



Producing Prosperity in Canada
Pre-Budget Submission
August 2019



Key Recommendations:

Summary of Recommendations:

Sustainably feeding cities in Canada and around the world

1. **Ensure accountability in a Food Policy for Canada:** Formalize a whole-of-government approach under the Food Policy of Canada through an interdepartmental working group, with clear accountability to stakeholders.
2. **Improve Plant Breeding Regulations:** Modernize approval of plant breeding varieties through a streamlined, risk-based approach that enables development and fast-tracking of crop variety technologies capable of enhancing carbon sequestration and climate change adaptation.
3. **Champion Canada's Regulatory Regime:** Build public trust in Canada's PMRA processes, enabling farmers to access the tools necessary to continually reduce their carbon footprint through sustainable agricultural practices.

Agriculture as an environmental solutions-provider

1. **Value Ecological Goods & Services (EG&S):** Develop policies and programs that economically value farmers' stewardship practices and EG&S, incentivizing farmers to invest in further in practices that will return economic value while enhancing Canada's natural capital.
2. **Fund Adaptation Research:** Continue funding for research programs that support climate change adaptation and mitigation, through innovation. This requires increased use of model farms for climate change research.
3. **Develop Carbon Offset Protocols:** Engage farmers in the development carbon offset protocols that integrate on-farm carbon sequestration, recognize farmers' historical contributions to carbon sequestration, and recognize broader EG&S.

Agriculture as an economic engine for Canada

1. **Promote Agricultural Careers:** Establish and lead, in partnership with industry, a career promotion initiative for careers in agriculture and agri-food, including attraction of new Canadians. As a solutions-provider capable of sequestering carbon, the sector is capable of driving economic growth while reducing Canada's carbon footprint, but needs access to sufficient, skilled labour to achieve these objectives
2. **Enhance the Business Risk Management (BRM) Suite:** Address deficiencies in Canada's BRM program suite, providing support for farmers to navigate ongoing trade disruptions and extreme weather events. This stability and risk management support is critical to the adoption of sustainable practices and renewable energy technologies on-farm
3. **Address Rural Infrastructure Deficiencies:** Develop a long-term infrastructure plan for agriculture and rural Canada, with predictable funding and accessibility for communities of all sizes and diverse projects

The Canadian Federation of Agriculture (CFA) is an umbrella organization representing nearly 200,000 farm families. These families operate small businesses that benefit all Canadians by contributing significantly to our economy, providing safe and affordable food and a clean, sustainable environment.

Sustainably feeding cities in Canada and around the world

1. Accountability in a Food Policy for Canada

CFA is pleased to see the recent announcement of the Food Policy for Canada as an opportunity to align decision-making across traditionally siloed policy areas, through a shared vision that ensures stakeholders are undertaking coordinated progress towards shared objectives.

To accomplish this, the Food Policy for Canada must formalize an interdepartmental working group comprised of senior officials from all government departments whose policies and programs pertain to Canadian food and food production. This working group is essential to enable a whole-of-government approach capable of addressing complex challenges, such as continued carbon reduction in the Canadian agricultural sector, while maintaining critical momentum towards the Government of Canada's agri-food growth agenda.

Accountability to stakeholders is integral to ensure evidence-based objectives and initiatives within the Food Policy, as well as buy-in from affected parties. Stakeholder engagement on Food Policy objectives must be robust and ongoing, particularly with those whose livelihoods depend on Canada's agri-food industry.

The membership of the National Food Policy Advisory Council presents an early opportunity to integrate this accountability, and CFA strongly recommends that its membership be comprised of individuals who are accountable to key stakeholder groups, such as Canada's primary agricultural producers. This council and other venues like the AAFC Value Chain Roundtables present critical venues through which the interdepartmental working group must interface with agri-food stakeholders to promote agricultural awareness, both across government departments and with the broader Canadian public.

CFA calls for Budget 2020 to provide long-term funding to the governance of a Food Policy of Canada, to support formalized, interdepartmental collaboration and robust, ongoing stakeholder engagement.

2. Improving Canada's Plant Breeding Regulations:

Enhanced root mass and photosynthesis both hold the potential to dramatically increase agriculture's carbon sequestration potential. CFA calls on the government to enhance support for the development of emerging crop varieties with these beneficial traits through increased public funding, coordination with private plant breeders, and improved approval processes that enable the commercialization and adoption of these new varieties in Canadian agriculture.

To achieve this objective, Canada's regulatory framework must accommodate the diversity of plant breeding innovations taking place and remain adaptive to emerging plant breeding technologies such as CRISPR gene-editing. A streamlined, risk-based approach, instituting clear regulatory triggers, is required to provide innovators with certainty regarding regulatory requirements, including up-front clarity as to the timelines and investments involved.

3. *Championing Canada's Regulatory Regime:*

The safety and quality of Canadian food is a testament to the strength of Canada's regulatory regime. However, misinformation has created undue uncertainty amongst Canadian consumers and has, in certain instances, resulted in the imposition of non-tariff trade barriers by foreign governments. Leadership from the federal government is needed to publicly champion Canada's regulatory regime and the decisions made by regulators. These agencies play a critical role in demonstrating Canada's commitment to evidence-based regulations through promotion of evidence-based, international standards at global standard-setting bodies. Evidence-based decisions from agencies such as PMRA are critical to the availability of pest management products that eliminate emissions from machinery-based alternatives. These decisions must be championed to both build public trust and help Canada meet its emissions reduction goals.

Investments into these agencies are needed to facilitate this leadership and help ensure new market access results in meaningful opportunities for farmers.

Agriculture as an environmental solutions-provider

4. *Valuing Ecological Goods & Services*

Many agricultural lands contain natural infrastructure that produces ecological goods and services – such as erosion control, carbon sequestration and flood mitigation. Market mechanisms are needed to value these services, and ensure that this natural infrastructure is maintained.

There are two policies that already demonstrate these mechanisms. The Alternative Land Use Service Program provides financial support to farmers and ranchers who restore and maintain wetlands, grasslands and riparian areas. Its projects are designed according to the best available science and are third party verified. Additionally, Ontario's Conservation Land Tax Incentive Program, in which landowners may qualify for a 100% property tax incentive if their property has natural heritage features. These effectively incentivize the enhancement of natural infrastructure on agricultural land and are recommended for consideration on the national level

5. *Funding Adaptation Research*

Ongoing research efforts under the Government's Agricultural Greenhouse Gas Program and Agricultural Clean Technology Programs harness the potential of agriculture as a critical facet in our national strategy to reduce greenhouse gasses and mitigate climate change. These programs partner farmers with universities and the private sector to deliver innovations, precision agriculture technologies and best management practices to Canadian farmers. Funding for both of these programs expires in 2021, and we seek your advocacy in helping to ensure that progress continues.

6. *Developing Carbon Offset Protocols*

From 1981 to 2011, BMPs helped reduce annual biological farm emissions from 1.1 million tonnes to -11 million tonnes, effectively making agriculture a carbon sink. Canada's crop sector alone has sequestered the equivalent of 61.4 million tonnes of carbon since 1986. There have been attempts to reward these efforts over the years, but the low rate of return and administrative burden of these programs have discouraged many from participating. In addition, current offset protocols only reward new activities and do not recognize agriculture's historical contributions to carbon storage.

As such, market-driven incentives are critical for ensuring that BMPs are cost-effective for rapid and wide-spread adoption. Offset credits present such an incentive, and early adopters of BMPs must be

recognized for their historical management efforts of large carbon sinks. This can be attained by realizing two goals:

- Ensuring that any Canadian carbon offset system credits agricultural carbon sequestration evenly across all jurisdictions; and
- Ensuring that the National Carbon Inventory recognizes all carbon sequestration undertaken by farmers since 1990.

Agriculture as an economic engine for Canada

7. Promoting Agricultural Careers

For Canadian agriculture to prosper and grow, it must be built upon the efforts of a skilled, well paid, secure and satisfied labour force. Recent analysis by the Canadian Agricultural Human Resource Council found that 16,500 jobs went unfilled in Canada's agriculture sector in 2017, costing the sector \$2.9 billion in lost revenues. Troublingly, the sector's labour gap is forecasted to reach 123,000 by 2029.

Modern farm operations are continually investing in technologies that save labour, while reducing waste and carbon footprints on farms across Canada. A prime example is the continued adoption of precision agriculture, which better targets farm input applications. This commitment to ongoing innovation and technology adoption has enabled the sector to achieve the highest level of production on record in 2018, while reducing net agricultural Greenhouse Gas (GHG) emissions by approximately 10% since 1981¹.

Automation is not a panacea to the continued vacancies constraining the sector. Unless immediate actions are taken, Canada's agri-food sector will fail to achieve its potential, resulting in reduced prosperity and missed opportunities to adopt future innovations.

CFA calls on the Government of Canada in Budget 2020 to develop comprehensive agri-food career promotion initiatives in partnership with the agriculture industry. These initiatives must be coupled with enhanced pathways to permanent residency for farm and food workers, by increasing the valuation of job offers and addressing language and education criteria to ensure they're responsive to the needs of agri-food employers.

8. Enhancing the BRM Suite

Recent trade disruptions and challenging conditions due to either excess moisture or drought-like conditions demonstrate the extent to which Canadian farmers face unique risks. Farmers continue to see unprecedented weather, disease, and international market volatility, amongst other pressures on profitability. While CFA continues to advocate for an immediate response to the financial challenges arising as a result of current geopolitical issues, producers also need long-term solutions that ensure Canada's risk management programs can address the increased volatility they see in both markets and weather. This is only possible through working in partnership with farmers to develop and fund tools that meet their risk management needs.

¹ Agriculture & Agri-food Canada. Agricultural Greenhouse Gas Indicator. Available at: <http://www.agr.gc.ca/eng/science-and-innovation/agricultural-practices/climate-change-and-agriculture/agricultural-greenhouse-gas-indicator/?id=1461014704763>

While CFA is committed to explore additional long-term reforms to enhance the entire BRM suite, the CFA asks that Budget 2020 provide additional BRM funding to ensure the AgriStability program can respond to challenges that arise before the next Agriculture Policy Framework in 2023. This support is needed to enhance margin coverage to 85% and remove unnecessary reference margin limits, which unduly limit support and reflect a context of record high agricultural prices that are no longer the reality for the vast majority of Canadian farmers. These reforms are critical to provide support in the face of volatile markets and weather, which are beyond farmers' control, providing the stability needed to make forward-looking investments needed to mitigate and adapt to evolving risks like climate change.

9. Addressing Rural Infrastructure Deficiencies

With more than 50% of agricultural products destined for exports, success is predicated on ensuring farmers have meaningful access to international markets. Yet farmers also depend on roads, bridges, rural broadband, and Canada's energy infrastructure to produce their products efficiently and market them across the country and around the world. Rural infrastructure is also critical to the reduction of GHG emissions in communities across Canada. Investments in access to natural gas and energy grids capable of supporting on-farm renewable energy production directly reduce reliance on costly, carbon-intensive energy sources.

CFA calls for Budget 2020 to implement the Agri-food Economic Strategy Table's recommendation for a 50-year, rolling infrastructure plan and calls for the government to develop a coordinated plan to address rural infrastructure deficiencies. This plan must address the needs of communities of all sizes and a wide range of infrastructure needs, including everything from transportation to energy infrastructure, water management, community centres, and digital connectivity, which underpin vibrant, sustainable rural communities.