



Growing Forward 2
A federal-provincial-territorial initiative

Growing Forward 2

Structure and Programming

National Engagement Session
Ottawa, Ontario
June 9, 2016



Purpose

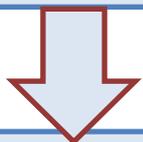
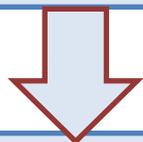
- Provide an overview of the policies and programs under Growing Forward 2
- Begin discussion on implications for the next framework and suite of programs

The Growing Forward 2 Approach

- The framework model allows FPT governments to align their policy and program priorities and deal with domestic and international pressures in a consistent manner
- This is achieved by:
 - Creating a coherent and integrated policy environment with shared policy objectives, regulatory coherence, and close collaboration and dialogue across the country
 - Implementing programs to advance agreed-upon priorities in innovation, competitiveness and markets to support the long-term profitability of the sector

Key Elements of Growing Forward 2 Programming

Strategic Initiatives
\$3 billion in priority areas
(innovation, market development,
competitiveness)



1) FPT Cost-Shared Initiatives
\$ 2 billion
60:40 (F:PT) cost shared

Growing Forward 2 provides:

- greater flexibility for provinces and territories, with a
- **50 per cent increase** in cost-shared funding over Growing Forward

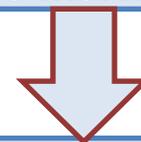
2) Federal-Only Programs
\$ 1 billion

- AgriInnovation
- AgriCompetitiveness
- AgriMarketing

Growing Forward 2:

- has streamlined fed-only programs, and
- placed a greater focus on innovation

Business Risk Management
Demand-driven support
addressing impacts of disasters
and severe market volatility



3) BRM Programs

- AgriStability
- AgriInsurance
- AgriRisk
- AgriInvest
- AgriRecovery

Under Growing Forward 2:

- *AgriStability* coverage: 70 per cent of a producer's reference margin, and
- *AgriInvest* government-matched contributions: 1 per cent of a producer's Allowable Net Sales

1. GF2 FPT Cost-Shared Initiatives

- **Priority areas**

- Innovation, Competitiveness and Market Development, Adaptability, and Industry Capacity

- **60:40 cost-shared formula**

- Federal Government provides \$1.2B (60%) of funding
- PTs provide \$800M (40%)

- **Flexibility**

- PTs determine the types of Strategic Initiatives that suit their specific regional needs, while meeting national policy objectives
- Certain activities are not eligible such as: income support programs, domestic provincial or local branding initiatives

FPT Cost-Shared Initiatives Cover a Wide Range of Programming

Cost-shared spending allocation: Innovation: 48%; Competitiveness and Market Development: 30%; and Adaptability and Industry Sustainability: 22%

Examples of GF2 cost-shared themes/ program areas

| Environment | Food Safety | Biosecurity /Traceability | Research and Development | Innovation | Agriculture Awareness |
|---------------------------------|--|--|--|--|---|
| Environmental Farm Plan Program | Adoption of enhanced on-farm food safety | Education, awareness and implementation of best tools to mitigate emerging pest diseases | Increased activities in the areas of proof-of-concept research | Help bringing innovation (product, practice, technology, process) to market | Funding to promote agriculture as a career |
| Beneficial Management Practices | Activities to help address existing or emerging sanitary and phytosanitary threats | Education, increased adoption of preventive measures and best management practices | Knowledge, translation and transfer to help capture the full value of research | Piloting innovations by taking innovative ideas, testing their feasibility and evaluating them for commercialization | Support to eligible organizations' communication, training and resource development |

2. GF2 Federal-Only Programs: AgriInnovation

Funding: \$698M over five years to accelerate the pace of innovation

1. Research Accelerating Innovation

- Provides access to scientific knowledge through AAFC-led, far from adoption, cross-cutting research activities
- Support continuous work on identified threats, taking new directions when appropriate

2. Industry-led Research and Development, and Knowledge Transfer

- Provides capacity and support to industry-led science and technology projects to bridge the gap between ideas and discoveries and products in the marketplace
- AAFC-led knowledge transfer of innovative ideas, tools and practices

3. Enabling Commercialization and Adoption

- Supports companies and for-profit co-operatives in bringing their products, technologies or services to the market and to adopt innovations

2. GF2 Federal-Only Programs: AgriCompetitiveness

Funding: \$114.5M over five years to help the sector adapt to emerging opportunities

1. Facilitating Sector Capacity

- Enabling industry stakeholders to effectively engage and collectively build capacity and leadership
- Supporting the agricultural value chain roundtables

2. Fostering Business Development

- Contribution funding to allow agri-businesses to transition, adapt and improve their profitability and resilience

3. Facilitating and Supporting a Modern Regulatory Environment

- Support for stakeholders to navigate in and adapt to a modern regulatory environment and to improve grower access to newer and more effective pest control tools relative to the U.S.

2. GF2 Federal-Only Programs: AgriMarketing

Funding: \$341M over five years to improve competitiveness in domestic and international markets

1. Breaking Down Trade Barriers

- Solidifying Canada's base for market access, advocating for more open, science-based international standards and policies and increasing engagement with trading partners to reduce trade irritants

2. Building Market Success

- Positioning and enabling industry to seize market opportunities and maximize its market performance both domestically and internationally (e.g., market intelligence reporting , assist industry in entering new markets)

3. Market Development

- Providing the sector with resources to ensure the capacity to take advantage of gains made in market access, and to seize new opportunities presented by consumer preferences and emerging food trends

4. Assurance Systems

- Supporting industry-led development of assurance systems, such as food safety systems, animal and plant health surveillance systems, market attribute/quality standards and traceability systems

3. Business Risk Management

BRM helps mitigate the impacts of disaster and severe market volatility (approximately \$4B since 2013)

- **AgriStability:** assists in cases of large margin declines caused by low prices, production problems and rising input costs
 - Program continues to provide support for producers experiencing a loss greater than 30%
 - Payment percentage standardized at 70% increasing support for deeper loss
 - Reference margin limit better directs support away from profitable operations towards deeper losses
- **AgriInvest:** producer self-managed savings account
 - Governments match producers' deposit up to 1% of net sales
 - Producers can use funds for any purpose – currently \$2B in accounts
- **AgriInsurance:** offers protection for specified production losses caused by hail, drought, flooding, disease and other natural hazards
 - No change under GF2
- **AgriRecovery:** a disaster relief framework that provides a coordinated process for FPT governments to assess and respond to disasters
 - Refined to better target assistance to focus on extraordinary costs to recover from a disaster

GF2 refocused government's role in risk management, by rebalancing efforts away from reactive income support towards more proactive initiatives

3. Other Risk Management Tools

- **AgriRisk Initiatives**

Provide government funding to help industry develop new insurance-based products or other industry-led risk management tools

- Research & Development – to stimulate new creative and proof of concept tools for managing risks;
- Administrative Capacity Building – to help bring tools to market

AgriRisk helped launch the Western Livestock Price Insurance Program for livestock producers in 2013

- **Federal-only BRM programs**

- **Advance Payment Program:** A financial loan guarantee program that gives producers easier access to credit through cash advances
- **Canadian Agricultural Loans Act Program:** Increases availability of loans to new and existing farmers to establish, improve or develop their farms

- **Supply Management**

- Facilitates a specific marketing system for some sectors and ensures a reasonable return for producers and stable prices for consumers

Early Industry Feedback

Early feedback is already pointing to various opportunities and challenges with GF2

- **Improving continuity between frameworks**
 - Smoother transition between frameworks would improve program impact and uptake, particularly in areas such as innovation
- **Clarity of policy priorities**
 - Clearer priorities across federal-provincial-territorial governments would assist with decision making and determining program eligibility
- **Program delivery and administration**
 - Clearer communication and intent of programs (specifically Streams)
 - Slow or unclear approval processes are a challenge
- **Changes under GF2**
 - Strong support for greater investment in innovation
 - Concerns with changes to AgriStability, coupled with challenges of timeliness, predictability, and simplicity which is leading to reduced participation in the program

Other Priorities Have Emerged

The sector is continually exposed to broader economic and social challenges, both in Canada and abroad

- **Food Processing** - issues around productivity improvements, broader labour issues and manufacturing growth strategies, etc.
- **Environment and Climate Change** - protecting natural resources, while contributing to the sector's long-term competitiveness
- **Public trust/Social license** - defining the role of government vis-à-vis consumer trust in food and the sector



Now we'd like to hear from you...

- What is working well under GF2?**
- If you could make changes to GF2, what would they be?**
- What is not working well and how could it be fixed?**
- Is there anything missing or new that should be added to the framework, given the challenges and opportunities that the sector is facing?**