**Is the Canadian Agriculture Partnership a $3 billion dollar framework?**

As announced on July 21, 2017, the Federal, Provincial and territorial ministers for Agriculture have agreed on the basis of a new five year policy funding framework. This new 5 year “$3 billion” agreement takes effect April 1, 2018 at the expiry of Growing Forward 2.[[1]](#footnote-1)

The framework focuses on 6 priority areas including business risk management; science, research and innovation; markets and trade; environmental sustainability and climate change; value-added agriculture and agrifood processing; and “building a firm foundation for public trust in the sector: through food safety, quality assurance and regulation.[[2]](#footnote-2)

The governments will review various business risk management programs with reports to be delivered at the July 2018 meeting of government agriculture ministers.

Some of the substantial changes;

* Starting in 2018, AgriStability reference margin limit will be capped – this will guarantee all producers at least 80 percent of their reference margin in the event of a payout. There is also a new $250 minimum payment under Agristability.
* There is also a late participation mechanism that has been added to Agristability that allows producers to enter the program late in the event there is a significant income decline.
* Starting in 2018, Agriinvest maximum allowable net sales will be reduced to $1 million from 1.5 million; the annual government matching contributions will be limited to $10,000 down from $15,000. The minimum Agriinvest payment will increase from $75 to $250.

There was substantial press coverage of the release and much coverage of the changes to the various programs and farm groups responses to it. However, one of the substantial issues that has not been addressed is that the agreement is $3 billion…exactly the same amount that was budgeted under Growing Forward 2 which started in 2008.

Taking a quick look at inflation on the Bank of Canada website, it shows that we have experienced an annual inflation rate of 1.37% from 2008 to 2017 meaning goods that cost $100 in 2008 now costs $113 in 2017[[3]](#footnote-3). This is the changes in the costs of a fixed basket of consumer purchases. In reviewing the expenditures of Ontario farmers on fertilizer, fuel and pesticides, in 2008, the total amount spend was 1.4 billion[[4]](#footnote-4). In 2014 (the last year data was available), the total amount spent on these three items was over $1.6 billion – an increase of over 14%[[5]](#footnote-5). Although costs have increased, the support safety net that is designed to support agriculture producers when there is a negative impact to margins has not increased.

Another way of looking at this is the size of this program in comparison to the size of the overall Federal Budget. In 2013, the Federal budget was $282.6 billion; in 2017, the Federal Budget is projected to be $330.2 billion – an increase of 17%[[6]](#footnote-6). Finally, Canadian agriculture was worth approximately $2.6 billion to our Gross Domestic Product in 2013 and over $2.8 billion in 2017 – an increase of 8% in this time period[[7]](#footnote-7). Yet still there is not an increase in the amount budgeted for agriculture safety nets.

In conclusion, in general in Canadian agriculture, economic conditions are good and we are not facing a crisis. However, given that Canadian agriculture costs are higher, the contribution to national Gross Domestic Product is higher and the Federal Budget is substantially higher, we can only hope that if there is a crisis, governments will respond with additional support.

1. Ministers agree on new ag funding framework – www.agcanada.com/daily/ministers-agree--on-new-ag-funding-framework July 23, 2017 [↑](#footnote-ref-1)
2. Ministers agree on new ag funding framework – www.agcanada.com/daily/ministers-agree--on-new-ag-funding-framework July 23, 2017 [↑](#footnote-ref-2)
3. www.bankofcanada.ca/rates/related/inflation-calculator/ [↑](#footnote-ref-3)
4. “Farm Input Prices – Ontario and the Great Lakes Region: 2007 – 2016” Bucknell, Marchand, McEwan, University of Guelph, Ridgetown Campus – December 2016 [↑](#footnote-ref-4)
5. “Farm Input Prices – Ontario and the Great Lakes Region: 2007 – 2016” Bucknell, Marchand, McEwan, University of Guelph, Ridgetown Campus – December 2016 [↑](#footnote-ref-5)
6. www.budget.gc.ca [↑](#footnote-ref-6)
7. https://tradingeconomics.com/canada/gdp-from-agriculture [↑](#footnote-ref-7)