



**National Farmers Union**  
**Union Nationale des Fermiers**



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# **Advancing the Public Interest for Farmer, Community and Intergenerational Prosperity**

## **National Farmers Union Submission in Advance of the 2019 Budget October, 2018**

The National Farmers Union (NFU) welcomes the opportunity to contribute to the House of Commons Finance Committee's pre-budget consultations for Budget 2019. 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. As a general farm organization, our membership reflects the diversity of production systems, farm sizes and farmer demographics across the country. We promote food sovereignty, which is a holistic approach that puts people, food and nature in the centre of the policy picture, and that makes democratic control of the food system its priority.

The NFU promotes policies that will maintain family farms as the primary food-producers in Canada. The NFU believes 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.

Canada's Budget 2019 offers the opportunity to fund significant federal policy initiatives to enhance agriculture's role as an economic driver by ensuring farm incomes and farm-created wealth are available to benefit Canadians and their communities. In our submission we outline ways the federal government can revamp programs and taxation measures to better support multifunctionality while promoting domestic production and reversing the decline in farmer numbers.

We start with recommending Canada set the ambitious goal of replacing one-third of Canada's food imports with domestic production. This would bring \$15 billion food dollars back into our economy to foster economic diversification and rural revitalization; it will also answer consumer desire for more wholesome food produced by Canadian farmers.

The NFU urges Budget 2019 to safeguard our Supply Management system, not only for the individual farmers involved, but also for their communities, consumers, taxpayers and the whole Canadian economy. Under Supply Management, farmers have the capacity to invest in their farms while producing the right amount and quality of product at the right time. It has proven its worth to farmers, consumers and the public treasury alike. The continued viability of our supply management system will

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avoid spending on the massive subsidy payments required in countries where dairy production has been deregulated and in sectors that lack orderly marketing institutions.

Budget 2019 should act decisively to reverse the loss of farmers by funding the institutional framework needed to increase and stabilize today's farmers' incomes, helping them continue, and making farming a viable career choice for young people.

The NFU recommends the establishment of an Agricultural Education Fund to provide bursaries for young and new farmers. It would support participation in farm apprenticeship programs and reduce costs for self-directed farmer education offered outside of the formal education system.

Canada also needs an income-assurance plan for beginning farmers to assist them in becoming established and support their long-term success. A retirement savings program or pension plan specifically designed for farmers would reduce their need to rely on selling land at high prices to fund their retirement.

The NFU recommends the establishment of Quota and Land Trusts to finance intergenerational transfer of productive assets. Retiring farmers transferring quota or land to the Trust would have its value exempted from taxation and be entitled to an annuity based on the productive value of the transferred quota or land. Eligible new farmers would apply to use Trust quota or land in return for a portion of revenues earned from its use and a commitment to continue producing for a minimum period.

The NFU recommends the establishment of a Farm Labour Granting Council to promote good jobs in rural communities and regenerate a skilled agricultural workforce. This Council would distribute support directly to farmers upon successful application. The grants will support hiring, training and retention of farm workers. This Council would help labour intensive sectors better respond to consumer demand for food produced on Canadian farms.

The NFU recommends adoption of fiscal measures and program funding designed to promote increased on-farm farm diversity through extended crop rotations, planned grazing of livestock, reduced inputs, soil-building, wetland conservation, and on-farm processing. The climate adaptation benefits that will result will stabilize farm incomes and reduce insurance payouts, reducing the net cost of these budget initiatives while increasing rural prosperity.

The NFU recommends funding to support community-based packaging, processing, storage, and distribution businesses that serve local and regional food economies. By funding this needed infrastructure, Budget 2019 can address gaps between farmers and consumers seeking local and regional food by increasing our economy's capacity to provide Canadian-grown and -raised food to Canadians year-round.

The NFU recommends that the Canadian Grain Commission (CGC) budget be returned to its pre-2012 level, adjusted for inflation. Core funding is required to maintain the CGC's capacity to uphold grain quality standards, protecting Canada's international reputation and export markets. Budget 2019 should reinstate inward inspection and implement a new Producer Car Receiver agency under the CGC's authority. Producer car shipping provides important discipline on the power of railways and grain companies. These measures are needed to ensure that farmers' right to load and ship railcars does not

become a hollow right. Keeping the CGC strong is necessary for our grain farmers to maintain the competitive advantage we have earned through our robust, system-wide quality control system.

The NFU also urges Budget 2019 to fund the work needed to establish a nation-wide farmer-directed single-desk agency to sell wheat and barley for export and wheat for domestic human consumption. The destruction of the Canadian Wheat Board (CWB) in 2012 has resulted in multiple harms to Canada's economy. Over 3 billion dollars per year no longer flow into prairie communities because private grain companies can now underpay farmers for their grain. Formerly, the CWB paid farmers their grain's full value less the cost of sales. Transportation bottlenecks and inefficiencies due to the loss of the CWB's coordination of shipments are costs that are ultimately borne by farmers, losses that translate into less employment and fewer small businesses in prairie communities.

The tangible assets of the CWB were given to the Bunge-SALIC partnership, Global Agriculture (G3) in July 2015. SALIC, a state enterprise of the Kingdom of Saudi Arabia now owns 75% of G3. The NFU has twice asked the Auditor General to provide a public audit for an audit of the CWB as it prepared for the transition to private ownership (see <http://www.nfu.ca/story/2nd-letter-auditor-general-re-public-expenditure-cwb-privatization>). We urge the Finance Committee to provide the Auditor General with the necessary direction to provide needed answers for Canadian farmers and other taxpayers.

The NFU recommends the establishment of regional single-desk selling agencies for beef and pork for BC, the Prairies, Ontario, and Quebec/Atlantic regions, to prevent high costs and destructive effects of exposure to export market volatility and external political conditions. For example, Canadian hog producers are paid a US-set price, and thus are forced to take a lower price due to the USA's trade war with China. Our foreign-owned beef packers are importing cattle to keep prices for Canadian beef producers low in spite of our shrinking herd. Budget 2019 should commit multi-year funding to support coordination of provincially inspected abattoirs and the transition of processing capacity to fit regional population needs, and to devote support to the just transition of beef and pork sectors to the single desk system. Single desk agency operations are to be self-funding, in contrast to the current export-market exposed beef and pork sectors which both draw heavily on Canada's safety net programs.

The NFU recommends Budget 2019 make a major commitment to significantly reduce GHG emissions and promote farm profitability by shifting funding allocated to AAFC Research Stations towards the development and promotion of low-input production strategies focused on reducing the use of synthetic nitrogen fertilizers, herbicides and insecticides. To put this research into practice, Budget 2019 should establish an effective, national agriculture extension program to help farmers learn how to help meet Canada's greenhouse gas reduction targets.

The 2019 budget should also fund programs to assist farms facing long-term climate-related problems. For example, farms that experience persistent flooding may need to move buildings and corrals to higher ground. Investing in GHG mitigation and climate adaptation strategies will also help reduce future demands on safety net programs by helping farms become more resilient.

The NFU supports publicly funded research in the public interest, with outcomes freely available for public benefit. Therefore we call for re-evaluation of granting programs that require researchers to find matching funds from private sector partners. Concentration of ownership in agribusiness means that a few large corporations are increasingly able to direct Canada's agricultural research agenda to serve

their own interests. By providing “50-cent dollars” to universities these companies can command significant public resources, including professors, grad students, university labs, equipment and research plots. The outcomes of their research are often privatized through intellectual property rights or commercial product development. Research of a non-commercial nature is thus starved of funds. Interesting non-commercial questions are not investigated and innovations that can be applied through shared knowledge rather than purchased inputs go undeveloped. The NFU recommends this imbalance be corrected. Researchers investigating non-commercial problems need reliable access to 100% publicly funded grants. We would also recommend that Budget 2019 add a public interest research surcharge to funds provided by corporations that partner with universities and AAFC. The revenues from this surcharge would then be directed to non-commercial public-interest research (for example, improved range management techniques, storage facility design for reduced food waste, etc.) at these institutions. The funds should also be used to promote a “research commons” to make innovations available for broad public benefit in the public domain or under “copyleft” licenses that prevent future research being impeded by intellectual property rights restrictions.

The NFU recommends increased funding for the Pesticide Management Regulatory Agency (PMRA) so that it has the necessary resources and capacity to do its work in the public interest. The PMRA is facing a heavy workload in coming years as many older pesticides are scheduled to be re-evaluated using up to date scientific information to ensure they do not cause unacceptable risks to individuals and the environment. The NFU also recommends allocating funds for research and education to promote integrated pest management, agronomic practices, mechanical and biological controls and traditional plant breeding efforts to help farmers transition away from the use of pest control products that will be phased out to protect environmental and human health. A surcharge or levy on all sales of pest control products could be implemented to provide additional revenue for these purposes.

Budget 2019 should provide sufficient and substantial funding to implement national Pharmacare program that provides coverage for all residents of Canada on equal terms and conditions, is administered as a public single payer system integrated with Medicare, provides access to covered medications without financial barriers or other impediments, covers as many medications as judged safe and effective by scientific evidence and based on the best value for money and not influenced by political pressures and marketing campaigns, and which provides continuous and consistent coverage for residents who move within Canada.

All of this respectfully submitted by  
The National Farmers Union  
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