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**Optimizing Risk in Animal Agriculture**

**Building a Canadian Brand**

**May 2018**

This study was commissioned to identify current and emerging risks, as seen by business and thought leaders across several species sectors, as well as from others in positions of influence across the Canadian agri-food system. Input was gathered from forty-nine participants representing the pork, poultry, dairy, beef and small ruminant sectors. To gain a full food system perspective, processors, retail, academia and advocacy groups were also included.

Animal agriculture is big business in Canada, generating approximately $24 billion at the farm level. As with any business, risk is a necessary component. Some risks, if managed properly represent opportunity, while some risks have the potential to cause serious negative impact. Those who take no risks will fall behind and their business will eventually fail. Despite tremendous investment by producers, agri-food businesses and federal and provincial governments, risk management in agriculture remains a constant challenge.

Analyses of the input received from interview and focus group participants, along with review of current references dealing with risk in agri-food production led to some key conclusions. First and foremost, the opportunity facing the Canadian agri-food system can only be met if some fundamental change occurs. All parties in the food system must define, support and rally behind a well identified Canadian Brand. International consumers must understand what Brand Canada means and have complete trust in that brand. In order to establish this trust, the brand must be supported by data collected by producers and those beyond the farm gate. And these data must allow direct comparison to international standards.

Attaining this brand status will not require the creation of new tools, for many already exist. It will involve a far greater use of existing tools, which will be accomplished through a mixture of clearer market signals and legislated requirements. It will also require an understanding, and actions to address the rapidly changing factors that affect risk in agriculture: globalization; technology and climate change. To deal effectively with these factors, Canadian agri-food must abandon the still prevalent sense of rugged individualism seen in some sectors and move beyond the thought of value chains to become true food systems. This change will require new thinking and action on the part of producers, producer groups, processors, retailers, exporters and every level of government.

A second key evolution, now close to complete, is the move from “Farm to Fork” to “Fork to Farm”. In each sector, one can now see the reality of consumer demand dictating production and product specifications. While this has caused challenges in terms of producer acceptance, as well as some conflict with sound science, it is a reality of the new world of food. The results of this study confirm the shift to “Fork to Farm” as Consumer was the highest rated factor when looking at results amalgamated across all respondents. Some commodities, primarily those that are supply managed, have adjusted to this reality while others have not begun to address it.

Analyses of the data revealed large differences in how specie groups view, rank and adapt to risk. Risks that scored highest across all producer groups included: government policy; farm management; and market access. Risks that scored low across species groups included: environment; technology; and finance. Risks that had variable rankings across specie groups included: consumer trends; disease/productivity; and processor/distribution. These rankings may be in part due to the process of data collection in which participants were asked to focus only on five risk factors (four unprompted and one prompted). The consistent low ranking for finance may be a reflection of the age range of participants, with very few being at the stage of business startup.

From this study it is recommended that the following actions be undertaken:

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| 1. | **Brand Canada** must be clearly defined, measured with direct comparison to international standards and communicated to all stakeholders. |
| 2. | All parties in the food system must work more closely to ensure **consistency of messages** to Canadian and international consumers. Producer groups need to reach out to trade channel partners (processors/retail) on a regular basis to inform them of progress, listen to market feedback and develop action plans. |
| 3. | **Data are key,** and parties should work together to ensure that business owners have tools that allow easy capture and sharing with clear, legally binding means of defined access. |
| 4. | **We must not reinvent the wheel**.  Industry and governments should invest in industry-led, preferably whole farm programs and existing tools that allow easy capture and sharing of data, all in support of the Canada Brand. |
| 5. | Producer groups need to **break existing silos to communicate and learn** across sectors for a more cohesive voice and most efficient use of resources. |
| 6. | All participants must recognize and effectively respond to the new reality posed by the move to **“Fork to Farm”,** through which the consumer is all important. |
| 7. | Risk management **programs offered by government** **should target** those producers that farm as a business rather than as a lifestyle and funding should focus on those sectors that have a clear vision and a demonstrated willingness to implement change. |
| 8. | **Leadership is needed**, preferably from industry but, failing that, from government to avoid partially implemented changes (e.g. traceability). This leadership includes a strengthened extension system; incentives and regulations. |
| 9. | Government should ensure that regulatory initiatives are timely and that **negative consequences** be known and mitigated. Regulations should **treat domestic and imported product equally** so as not to disadvantage Canadian businesses. |
| 10. | All parties should work together to identify and **prosecute parties guilty of fraud involving food products** as these are a threat to the integrity of brands and the investment made in those brands. |