



Putting Canada First

AN ARCHITECTURE FOR AGRICULTURAL
POLICY IN THE 21ST CENTURY

NEW SKILLS, THE ADOPTION OF
NEW TECHNOLOGIES, AND THE EXPANSION
OF OPERATIONS OR CHANGES TO PRODUCT
MIXES WILL CONTRIBUTE TO FARMERS'
SUCCESS IN THE NEW CENTURY.

Renewal

The Government of Canada and the provincial and territorial governments are working with the agriculture and agri-food industry and interested Canadians to develop an architecture for agricultural policy for the 21st century. The objective is for Canada to be the world leader in food safety, innovation and environmentally-responsible production.

To realize this vision, governments have agreed in principle on an action plan for an agricultural policy framework composed of five elements: food safety and food quality, environment, science and innovation, renewal, and business risk management. The framework, which is based on the setting of common goals for each element, entails important benefits for the sector and ultimately the general public.

Accordingly, governments have launched a national dialogue about the policy direction with stakeholders and interested Canadians to develop the proposed policy approach. This **consultation** document is one of a series of publications dedicated to that end. To obtain additional information and contribute to this important dialogue, visit www.agr.gc.ca/puttingcanadafirst or call 1 800 O-Canada (1 800 622-6232).

Today's farmers face significant change

Today's farmers face a number of changes and the challenges that go with them. Producers are expanding their knowledge base and mastering innovative technologies, products and practices. And as their operations become larger and more complex, they are expending increasingly more effort to manage financial and human resources.

In addition, the changes and challenges are occurring in the context of a demographic turnover, as a significant number of farmers retire over the coming years. Canada's Ministers of Agriculture have agreed on the necessity to build on the actions producers are taking and help provide all farmers with the tools needed to meet the changes and seize the opportunities they present.

"To be the world leader, Ministers agree ... to help farmers adapt to the changes occurring in the agriculture sector through programming that addresses their unique needs."

Federal–Provincial–Territorial Ministers of Agriculture Agreement in Principle on an Action Plan for an Agricultural Policy Framework, June 2001

Assessment and consultation services can help farmers adapt

To make wise choices about their future and support their decisions, farmers need access to additional information that could help them improve their current business and financial situation. In some cases and at certain times in their careers, they may also benefit from an assessment of their skills. This assessment could improve the way farmers manage their farms, or identify new skills for earning income off the farm or to pursue new options.

Farmers currently have access to counselling through the Federal Farm Consultation Service and other similar services provided by provincial governments. Generally these services are limited to financial counselling for eligible farmers regarding the preparation of income and expense schedules and multi-year operational plans. In large measure, these services do not go far enough in providing comprehensive information about what farmers could do to adapt to the rapidly evolving challenges.

New skills and knowledge required on an ongoing basis

Traditionally, many of the skills needed to operate a farm were passed from generation to generation in what was, in effect, an informal apprenticeship. This method, complemented by some ongoing learning, worked reasonably well in the past. But today's farmers need skills and knowledge that cannot always be obtained in this fashion. Farmers are committing to acquiring new skills and knowledge on an ongoing basis. The proposed Agricultural



Policy Framework (APF) aims to provide all producers with opportunities to pursue continuous skills development throughout their careers.

Currently, training and skills development programs aimed at the agriculture and agri-food sector often focus on traditional farm-management skills. Most other sectors of the economy, however, have joint industry/government mechanisms to determine the types of skills necessary for that sector, and to develop national approaches for skills development. Currently, no such mechanism exists for the agriculture and agri-food sector.

“Governments agree to help farm families to pursue options including: maximizing income through improvements to the farm operation, accessing capital, enhancing income through additional economic activities on-farm, enhancing the capacity to earn off-farm income, transferring the farm to the next generation, or choosing non-farm options.”

Federal–Provincial–Territorial Ministers of Agriculture Agreement in Principle on an Action Plan for an Agricultural Policy Framework, June 2001

Planning tools can ease intergenerational transfer

Typically, new farmers start their careers by taking over existing family operations. To ease these inter-generational transfers, farmers should have written succession plans that clarify how and when each component will be transferred to the purchaser. Because in the coming years a significant number of farms will change hands this way, it is especially important that farmers and farm families have the proper tools to do this type of planning.

Capital is key to growth and diversification

Canada has a well-developed financial sector. In general, farmers have adequate access to borrowed capital from the private sector and from public lenders such as Farm Credit Canada and the provincial lending agencies. They may not, however, have adequate access to needed equity capital, particularly as operations grow larger and diversify. For example, a number of the large hog operations now being established have sought equity investments from local farmers and other investors.

Farmers need options that work for them

With new skills, the adoption of new technologies, the expansion of operations or changes to product mixes, farmers can be successful in the new century. Some farmers may also choose to seek off-farm economic opportunities as a means to supplement the income from their farming operation. Others, however, could decide that their best prospects for the future lie outside farming. At present, few programs are in place to help these individuals prepare for and pursue alternatives off the farm, either full-time or part-time.

A possible approach to renewing the sector for the 21st century

The Government of Canada and the provincial and territorial governments have a number of programs geared towards renewal that farmers can access. The availability and delivery of these programs, however, are not the same across the country. Some



governments have had difficulty maintaining these services, while others continue to expand renewal programs. Because of this disparity, an approach to renewal programming must be made available to all Canadian farmers. To this end, the Ministers of Agriculture have committed to work together and with industry towards a set of common goals. Among the common goals being considered are:

- to enable beginning farmers to acquire the skills and expertise to manage their business and adapt to evolving consumer preferences and new scientific advances;
- to engage farmers in the continuous upgrading of the skills needed to farm in an evolving sector;
- to provide farmers with the strategic management skills they need to make their farms as profitable as possible; and
- to provide farmers with access to a wide range of choices to enhance their future quality of life.

Furthermore, to ensure that the approach to renewal is consistent across the country and to achieve the common goals above, the following are being considered:

- to reach consensus among governments, industry and other stakeholders on the mechanism to identify the evolving skills needs of farmers;
- to enable farmers to have access to enhanced advisory services;
- to provide adequate access to peer support, mentoring, and networking;
- to enable farmers to have access to learning opportunities in environmental management and food safety;
- to provide opportunities to capture the benefits of advances in science;
- to provide opportunities to learn business risk management and strategic planning skills;

- to provide and promote advisory services that include the human and family dynamics of the farm transfer or sale process; and
- to facilitate access to capital for farmers entering the sector, expanding their business, or moving into value-added and diversified production.

Conclusion

Putting the Canadian agriculture and agri-food sector first requires a national vision and a national partnership. Governments and industry moving forward collectively to integrate all elements of the proposed APF would enable us to brand Canada as the world leader in:

- the production of safe food in an environmentally-responsible manner;
- meeting and exceeding diverse market specifications for quality; and
- innovation throughout the agri-food value chain so that investors and customers can be confident in Canada's ability to succeed today and into the future.

Branding Canada as the world leader in these areas will contribute to the continued growth and increased prosperity of the Canadian agriculture and agri-food sector by capturing new markets and customers.

To learn more about this Federal-Provincial-Territorial initiative, contact: www.agr.gc.ca/puttingcanadafirst or 1 800 O-Canada (1 800 622-6232).