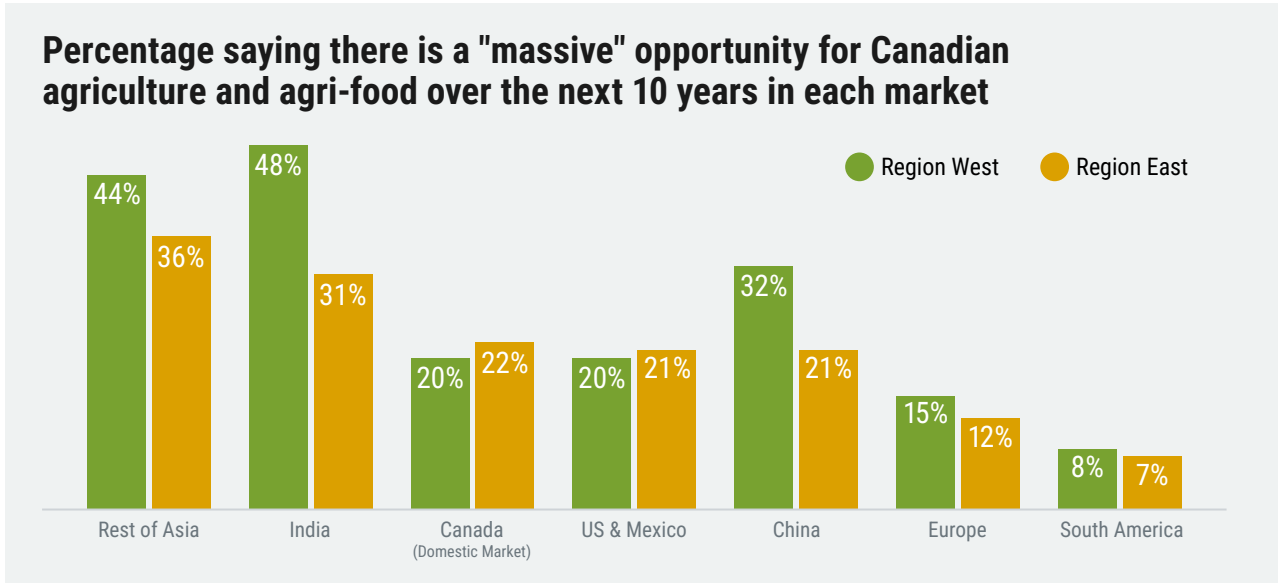
The optimism and relative resilience of the sector makes it hard for those on the outside to recognize the untapped potential and challenges it faces. Even during the worst of the COVID-19 pandemic and subsequent supply chain disruptions, the agriculture and food sector carried on, functioning better than most other sectors. It was not the squeaky wheel that needed grease, but many in the sector recognize how close it came to a significant failure, potentially an extended plant or border closure away from not being able to meet the needs of Canadians.

However, many of the underlying dynamics for the sector show that it is built on a shaky foundation. For example, the value of Canadian agriculture and agri-food is increasingly driven by primary agriculture, with food and beverage manufacturing representing an increasingly smaller share of agri-food GDP. The erosion of value-added processing increases exposure to a variety of trade and supply chain risks and has cascading impacts on the rest of the sector.



Source: Internal calculations using Statistics Canada data

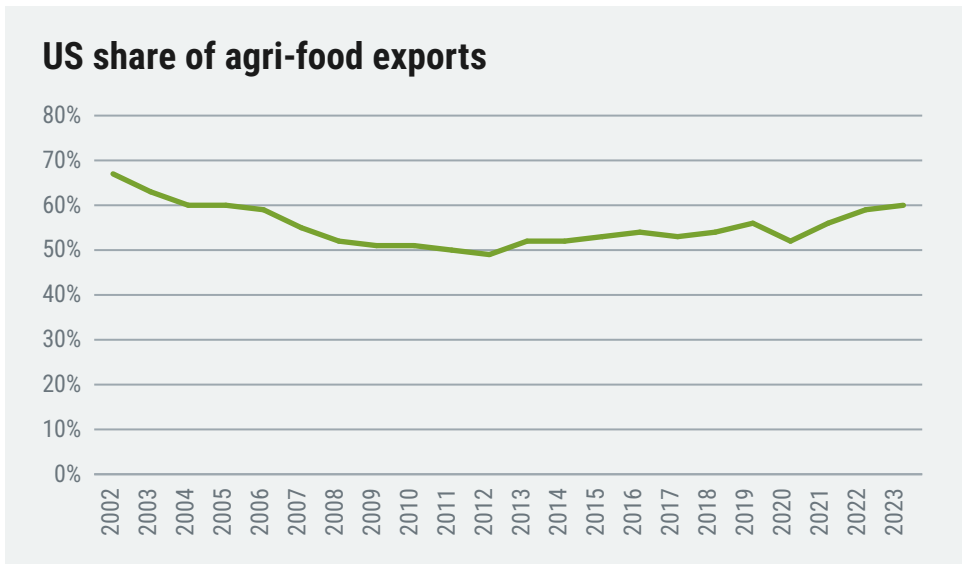
There is also a disconnect about where the sector’s growth will come, exemplifying the optimism not fully aligning with reality. More than 75% of respondents noted most regions, all except Europe and South America, were growth opportunities for the sector.



Source: Agri-Food Risk Report Phase 1

However, it is the United States, Canada’s most mature and secure trading relationship, that is driving a lot of the growth in the value of Canadian exports. Since 2012, the share of the value of Canadian agriculture and food exports that go to the US has increased.

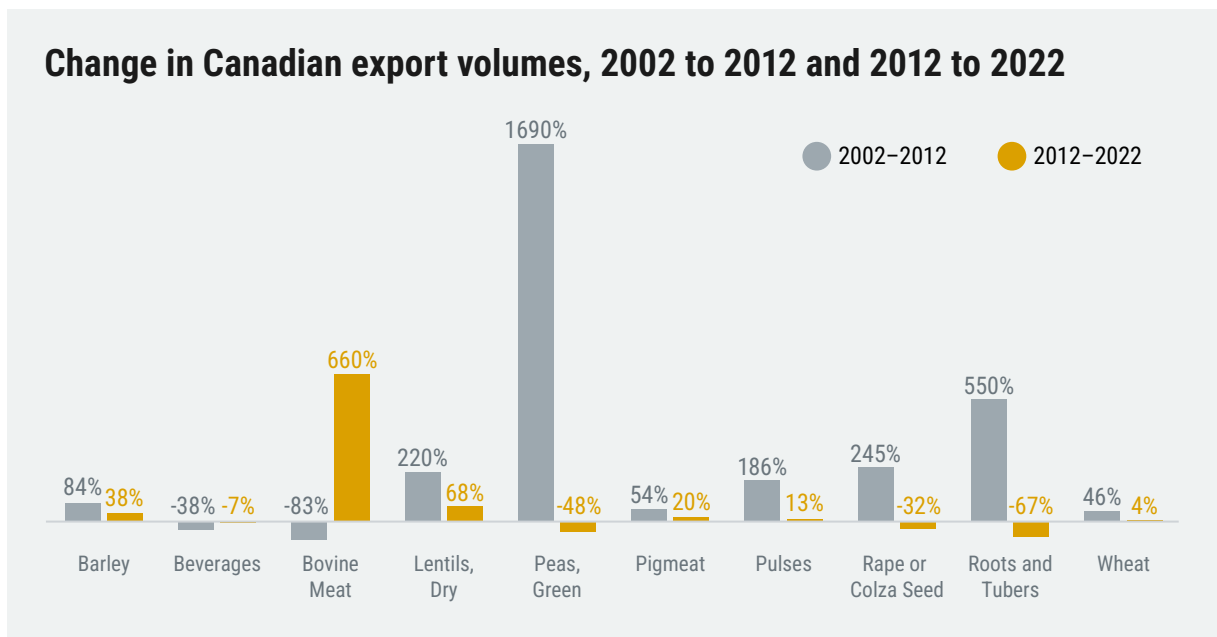
This is despite significant efforts to diversify trade to capitalize on growth in the Indo-Pacific. There is optimism about the region, and one day it may be where the growth is happening, but for the last decade, Canadian agriculture and agri-food has become more reliant on the US market, not less. Recent events have highlighted the risks of increasing concentration in the US market.



Source: Internal calculations using Statistics Canada data

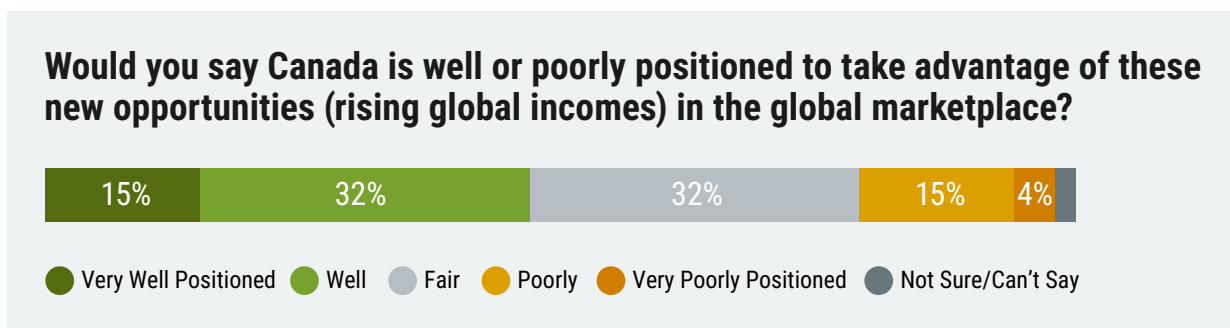
The survey and dialogues were conducted prior to the 2024 US election, the outcome of which may challenge that reliance on the US market. The threat of tariffs and a thickening border are reportedly already causing an investment chill in Canadian food processors. The potential for negative developments in the Canada-US relationship highlights the speed at which risks can change in a highly charged geopolitical environment.

In addition to the increasing share of Canadian exports destined for the US, the reality is that the pace of growth for many Canadian exports is slowing. At a time when demand is increasing around the world, Canada’s agriculture export growth is not keeping up despite our weak dollar. While recent increases in commodity prices led to significant gains in the value of Canadian agriculture exports, the volume of exports for many commodities grew much slower in the second decade of the 21st century than it did in the first.



Source: FAOSTAT

The slowing growth may be reflected in how divided respondents were in whether they believe that Canada is well positioned to capitalize on growth opportunities. Less than half of respondents believe Canada is well-positioned to take advantage of new opportunities, and there was significant discussion about how well-positioned Canada is in the dialogues – but more on that later.



Source: Agri-Food Risk Report Phase 1

Diving deeper into how Canada compares to others, survey respondents believe that Canada's agri-food sector is ahead of its global competitors environmentally and socially. However, only a third of respondents perceive the sector to be ahead economically.

Here, the survey results better match reality. For example, Canada is tied for 7th in the Economist's Global Food Security Index, and as noted above, produces crops with a lower carbon footprint than many other major producers.

From your own perspective, how does Canada's agri-food sector performance compare to other countries in each of the following areas?

Percentage who say "ahead" of other countries



Source: Agri-Food Risk Report Phase 1

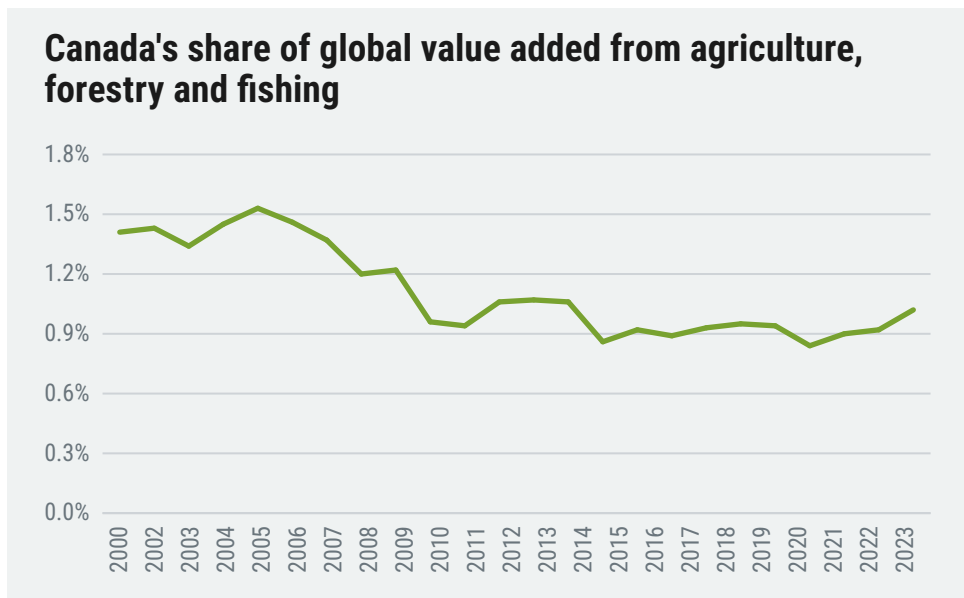
Global Food Security Index 2022

Rank	Country	Overall Score	Affordability	Availability	Quality and Safety	Sustainability and Adaptation
1	Finland	83.7	91.9	70.5	88.4	82.6
2	Ireland	81.7	92.6	70.5	86.1	75.1
3	Norway	80.5	87.2	60.4	86.8	87.4
4	France	80.2	91.3	69.0	87.7	70.3
5	Netherlands	80.1	92.7	70.7	84.7	69.2
6	Japan	79.5	89.8	81.2	77.4	66.1
=7	Sweden	79.1	91.9	68.3	85.0	68.3
=7	Canada	79.1	88.3	75.7	89.5	60.1
9	United Kingdom	78.8	91.5	71.6	77.6	71.1
10	Portugal	78.7	90.0	77.0	79.8	64.5

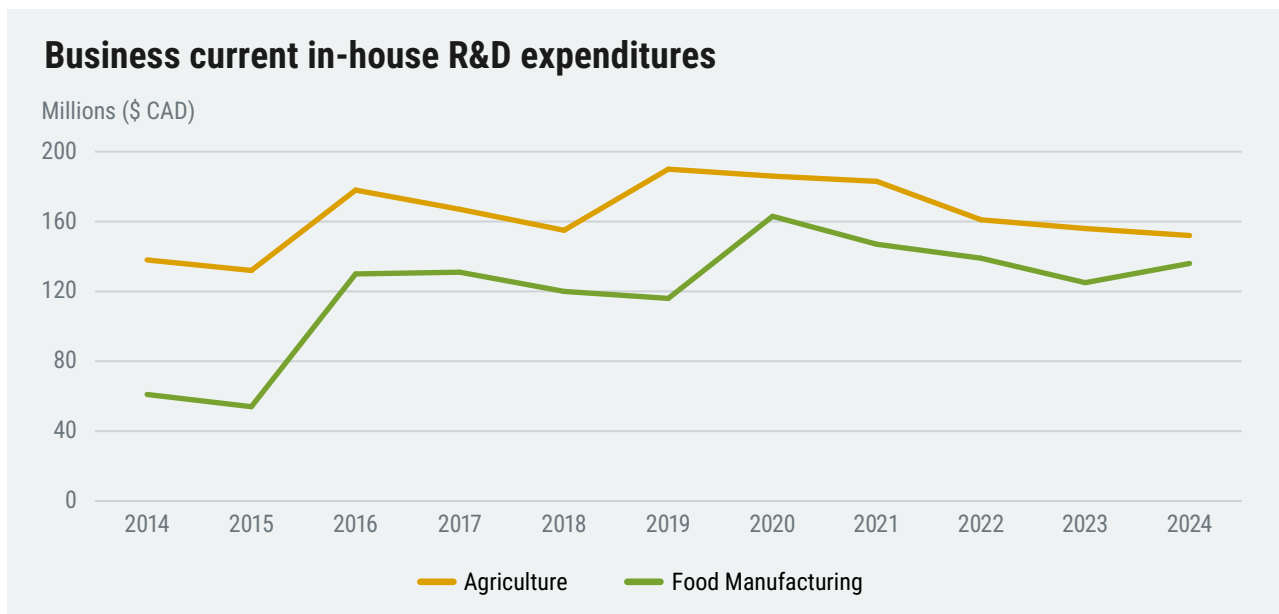
Source: The Economist Global Food Security Index

Comparing economic performance or competitiveness across countries is a challenge given a lack of comparable data. Using Canada’s share of global value-added from agriculture, forestry and fisheries as a proxy for economic performance, respondents are right to think Canada is performing less well than others. In 2022, Canada’s share was almost half of what it was in 2000.

The World Intellectual Property Organization highlights the challenge the country faces economy wide with innovation. It’s [Global Innovation Index](#) rank’s Canada 14th, but that masks that Canada ranks 8th for innovation inputs, but only 20th for innovation outputs. Canada struggles to turn investments and resources into the outcomes the sector needs. In agriculture, business R&D investment can be a proxy for the attractiveness of Canada as a place to invest, and the story tells is not good, after growth in the first half of the last decade the trend changed and investment has fallen since.



Source: Internal calculations using FAOSTAT data



Source: Statistics Canada

Balancing optimism with reality

It is true that growing demand and Canada's performance are reasons for optimism. There is a lot of opportunity, and Canada should be relatively well-positioned to seize it.

But will Canada's agriculture and food sector be able to meet its full potential? The sector's optimistic outlook looks more questionable as this question is explored.

While they acknowledge the optimism, there was broad agreement in the survey and in the dialogues that there are significant risks ahead that will challenge the sector's ability to capitalize on the opportunities in front of it today, let alone the growing potential tomorrow.

Furthermore, survey respondents and stakeholders share an overall belief that there are no easy, clear solutions for many of these risks, including the most significant and urgent ones.

This fraught relationship between optimism and reality was reflected in much of the dialogue with stakeholders.

“There are so many things that agriculture leads in. Agriculture was the first to get on the Internet, the first in GIS, GPS technologies, driverless vehicles. I have a lot of optimism.”

“I'm optimistic myself about the sector, but if you're really optimistic, does that mean it reduces some of your concerns in terms of the longer-term risks? That worries me a bit.”

“When you're talking about meeting the global food challenges and the work that we are doing in protein particularly, we are on fire in this sector in Canada. Lots of opportunity.”

“When I read the report, I was really struck by this mixture of what I would call realism, optimism and pessimism. That is a very curious mix to me, because it isn't fully consistent.”

“I have a lot of optimism, but I think we have to be realistic in that there are also some significant challenges that we face.”

“There's a risk of inertia in the sector: people want to change, but they don't want to change. A lot of energy is spent demonstrating that nothing should be done. It takes a lot more than energy to make real changes and prepare for the future.”

When it comes to the data available, there are many reasons to believe the reported levels of optimism are based on a shaky foundation.



SECTION 2: RISKS AND CHALLENGES

The risks are known, but the sector struggles to mitigate them

Survey respondents were asked to rank the severity of current threats to the sector. They were given a list of 35 risks divided into five blocs (environmental, economic/financial, domestic, production, international) and asked to choose up to three risks in each bloc. Of the risks they selected, they were then asked to choose a top eight. They were then asked a series of additional questions on those top eight risks.

Of the 35 risks, three stood out as a top-tier concern: the current policy and regulatory environment, extreme weather, and trade barriers and protectionism. These were the only three risks identified by a majority of respondents.

It is interesting to note that these three risks reflect the broad definition of sustainability with policy and regulatory environment serving as a social risk, extreme weather as an environmental risk and trade barriers and protectionism an economic risk. They all offer a compounding impact on the sector and mitigating one will not truly enable the sector to meet its potential.

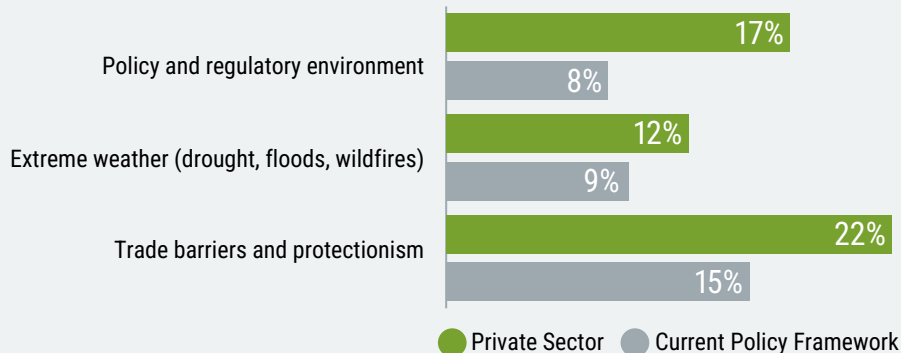
From the different risks you selected as significant threats to Canadian agri-food this decade, please now choose the eight that you consider to be the most important risks



Source: [Agri-Food Risk Report Phase 1](#)

The majority of respondents also reported that they believe these top three risks are an immediate problem for the sector, will be difficult or extremely difficult to manage, and that the private sector and especially the policy framework is not well positioned to deal with these threats.

How confident are you in each of the following to effectively mitigate these risks?



Source: Agri-Food Risk Report Phase 1

Amongst the different sub-sectors of respondents, farmers and industry members reported the lowest levels of confidence in the government to deal with the top three threats identified.

How confident are you that the current policy framework in Canada will effectively reduce or mitigate each of these?

Risk	Total	Farmers	Non-Farmer Industry	Govt.	Civil Society	Other
Policy and regulatory environment	8%	5%	6%	27%	11%	8%
Extreme weather (drought, floods, wildfires)	9%	10%	7%	19%	11%	3%
Trade barriers and protectionism	15%	8%	13%	26%	30%	8%

Source: Agri-Food Risk Report Phase 1

The sector is slightly more confident that private industry can help mitigate threats in the top three priority areas, but those confidence levels still remain, on average, below 50%.

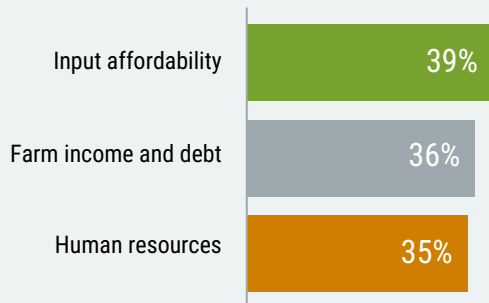
“Policies have worked against the sector over the past ten-to-twenty years. I don't think it's necessarily a current government challenge, I think it's an all-government challenge. I think that's where farmers' non-confidence comes from.”

While it has been difficult to see this crystalize into action, the concern about a lack of action and leadership from government is encouraging greater reflection on how the sector can better show action and leadership on its own. Building the mechanisms to put this into action will be a challenge for a diverse and, at times, divided sector.

There are also several second-tier threats that are difficult to manage and often ongoing in nature

Beyond these top three concerns, survey results identified a list of secondary concerns for the agriculture and agri-food sector (identified as a threat by 25% of respondents or more), which include: input affordability, farm income and debt, human resources, climate change, loss of farmland, plant and animal disease, and more (see full list below).

From the different risks you selected as significant threats to Canadian agri-food this decade, please now choose the eight that you consider to be the most important risks

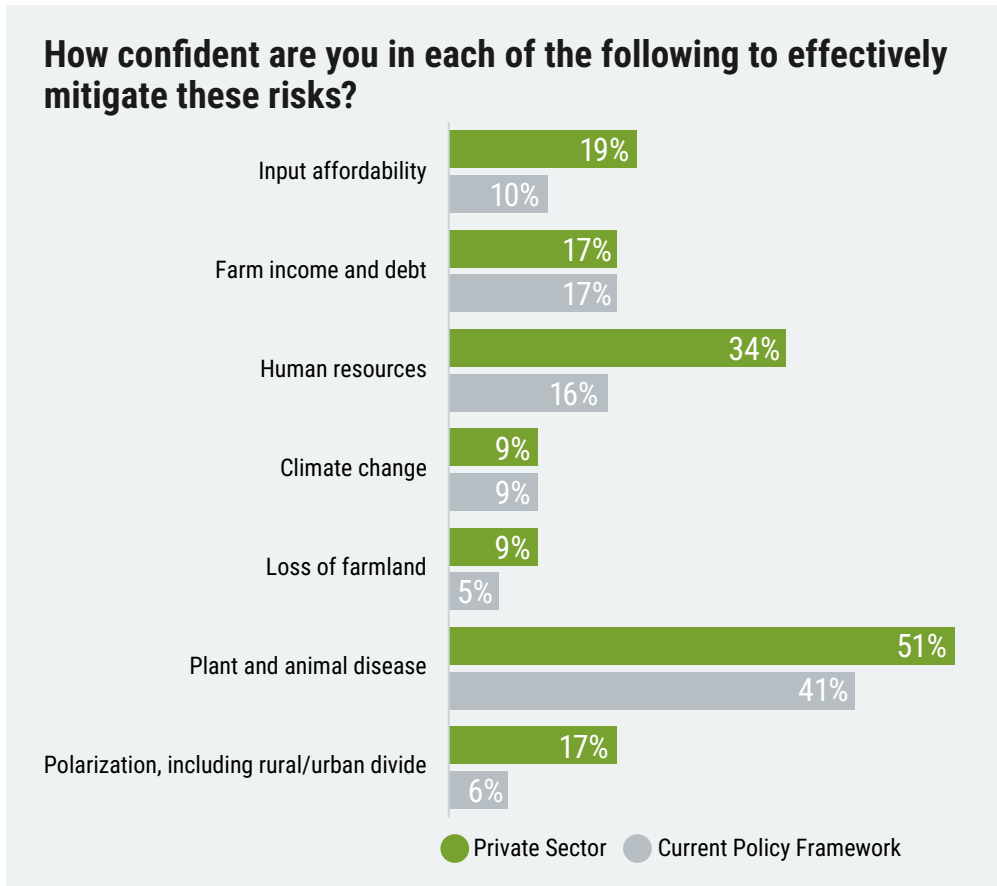


Source: [Agri-Food Risk Report Phase 1](#)

Several of these second-tier threats have been of concern to the Canadian agriculture and agri-food sector on a recurring basis or for longer periods of time – again highlighting how top-tier concerns are a strong reflection of our current environment.

“One thing that struck me was that lot of the second-tier risks were exactly the same risks that would have been identified in agriculture in the ‘70s. Are we just talking about the same stuff over and over again? Do we solve it for every generation to a certain extent, and then the next generation says it isn't good enough again?”

In terms of these second-tier threats, survey respondents reported similarly low levels of confidence in the private sector, and especially the government, to deal with them effectively.



Source: [Agri-Food Risk Report Phase 1](#)

For second-tier threats, survey respondents’ confidence levels in government to mitigate risks were again especially low amongst farmers and other industry respondents.

How confident are you that the current policy framework in Canada will effectively reduce or mitigate each of these?

Risk	Total	Farmers	Non-Farmer Industry	Govt.	Civil Society	Other
Input affordability	10%	7%	10%	27%	4%	17%
Farm income and debt	17%	11%	18%	36%	15%	30%
Human resources	16%	8%	10%	44%	20%	16%
Climate change	9%	5%	7%	15%	12%	6%
Loss of farmland	5%	4%	3%	6%	3%	17%
Plant and animal disease	41%	33%	50%	73%	35%	35%
Polarization, including rural/urban divide	6%	7%	6%	0%	18%	0%

Source: [Agri-Food Risk Report Phase 1](#)

Farmers and industry members have a bit more confidence in the private sector to deal with these second-tier threats – but not much.

How confident are you that the private sector (non-government players) in Canada will effectively reduce or mitigate each of these?

Risk	Total	Farmers	Non-Farmer Industry	Govt.	Civil Society	Other
Input affordability	19%	14%	27%	33%	16%	13%
Farm income and debt	17%	10%	29%	45%	11%	15%
Human resources	34%	29%	48%	44%	23%	32%
Climate change	9%	2%	26%	8%	7%	6%
Loss of farmland	9%	7%	9%	6%	6%	22%
Plant and animal disease	51%	49%	64%	40%	48%	47%
Polarization, including rural/urban divide	17%	21%	14%	7%	18%	11%

Source: [Agri-Food Risk Report Phase 1](#)

During the dialogues, there was much discussion around the risks identified in the survey results.

Overall, participants were in agreement about the top three threats facing the sector and were not surprised about survey responses. In fact, there was a sense that these risks are rather self evident and the bigger challenge is not the risks themselves, but the sector's inability to do something more significant to mitigate them.

It should also be acknowledged that the concerns expressed in the survey responses and dialogue discussions are broadly supported by external research and thought leaders. This underscores that the challenge is not knowing the risk, but rather getting something done about it.

Policy and regulatory environment

“In the search for a bottom line, governments have created an abundance of oversight bodies, management constraint measures and vapid performance and evaluation reports. It has only made the machinery of government thicker, more risk-averse and created a veritable army of public servants kept busy turning a crank not attached to anything. It has also given rise to a serious morale problem in the public service.”

Donald Savoie
Canada Research Chair in Public Administration and
Governance/Université de Moncton in the Public Policy Forum¹

“Canada is facing intense competition from other jurisdictions, many of which have more agile regulatory environments. If we hope to achieve our vision and growth targets, it is imperative to have in place a regulatory system that works in tandem with industrial growth strategies and supports the sector's competitiveness.”

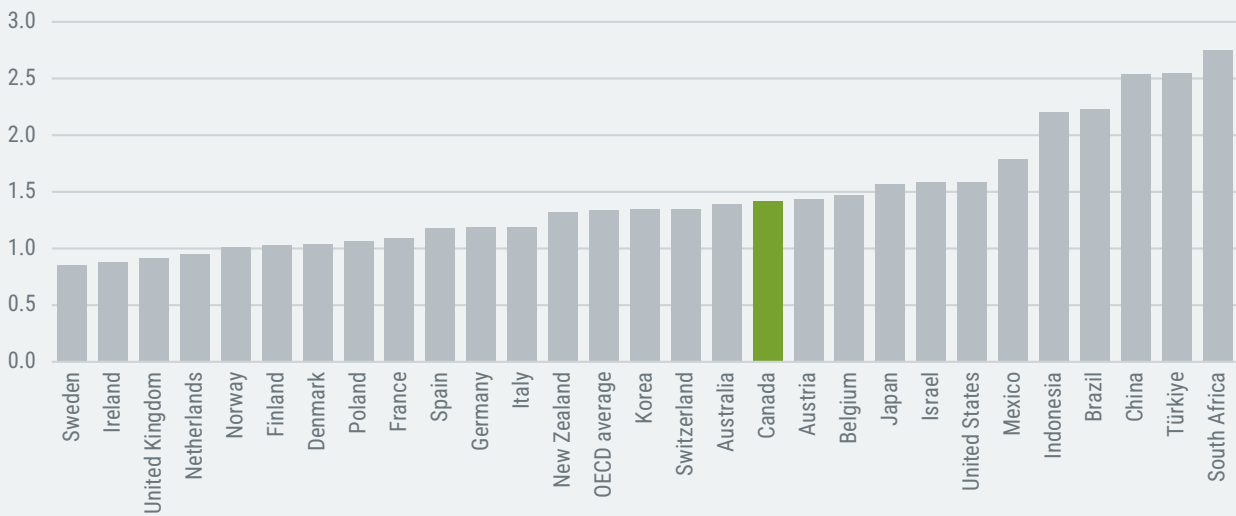
2018 Report of Canada's Economic Strategy Tables: Agri-food²

¹ <https://ppforum.ca/publications/canada-state-capacity-problem/>

² <https://ised-isde.canada.ca/site/economic-strategy-tables/en/report-2018/report-canadas-economic-strategy-tables-agri-food>

OECD economy-wide product market regulation

Overall indicator



Source: OECD 2023 Overall Economy-Wide Product Market Regulation, 2023 Methodology

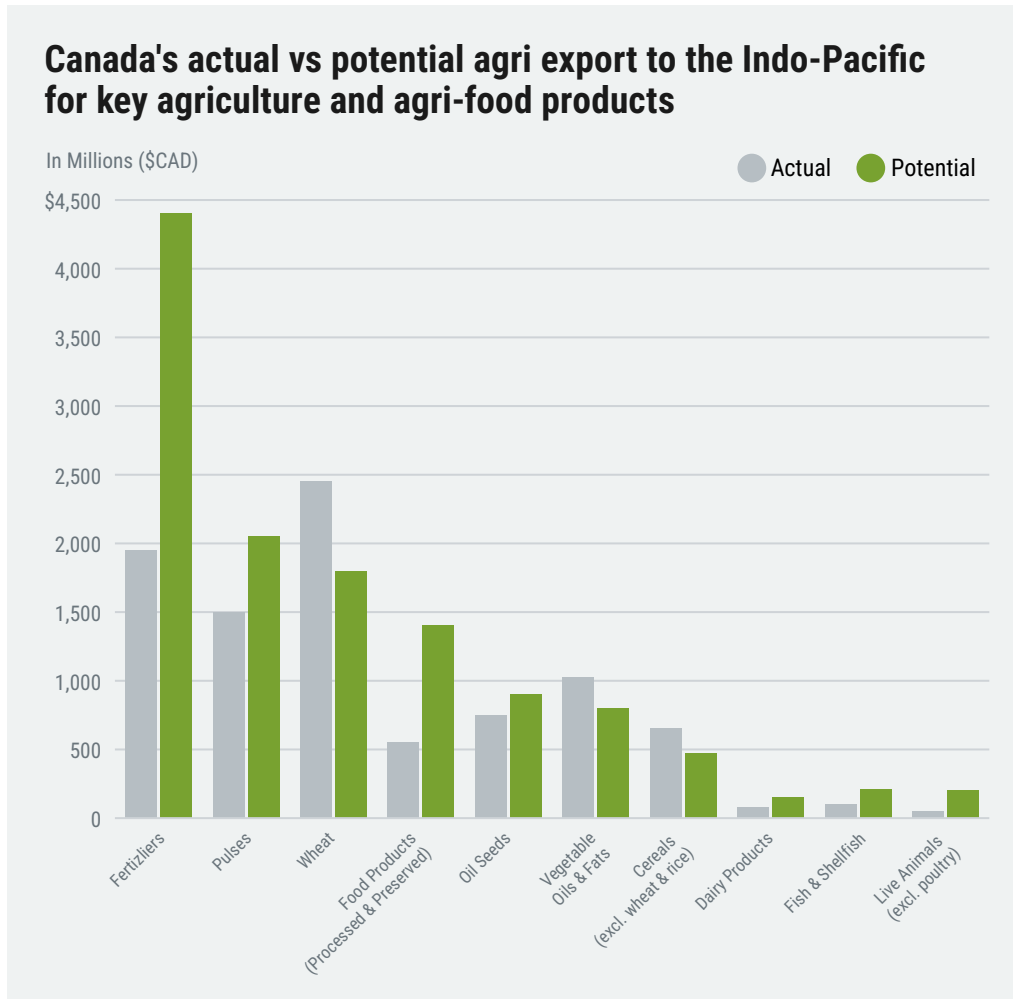
The OECD assesses the impact of regulations by assessing how well a country aligns with international best practices, measuring barriers to entry and competition. The smaller the number, the more competitive a country's regulations are. The economy-wide score has Canada slightly lower than the US but higher than the OECD average, and other countries leading growth in agriculture and agri-food, including the Netherlands and Ireland.



Trade and market access

“Canada has a long way to go to reach its [export] potential in Southeast and South Asian markets. Despite the immense potential, there are several obstacles to increasing Canada’s agricultural exports to the Asia Pacific. These obstacles include a lack of market research, difficulties finding the right buyers, and increased non-tariff trade barriers (NTBs). Regulations in agriculture-importing countries, in the form of NTBs, have been a particular challenge restricting Canada’s agricultural exports to the region.”

Asia Pacific Foundation of Canada, 2023



Source: Asia-Pacific Foundation, International Trade Centre, 2023



Extreme Weather

“Climate change will likely lead to substantial changes in Canadian agriculture, affecting how we farm, distribute and consume food.”

| Western News (Western University), 2024

“Increased temperatures, longer growing seasons, shifting precipitation patterns and an increase in the frequency and intensity of extreme events from climate change will bring challenges to Canada's agricultural sector.”

| Agriculture Canada, 2020

“The Committee heard from witnesses that they are already experiencing the impacts of climate change. The report describes these impacts, such as changing weather patterns and more extreme weather events. It also describes anticipated future impacts of climate change on Canadian agriculture, including the expanded distribution of pests and diseases.”

| Toward a Resilient Canadian Agriculture and Agri-Food System: Adapting to Climate Change
Report of the Standing Committee on Agriculture and Agri-Food

The risk of perception versus reality

It is important to acknowledge the difference between how individuals perceive risk versus the actual risks they face. For example, survey respondents may have been thinking narrowly or on a short time horizon, or without a full understanding of the potential risks that could impact their business soon, but that are not impacting it today. The perception vs reality dynamic was discussed in some dialogues.

For example, some dialogue participants expressed belief that a few key risks were missing from, or not prioritized enough on, the list of top-tier threats. Participants in the dialogues highlighted plant and animal disease, the lack of farm/business management skills, the lack of growth capacity within the agriculture and food processing sector and the lack of succession planning as significant risks that are often overlooked or do not get the attention they deserve.

There was also a discussion that many of the risks are not new, and there should be little surprise about the top three.

In the 80's CBC was running stories highlighting the impact of the financial strain and stress facing farms across the country. The story highlighted the mental health impact and the challenge of farm consolidation, the need for off-farm work and the connection farmers have to the business and life of farming.³

A story in the Nov. 8, 1945, Western Producer said 1945 had been declared an emergency crop year under the Prairie Farm Assistance Act and that affected farmers would receive assistance. It also highlighted labour disruption and geopolitical risk.⁴

The fact that these risks are so persistent, and the sector still struggles to mitigate them was seen by some as a cause for concern.



3 <https://www.cbc.ca/player/play/video/1.3593789>

4 <https://www.producer.com/opinion/look-back-at-the-nov-8-1945-issue/>

Some participants noted that the top risks were also those where the cause and blame could be directed towards someone or something else and enable individuals to avoid taking more individual responsibility, such as risks related to poor financial literacy and management skills. For example, many risks facing businesses, particularly farm businesses, could be mitigated through better planning, insurance, human resources and debt management. A 2020 Farm Management Canada survey highlighted that a third or less of farmers calculate and review the cost of production, have a written business plan or succession plan or use farm business advisors to help meet business objectives.

How the adoption of farm business management practices has changed over the past 5 years

Business Management Practice	2015	2020
Having a clear vision and goals for the farm*	43%	↓ 31%
Communicating plans and the direction of the farm with key stakeholders	39%	39%
Having a written business plan that is reviewed and updated at least once per year*	26%	↓ 22%
Having a budget and plan for each enterprise within the farm that is reviewed regularly*	73%	↓ 63%
Calculating, reviewing, monitoring cost of production for benchmarking and decision-making	33%	33%
Having an in-depth understanding of financial statements to monitor progress*	50%	↓ 48%
Having a structured approach to financial planning to ensure sufficient capital to withstand changes to the business environment	51%	↓ 43%
Following markets closely and having a marketing plan to track pricing goals and targets	36%	↓ 35%
Having a formal risk management plan and procedures in place to assess and manage risk*	51%	↓ 42%
Having a collaborative relationship with suppliers and customers	32%	↓ 29%
Having a well-developed human resource management plan outlining responsibilities and compensation that is reviewed regularly to meet changing business needs	20%	↓ 12%
Having a form farm transition or succession plan that has been communicated to those involved in the farm business and is reviewed regularly when major changes occur	27%	↓ 26%
Using farm business advisors to help meet business objectives*	32%	↓ 23%
Actively seeking learning and skills development opportunities to meet the changing needs of the business*	49%	↓ 41%

*Indicates the 7 practices of Canada's top performing farms in 2015.
Source: [Farm Management Canada Dollars and Sense Study](#)

“I think farm management in general is a big risk for us as a country. I think there's just we're not putting enough emphasis on it as an industry. That's another risk that we have to take seriously.”

Overall, dialogue participants also agreed with survey respondents that government is not well positioned to address the risks identified. Some participants expressed a general lack of confidence in the government and its entities to have any positive effect on the agriculture sector at all.

“There's this lack of transparency and information coming out of AAFC, but you've got these the policymakers inside who seem to think: ‘We're dealing with this. We're dealing with that.’ Whereas the industry knows things aren't being dealt with, and in many cases, we aren't being listened to.”

“I think people are well aware that the big risks around protectionism are coming from the biggest markets in the world: the U.S., China. All government can really do is ride the wave and try to do little things, but solving it is out of the remit. There's this level of risk that's going up that might or might not be realized.”

Another critical consideration in this discussion is that it is difficult to assess and rank risk in any type of uniform fashion across such a diverse sector. This is a topic that came up frequently in stakeholder feedback sessions, as participants came from across Canada and various sub-segments of the sector. Although we refer to “agriculture” as one sector, it’s more accurate to describe it as a collection of small, diverse sectors.

As such, although there is general agreement about what the top risks are, the weight and severity of these risks will vary across different regions and sub-segments of the sector as a whole. For example, episodic risks like plant and animal diseases will be of greater concern to the sub-sectors in which they are threats, whereas systemic risks such as farm labour and skill development will affect different cogs of the value chain in varying ways. In the same vein, trade and market access is a risk for all sector stakeholders, even those in supply-managed systems. The risks are the same for everyone, they just manifest differently by sub-sector.

And as much as the risks may broadly be the same, the solutions can be wildly different.

What's causing/amplifying these threats?

Throughout feedback sessions, stakeholders were asked to discuss the threats facing the agriculture sector in more detail, in an attempt to better understand underlying factors and how the sector might begin to formulate a response.

Overall, there were four main themes that came up within these discussions, which stakeholders believe to be the main factors behind the current risk environment.

1. Governments are increasingly perceived not to appreciate the sector's value, understand its changing dynamics, or prioritize its growth – and the current policy environment reflects this.

Overall, stakeholders feel there's a general lack of understanding within governments, the federal government, and the general public of the Canadian agriculture sector and its needs.

Stakeholders saw this as a longer-term trend, not specific to the current government.

“In government, there's a lot of ignorance about what agriculture is all about.”

Stakeholders also believe there's a lack of public appreciation of the economic importance of Canada's agriculture sector, its potential to boost Canada's productivity, and how well it is positioned to capitalize on growing global opportunities.

Some participants expressed concerns that the sector has been underappreciated for so long that it has become self-sufficient and, as a result, neglected.

“Government is going down a path where its priorities are not aligned with what the industry is saying ought to be addressed in priority. Quite frankly, I don't think that's anything new.”

“It's always struck me how policy in agriculture has very little to do with the business of agriculture.”

Participants also expressed concerns over how this divide seems to be growing and can cause problems for the sector when it comes to federal policy development – i.e. the current situation in the European Union, where public opinion has outsized influence when it comes to policy development and regulatory affairs.

“We're letting philosophical political priorities trump the reality of the economic harm that results and the severe damage that's done to a critical industry. We allow that to happen.”

Furthermore, stakeholders believe there's a lack of capacity, initiative and interest within governments to engage with the sector to better understand how to help it grow and succeed. This is especially concerning, given the amount of government resources dedicated to consultation. There is a sense amongst stakeholders that they are often asked to participate in government consultations, but there remain a lack of meaningful engagement and thoughtful consideration of feedback provided.

This has resulted in the introduction of policies and regulations in recent years that can and have severely hindered the growth and profitability of Canadian farm and agri-food businesses.

“There’s a very severe disconnect between what we're trying to accomplish and the policy that that underlies it.”

“We've got a planet that's crying out for healthy, affordable food, yet it seems like every single policy decision that's made somehow impacts our ability to fulfill that need using our advantages.”

There is also a generalization of governments, with many criticisms being applied broadly, even though there are important differences. For example, federal and provincial governments play different roles; regulations can be burdensome but can also facilitate value chains and exports, and government is a major funder of R&D and market development. However, it can be a challenge to recognize those potential positives, given the general and widespread concern about the increasingly negative impact of the public policy environment.

2. There's no federal strategy to grow the agriculture sector and capitalize on opportunities.

Focus group participants consistently expressed concerns that the federal government has no strategy in place to help grow the Canadian agriculture sector, promote sustainability, capitalize on growing opportunities globally and manage risks.

“It's discouraging that there's no strategy, no sense that we've got a place to build a strategy. Even if we did, there would be no way to work with governments on strategy because they're fragmented.”

“Politics just have sidelined the sector in so many ways.”

Participants, like survey respondents, believe there are many opportunities ahead, notably in the area of value-added food and ingredient processing. But they also believe these will not be realized without a solid strategy and commitment to build the right environment to grow the sector, which would include: prioritizing capacity for research, development and innovation; increasing access to capital for agri-food and agriculture businesses; and committing to science-based regulations.

“We're losing out on our people who are trying to make change and just can't figure out how to, because every time they move, they get hit in the head with something else. One of these issues—there's many of them—is access to finance.”

“As a country, we don't have a real vision for what productive economic growth looks like. It's not unique to agriculture, it's just a complacent country. I don't think we really understand how fast the world is changing around us.”

“The sector does not lack ambition, but it seems like our governments are risk averse, or maybe just complacent.”

Further compounding this risk is the fact that there are already government strategies in place, aiming to address the concerns highlighted above. For 25 years, the federal, provincial, and territorial governments have developed and acted through five-year agriculture policy frameworks, most recently called the Sustainable Canadian Agriculture Partnership. While governments refer to it as an “agreement to strengthen and grow Canada’s agricultural sector,” the policy framework is increasingly seen as only a cost-sharing program framework and not a planning framework built on robust policy analysis, risk assessment and policy commitments for the future.

The federal government also has a Food Policy for Canada, which aims to “help Canada build a healthier and more sustainable food system in Canada... while supporting the growth of farmers and food businesses.” Agriculture and Agri-Food Canada is also currently developing a Sustainable Agriculture Strategy that is supposed to “help set a shared long-term direction for collective action to improve the sector’s profitability, growth and environmental performance. However, stakeholders expressed serious concern about how these strategies were developed and their efficacy in meeting the goals stated above. Some noted that they are also both aligned with the political agenda of the current government and less reflective of the general priorities of the sector.

Therefore, the problem is not simply a lack of a strategy, plan or direction but the lack of a meaningful one that reflects shared priorities and common goals and effective implementation plans that actually lead to action.

3. There’s a lack of effective leadership and a lack of federal representation for our sector that truly understands our sector.

While survey respondents identified the policy and regulatory environment as a significant risk, participants in the dialogues recognized that is not just a problem for the public sector. Many participants consistently voiced concerns about a lack of strong and effective leadership within the agriculture and agri-food sector.

Furthermore, stakeholders expressed concerns over the lack of meaningful representation for the sector and industry at the national and federal levels, both as advocates, policy influencers and policymakers.

Many stakeholders believe that, despite the fact that there are many groups and associations exist to advocate on behalf of the sector or sub-sectors, this lack of meaningful and effective representation persists. They believe that these groups often bring narrower views of sector interests, instead of focusing on a more collaborative, more impactful sector-wide approach.

Stakeholders felt these factors often explain why government policies often do not reflect an understanding of the current nature and needs of the sector, or the diversity of its sub-sectors and the fact that one size does not fit all when it comes to regulatory approaches.

“I believe we have a huge leadership challenge all over. We're more interested in getting re-elected than we are in the state, health and benefit of the country. We have so much opportunity as this country, in this industry, and we are not able to take advantage of it.”

One participant reflected the views of others, questioning the effectiveness of existing provincial commissions and organizations as advocates for the sector.

“Is [the current structure for provincial farm commissions] really the best way to have our farms’, the sector’s voice represented, or is that really old?”

4. There needs to be a clearer consensus on the role of government, the private sector and other stakeholders in addressing risks and capitalizing on opportunities.

There was a strong lack of confidence expressed by survey respondents and stakeholders in the ability of governments at all levels to effectively deal with the current risks that threaten our sector’s growth. However, there was also a strong belief that the role of government in our sector’s growth and risk management could be better defined, perhaps minimized, and that private sector and other stakeholders could be doing more.

Stakeholders discussed the need to rethink how responsibility for risk management is shared and the roles and responsibilities at many levels.

More specific issues stakeholders mentioned with the current approach include a lack of proactive, strategic investment on measures including on-farm risk management, financial literacy and management skills and research and development and extension. For example, there appears to be general and broad support for extension services as a tool to manage risks and better position producers for success, but extension services have been significantly reduced in most provinces. Participants also noted the significant disconnect between the funds directed towards subsidizing the cost of production insurance and the limited tools that can effectively and proactively deal with market and other risks.

Furthermore, although there was strong agreement that trade barriers are a growing problem for Canada’s agriculture and agri-food export program, there were varying opinions about how the problem can be dealt with and the degree to which government and private sector intervention can be effective.

A specific example was the approach to market access versus market development, with some stakeholders suggesting that government should refocus its efforts on market access and the private sector needing to do more on market development. The desire was for a more coordinated, aggressive and ambitious approach to trade and market access issues to deal with the increasing risk the sector faces.

“Trade barriers and protectionism are a challenge we're facing that's the same as extreme weather – it's not something we have control over. It's not something we have a policy response to that's adequate.”

“The WTO [World Trade Organization] is not the force it was before. Trade rules are routinely ignored in a way they haven't been for some time. We're in a different world, from the trade perspective, than we have been before.”

Several stakeholders expressed concern that the focus on trade and market access comes at the expense efforts to improve and grow domestic markets and supply chains. The differences went beyond the traditional difference between supply-managed sectors and export-oriented agriculture, with participants noting that strengthening the domestic market was one of the most effective ways to deal with trade and market access risk.

“The difference between those who are exporting and those who are protecting the domestic market is just so big that, on the international trade issue, I don't see a path to coming up with an ag sector strategy. It's not the same people, the same businesses, the same interests. I just don't see it.”

“I think this is an area where government focus is going to be ever more required. We really have to figure out how to get the rules-based system back up and running, and how we can emphasize that as we look across our international obligations.”

Similar concerns around the role of the government and the private sector were noted when it came to climate change and environment issues. Some stakeholders expressed low confidence in existing government initiatives to address climate change issues.

“The current effort to develop a ‘sustainable ag’ strategy seems to have gone nowhere. There's a big set of complicated scientific issues, but a lack of clear sense of how we can drive an adaptation strategy, let alone a mitigation strategy in the sector.”

The overall consensus was that a targeted approach to risk management will be important, but equally as important will be leveraging strong sector experience and leadership to define roles and capacities in addressing this threat, based on a solid understanding of the changing environment.

“I would love to see a path where government's understanding of its role and industry's understanding of its role are complimentary, not divergent.”





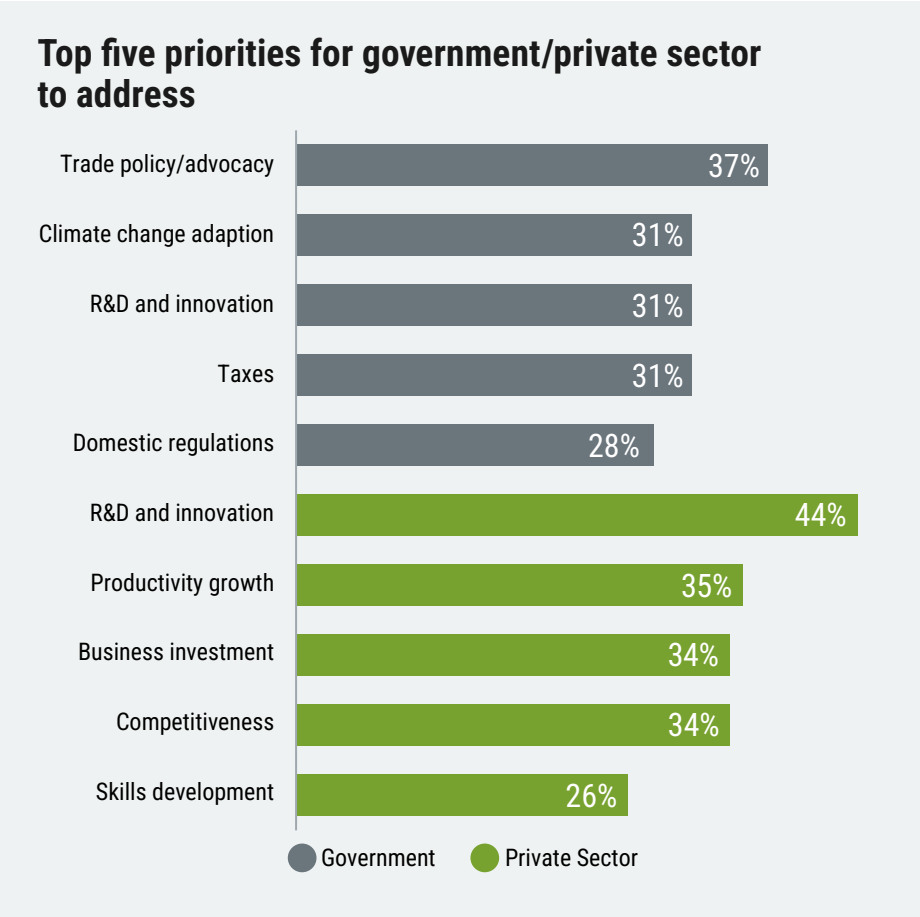
SECTION 3: THE FUTURE

Takeaway recommendations

In an attempt to determine how to address the significant threats outlined in the survey and in stakeholder feedback sessions, respondents were asked to determine what should be done, and by whom.

Here, there were inconsistencies.

Survey respondents indicated that the top priorities for government should be trade policy, climate change adaption, and research and development. Respondents also reported a general belief that the private sector should focus on research and development, productivity growth, and business investment within the agri-food sector.



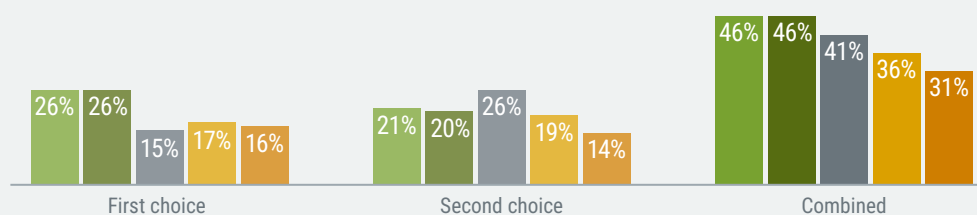
Source: [Agri-Food Risk Report Phase 1](#)

However, in stakeholder feedback sessions, participants raised significant concerns about the ability of government to address risks, especially in terms of trade and climate change adaptation. As outlined above, stakeholders also strongly believe that the current policy environment in Canada can be an impediment to the growth of the sector.

Given all these strong opinions, it's no surprise that there was such a low level of confidence from survey respondents and stakeholders in government [and the private sector] to address risks in an effective way – which makes it difficult to come up with an effective risk management strategy.

Survey respondents were also asked to identify priorities for the future of Canadian agriculture by choosing two of five statements. While there was a slight preference for statements grounded in growth or innovation, four of the five statements were supported by between a third and half of respondents. More work needs to be done to articulate a clear, focused agenda that is supported by a majority of the sector.

Over the next 10 years, Canadian agriculture policy should focus on:



- Meeting the increased demand for high-quality, sustainable food through increased productivity growth, driven by innovation and the development and adoption of new technology and practices.
- Increasing the competitiveness of the sector by investing in infrastructure and making it easier to grow and do business in Canada.
- Adding value to agriculture by investing in valuechains, infrastructure, a highly skilled workforce, and differentiating Canadian products around the world.
- Being a leader in sustainable agriculture and agri-food by tackling climate change and environmental protection, investing in science research and innovation, and meeting the evolving challenges of the interconnected domestic and global markets.
- Improving the sector's sustainability by encouraging the adoption of more sustainable, resilient farming practices and more local and regional food systems.

Source: [Agri-Food Risk Report Phase 1](#)

However, the sector does agree on a couple things

Despite the inconsistencies in survey responses and stakeholder opinions there was some common ground.

Two key themes emerged on what is needed for the sector to move forward, to address current risks, realize opportunities and perhaps create a more grounded sense of optimism based on shared goals, clear roles and realistic expectations.

1. We need a meaningful national agriculture policy framework to realize opportunities and drive growth and sustainability for the sector.

“A transparent, predictable, iterative, regulatory framework is a catalyst for growth—it is a huge opportunity.”

There was a strong consensus amongst the stakeholder feedback groups that the Canadian agriculture sector lacks a forward-looking plan to ensure unencumbered growth, sustainability and competitiveness, considering growing global opportunities and Canada’s unique position to capitalize on them. There were references to the need for a framework, strategic plan or business plan, but despite the different words the common theme was what is needed does not exist today.

Several participants referenced the Barton report as a blueprint for this type of plan. The report, released in 2016, strongly acknowledged the strength and value of and opportunities for Canada’s agriculture and agri-food sector.

However, stakeholders also noted several shortcomings of the Barton report – primarily that there was no accompanying plan to use it as a catalyst for further action. It was effectively a plan without an owner, the government commissioned it, but then walked away from it. The Economic Strategy Tables, including one on agri-food, carried on some of the themes of the Barton report but also faded away. Stakeholders believe that any future plan must avoid the same fate.

“I read the Barton report and remember being gobsmacked by it in the context of the opportunity. What was missing was the implementation plan, and the opportunity to build that implementation plan in a collaborative framework.”

Another flaw of the Barton report was that it was built on government leadership and did not create the conditions for the sector to act independently. Therefore, while the lack of action on the Barton report is often seen as a failure of government, it is also an example of a lack of meaningful sector leadership and ability to take collective action.

Therefore, stakeholders agreed that any future plan must be directed by strong leaders from the agriculture sector who bring a fundamental understanding of its diversity.

In addition to the need for a strategic plan/framework driven by sector leadership, there was a strong belief that such a plan must be centrally focused on a set of “North Star” values, including economic growth, productivity, sustainability and food security.

These guiding values should allow for achievable, realistic and effective measurements as targets, therefore locking in accountability.

“The diversity of opinion informing that policy is really going to be important, and having the key sectors at the table for the design is essential. We need new tools. We need new technologies to address the challenges we are facing now. Canada should be in the position to lead this.”

Overall, stakeholders believe any plan should aim to build the right environment and infrastructure to allow for the growth of the sector, rather than putting in place more barriers.

“Government should make it easier for producers and the to sell their wares around the world, and emphasize that Canada is a stable, safe, reliable source of food around the world.”

“These tools that farmers are using, whether seed technology or crop protection, there is a robust regulatory system behind it. What I think is missing is some sort of North Star. And then making sure that other policies and processes within government don't go and hobble that North Star.”

With a focus on growing Canada’s economy and productivity, any plan would also be committed to growing the agri-food sector through increased access to capital, innovation, environmental sustainability, and a science-based regulatory environment.

“For us to have successful and sustainable economic growth, it needs to be focused on environmental sustainability and social sustainability. We've got a good track record of that in the ag and food system here in Canada that we can use as a framework.”

“We need a regulatory framework that enables the innovation engine to address the challenges that we have. Everything is evolving really quickly. Our cycle times are horrendously long because of self-inflicted processes.”

Stakeholders were in general agreement that any plan must also be focused on longer-term outcomes and carefully crafted and reviewed to ensure it is meeting intended goals and not causing harmful repercussions

“It would be great if government could stay focused for longer than an eighteen-month period on these priorities.”

“The idea of having a ten-year plan is not a daunting task when we think about policy anchored in value.”

“The challenge is to design a policy that can be reformed, amended and adapted. Ultimately, it comes down to having a process that allows stakeholders to be a big part of it, to be able to collectively recognize when things need to be changed, rather than locking them in for the long term.”

2. As part of a national policy framework, we need a cohesive approach to risk management, which accounts for the realities of our rapidly changing environment and our capacity and limitations in addressing threats.

Stakeholders were in general agreement that risk management should be a top, strategic priority for the sector, and one that should be addressed through a national strategy that serves as foundation for growth and that effectively leverages government business risk management programs.

“A risk management framework at its core has to align with strategy, it's a growth strategy.”

However, any national plan or approach to risk management must be clear on the capacity and limitations for government and sector action to address risks in a way that will be beneficial to the sector and effectively leverage our time and resources.

For example, stakeholders strongly agreed that trade barriers are a growing problem for the sector, but they had varying opinions about how these can be dealt with effectively – if at all.

Another component of any national plan should be ensuring the agriculture and agri-food sector in Canada is well positioned for sustainable growth internally.

This means addressing the top tier risks, as well as secondary risks identified in the survey and feedback sessions, which include:

- A lack of leadership within the sector
- Labour shortages and weak succession plans
- Poor farm management skills
- Limited capacity for innovation and growth within farm and food processing businesses of all sizes
- Not enough of a focus on growth, innovation and competitiveness within the sector
- Lacking transportation and export infrastructure capacity in Canada
- Plant and animal disease outbreaks

Stakeholders believe these issues should be better addressed in any risk management plan, along with external threats, and that plan needs to go beyond the business risk management programs available to farmers. Those programs remain very reactive, it is time to move towards a more proactive approach to risk management in the sector.

“SMEs are not strong change managers in Canada. I don't think they have the same ability to respond to the drastic nature of change, financial impact and investment that they need to truly see long term sustainable business impact.”

“For some parts of the value chain, staying in business is just an achievement on its own. The resiliency of the sector is probably one of the biggest factors now.”

“More important for me is giving risk management tools to companies.”

“Producers tend to want to manage risk at the income level rather than taking a holistic approach to their business. Producers are observing their participation in business management programs depending on how much it pays and at what interval, rather than seeing it as catastrophic risk insurance.”

“International trade [risks] are not necessarily shared equally by all stakeholders in the sector, so this is another balance that needs to be considered when it comes time to adjust our programs to meet new realities.”



SECTION 4:

CAPI'S TAKEAWAYS

CAPI's mission is to lead policy development, collaborate with partners and advance policy solutions within the agriculture and food sector. This report is one way for to deliver on that mission, by adding value and filling gaps in the agriculture and agri-food policy ecosystem.

One gap identified through this risk research is that the lack of meaningful approach to risk management, including risk identification and mitigation, in the sector is preventing it from achieving its full potential.

The following recommendations are intended to build on this and other work and to offer concrete steps that can inspire action, recognizing that action is often the hard part.

1 Governments should do less but do it better.

There is a temptation within governments and the sector to develop plans and programs that aim to respond to all the industry priorities at once and to rely on government leadership and funding to drive action.

This approach is reflected in the Guelph Statement which set the tone for the current five-year agriculture policy framework. The statement reinforces the impression that governments must, and will, try to address all the priorities of the sector at once and, in a sense, be everything to everyone.

That lack of focus and priorities is reflected in the broad set of government programs and policies that are implemented and are often pursued ineffectively with limited impact or benefit. It also does not include or impact the regulatory environment that can have a significant impact on the sector.

Conversely, the focus on the environment in the current Sustainable Agriculture Strategy has created much angst within the sector due to the risk that the focus on the environment may take attention away from other critical risks and priorities.

Through both phases of the Agri-Food Risk Report, a more targeted, effective approach is called for. This would see governments doing less, but doing it better. For example, governments need to focus on the regulatory environment, but they need to do a better job delivering smarter regulations that increase effectiveness and reduce burden.

Putting this into action is not easy as it will require government to stop doing things it is doing today. It is easier for governments to start doing things than it is for them to stop.

However, it could be achieved through a collaborative approach that develops a high level, meaningful framework that sets the direction for government action. That high-level framework should be narrowly focused but followed by collaboratively developed action plans focused on critical issues including trade and market access, adaptation and risk management, regulatory modernization, R&D and innovation and environmental sustainability strategy, all connected through a broader framework for the sector.



2 The sector should collaborate, not compete

One of the most common themes throughout the dialogues was that there are many challenges involved with building unity and consensus within such a vast and diverse sector.

CAPI's work on policy issues that reach across the country and across sub sectors highlights the challenges bringing the agriculture and agri-food sector together. There are often different priorities or solutions and rarely does a one-size-fits-all approach work in agriculture and agri-food.

Unfortunately, rather than trying to work together, different segments or value-chains work against each other, competing for the limited supply of attention, resources and financial support available.

However, in a political and policy environment where decision-makers and influencers have limited attention and capacity, creating a shared vision and values is necessary for the sector to secure meaningful action.

There are many national organizations within the Canadian agriculture sector committed to responsible and effective representation and advocacy for their members, and to nurturing the next generation of leaders and advocates. However, there is no mechanism for those organizations and stakeholders to come together except when governments do the convening or selective consultation on specific issues.

The solution does not require new organizations but rather a system that enables and encourages collaborative leadership and action. There are many ways to do this effectively, but the first step should be to acknowledge the current more competitive approach is a barrier to better action and outcomes for the sector.

A second step could be for leaders within the sector to agree to move past their differences and develop a set of shared priorities that can drive focus and action within the public and private policy landscape. This could be achieved through an agriculture leaders' forum, supported by an organization like CAPI, but "owned" by its members who would develop the priorities and champion their implementation.

Unlike past efforts like the Barton Report and Sustainable Agriculture Strategy this should be led by the sector and be a long term (minimum 5 year) commitment to working together to drive change. Change won't happen overnight and leaders will need to put in the effort to develop relationships, identify shared risks and opportunities and advance meaningful solutions.



3 Establish clear roles for government and others in the sector.

Another common theme that came up several times throughout the dialogues was the acknowledgement that there is often no clear understanding about who does what and who is responsible for what when it comes to managing risk in the sector.

While risk management is a consistent need across the sector and a key piece of any growth strategy, it requires a nuanced approach, where one size does not fit all and where accountability may be different across the sector and in different contexts.

It will also be critical to acknowledge that risk management is not a shared responsibility -- it is primarily the responsibility of individual businesses within the sector. Too often in agriculture, the pressure for businesses to thoughtfully manage their risk has been mitigated by the willingness of governments to shoulder some, or most, of the burden. In an era of tightening government budgets and shifting political priorities, that may no longer be a realistic expectation.

Despite the rhetoric in government pronouncements, financial and political support for the sector has been falling for decades. Canada has failed to maintain consistent support with public spending an increasingly smaller share of GDP and falling, especially when adjusted for inflation.

The declining investments have often been made without a corresponding change to mandates and responsibilities. Governments are called on to do everything they were doing before, just with less resources to do it.

This coincides with shrinking political support. The number of voters that have a connection to the sector continues to fall. The decline is most acute when the government is elected from an urban base, but a government elected out of rural Canada is still too likely see agriculture as less of a priority than governments did thirty or forty years ago.

Therefore, there is a need for more meaningful risk management strategies, developed for the sector, by the sector, based on realistic expectations and clear roles for businesses, big and small, and government partners.

This will require a change in mindset for our sector, which has often encouraged the government to shoulder a significant share of certain risks and to take an “everything for everyone” approach to policy. A different approach will require experienced and invested sector leadership to deliver meaningful change.



4 There is a need for clear, measurable, realistic goals.

As noted in the beginning of this report, there is optimism in the sector, with good reason. The fundamentals are strong and Canada's agriculture and agri-food sector is well positioned to achieve remarkable growth in coming decades. There is also broad agreement that there is a need for a meaningful plan to deliver progress. For any plan to be impactful, it must include clear, measurable, realistic goals or targets.

However, recent experience with setting targets has highlighted their potential shortcomings.

For example, export targets have been exceeded in recent years, but that success has been due to higher global commodity prices driven up by global demand, challenges with global supply and geopolitical risk. Canadian policies have done little to contribute to Canada's export success.

Additionally, the target of reducing 30% of fertilizer emissions became a flashpoint and caused significant tension between the government and stakeholders. The situation was made worse by an inability to describe how the target was arrived at and whether it could be realistically achieved.

However, the reality remains that clear, measurable, realistic goals can help galvanize and deliver action. They should be targeted at priority areas of action, be accompanied by a plan for how they can be achieved and be shared by the private and public actors responsible for achieving them.

There also needs to be an acknowledgement of the interconnectedness of goals in agriculture and agri-food and the potential for unintended consequences. For example, a target of increased exports will likely run counter to a target of reduced emissions. That does not mean that these targets should not be set, but rather that there needs to be a more thoughtful, intelligent dialogue on the outcomes and progress the agriculture and agri-food sector is expected to achieve.



CAPI'S TAKEAWAYS

Governments should do less but do it better.

- High-level framework setting policy, program and regulatory direction
- Action plans focused on key issues
- Smarter regulations
- Fewer initiatives with more targeted impact

The sector should collaborate, not compete.

- Embrace the diversity in value-chains and regions, while identifying shared priorities
- Forum for leaders in the sector
- Focused, issue-specific collaboration
- Sector ownership on strategy, direction for the future

Establish clear roles for government and others in the sector.

- Clearer roles for federal, provincial governments, farmers, value-chains and civil society
- Define who does and does not do what
- Greater transparency on roles and responsibilities in risk management

There is a need for clear, measurable, realistic goals.

- Set targets to provide a direction for the sector
- Articulate potential trade offs amongst targets and the potential for unintended consequences
- Link targets to public and private sector action plans that articulate how the targets will be achieved

WHAT CAN YOU DO NEXT?

1. Read this report, share it and talk about it within your networks

The results of the survey and feedback from the dialogues confirm an important reality - there is a need for a better approach to risk management and growth in the sector.

The insights within this report should serve as a foundation for further dialogue amongst policy makers, influencers and other stakeholders about how the risks and opportunities should inform the future of agriculture policy.

There is no simple or single solution, but better policies and outcomes will come from increased dialogue and debate within the sector about these issues.

Therefore, one of the most important things you can do next is simply to share this report within your network and talk about what is right, what is wrong and what needs to change going forward.

2. Encourage action

One of the greatest barriers to better outcomes in agriculture and agri-food is a lack of action on solutions that are broadly agreed to. There is often too much comfort with the status quo.

In the field, on the factory floor and in domestic and global markets, change is relentless, and risks are compounding. But, as this survey has demonstrated, stakeholders believe there is too much complacency in our policy frameworks, regulatory machinery and sectoral governance. Canadian agri-food is a big sector in a small country, an exposed sector in a threatening world, and a complex sector easily sidelined from mainstream attention except when there is a crisis. Investor tolerance for more risk is limited, and capital is mobile. But agri-food is also a sector that can be better protected from risk, better enabled for sustainable growth, and better able to contribute to Canadian well-being if we choose to make it so.

Something must be done, but it is too easy to do nothing. And each person and organization can have an impact.

CAPI'S COMMITMENT

CAPI is a think-tank committed to producing policy-relevant content, connecting government, the private sector, civil society and farmers from across the country, and communicating new insights and perspectives to advance ideas and policy solutions on important and emerging issues facing the sector.

As such, we are committed to continuing to provide accurate, timely and credible information – such as this report – to advance policy solutions within agriculture and food that will allow the sector to realize its full potential.