



Next Policy Framework for the Agriculture, Agri-Foods and Agri-Products Sector

What We Heard

November 2021

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Background

The Canadian Agricultural Partnership is a \$3-billion, five-year Federal-Provincial-Territorial (FPT) Framework Agreement, with \$37 million allocated to Newfoundland and Labrador (NL) for the agriculture, agri-foods and agri-products sector. The agreement commenced April 1, 2018 and expires on March 31, 2023.

FPT governments will form a Ministerial Policy Statement for the Next Policy Framework (NPF) to establish a vision, and outline principles and priorities, that will continue supporting growth, sustainability and innovation in the agriculture and agri-food sector.

To help develop the NPF, the Department of Fisheries, Forestry and Agriculture held six virtual engagement sessions targeting all major commodity groups in Newfoundland and Labrador and captured stakeholders' goals and objectives. An online questionnaire was also available to the public from September 7-24, 2021.



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Key questions included:

- What are the challenges, both current and emerging, that you see creating pressure for the Newfoundland and Labrador sector?
- What are the opportunities, both current and emerging, that you see creating benefit for the Newfoundland and Labrador sector?
- In your opinion, what are the most relevant programs under the Canadian Agricultural Partnership to aid in the growth of the Newfoundland and Labrador agriculture sector? Why?
- What priorities need to be considered for the Next Policy Framework?

Key Findings for the NFP

Many participants indicated the current Canadian Agricultural Partnership priorities and programs reflect the needs of the Newfoundland and Labrador agriculture industry, and should be included when planning the NPF.

Common themes of importance expressed by the industry stakeholders are identified and reported for each question.

Challenges and Opportunities

Climate Change

Participants said the agriculture industry will need to diversify and adapt as the effects of climate change become more prevalent in the province. Farms are experiencing an increase in severe weather events, including excessive winds, drought, rain and frost. Strict policies, such as carbon tax and/or greenhouse gas (GHG) targets, will be required to combat noticeable effects of climate change.

Climate change could extend the province's growing season over time, which will offer farmers and producers an opportunity to diversify into other crops and increase the productivity of current crops. Consumers are also seeking local solutions for their food supply to help mitigate climate change.

Agriculture contributes to climate change and is responsible for eight per cent of Canada's greenhouse gas (GHG) emissions (Government of Canada, 2021). To help reduce GHGs, participants said there may be an opportunity to consider funding for farm equipment, including tractors, with reduced emissions. Specifically, alternative on-farm energy projects could revolutionize the industry by using electric farm vehicles or selling power back to the grid.

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COVID-19 Pandemic

Participants said the COVID-19 pandemic introduced new pressures to the agriculture industry that prompted farms to adapt to challenges quickly, including increased input costs, lack of labour, and difficulty accessing supplies. Farms have adopted new practices to handle these challenges, including contactless pick-up, virtual storefronts, and social distancing on farms and in marketplaces.

The COVID-19 pandemic has pushed consumers to buy local in the province, offering farmers the opportunity to build on the momentum and establish new and profitable markets, including community-supported agriculture programs such as the Western NL Food Hub.

The pandemic has highlighted the importance of food security, and consumers are aware of the role food plays in the self-sufficiency of all regions, provinces and countries. Specifically, the province's reliance on Marine Atlantic and inter-provincial imports was highlighted during the pandemic, and there is a renewed appetite and demand for locally grown products among Newfoundland and Labrador consumers.



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Operating Costs

Operating and input costs are increasing, including fuel, labour, lumber, animal feed, and packing materials. Inflation, transportation costs associated with living in Newfoundland and Labrador, and the COVID-19 pandemic have helped to drive this increase. Participants said supply-managed commodities have difficulty addressing this issue, as they are unable to increase prices of supply-managed products easily to offset these rising costs.

There is an opportunity to reduce costs by better understanding and efficiently utilizing required inputs, such as fertilizer. Research, knowledge transfer, and innovative techniques and technologies could positively affect producers' efforts and bottom line.

Labour

Labour shortages are a current challenge in the agriculture industry. With very thin margins, participants said it is difficult for farmers and producers to accommodate a warranted demand for higher pay and benefits. Access to skilled and unskilled labour is also creating a challenge; however, Canada's Temporary Foreign Worker Program is a good opportunity to help alleviate those challenges.



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Labour shortages may present an opportunity to increase the province's population by providing employment for immigrants from other countries. Immigration also creates a demand for culturally specific foods, which can lead to diversification of locally grown crops.

Farmer Demographics

As of 2016, the average age of farmers in Canada is 55; in Newfoundland and Labrador, the average age is 55.8 years (Statistics Canada, 2021). With the average age of farmers increasing, participants noted the difficulty of attracting new entrants, or planning for farm succession. As farmers age and retire, it is important for the industry to plan for succession and attract new entrants – particularly those from diverse and underrepresented groups – to continue to grow the province's agriculture industry.

New methods to make careers in agriculture more attractive to youth should be considered, such as promoting jobs and programming through social media, providing funding to youth farmer groups such as 4H, and/or educating the public on agriculture jobs that focus on innovative automation and robotics.

Infrastructure

Participants said lack of infrastructure, such as abattoirs, secure pastureland and inspection services, is limiting opportunities for growth in the province's livestock industries. Labrador farmers specifically noted that this challenge restricts the growth of commercial agriculture in the region. The livestock sector also noted limited ability to access grocery chains due to the lack of a federally inspected slaughter facility in the province.

Lack of vegetable storage facilities in the province is a limitation to growth of the vegetable industry. The ability to store vegetables beyond the growing season enables farmers to market their product out of season. Participants noted that continued funding for vegetable storage will allow producers to increase production and therefore, food self-sufficiency in the province.

Participants also noted that starting a large-scale farm is difficult, as it requires considerable investment; therefore, funding opportunities should be considered for small-scale operations with a more focused and environmentally friendly, sustainable approach. Funding for non-traditional farming methods such as aquaponics, hydroponics, and vertical growing systems was suggested as a way to alleviate the stress of those who do not have access to large-scale land.

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Agricultural Land

Participants said limited availability of suitable agricultural land in the province creates a challenge for farms to start or expand, and noted that growth of the agriculture industry hinges on access to suitable land.

Nutrient management planning can also help a farm achieve optimal levels of crop production and mitigate adverse effects on soil and water quality. This includes renovating low-producing fields, enhancing soil fertility, and using fertilizers and soil amendments efficiently.

Participants noted that availability of agricultural land in Labrador's Mud Lake Road area could advance the region's agriculture industry. Labrador has an opportunity to strategically develop new markets through collaboration and cooperation; specifically, with an abattoir facility to advance the livestock sector in Labrador that could then support soil fertility at Mud Lake Road through environmentally sustainable waste management practices. Furthermore, improving soil fertility would create more opportunities in the horticulture industry in Labrador.

The Provincial Government offers agricultural land to the public through a lease system at a relatively low cost, which provides an opportunity for new entrants and existing producers to access new land and expand their land base.

Mitigating Risks

The province's apiculture sector is unique in that Newfoundland and Labrador is one of very few places in the world where honey bees are free from Varroa mite and other pests. Importing honey bees from outside the province without a permit is prohibited under the Animal Health and Protection Act, and there is a major challenge for this sector to monitor illegal bee importation into the province to ensure honey bee populations remain healthy. Participants said public awareness campaigns, policies and regulations are required to ensure the pest-free status of the province's honey bees.

Wildlife predation and damage present a year-round challenge to many farms in the province, and wildlife control on farms is required to protect crops and livestock.

Producers' mental health was also raised as a challenge and priority for NPF funding, as this is an important issue that affects producers across Canada.

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Markets

Producers said they are facing challenges in the marketplace due to increasing competition for products in grocery stores. For example, plant-based products, such as almond milk, are competing with dairy products, and producers feel they have to work harder to market their products.

Newfoundland and Labrador imports a high percentage of its food supply, and there is increased awareness of food security and food self-sufficiency in the province. Participants said there are significant commercial opportunities for Newfoundland and Labrador livestock and crop producers to increase their share of the local market and displace imports; there are also market opportunities for crop and livestock producers to capitalize on the Newfoundland and Labrador brand and promote the quality of locally produced products. Participants noted, however, that the pathway to buying local should be easier for consumers.



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Participants said consumer demand for locally grown agriculture products has created an opportunity for farmers to diversify into non-traditional crops, and the Newfoundland and Labrador agriculture industry is experiencing a resurgence in demand for crops that were once produced successfully on a large scale in the province, with blueberries mentioned specifically as a crop with market potential.

Benefits of supply-managed systems could foster new market opportunities through consumer awareness and public trust. For example, Newfoundland and Labrador consumers did not experience an interruption in the supply of chicken, milk or eggs during the COVID-19 pandemic, and the dairy sector in this province excels in both animal welfare and milk quality. Participants said there may be opportunity to build on this reputation and market local value-added products from Newfoundland and Labrador milk.

There are also secondary processing opportunities for locally grown crops and livestock products such as meat, wool, or hides, and opportunities exist to supply large-scale buyers of secondary processed and/or value-added products, including hospitals and schools, through local procurement; however, participants said production capacity on a year-round basis must be considered.

Programming

Participants commended the Canadian Agricultural Partnership for its positive impact on the Newfoundland and Labrador agriculture industry, and look forward to similar experiences with the NPF. They noted they are proud to work in the Newfoundland and Labrador agriculture industry, and said programs like the Canadian Agricultural Partnership are improving the image of the industry and attracting new entrants and agriculture workers, and creating new markets.

Participants also noted some challenges and offered the following suggestions:

- Reconsider the current policy for funding for used equipment, with decisions based on the condition, and not the age, of equipment.
- Consider multi-year projects for the NPF, i.e. long-term capital investments that produce long-term benefits. Participants said the current fiscal year deadline is difficult for some when it comes to construction and the short growing season.
- Consider raising the funding cap of \$400,000 for the NPF to incentivize industry investment. The cap on funding for related parties should also be considered, as the amount of funding available to an applicant may be reduced based on related parties and how much that applicant may have already received through another company.

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- The funding cap for land should be separate from that of infrastructure projects so producers who are willing to clear and enhance land can do so without decreasing the standard \$400,000-funding cap for all other projects. Others felt the funding cap should be linked to the size of the farm or agriculture sector.
- Producers, particularly new entrants, can be overwhelmed by the extensive parameters of Canadian Agricultural Partnership. A program orientation would be useful and would improve service delivery. Program applications are considered to be cumbersome, notably in the labour-creation section, where participants said the job-creation table within the application is a deterrent for producers who are aiming to reduce labour.
- Programming should be more flexible to meet producers' needs. A lot can happen over the span of a five-year program, as the COVID-19 pandemic and its effects on the province have shown. Agriculture operations need to adapt to future challenges and opportunities to remain viable.
- Project timelines also require more flexibility. Equipment and technologies from other parts of the world can take time to arrive, which creates difficulties for meeting timelines. This has especially been the case during the COVID-19 pandemic. Faster application and decision processes could alleviate timeline issues.

Programs and Priorities

Participants said the current suite of Canadian Agricultural Partnership priorities and programs is relevant and necessary for the NPF to meet Newfoundland and Labrador agriculture industry's broad range of needs. They also noted the importance of continuing to offer programming that supports new entrants into the province's agriculture industry.

Public Trust

Participants said partnerships with industry associations and other non-government organizations will continue to be important to the province's agriculture industry, including initiatives such as the Newfoundland and Labrador Young Farmers Forum, and Agriculture in the Classroom.

The Agriculture in the Classroom initiative has been successful and is important for helping school-aged children understand where their food comes from. Further opportunities to educate youth and the public on farming practices and technologies are available through agriculture-related programming at College of the North Atlantic and Memorial University of Newfoundland.

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Opportunities exist in all commodities to enhance public trust. Animal welfare, and food safety and quality are important to consumers and the agriculture industry. Participants noted that transparency instills public confidence in our food system.

Markets and Trade

Marketing products, accessing markets, and developing agricultural land remain a priority for farmers, and the Agriculture Business Development program is crucial for capitalizing on significant new market opportunities that exist in Newfoundland and Labrador. Participants said the province has a strong brand, and the agriculture industry can utilize this to achieve premium prices and maximize profitability.

In addition to expanding agricultural production, farmers see a need to create new market opportunities and ensure efficient distribution systems are in place. The NPF must support the industry as farms collaborate to achieve greater market share and fair prices, and consider pricing strategies.

The Agriculture Land Development program is still a major priority for the growth and success of the Newfoundland and Labrador agriculture industry, and for building sector capacity. Increasing the quantity of agricultural land, and improving agricultural land productivity and soil health are important, and livestock industries require an adequate land base for manure management. The NFP should consider an increase in acreage payments due to the rise in fuel costs.

The Newfoundland and Labrador Young Farmers Forum program will continue to be important to advance the Newfoundland and Labrador agriculture industry. Participants said this initiative contributes to communication about employment and commercial opportunities, the importance of knowing where food comes from, and food security.

Agriculture Processing and Value-Added

Participants said adding value to Newfoundland and Labrador -produced products can help achieve food security. There is opportunity to increase berry secondary processing facilities in the province, as much of the locally grown primary product is shipped out of province and often, out of the country, for processing. With the growing livestock sector, there is also opportunity to increase the number of abattoirs, especially for processing white meat.

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Environmental Sustainability and Climate Change

Participants noted there may be interest in using alternative energy, such as solar and wind power, but issues may arise with regulations when it comes to accessing the power grid. Nutrient Management Planning was also considered to be crucial for the advancement of the Newfoundland and Labrador agriculture industry.

Science, Research and Innovation

Participants said the Agriculture Growth and Innovation program is essential to cutting costs, increasing production, and improving industry competitiveness. Groups discussed how using new and innovative farm equipment, rather than the existing aging technologies, is required to remain competitive; for example, stone crushers can improve Newfoundland and Labrador's rocky soils and increase the productivity and availability of agricultural land. Although investing in expensive equipment based on the economy of scale of a particular farm can be challenging, this program also offers beneficial opportunities to fund labour-saving technologies in response to the lack of available skilled and unskilled farm labour.



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Research and development is key to some sectors, including apiculture, where it is important to continue research and development support to protect the pest-free status of Newfoundland and Labrador's bee population. There are also research and development opportunities to study northern agriculture through Memorial University of Newfoundland - Labrador Institute.

Business Risk Management (BRM)

The BRM suite of programs was considered an important priority going forward. Participants note the program needs to be enhanced to enable the sector to mitigate revenue losses and increasing input costs.

Supply Management

Some participants noted there should be specific program funding set aside for non-supply managed commodities, similar to the Northern Agriculture Development Fund. This opinion is based on the feeling that funding is going to supply-managed commodities where production is not increasing and therefore, is not growing the industry. Others felt supply management helps maintain consistent food supplies, especially evident throughout COVID-19, and that more consumer awareness of the supply management system is required.

Conclusion

The information gathered through the virtual engagement sessions and online questionnaire has provided insight towards the challenges and opportunities the agriculture industry is experiencing, such as access to labour, increased operating costs, and impacts of climate change.

Participants indicated that the current Canadian Agricultural Partnership priorities and programming are relevant and should be considered for the NPF. The industry supports proposed priority areas for the NPF, including: Environment and Climate Change; Resiliency and Public Trust; Building Sector Capacity; Science, Research and Innovation; and Market Development and Trade. The Department of Fisheries, Forestry and Agriculture will use this information to highlight the priorities and objectives of Newfoundland and Labrador's agriculture industry and ensure the province's interests are considered in the development of the NPF.

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