



National Farmers Union
Union Nationale des Fermiers



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Rebuilding Canada's agricultural institutions in the public interest for sustainable, prosperous family farms: NFU Submission to Federal Pre-Budget Consultation, February 2016

KEY POINTS:

- ◆ **Rebuild agriculture institutions through return to prior funding levels (at least) and by renewing their commitment to the public interest.**
- ◆ **Support farm incomes by supporting effective institutions that provide farmers with market power.**
- ◆ **Refocus agricultural programs and policy on the principles of food sovereignty.**
- ◆ **Re-invest in public interest agriculture research, particularly public plant breeding**
- ◆ **Correct the damage caused by ending the Canadian Wheat Board's single desk**
- ◆ **Support young farmers to ensure there is a next generation of family farms**
- ◆ **Safeguard domestic food production for the long-term**
- ◆ **Support agriculture climate change mitigation and adaptation**
- ◆ **Implement universal pharmacare**

The National Farmers Union (NFU) welcomes the opportunity to contribute to the government's pre-budget consultations. The NFU is a voluntary direct-membership, non-partisan national farm organization made up of thousands of farm families from across Canada who produce a wide variety of commodities, including grains, livestock, fruits and vegetables. The NFU was founded in 1969, with roots going back more than a century. The NFU works toward the development of economic and social policies that will maintain small and medium-sized family farms as the primary food-producers in Canada.

The NFU believes that agriculture should be economically, socially, and environmentally sustainable and that food production should lead to healthy food for people, enriched soils, a more beautiful countryside, jobs for non-farmers, thriving rural communities, and biodiverse natural ecosystems. The NFU is a leader in articulating the interests of Canada's family farms, in analyzing the farm income crisis, and in proposing affordable, balanced, and innovative solutions that benefit all citizens. NFU policy positions are developed through a democratic process via debate and voting on resolutions at regional and national conventions, as governed by our Constitution.

The need for real change

Under the previous government, agricultural institutions beneficial to farmers lost funding and were re-aligned to provide agribusiness corporations with more power to extract wealth from farmers and rural communities. The loss of public investment in public interest initiatives is felt keenly in rural areas. The decline of social and physical infrastructure amplifies hardships experienced by family farmers whose financial risks are increasing while their communities' social fabric is weakening.

Canada needs a new suite of agriculture policies – and the budget to support them -- that make it a priority to keep farmers on the land, bring new and young farmers into farming, reinvest in public research and rebuild farmer-controlled marketing institutions. Otherwise, we will continue to see declining farm numbers, aging farmers, a shift to corporate farming, mounting debt, rural depopulation and stagnant net farm income.

The next generation of farmers is struggling to get established.

Young farmers entering large-scale production shoulder debt burdens that far exceed their urban counterparts' student loans. Many cannot buy land due to competition from investment companies that are assembling large holdings for speculation. Farmers who rent from them have less autonomy and less security of tenure than they would as land owners.

Other young people who want to farm are avoiding massive debt by using alternative land tenure relationships, direct marketing approaches, and low-input, labour-intensive production. While supported by customers in food-conscious communities, their methods and aspirations need more encouragement from federal policies and programs.

One of the previous government's most economically damaging acts was ending the Canadian Wheat Board's (CWB) single-desk authority. Its farmer-elected directors were dismissed, and the remaining directors were told to privatize it by 2017. The Canadian economy has been deprived of over \$8 billion dollars so far, as a result. This loss has ripple effects, including reduced employment, less investment in farm capital, loss of related service sector jobs, along with their incomes and tax revenues.

The single-desk CWB was not a grain company -- it was the prairie farmers' agent empowered to market all prairie wheat and barley sold for export or for human consumption domestically. All proceeds, net of operating costs, were returned to farmers in the form of an annual final payment, because the CWB's legislation prohibited retained earnings. Western grain farmers' beneficial ownership of the grain extended to end-use customer. This meant that all the appreciation in the value chain -- from seed developed by plant breeders to the efficient assembly and transportation of shiploads according to customer specifications -- was returned to farmers every crop year.

Today, the farmers' ownership of their crop ends the day it is purchased by a private grain company. Value-chain improvements are captured by grain companies, not farmers. Multinational grain companies' profits from their Canadian operations have gone up dramatically. On the other side of the ledger, billions of dollars are being lost to the prairie economy every year due to the lower grain prices paid to farmers combined with the losses resulting from logistical problems in the transportation system.

In 2015 the remaining assets of the CWB were given to a partnership of multinational grain company, Bunge, and the Saudi Arabian agriculture investment fund, SALIC. How much public money the previous federal government invested prior to turning over the former CWB's assets to G3 is unknown. The NFU has asked for a public audit of the CWB's finances leading up to privatization.

In 2015 the *Agriculture Growth Act* took effect. It brought Canada's *Plant Breeders' Rights Act* under the international UPOV '91 regime. This law increases seed companies' property rights pertaining to new varieties of seed and gives them more power to collect royalties, as well as exclusive rights to import and export new seed varieties among other new rights. This increases farmers' seed costs, shifting more money out of rural communities.

Hand in hand with granting companies additional power over seed, the previous government closed and/or reduced funding to public plant breeding institutions. It closed the Cereals Research Centre in Winnipeg and stopped the development of commercial varieties. Promising germplasm lines were to be sold to private seed companies to finish instead, enabling these companies to obtain Plant Breeders' rights to the resulting varieties.

Hundreds of scientists doing public interest agricultural research across Canada were let go during the previous government's tenure. Research stations, laboratories and libraries have had funding reduced or were closed. The collective knowledge and capacity for inquiry and discovery Canada has lost as a result of this disinvestment is difficult to measure. In many cases, the jobs eliminated were in rural areas, taking wages and families out of these communities. Remaining public research funding was tied to commercial outcomes and corporate sponsorship, effectively harnessing public facilities and expertise for private benefit.

In October 2015 the Trans Pacific Partnership (TPP) negotiations were concluded and its text published a month later. If ratified, it will harm Canada's supply management system by increasing tariff-free access to Canada's domestic dairy, chicken, turkey and egg markets. Our farmers will face shrinking markets, while foreign importers benefit from growth.

If the Canada-European Union Comprehensive Economic and Trade Agreement (CETA) is ratified it will further erode our dairy system. CETA would give the EU a significant portion of our high-value cheese market, reducing the total amount of milk produced on Canadian farms along with the economic benefits of processing and selling made-in-Canada specialty cheeses. Supply management is an important institution that was developed in Canada that provides market power for farmers, security of supply for consumers and operates without the need for government subsidies.

Budget Recommendations:

Budget 2016 should set the stage for Growing Forward 3 (GF3). We recommend a real change from past policy, particularly by aligning the vision of agriculture with the principles of food sovereignty and supporting agriculture's efforts to mitigate and adapt to climate change.

Your budget should support the next generation of family farmers by establishing universal pharmacare.

The 2016 budget should redirect all agricultural research funding towards public and independent third party research in the public interest, and reinstate funding to public agricultural research institutions to allow them to recover and rebuild their capacity with a new generation of scientists.

Funds should be allocated to public plant breeding to develop varieties that are: adapted to Canadian regional climates; help Canadian farmers adapt to climate change; do well under low-input, organic and ecological production practices. The budget should support participatory breeding initiatives and enable new varieties to be released without royalties.

The budget should also fund research and assessment of neonicotinoid insecticides, including field crop trials on yields, monitoring of soil quality and surface water contamination, impacts on pollinator populations. Funds should go towards assessment and implementation of farming practices to increase biodiversity and integrated pest management (IPM) programs to benefit farmers and both natural and agricultural ecosystems.

Budget 2016 should take concrete steps to correct the damage caused by ending the Canadian Wheat Board's single desk. It should establish and fund a mechanism to regulate the grain system to ensure all farmers have an equal opportunity to ship grain, to counteract the power of the major grain companies, and to give priority in shipping to small grain companies, producer rail cars, and short-line railways. We ask that the upcoming budget establish a mechanism to develop additional producer car loading sites when requested by farmers, and ensure the Canadian Transportation Agency has the funding and resources it needs to enforce the statutory common

carrier obligations of Canadian railways under the *Canada Transportation Act*.

The NFU recommends the upcoming budget provide support for new and young farmers by lowering the cap on government support programs; making effective, affordable financing programs available to new farmers, including micro loans and small grants; providing funding for farm apprenticeship programs and training; and using tax penalties to effectively prohibit foreign, outside investor, and absentee farmland ownership.

Supply management provides Canadian farmers with a stable income based on cost of production. Therefore, the government should reject both CETA's and the TPP's allocation of parts of Canada's supply managed commodities' markets to imports, and should address loopholes to stop the dumping of dairy protein products into Canada's market.

The focus on globalization and trade means more of the food Canadians eat every day is imported, thus subject to currency exchange rate fluctuations, external political events and transportation issues. Today, we see food price inflation because grocers must buy imported products using expensive US dollars. Canadian farmers, farm workers, food processing companies and consumers would all benefit from reinvestment in Canadian fruit, vegetable and livestock/meat production and processing capacity that is distributed across the country. The NFU would like the upcoming budget to include measures to safeguard the space for domestic food production for the long-term.

This budget should re-establish the Prison Farm Program. In addition to providing effective rehabilitation for prisoners, the prison farms produced wholesome food and provided valuable agricultural infrastructure also used by the surrounding communities.

Budget 2016 can help Canadian agriculture contribute to the future success of the *Paris Agreement on Climate Change*. Your budget should provide funding and support to farmers for adaptation to climate change, and to contribute to the reduction of greenhouse gases through climate-friendly technology and practices.

The budget should reinstate federal funding of the publicly owned community pastures program originally established under the Prairie Farm Rehabilitation Administration (PFRA). It should restore funding to the Prairie Shelterbelt program and tree nursery which provided free seedlings to farmers across the prairies. Budget 2016 should also support adoption of climate change mitigation measures such as improved crop rotations and increased cover cropping to lessen the requirement for fossil fuel-based inputs, such as fertilizers and herbicides, and the planting of windrows to stop soil erosion while sequestering atmospheric carbon. Programs that help farmers increase their crop diversity will also help farmers weather the financial risks that come with unpredictable weather due to climate change.

Respectfully submitted by
The National Farmers Union
February, 2016