



# What We Heard Report

Virtual Consultations and Online Engagement  
June 11, 2021 through July 02, 2021

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Next Agricultural Policy Framework – What We Heard Report | Agriculture, Forestry and Rural Economic Development

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## Message from the Minister

Alberta's government values the historic significance of the agriculture sector, its important contribution to the provincial economy and its key role Alberta's Recovery Plan.

The Next Policy Framework (NPF) is a federal-provincial-territorial initiative that supports strategic programs and business risk management (BRM) programs that promote the development of Alberta's agriculture sector. It is an essential tool in the development of policies and programs that contribute to advancing Alberta as a reliable supplier of high-quality agriculture and agri-food products, domestically and internationally.

We are entering the negotiation phase for the NPF, which will invest in Alberta's agriculture industry over a five-year period from April 1, 2023 to March 31, 2028, after the conclusion of the Canadian Agricultural Partnership.

As part of this process, the Alberta government sought input from our stakeholders to ensure the next version of the framework, along with its associated programs, will meet the needs of the agriculture and agri-food sectors. This document summarizes the feedback received during a series of virtual sessions, a public online survey and email submissions.

I would like to thank my colleague MLA Dreeshen, for taking part in some of these discussions and hearing directly from our agricultural leaders about how the framework should address priorities such as trade and market development; value-added agriculture; research and innovation; risk management; environmental sustainability; and maintaining public trust in the sector.

The feedback on what needs to be considered for a new farm margin insurance program and the changes needed to make the current BRM programs more beneficial for Alberta farmers has been very insightful.

I want to take this opportunity to thank all those who participated in this process. Together, we will make a bright future for Alberta agriculture.

Honourable Nate Horner

Minister of Agriculture, Forestry and Rural Economic Development

# Executive Summary

This report compiles the findings from virtual consultation sessions with representatives of Alberta's agriculture, agri-food and agri-products sector and a public online survey where participants could identify the opportunities and challenges of the sector as well as provide insight into what the priorities should be for the NPF. These consultation sessions were undertaken to ensure the NPF serves the needs of Alberta's sector and that there is a clear understanding of Alberta priorities and objectives when developing the NPF. Stakeholder feedback about the vision and priorities will aid in the development of the Policy Statement that will be developed and endorsed by the federal, provincial and territorial (FPT) agriculture ministers later in 2021.

In general, the feedback received indicated that the largest growth opportunity for the agriculture and agri-food industry was perceived to be the potential of the value-added sector, across the whole value chain, and the diversification within it such as plant based and non-meat products. Direct farm gate marketing and sales was also highlighted in the survey although was not commonly mentioned during the virtual sessions. There is consensus across the agriculture sector that trade and market access, both domestic and international, are areas for continued growth. Reducing barriers and enhancing free trade agreements were identified as important in achieving this growth. Technology and innovation, including the development of innovative products and practices and technology adoption will provide growth opportunities and increase efficiencies across the sector. Environmental sustainability, including organic practices, were emphasized in the virtual sessions and were even more apparent from the survey responses.

Common themes related to challenges include trade, regulatory hurdles, and barriers that impede the access to foreign markets and global competitiveness. The impacts of carbon pricing were often mentioned in the virtual sessions. Other perceived challenges included getting products to markets; including logistics and transportation; and the lack of domestic processing and packaging capacity in Alberta. Specifically for the livestock industry, participants were concerned that the producers do not see the benefits of increased profitability that are enjoyed by the processor and retailers within the value chain. The cost of production for producers was the top challenge from survey responses, which respondents felt links to why it is increasingly difficult to grow the number of new farmers in Alberta and retain those already in the business. In addition, the difficulty to access capital needed for business growth and investments, access to land and the availability of skilled labour were frequently mentioned. Public trust and the misconceptions that the public still has about agriculture is ongoing and requires government and industry to work together. Finally, environmental sustainability, including water management, was listed as the second top challenge in the survey responses and was highlighted throughout the virtual sessions as well.

The priorities identified for the agriculture industry are similar to those under the current Canadian Agricultural Partnership (CAP). Although they continue to be important, stakeholders believe a greater focus on the following key aspects within the priority areas is needed to ensure growth of the sector:

- Increasing growth and capacity in the value-added and the processing industry;
- Increasing competitiveness and global demand for Alberta products;
- Improving trade by removing barriers and gaining market access;
- Increasing research and innovation into new technology, both on-farm and in processing facilities; and
- Attracting investment in Alberta.

Participants also signaled the NPF should focus on the environment and sustainability practices implemented within the agriculture industry, which is linked to and contributes to another key priority for the sector: public trust. Maintaining and growing public trust in Alberta farmers is critical to the growth and sustainability of agriculture.

For the business risk management programs, while the majority of industry organizations have heard about the pan-Canadian Whole Farm Margin Insurance concept, 68 per cent of primary producers are not aware of the concept. For industry to be more supportive of the concept, they feel more information is needed (e.g. affordability, coverage), but most believe a farm margin or revenue insurance program is the right direction. Respondents see a need for a program that will truly stabilize the income of those most at risk and have no other options available. The proposed changes to the current BRM suite of programs has to work together with other BRM programs.

Considerations for a new farm margin insurance program include ensuring no potential trade implications. The changes proposed by the prairies will align other BRM programs such that overall measures in Canada are not aggravating production distortions.

Participants suggested the current BRM suite should consider how it can better support beginner and young farmers and that the risk for new farmers is usually much greater which prevents people from entering into the profession or taking over a farm.

For years, the BRM program suite has not had an increase in overall funds. Respondents feel the lack of funding results in the programs not being reflective of the current business costs of farming and when proposing changes, it is imperative to increase the funding within the envelope.

A major concern raised was the affordability of the whole farm insurance program. Producers say they are not opposed to sharing part of the cost of an insurance like program (i.e. paying premiums); however, "it should make sense". An affordable whole farm margin insurance program could consider the balance between the premium and coverage levels to the proposed benefits the program is suggesting to address (e.g. simple, equitable, predictable, bankable and timely).

# Background

For more than 15 years, the FPT governments have used agriculture policy frameworks to ensure a collaborative approach to the development of policies and programs that support sustainable growth and the long-term success of the agriculture, agri-food and agri-based products sector. The five-year agricultural policy framework known as the Canadian Agricultural Partnership (CAP) is set to expire March 31, 2023.

There are two main components to CAP: Strategic Initiatives and BRM programs. Strategic Initiatives programs are delivered directly by Agriculture and Agri-Food Canada and the provinces and territories. Alberta's five-year cost-shared allocation is \$400 million. Alberta Agriculture and Forestry currently offers nine grant programs. Business Risk Management programs, which includes AgriInvest, AgriStability, AgriInsurance and AgriRecovery, are administered by Agriculture Financial Services Corporation (AFSC). These programs account for an average of \$1.6 billion annually for demand-driven BRM programs to assist producers in managing significant risks that threaten the viability of their farm and are beyond their capacity to manage. In Alberta, the agriculture industry receives over \$300 million in annual assistance from the provincial government.

The development of the NPF will start later in 2021 when FPT Ministers of Agriculture will discuss the Policy Statement. The Policy Statement will outline the key priority areas and principles to guide the development of the NPF.

## Approach

As part of Alberta's work to develop the NPF, Alberta Agriculture and Forestry (AF) conducted four virtual sessions with representatives of provincial industry associations, organizations and post-secondary institutions. To complement the in-person discussions and to provide a venue for broader input, a public online survey was also available on alberta.ca between June 11, 2021 and July 2, 2021.

Both the in-person discussions and online survey focused on the following questions.

### Strategic Initiatives

- What are the biggest growth opportunities for the agriculture and agri-food industry?
- What are the current and emerging challenges facing the sector?
- What should be the top priority for the Next Policy Framework (2023-2028) to support the growth of your business and/or the sector?

### Business Risk Management (BRM)

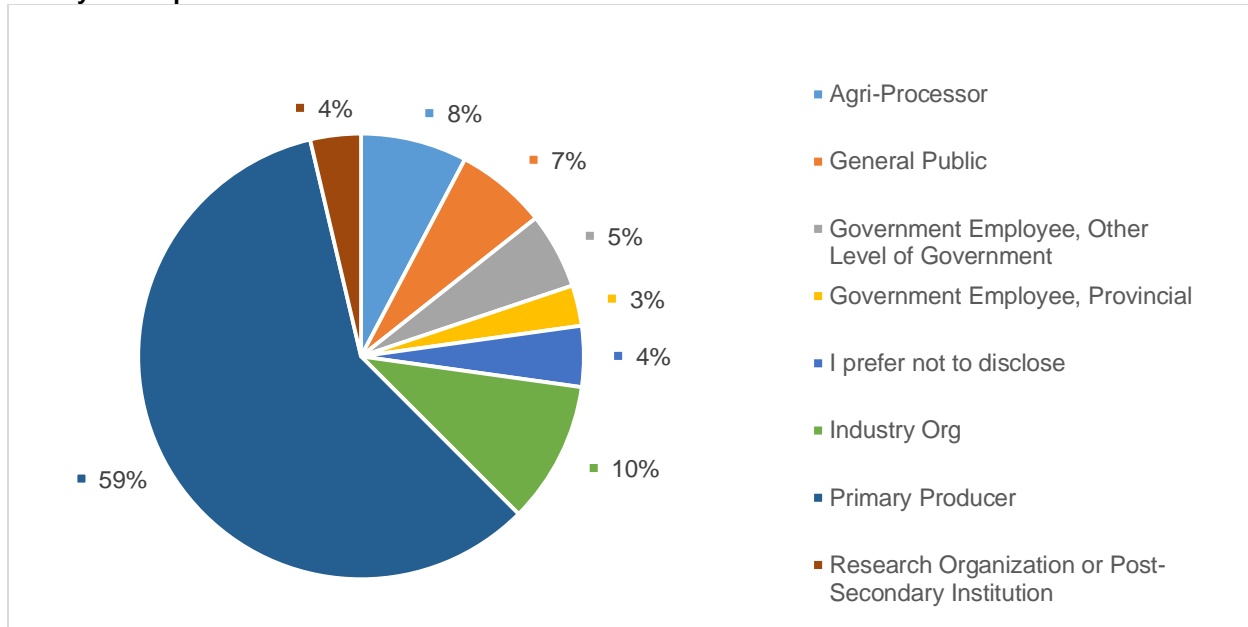
- Have you heard of the Whole Farm Margin Insurance program concept that Alberta, Saskatchewan and Manitoba are working on?
- What needs to be considered for a new farm margin insurance program?
- How can we improve, or reform, the BRM suite to better serve farmers here in Alberta, and across the country?

This report offers a summary of What We Heard through the virtual sessions and online survey. The comments received were carefully considered and this input will be used to develop Alberta's priorities for the annual conference of FPT Ministers of Agriculture in November 2021.

# Detailed Summary of Engagement Results

The four virtual sessions were held between June 11, 2021 and June 30, 2021. Fifty-five representatives from 37 industry associations, organizations and post-secondary institutions participated in the discussions. Four industry submissions via email were submitted during the engagement period and the online survey received 295 respondents from across the agricultural sector.

## Survey Participants Breakdown



## Strategic Initiatives

### What are the biggest growth opportunities for the Agriculture and Agri-food industry?

#### Value-Added Growth and Attracting Business to Alberta

Across all participants, the most frequently mentioned leading opportunity is the growth of the value-added sector. Respondents felt that Alberta has a lot of potential to increase its processing capacity for both livestock and crops to support progression across the whole value chain. Small or medium-sized packaging plants for livestock were specifically mentioned throughout the virtual sessions; operations that could cater to the industry and be more specialized. Additionally, stakeholders felt an increase of raw material and ingredient production were needed to improve access to Alberta products by the processing industry. Diversification within the agriculture sector was also highly supported. Increasing Alberta's investment in the greenhouses, plant/non-meat protein, bio-fuels, organic production and its presence in the e-commerce space were also identified as opportunities for significant growth that should be reflected in the NPF. Participants also stated that Alberta needs to be seen as a great place for business so that investment and businesses are encouraged to grow.

#### Market Access and Trade

Increasing market share and trade opportunities is another area identified with the potential for significant growth, including bulk exports and markets where Canada can be competitive in delivering high quality finished products. Respondents indicated that market access and trade, including domestic, interprovincial and international, are paramount to the success of the agriculture industry. It was felt that the continuous improvement of environmental sustainability practices, throughout the sector, is increasingly important for market access and to satisfy consumer expectations.

#### Technology Adoption, Automation and Robotics

The importance of innovation and technology in developing products and practices for both primary producers and processors, including technology adoption, automation and robotics was identified as a key area of focus. Additionally, support for industry



to manage the risk of innovation, drive market growth and mitigate the impacts of climate change through technology adoption is requested. It was felt an increased focus on technology that demonstrates economic return, both on-farm and during processing, and reduce the need for labour would be beneficial.

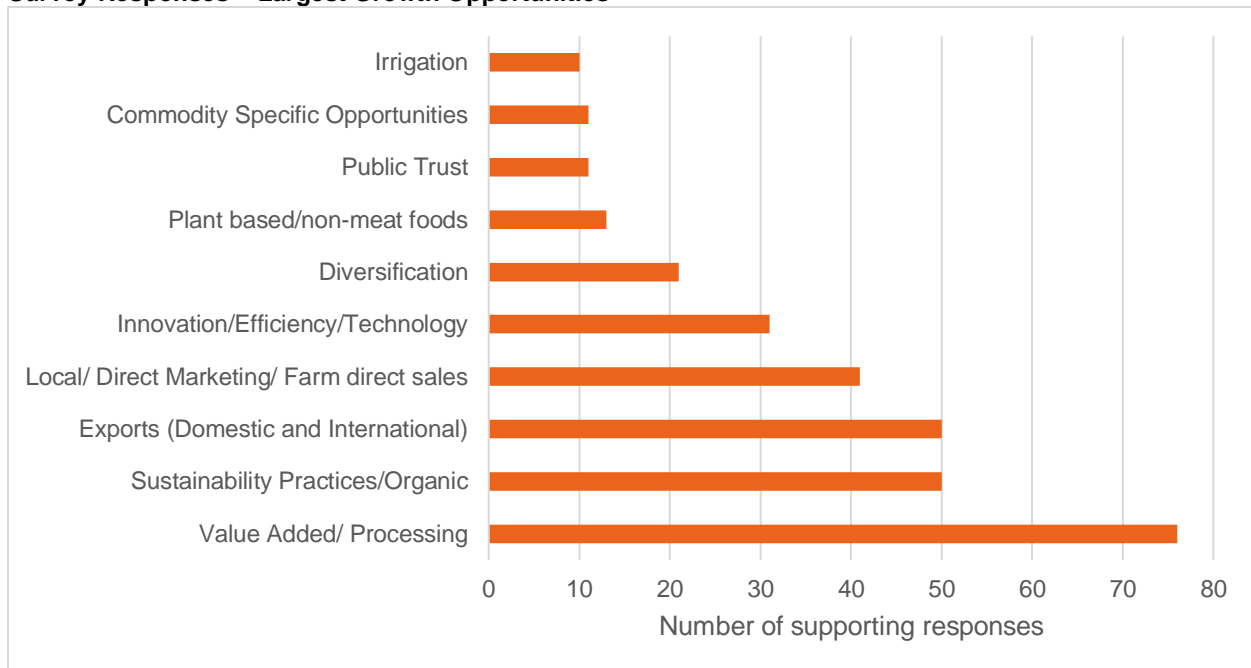
**Environmental**

The importance of balancing environmental responsibility and economic profitability was raised as an opportunity in addition to ensuring the industry is recognized for its contribution as a carbon sink and that farmers get carbon credits. Environmental sustainability practices and the opportunity they can provide to the agriculture industry was more frequently mentioned in the survey than in the virtual sessions. Organic practices were also highlighted in the survey results.

**Direct Marketing**

Another opportunity clearly identified in the survey responses was the growth potential of direct marketing or farm direct sales.

**Survey Responses – Largest Growth Opportunities**



**What are the current and emerging challenges facing the sector?**

**Public Trust**

There are many challenges that the agriculture and agri-food industry is facing. Public trust or social license remains a concern of the sector. Respondents conveyed that educating the public and promoting the great work that occurs across the value chain is very important for the success of the industry, now and for years to come.

**Trade and Transportation**

Transportation and logistics of crops, livestock and finished goods continues to be a frustration expressed throughout Alberta. Participants shared that trucking and rail cars are a challenge to secure within the province and for export, access to ports can be difficult. It was felt that interprovincial trade across Canada should be seamless but there are provincial border issues for raw material and finished products which is creating inefficiencies. For international trade, respondents indicated that there are constant challenges between countries’ regulations and these differences cause barriers to international business. Participants identified challenges that threaten the industry’s ability to be competitive in international markets include the impact of the carbon pricing, lack of Canadian product branding, and the ability for Canada to compete with increased subsidization trending in other countries around the world. The importance of ensuring a competitive business environment is critical and regulatory and taxation policies must not diminish competitiveness or create disadvantages relative to international or provincial competitors.

## Profitability and Access to Capital

Profitability across the whole value chain and cost of production were highlighted in both the virtual sessions and in the survey. We heard that in order to have an agriculture sector that is resilient and independent there must be success and viability in every link in the chain. Participants indicated that access to capital and loans is difficult and slows the growth of many companies and farms. The downward trend in new farmers in Alberta was mentioned as a challenge and flagged that a strategy is needed to ensure future growth. The cost of entry to the industry is a deterrent for new entrants. For succession planning, the inaccessibility of land and capital and the lack of financial stability are some of the reasons identified by respondents for why individuals are choosing not to stay on the farm.

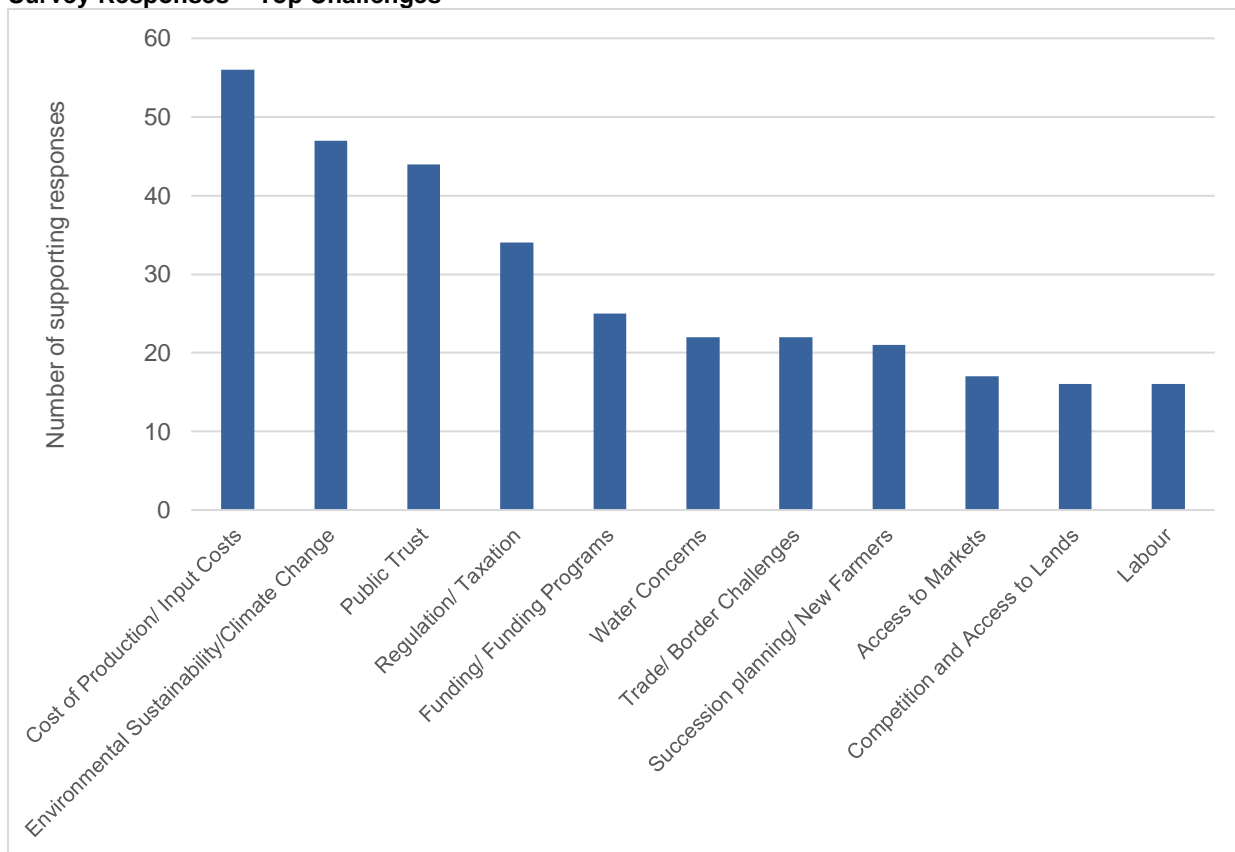
## Labour

Another big challenge identified by participants is the access to labour, for both on-farm and the processing industries, and a lack of people choosing farming as a career in Alberta. Finding local, willing and available workers for the agriculture and agri-food industry is very challenging. Acquiring the appropriate talent and skills is currently a gap, especially for more specialized commodities. Participants expressed concerns that the labour gap will only get larger if we cannot develop, attract and retain the right talent.

## Environmental Sustainability

Environmental sustainability is another key challenge of the agriculture sector with specific mention of grassland preservation, carbon sequestration and climate change mentioned most often. Water management in terms of water insecurity, efficiency and conservation were also noted areas of focus.

### Survey Responses – Top Challenges



## What should be the top priority for the Next Policy Framework (2023-2028) to support the growth of your business and/or the sector?

There were many priorities mentioned which closely reflected current or previous priorities set by past frameworks. The value-added and processing industry and increasing investment and capacity was identified as a top priority.

Environmental sustainability and climate change were also high on the priority list. It was also highlighted that the whole value chain should meet consumer expectations for sustainable practices, both locally and internationally.

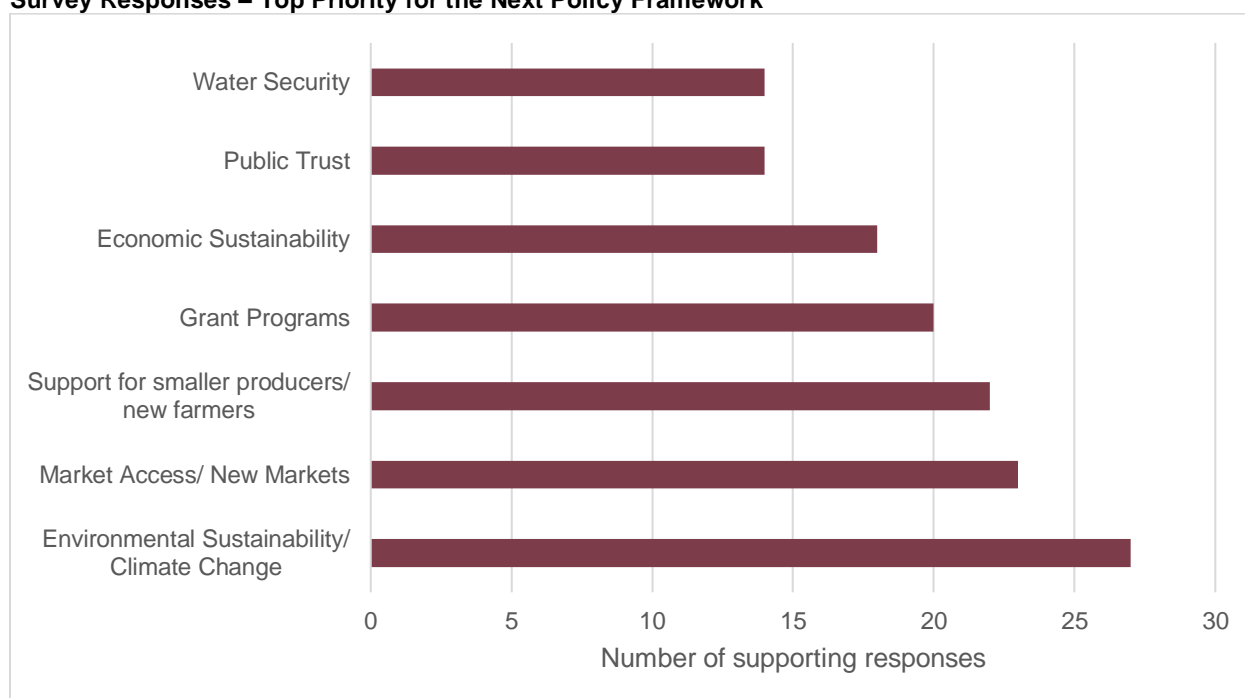
We heard that trade and market access are a priority including competitiveness and increasing global demand for Alberta products. However, sustainability and competitiveness need to be balanced as meeting climate change targets must not work against the ability to remain competitive in international markets.

Research, innovation, technology, and their impacts on moving the industry forward, were identified as areas of focus for the NPF. In the wake of COVID-19, food security and the importance of a strong supply chain was 'front of mind' for many and some respondents felt should remain a priority when we move past the impacts of the pandemic. Some indicated that Alberta should also continue to support public trust initiatives during the NPF and build on the momentum started during the Canadian Agricultural Partnership.

It was recommended an overarching priority for the NPF, was the need for regional flexibility. Participants felt the NPF needs to ensure regional differences across Canada are recognized and respected. It was felt there can be an agreement on high-level policy and objectives, but more flexibility is needed on how the programs are focused in each region.

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### Survey Responses – Top Priority for the Next Policy Framework



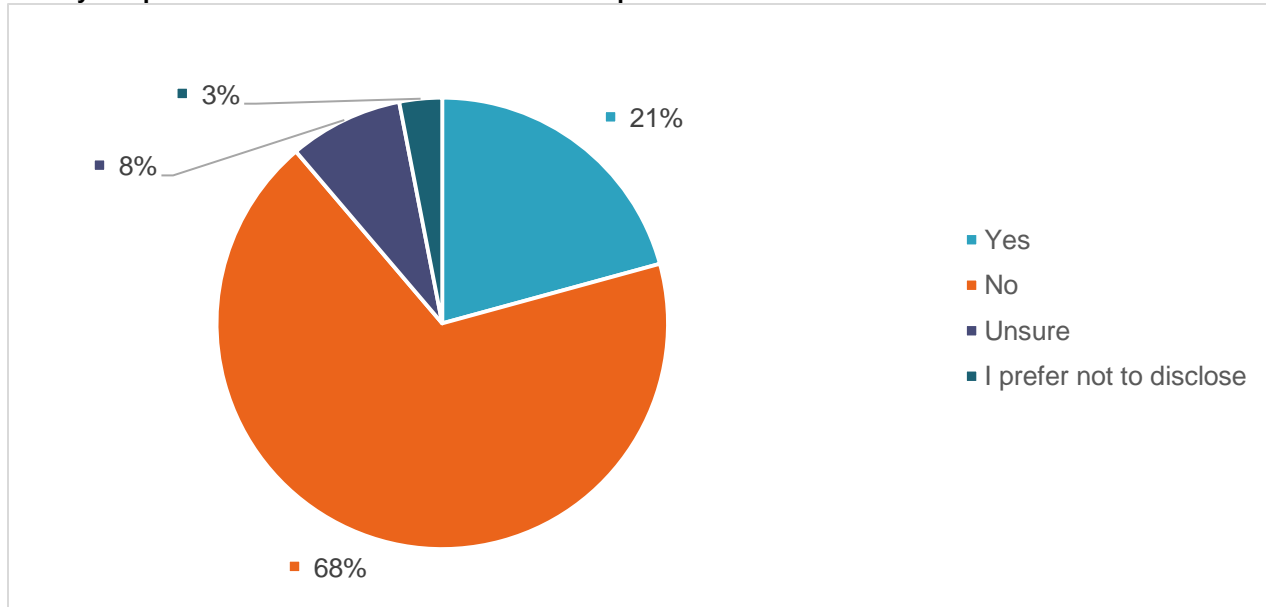
AgriStability, under the suite of BRM programs, was the fourth highest priority listed in the survey results. This was removed from the table as it is out of scope for this section of the survey. BRM programs are discussed in more detail in the next section of this report.

## Business Risk Management

### Have you heard of the Whole Farm Margin Insurance program concept that Alberta, Saskatchewan and Manitoba are working on?

While the majority of industry organizations have heard about the pan-Canadian Whole Farm Margin Insurance (WFMI) concept, 68 per cent of general survey respondent are unaware of the concept under consideration by the prairie provinces.

## Survey Responses – Awareness of the WFMI Concept



A frequent comment from respondents was that AgriStability is not working and there was a need for a program that will stabilize the income of those most at risk and have no other options available.

It was felt for industry to be more supportive of the concept, more information is needed but most believe a farm margin or revenue insurance program is the right direction. The whole farm margin insurance concept is generally well received. Respondents noted advantages of the concept include: equitability, timely, predictability, which would make the program more bankable. However, without more detail it is difficult for participants to support changes to AgriStability. For instance, if the concept is found to be too expensive for producers, participation rate would continue to be minimal.

## What needs to be considered for a new farm margin insurance program?

We heard that a new farm margin insurance program must ensure no potential trade implications. The changes proposed by the prairies should align other BRM programs such that Canadian overall measures are not aggravating production distortions. In addition, the proposed changes to the current BRM suite of programs has to work together with other BRM programs.

It was also felt the current BRM suite needs to consider how it can better support beginner and young farmers. The risk for new farmers is usually much higher and it deters many people from entering into the profession or taking over the farm.

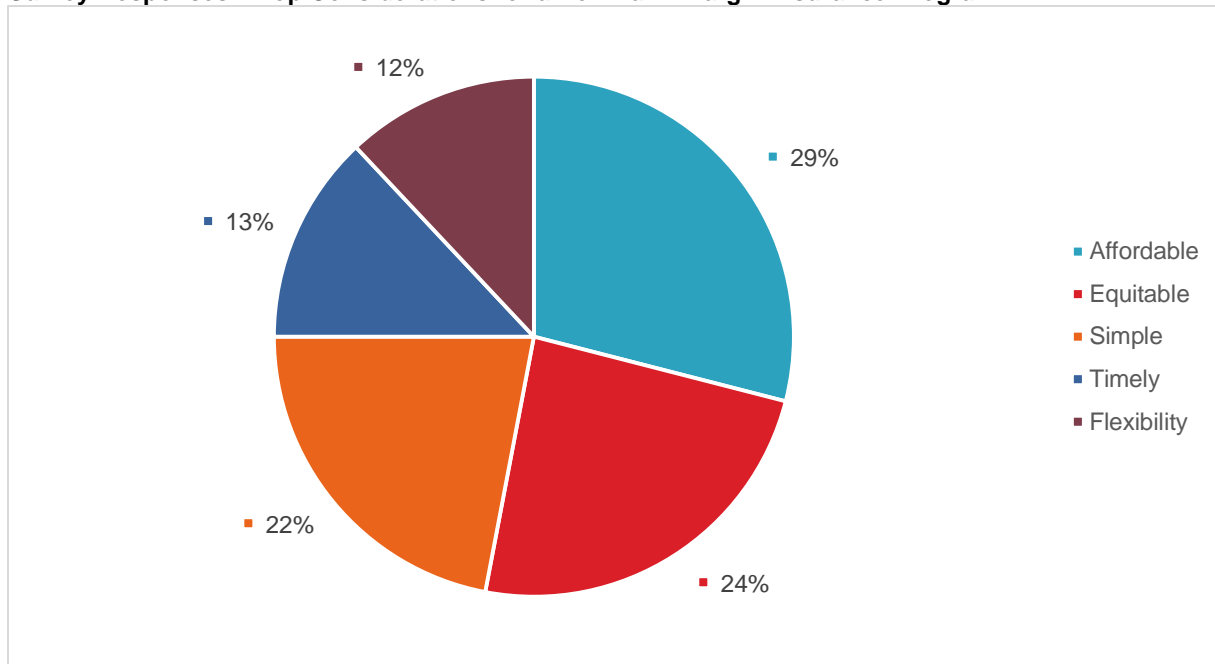
For years, the BRM program suite has not had an increase in overall available funds. Participants feel this results in the programs not being reflective of the current business costs of farming. It is also imperative to expand the funding within the envelope when proposing changes.

The WFMI concept is understood to provide a number of advantages when compared with AgriStability. These advantages are expected to be confirmed in a new farm margin insurance program. For the concept to work, the majority of participants expressed they believe the program should be affordable, equitable and simple.

The main concern identified with a whole farm insurance program is the affordability. Producers are not opposed to share part of the cost of an insurance like program (paying premiums); however, "it should make sense". An affordable WFMI program would offset the premium costs with the coverage levels and the benefits of the program (e.g. simple, equitable, predictable, bankable and timely).

The graph below shows the distribution of the top five considerations to a new whole farm margin insurance program identified by the survey respondents.

## Survey Responses – Top Considerations for a New Farm Margin Insurance Program



## How can we improve, or reform, the BRM suite to better serve farmers here in Alberta, and across the country?

### AgriStability

We heard that the program need to address some of the short-term concerns and issues like trigger points, compensation rate, and the cap. Comments included for program to reinstate the 85 per cent trigger point with no reference margin limit and higher compensation rate. Participants feel that a potential formula change within AgriStability could be beneficial for supply managed producers.

### AgriInsurance

Participants indicated that AgriInsurance is a valuable program. However, they feel that caution should be given to ensure the current proposed changes to the BRM suite of programs should not negatively impact this program.

### AgriInvest

Participants feel that the program works for some commodities, but needs to be more flexible to encourage farmers to use it properly (e.g. how the funding can be invested).

### AgriRecovery

Participants suggested that it would be highly beneficial to include natural disasters and public health emergencies that severely affect consumption of agriculture products. They feel that the COVID-19 pandemic exposed some vulnerabilities across the value chain.

## Next Steps

Ongoing engagement with our provincial stakeholders will continue to be an essential component in the development of the NPF at the pan-Canadian level and as we begin to focus on the programs and services that meet the needs of Alberta's industry.

Progress updates on the development of the NPF and information about future engagement opportunities can be found on the CAP website.