NCFA Priorities for the 2023-2028 Canadian Agriculture Policy Framework

November 4, 2021

As federal, provincial, and territorial (FPT) governments work to develop the next agriculture policy framework for launch in April 2023, the National Cattle Feeders' Association (NCFA) is pleased to provide input with respect to priorities for the fed cattle sector.

NCFA was established in 2007 to serve as a unified voice for Canadian cattle feeders on issues of national importance and industry relevance. NCFA membership is comprised of provincial beef and cattle feeding organizations across Canada.

The over 3 million head of Canadian cattle convert non-consumable grains, forages and by-products into marketable high-quality beef, and are an important part of the Canada's 10.5 million beef herd. The Canadian beef industry generated almost $10 billion in farm income in 2019, and contributes $17 billion to the national GDP and is responsible for 228,000 jobs. Having the right policies and programs in place is paramount to maintaining and growing this important industry.

The Canadian Agricultural Partnership (CAP) is a five-year, federal-provincial-territorial investment in the agriculture, agri-food, and agri-business sector. Launched in April 2018, the CAP provides funding and investments to support specific agriculture programming and services that are cost-shared between federal (60%) and provincial and territorial governments (40%).

The current Canadian Agricultural Partnership (2018 – 2023) works under six key priority areas:

1) Markets and Trade;
2) Science, Research and Innovation;
3) Risk Management;
4) Environmental Sustainability and Climate Change;
5) Value-Added Agriculture and Agri-Food Processing; and
6) Public Trust

NCFA agrees these six key priorities should continue to serve as central pillars for the next policy framework, but with a sharper focus on current priority areas. In addition, we recommend adding a seventh key priority—ensuring a 'Competitive Business Environment'. It is increasing important that business, regulatory, and taxation policies do not erode competitiveness and disadvantage Canadian producers relative to our international competitors.

To keep pace with inflation, a forward-looking policy framework must be supported with increased funding. The introduction of new priorities and increased prominence of others will require additional investment and cannot come at the cost of reduced support for existing programs. This is most apparent in the expanded focus on programming related to climate change mitigation and resilience.

Markets and Trade

With almost half of Canadian cattle and beef being marketed outside the country, trade continues to be of critical importance. Government must ensure Canadian beef is able to enter foreign markets unimpeded by trade distorting protections, tariffs, and non-tariff barriers; focus on achieving reciprocal gains when maintaining and building regional and bilateral Free Trade Agreements (FTAs); and ensure the Canada-US border remains free and open from barriers. And, with 50% of beef being consumed domestically, Canadian beef must not be disadvantaged to imported beef as is the case with our current Canada-European Union Comprehensive Trade Agreement (CETA).

Science, Research, and Innovation

NCFA is committed to applying innovation and science-based approaches to beef production. Continued access to the most current knowledge allows producers to use products and technologies developed through scientific research and then tested, approved, and licensed through a rigorous evidence-based review. Research investments must continue to flow as the new policy framework takes effect to ensure no stoppage of research.

Risk Management

In order for Canada's fed cattle sector to achieved sustained growth, a strong business risk management (BRM) program is essential. Cattle feeders mitigate risk in a number of ways from contracting, hedging, and insurance to foreign exchange management, and only use Agri-Stability when necessary. But this program has not kept pace with the industry. While the number of cattle finished in Canada has remained consistent, the number of feedlots has decreased and the size of operations has increased. And as farms have grown, they remain majority owned and managed by families, often several generations working together, each supporting their families and their employees.

While NCFA supports FPT governments in their investigation of other risk-management programs such as an insurance-based model, we believe several key improvements to the existing Agri-Stability program would benefit not only the beef sector, but the entire agriculture sector:

- To fulfill the Agri-Stability objective of providing assistance in times of financial hardship, waiting 18 plus months does not provide producer assistance. The program must be timelier.
- Remove or significantly increase the $3 million payment cap. This cap has not changed in almost 20 years yet inflation has increased by 47%, and production costs have increased by 70%. The Agri-Stability program needs to recognize and adapt to changes and growth of the industry.
- Once Agri-Stability has been triggered, increasing the compensation or payout rate to 80% would provide an additional level of assistance when needed.
- Improvements to the Livestock Price Insurance (LPIP) program to make premiums more affordable would increase program usage and reduce reliance on Agri-Stability. Crop insurance has been successful for grain producers in mitigating yearly crop risks, therefore only requiring the use of Agri-Stability in years of real disaster. Providing beef producers with a similar affordable program would reduce reliance on other disaster relief programs.

Environmental Sustainability and Climate Change

Environmental stewardship is an important component of our industry's overall sustainability and social license to operate. This multi-generational family-owned industry views land and environmental stewardship as critical to managing and sustaining any successful and long-term cattle feeding operation.

Agriculture is a unique economic sector with primary producers acting as "price-takers" rather than "price- makers." Producers cannot pass along the cost of any GHG pricing scheme or carbon tax. A determined effort must be made to develop workable GHG offset credits to account for the positive work being conducted on farms, otherwise the pricing of GHG emissions will result in higher input costs, lower returns to investment, and lower wages for Canadian farm workers.

Value-Added Agriculture and Agri-Food Processing

A recent report of the Standing Senate Committee on Agriculture and Forestry entitled *"Made in Canada: Growing Canada's Value-Added Food Sector"* states *"The untapped potential of Canada's value-added food sector presents an opportunity to increase international and interprovincial trade, inspire innovation, and break down barriers to economic growth across the country. While the food processing sector is already one of the country's largest employers, there is plenty of room to grow."* Continued investment in Canada's beef value-add industry will drive growth of this sector.

Public Trust

Consumer perceptions are increasingly impacting Canada's beef industry. These perceptions influence policy makers and lead to undue regulation and limits the availability of productivity-enhancing tools and technologies on which cattle feeders rely. Maintaining and growing the public's understanding of food production and processing will result in the trust that is critical to future growth and sustainability of Canada's beef sector. Focused efforts need to continue to be priority in the new policy framework.

Competitive Business Environment

Canada's agriculture business environment is becoming increasingly restrictive. While attention to environmental sustainability is a key pillar, it is adding additional tax constraints on farmers and driving up costs of inputs. In addition, regulatory constraints are being introduced without taking into consideration the impact on industry. For example, new regulations reduced the time for the transport of live animals, while at the same time electronic logging devices were introduced to limit driving times. Both regulations had good intentions, but without being looked at together, the impact on the industry was not considered, and put Canada's livestock industry at a disadvantage to its US competitors.

Focus also needs to be on one of the biggest challenges to competitiveness, labour. Canada's current labour gap for agriculture is over 6,000 people, and expected to grow. We need to find a solution to this problem quickly.

NCFA strongly supports a focus on improving the business environment to encourage investments in agriculture and agri-food. This pillar should address the range of business, regulatory, and taxation challenges hampering further expansion of this industry and ensure Canadian producers are not placed at a disadvantage relative to international competitors.