

National Business Risk Management (BRM) Review

THE CANADIAN AGRI-FOOD SECTOR AS AN ECONOMIC POWERHOUSE

The Federal Government recognized the significant economic, environmental and social contribution and untapped potential of the agri-food sector in the Barton report.¹ Further acknowledgement of sector potential was evidenced by the 2017 federal budget commitment to increase agri-food exports to \$75 billion by 2025.²



But agriculture remains a high-risk enterprise. Farmers must contend with sharp price volatility, weather unpredictability, emerging disease and pest pressures, fast changing consumer dietary trends, and global market distortions either by way of foreign government supports or trade barriers.

To fully realize the sector's growth potential, Canadian agriculture requires a modern toolkit that contemplates the challenges and opportunities of modern agriculture. That toolkit must include an effective suite of Business Risk Management (BRM) programs, so that Canadian farm businesses have the capacity and flexibility to manage risks, invest in innovation, and compete in domestic and global markets.

¹ *Unleashing the Growth Potential of Key Sectors*, Federal Advisory Council on Economic Growth, February 06, 2017, at page 8. <https://www.budget.gc.ca/aceg-ccce/pdf/key-sectors-secteurs-cles-eng.pdf>

² *Growing the Economy through Agri-food Innovation*, Government of Canada Budget, March 22, 2017 at page 107. <https://www.budget.gc.ca/2017/docs/plan/budget-2017-en.pdf>



COMPREHENSIVE REVIEW THROUGH INDUSTRY/GOVERNMENT PARTNERSHIP

The AgGrowth Coalition welcomes the commitment made by Federal Provincial Territorial (FPT) governments to undertake a comprehensive review of BRM programming. This is a vital step in ensuring that Canada's agri-food sector is well positioned to take on future challenges and opportunities, and to meet the 2017 federal budget target of a \$75 billion increase in agri-food exports by 2025. It is also a prudent exercise in confirming whether finite government investments are targeted as effectively as possible.

A meaningful BRM review initiative must reflect the following principles:

- the review be comprehensive, exploring improvements to agricultural policy and support programming in a holistically manner without shying away from fundamental change;
- the process embrace an integrated partnership between industry and government in planning, execution and governance, to capture the full range of risks and opportunities facing farmers; the considerations that inform producers' risk management decisions; and crucially, the gaps, deficiencies, and strengths of existing BRM programs.

The AgGrowth Coalition welcomes the announcement by Agriculture and Agri-Food Canada (AAFC) of the Expert Advisory Panel in December 2017, which marks an important first step towards establishing this important partnership model.

The AgGrowth Coalition is ready, able and willing to work in partnership with FPT governments in determining the right strategic review approach, in providing leadership and governance where appropriate, and in making meaningful contributions to the research and policy agenda to establish the foundation for the review.

THE PATH FORWARD

The groundwork for the policy agenda steering BRM reform involves two distinct priorities.

- Phase 1: First, it is essential to establish a common understanding or profile of the risks and opportunities facing Canadian agriculture, the existing tools available to



farmers in Canada and around the world, the efficacy of those tools, and potential new tools to consider in assisting farmers adapt to increasing risks.

-Phase 2: Once that common understanding is reached, industry and government to work together to build a support framework — including agreement on the critical program objectives, design and delivery considerations — that provides for a timely, flexible and predictable backstop to risk.

The AgGrowth Coalition will continue to partner with FPT governments and other parties in advancing the BRM review process. FPT governments have set an ambitious timeline to conclude the review by the 2018 FPT Ministers Meeting. The AgGrowth Coalition is committed to helping meet this timeline.

Over the coming months, the AgGrowth Coalition will be releasing a series of independent reports on the risks agricultural businesses face and suggestions for modern tools that could be used to address them. AgGrowth Coalition members are committed to providing leadership and meaningful input throughout to guarantee that this review initiative responds to the needs of farmers across Canada far into the future.

ABOUT THE AGGROWTH COALITION

The **AgGrowth Coalition** is comprised of the Canadian Federation of Agriculture, the Canadian Canola Growers Association, the Grain Growers of Canada, the Ontario Federation of Agriculture, the National Sheep Network, and the Canadian Horticultural Council. The Canadian Pork Council and the Canadian Cattlemen's Association are also partners.

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