



**National Farmers Union
Presentation to the
Manitoba Agricultural Services Corporation (MASC)**

March 23, 2010

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Introduction

The National Farmers Union welcomes the opportunity to meet with the Manitoba Agricultural Services Corporation to present our views on a number of important issues facing the province's farmers.

The NFU was founded in 1969 and is the only farm organization in Canada that was incorporated under a Special Act of Parliament. The NFU is a nation-wide, democratic organization of farm families, and our members produce a wide variety of commodities. We believe it is important for farmers to work together to solve common problems, regardless of the commodity they produce or the region they live in. We are working to raise farm incomes by increasing farmers' economic power in the marketplace through collective action.

Canadian Grain Commission

Over the last two years, the NFU has met with MASC and voiced concerns over the potential liability for farmers as a result of the weakening of the regulatory powers of the Canadian Grain Commission (CGC). These concerns are even more pressing now, as the federal government is likely to once again introduce legislation aimed at changing the mandate of the Canada Grain Act to eliminate the requirement that the CGC regulate the grain trade in the interests of grain producers. This change would effectively make the CGC a servant of the grain companies and would prevent the agency from any advocacy on behalf of farmers. This would institutionalize the unfairness of the marketplace, and place farmers in the same position they were in prior to the passage of the Canada Grain Act in 1912.

A copy of the previous year's brief is appended to this document which outlines our concerns with regard to the CGC and the increased likelihood of liability for farmers. In particular, the brief details the potential insurance risks which will arise as a result of the lack of bonding of grain companies, the end of Kernel Visual Distinguishability (KVD), and lowered standards for grain grading and inspection. The MASC must press the Minister of Agriculture to provide direction on this issue before a crisis situation occurs.

The CGC and its ability to regulate the quality of Canadian grain has been one of the foundations for the success of western producers in the global market. It is vital that this regulatory function be strengthened.

MASC Programs new for 2010

The NFU welcomes the decision by MASC to update the 2010 dollar values, probable yields and premium rates for all crops covered by AgriInsurance by raising insured dollar coverages by 1% and reducing premium rates by 4% compared to 2009 rates. Similarly, the NFU is happy to see adjustments to the tame hay program resulting in insured dollar coverages increasing by 6% and premium rates decreasing by 5% on average.

The introduction of the Pasture Days Insurance Pilot Program to replace the Pasture Drought Insurance Pilot Program appears to be a good initiative that should better protect farmers in the event that pasture production over the course of the grazing season falls short, since the shortfall need not be limited only by drought conditions. Similarly, the waiver of Hail Insurance premiums for maximum coverage up to 160 acres of land for Canadian Food Grains Bank projects is welcomed.

Proposed Livestock Market Insurance Program

The ongoing financial crisis for livestock farmers across the province continues to take a tremendous toll on farm families.

The proposed livestock market insurance program known as Agristability Plus, which has been endorsed by Manitoba Pork and is currently being discussed by farmers in Manitoba. It seeks to solve the problem of the current stabilization program where several years of poor returns erodes any support. Whether this program will work is an open question. One of the most apparent, and most serious flaws in the proposed program is that it does not appear to be actuarially sound.

The Manitoba Cattle Producers Association is also proposing an insurance program, modeled on an existing program in Alberta. The Alberta program allows farmers to lock in a selling price for their animals at a future point in time, similar to a provision in the provincial crop insurance program. However, while the crop insurance programs work relatively well, and provide substantial benefits to farmers, the cattle price insurance option is less beneficial because prices for cattle have been at very depressed levels for a long period of time. Locking in a relatively higher price has little benefit if that price is still well below the farmer's actual cost of production. The reality is that the marketing system itself is dysfunctional, with the large packing companies able to exercise excessive control over prices.

The NFU has a number of positive suggestions for overcoming the difficulties in the cattle sector. Foremost among those suggestions is the need for legislation designed to loosen the iron grip of the packers on cattle supplies and prices. At the national convention of the NFU in November, 2009, the following resolution was passed:

WHEREAS two transnational companies, Cargill and XL, along with a small contribution from a Quebec packer, slaughter, and process 89 per cent of Canada's beef cattle, and

WHEREAS these beef packing corporations also own or control cattle on feed and finished cattle, in competition with feeders and farmers who are also trying to sell finished cattle,

THEREFORE BE IT RESOLVED that the National Farmers Union demand that the Federal Government impose a ban of captive supply and control of cattle.

BE IT FURTHER RESOLVED that all cattle must go through independent auctions or be sold by fixed-price contracts with full cost of production and full disclosure of the terms.

The NFU also recommends the Manitoba Government work with the Manitoba Cattle Enhancement Commission (MCEC) and its \$2 per head check-off to build a livestock marketing commission to bargain for a fair price on behalf of Manitoba cattle farmers.

Bridging Generation Program and Mortgage Guarantee Program

While MASC offers a range of lending programs designed to enable farmers to access credit that may not be otherwise available from banks and other lending institutions, there is a need for MASC to continue to improve these programs. The Bridging Generations Program and the Mortgage Guarantee Program are two examples of positive initiatives that MASC has introduced.

However, there is still a striking lack of resources available for young people who are trying to start out farming. It is important that the MASC pursue programs that allow intergenerational land transfers. The NFU strongly suggests there is a need to look at a system of "Land Banking", similar to the program that was implemented successfully in Saskatchewan in the 1970s, or a system of Land Trusts, as a way to lower capital costs of land for young farmers.

Crop Insurance issues

The devastating collapse of the export market for Canadian flax in the fall of 2009 as a direct result of contamination by the Genetically-Modified (GM) flax variety known as "Triffid" is a striking example of how farmers ultimately bear the liability and costs of deregulation. Not only was the European export market for flax closed off virtually overnight, but the farm gate price for flax plummeted from about \$12 per bushel to about \$6 per bushel in a matter of days. The price of flax has since bounced back somewhat to around \$8 per bushel, but it is unlikely the lucrative export market in Europe will ever return to its former levels, particularly since new sources of supply for non-GM flax are already gearing up to meet that market demand. In addition, there is now a need to test all flax, whether certified seed or farm-saved seed, to determine the presence of GM markers.

Clearly, the question of liability is uppermost in the minds of farmers, as is the issue of market harm due to GM contamination. Insurance coverage to deal specifically with the possibility of GM contamination is something which the MASC must address.

There is also the need for MASC to explore the effects on crop insurance premiums due to continuous canola crop rotation, and the likelihood of increased disease and pest risk, including Club Root and Black Leg in canola.

As noted in earlier presentations to the MASC, the NFU recommends that MASC monitor the establishment and removal of shelterbelts on land, and the subsequent impact on drainage and production levels. Farmers who undertake efforts to plant shelterbelts and ensure preservation of important wetlands should receive appropriate coverage extensions and insurance premium reductions in recognition of their efforts.

Conclusion

The NFU appreciates the opportunity to meet with the MASC, and looks forward to ongoing constructive dialogue on important issues of concern to Manitoba farmers in the future.

All of which is respectfully submitted
By the National Farmers Union Region 5 (Manitoba)