

Next Policy Framework for Agriculture (2023 to 2028)

Insights from Research

What We Heard



Strategic Policy and Evaluation Division

Department of Agriculture and Land

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Note: This report may be updated periodically, to include the results of on-going research. The most recent version is considered the report posted on the Department's website.

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EXECUTIVE SUMMARY

The Department of Agriculture and Land has completed research to identify insights for the Next Policy Framework for agriculture (NPF). On April 1, 2023, the NPF will replace the Canadian Agricultural Partnership (CAP), a cost-shared agreement with Agriculture and Agri-Food Canada (AAFC) and the Department of Agriculture and Land (DAL). This report contains insights from research completed to plan for the NPF. The report may be updated periodically as research is completed.

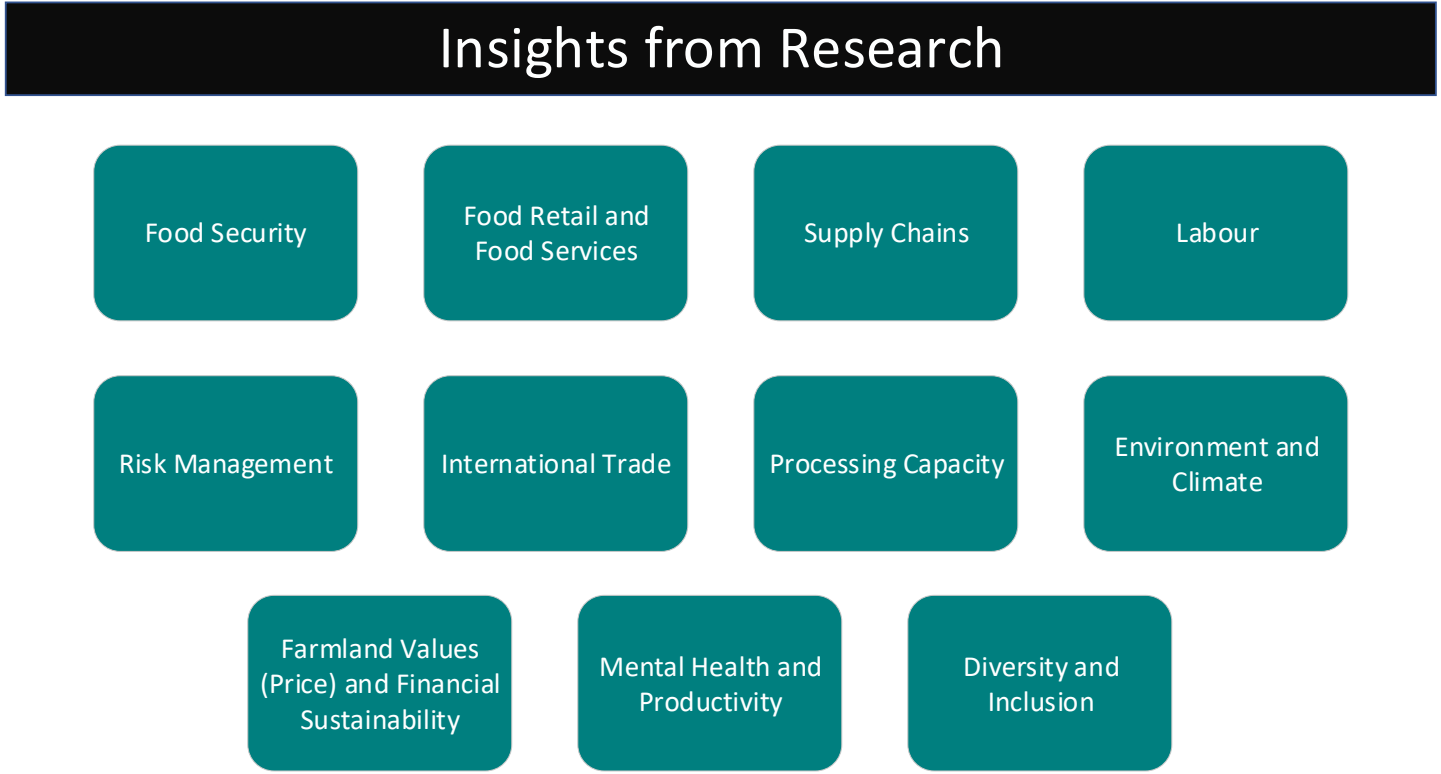


Figure 1. Themes from peer-reviewed literature.

Acronyms

- AAFC** – Agriculture and Agri-Food Canada
- BMP** – Beneficial management practices
- BRM** – Business risk management
- CAP** – Canadian Agricultural Partnership
- DAL** – Department of Agriculture and Land
- NPF** – Next Policy Framework
- TFW** – Temporary foreign worker

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About this report

This report contains insights from research the Prince Edward Island (PEI) Department of Agriculture and Land (DAL) completed in planning for the Next Policy Framework (NPF) for agriculture. This report represents one line of evidence that the Department will use to develop policies for the NPF. It may be updated periodically, as additional research is completed.

The report advances the Department's strategic priority to develop modern policies and priorities, and its goal to base policy decisions on the best evidence available and promote transparency.

BACKGROUND AND EVIDENCE

The Canadian Agricultural Partnership

The Canadian Agriculture Partnership (CAP) is a five-year cost-shared agreement with Agriculture and Agri-Food Canada (AAFC). Under the CAP, the DAL and AAFC deliver programs for agriculture development in PEI (2018 to 2023). The initiative represents a \$37M strategic investment in PEI's agriculture industry. The CAP supports the agriculture industry to:

- increase competitiveness, productivity, and profitability,
- increase environmental sustainability,
- expand domestic and international markets, and
- improve the anticipation, mitigation and response to risks.

The CAP is scheduled to conclude on March 31, 2023 – at which point it will be replaced with the NPF.

Expert literature

The Department has reviewed expert and peer-reviewed literature related to agriculture to understand what should be considered as priorities for the NPF. Peer-reviewed literature serves as systematic, verifiable evidence to inform decision-making. It is important to note that this report will be considered along-side contextual evidence, such as insights from industry and community meetings. The DAL is committed to basing decisions on multiple lines of evidence.

Meetings

The Department has met with industry and community groups to identify priorities and goals for agriculture development in PEI. Organizations included groups that represented specific sectors, and community organizations representing various interests (e.g. immigration, gender equity, etc.). Meetings began in the Fall of 2020, with twenty-one (21) meetings completed to date. These stakeholder engagement meetings will continue throughout the development of the NPF. A report summarizing findings from meetings with industry and community groups will be available on the Department's website.

Program evaluation

The Department is evaluating its CAP programs to understand their performance, relevance and impact, and to identify lessons-learned for the NPF. Once completed, results of this evaluation will be added to the Department's website.

Public consultation

The Department will consult with the public at-large, to identify priorities and goals for agriculture development in PEI. A public survey has been administered in English, French, Arabic and Spanish. Results of the survey will be added to the Department's website.

INSIGHTS FROM RESEARCH

The Department has researched peer-reviewed literature to understand what experts have recommended as priorities for agriculture development. Results of research completed so far shows that the following should be considered when developing policies for the NPF.

Food security

The COVID-19 pandemic led to pressures on the food system. Concerns about household food insecurity and concerns about food availability were brought to the forefront during the pandemic (Deaton & Deaton, 2020). The availability of food depends in-part on international trade, farm financial stability, and transportation (Deaton & Deaton, 2020). More than one (1) year after the beginning of the COVID-19 pandemic, it has become clear that, while Canada's food system is resilient, the pandemic remains associated with an increase in household food insecurity (Deaton & Deaton, 2021). This means that food system security is necessary, but not sufficient, in addressing *household* food insecurity – which requires additional interventions focused on income, employment, and other factors (Deaton & Deaton, 2021). When planning for the NPF, it will be important to distinguish between food system security and household food security.

Food retail and food service

The actions taken under states of emergency have caused an increase in unemployment in retail and food service, and changed consumer food purchasing habits (Goddard, 2020). Consumers have shifted from food-away-from-home purchases to food-at-home purchases, reduced shopping trips, increased online grocery shopping, and have at times "stockpiled" products (Goddard, 2020). The public will likely maintain some food purchasing habits after the pandemic restrictions are over. It is important to monitor changes in agri-food consumer preferences, and be aware of the larger food system when developing NPF policy.

Supply chains

The demand-side of economic shocks have been observed in panic buying behaviours and a shift in consumption patterns, while supply-side effects include labour shortages and disruptions to transportation networks (Hobbs, 2020). During the pandemic, some sectors have seen short-term growth in demand for processed food in retail, a decline in demand in foodservice, a slowdown in food processing activities because of labour and raw material input shortages, and a decline in export and import activity at the initial stage of the pandemic (Hailu, 2020). Coming out of the COVID-19 pandemic, market dynamics should be monitored when planning for the NPF.

Labour

Factors affecting the demand and supply of labour in agri-food sectors include the closure of non-essential businesses, border restrictions, illness of workers, and changing demands for food (Larue, 2020). There have been some challenges in recruiting TFWs, as they may be unable and/or unwilling to travel during a pandemic (Larue, 2020). These labour challenges add to longer-standing challenges with recruiting and retaining an agricultural workforce. Labour and access to workers needs to be considered when planning for the NPF, as does multisectoral, intergovernmental, and interdepartmental approaches for agriculture workforce development.

Risk management

The onset of a pandemic contributed to increased risks for agriculture. There are gaps in current BRM programs, as these programs were developed without consideration to the potential for a global pandemic (Kerr, 2020). AgriInsurance, AgriStability, and AgriRecovery are designed to cover large losses, while farmers are left to self-insure, with the assistance of AgriInvest, to cover other losses (Kerr, 2020). Risks that emerged or intensified during the pandemic need to be considered when planning for the NPF.

International trade

Initially, the COVID-19 pandemic led to significant disruptions in international trade (Yeung & Kerr, 2021). While impacts of the pandemic vary by sector, overall, Canadian agri-food exports remain strong (Yeung & Kerr, 2021; Kerr, 2021; and McKewan, Marchand & Shang, 2021). As other countries' agri-food systems have not proven to be as resilient, this presents an opportunity for Canadian (and PEI) agri-food producers to increase exports and

improve their global market share (Kerr, 2021). Factors important to accomplishing this include competitiveness and efficiency, access to labour, and a rules-based international trade system (Yeung & Kerr, 2021). An ongoing commitment to international trade and export growth remains important in planning for the NPF.

Processing capacity

The COVID-19 pandemic impacted the processing capacity of several agricultural sectors. As processing capacity is concentrated in a small number of plants, a limited number of temporary plant closures can impact processing capacity across Canada (Hailu, 2020). Possible interventions include business contingency planning, and modifications to work environments to make them safer and more productive (Hobbs, 2020). It has also been suggested that processing capacity could be decentralized to a larger number of smaller-sized of processing plants (Carlberg, 2020). However, it is noted that this approach would be less efficient, and could contribute to higher costs which may be passed onto consumers via food prices (Carlberg, 2020). In seeking improvements to processing capacity, these tradeoffs should be considered when planning for the NPF.

Environment and climate

Climate change poses many challenges, and some opportunities, for agriculture. It is important that the agriculture industry adopt measures to promote environmental sustainability, and climate adaptation and mitigation (Arnold and Fenech, 2017). Often, these measure include beneficial management practices (BMPs) such as: erosion control structures, nutrient management, winter cover crops, manure storage, and irrigation efficiency.¹ Further, there is economic evidence indicating that BMPs can help improve on-farm profitability (Sparling and Brethour, 2007). The environmental sustainability of agriculture, as well as climate adaptation and mitigation, should remain a priority for the NPF.

Farmland values (price) and financial sustainability

Economic evidence demonstrates that Canadian farmland values did increase in 2020 – a trend also observed in PEI (Lawley, 2021). Lower interest rates, which make borrowing cheaper, have contributed to this increase in farmland value (Lawley, 2021). Future farmland values remain unclear, and will depend on if inflation rises (which would increase farmland values) or if interest rates are raised (which would decrease farmland values) (Lawley, 2021). Financial sustainability of farms – including but not limited to farmland values – should be considered in developing the NPF.

Mental health and productivity

There is evidence that farming is associated with a unique set of characteristics and circumstances that can negatively impact mental health (Fraser, et al., 2005). Stressors that agricultural workers may encounter include financial and economic difficulties, adaptation to new agricultural technologies, laws and policies, infrequent days off, physical injuries/accidents, disease outbreak, unpredictable weather, seasonal variations in workload, geographical isolation, invariant work demands, and lack of separation between home and work life (Hovey & Seligman, 2006). The health of farmers is important for their productivity and efficiency gains in the agriculture industry at-large (Loureiro, 2009). NPF policies need to consider how agricultural policy can support the mental health of agricultural workers.

Diversity and inclusion

Multiple studies have found that diversity and inclusion are associated with improved decision-making and organizational performance (Kats and Miller, 2015; Page, 2018). In PEI, as in Canada overall, women and other groups are under-represented in agriculture.² Evidence-informed best-practices that address this issue include: understanding and addressing the root-causes of inequality, linking diversity and inclusion goals to organizational goals, recruiting a diverse workforce, organizational policies and procedures to support these goals, and implementing diversity and inclusion training (Sturm, 2009; Jaeger, Sarin, & Peterson, 2015; Tipper, 2004; Rynes & Rosen, 1995).

¹ Government of Prince Edward Island. (2021). Department of Agriculture and Land: Beneficial Management Practices Sub-Program. Available at <https://www.princeedwardisland.ca/en/information/agriculture-and-land/beneficial-management-practices-sub-program>

² Government of Canada. (2021). Statistics Canada: Labour force characteristics by industry, annual (x 1,000). Available at: <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410002301>

CONCLUSION

This report summarizes insights from research the PEI Department of Agriculture and Land completed in planning for the NPF. It represents one line of evidence that the Department will use to develop policies for the NPF in PEI.

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