

Business Risk Management: Under Review

Perspectives from the Canadian Federation of Agriculture

A photograph of a man and a young child standing in a vast, green agricultural field. The man, on the left, is wearing a light blue shirt and a large, woven straw hat. The child, on the right, is wearing a red and white plaid shirt. They are both seen from the back, looking out over the field. A white semi-transparent rectangular box is overlaid on the center of the image, containing the text "A Comprehensive Review".

A Comprehensive Review

- Early 2017 – **The AgGrowth Coalition** was convened:

- CFA
- Canadian Canola Growers' Association
- Grain Growers of Canada
- National Sheep Network
- Canadian Horticultural Council
- Grain Farmers of Ontario

“Working towards comprehensive reform of business risk management programming for Canadian farmers.”



The Need for a Review

- Program origins > 10 years old
- Despite evolution, reduced participation and lack of trust
- Sufficient time & space for review in partnership
- Changes over time pose new questions
 - Increasing complexity & diversity
 - Balance of market & production risk
 - Agri-food growth targets & effects on investment
 - Innovation effects on risks & volatility
 - Farm scale dynamics
 - Farm debt & cost structures



Budget 2017: Canada's Agri-food Potential

Setting the Stage



“a dynamic and emerging sector”

“Around the world, the demand for food is expected to continue to grow...Canada is in a uniquely strong position to capitalize on global agri-food growth.”

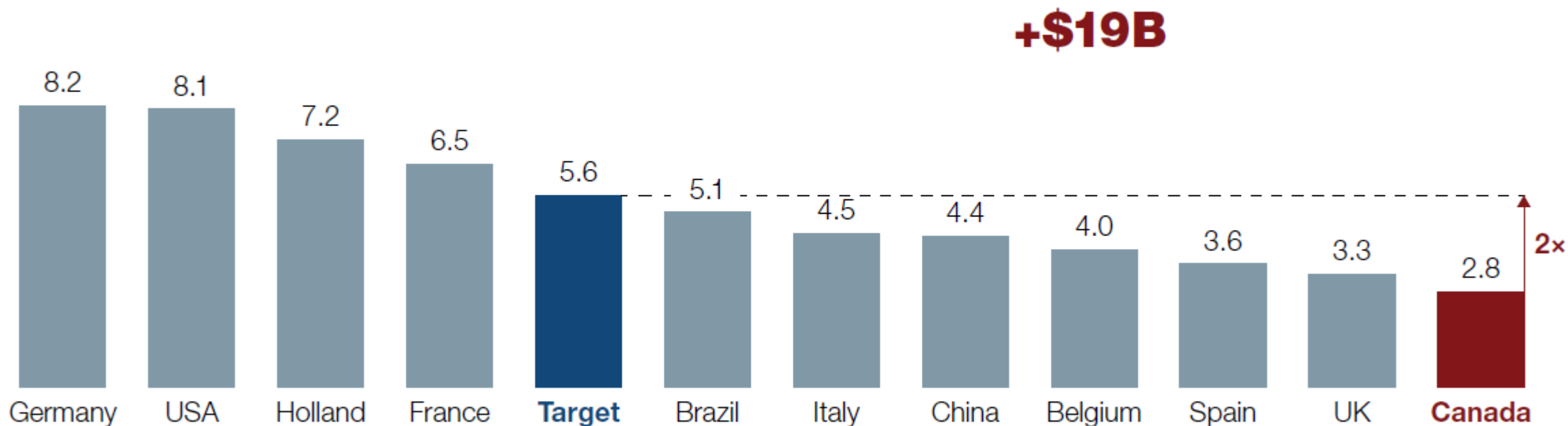
“An important driver of economic growth... [with] a natural endowment of water and arable land, research strengths and accomplishments, and strong network of entrepreneurs.”

“Canadian agri-food companies are showcasing the quality of Canadian products and taking advantage of emerging market opportunities”

“The Innovation and Skills Plan has set an ambitious target to grow Canada's agri-food exports to at least \$75 billion annually by 2025”

Unleashing Key Sectors – The Agri-food Pilot

Exports of agri-food products, 2015
Share of global exports



Source: World Trade Organization

What this means for Business Risk Management

- Agriculture remains high-risk, low trust and credibility in BRM programs
- Increased focus on growth, investment climate and competitiveness
- Requires comprehensive analysis that:
 - Tests objectives & principles
 - Explores roles and responsibilities
 - Relies on outcome-based program evaluation criteria



A Comprehensive Review

Optimizing BRM Expenditures

- Partnership between industry and government is essential to fully understand:
 - Range of risks
 - Farm-level considerations & decision-making
 - Gaps, deficiencies and strength of existing programs, acknowledge diverse perspectives
- Changing nature of farming – mapping current and emerging risks
- Look beyond existing program suite
- Status quo is insufficient



Moving the Review Forward

Industry's Approach



Basic Assumptions

Sophisticated and
global

Risk-taking is part of
business

Investment climate

Broad perspective

Flexible programming

CFA supports a research process coordinated through the **AgGrowth Coalition**.

Analytical approach to contribute to review in three phases:

Initial Assessment

&

Current Program Effectiveness

&

Program Option Review

Moving the Review Forward

Industry's Approach




1. Setting the Context

Objectives/Trade-offs
Changing nature of farming
Conditions of Satisfaction
International options



2. Current Program Effectiveness

Evaluation criteria
Innovation & Investment
Growth & Competitiveness
Comparative Analysis



3. Future Program Design Considerations

Key program design elements
Areas for further consideration

SUMMARY

Ensuring a Meaningful BRM Review

- ❖ Unique opportunity
- ❖ Industry has come together
- ❖ Partnership & engagement
- ❖ Test basic assumptions & principles
- ❖ New criteria for program effectiveness
- ❖ Informed by international approaches



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