



Written Submission for the Pre-Budget Consultations in Advance
of the 2023 Federal Budget

By: The Canadian Federation of Agriculture

List of Recommendations:

Support for Climate Change Objectives

Recommendation 1: Establish an agri-environmental working group to engage on-farm and technical expertise early in the development of all agri-environmental policies

Recommendation 2: Fund training of agrologists and incentives for farmers for adoption of 4R nutrient stewardship.

Recommendation 3: Expand the Agricultural Clean Technology Fund's (ACTF) Adoption Stream to include funding for smaller budget projects and larger government cost-share for farms with insufficient capital.

Recommendation 4: Expand the ACTF's Research and Innovation Stream to include technology for directly measuring on-farm emissions.

Recommendation 5: Provide dedicated funding for the development of plant varieties with enhanced root mass.

Recommendation 6: To help preserve native grasslands, producers need direct support from government to bolster on-farm conservation efforts.

Support for Risk Management

Recommendation 7: Introduce measures in the Business Risk Management (BRM) suite that enhance on-farm climate risk management, mitigation and prevention of future damage from extreme weather events.

Recommendation 8: Formalize an aquaculture sector development mandate at Agriculture and Agri-food Canada (AAFC), insulating shellfish farmers from catastrophic climate events and increasing funding for the Canadian Shellfish Sanitation Program (CSSP)

Recommendation 9: Establish food security programming to support producers who were negatively impacted by federal government-imposed tariffs on imported Russian fertilizer.

Address Growth Constraints

Recommendation 10: Extend further funding to the National Trade Corridor Fund.

Recommendation 11: Ensure full and fair compensation to producers in supply-managed sectors for market access concession in the Canada-United States-Mexico Agreement (CUSMA).

Recommendation 12: Improve accessibility of federal connectivity funding through a single portal, with more nuanced eligibility criteria, and support for high-cost service areas.

Recommendation 13: Provide \$10 million in funding to support ongoing implementation of the National Agriculture, Food and Beverage Manufacturing Workforce Strategy (NWS).

Recommendation 14: Establish a public awareness campaign demonstrating the career pathways in Canadian agriculture.

Increased Access to Expertise

The fertilizer emission reduction strategy targets a 30% reduction of nitrous oxide below 2020 levels by 2030, including a mandate to increase support for adoption of best management practices (BMPs). This requires an increase in technical support to help implement on-farm BMPs, such as 4R Nutrient Stewardship. Industry analysis has indicated that a 14% reduction in fertilizer emissions is achievable from 4R practices alone. Support for expert guidance, coupled with more early policy engagement with producers, will be critical in attaining this goal while meeting increased food demand.

Recommendation 1: Establish an agri-environmental working group to engage on-farm and technical expertise early in the development of all agri-environmental policies, including emissions reduction incentives, carbon offset protocols, climate change adaptation strategies, and the green agricultural plan. This working group must include producers, technical experts, and senior officials from AAFC and Environment and Climate Change Canada (ECC).

Recommendation 2: Fund training of agrologists with expertise in the adoption of 4R nutrient stewardship during Phase II of the On-farm Climate Action Fund. This includes training for those new to the profession and re-training needed to keep current on the latest scientific literature. Producers must also receive further incentives for uptake of 4R nutrient stewardship. Expertise on efficient fertilizer use will grow in importance, given recent dramatic product price increases.

Enhancing Clean Technology Support

Budget 2022 saw a tripling of the ACTF to provide a further \$329.4 million over six years. This support is appreciated, but the ACTF can be further enhanced to accommodate a wider array of producers and project types. To achieve these goals, key improvements can be made to the ACTF's two funding streams:

Adoption Stream: Increased input prices in 2022 created a strong incentive for farms to add to clean tech that improved input efficiency. Unfortunately, uptake of precision agricultural technology significantly decreases on farms under 500 acres or with annual incomes of below \$70,000. While funding for the adoption stream has increased, the cost-share still requires farms to invest a minimum of \$25,000. This may serve as a significant barrier to farms with less working capital – who stand to benefit most from this technology.

Recommendation 3: Expand the ACTF's Adoption Stream to include funding for smaller budget projects and larger government cost-share for farms with insufficient capital. Identifying smaller budget projects should leverage research conducted by Expert Systems and the Troo Corporation, who received AAFC-sponsored grants to study the problem in 2018.

Research and Innovation (R&I) Stream: The R&I stream includes three priorities: green energy & energy efficiency, precision agriculture and bioeconomy. However, there is currently no funding resource for the development of equipment that helps farms measure the emission reductions from adoption of BMPs and clean technology. This technology presents an opportunity for farms to receive greater value from carbon offsets, while ensuring their emission reduction efforts are fully recognized.

Recommendation 4: Expand the ACTF's R&I Stream to include technology for directly measuring on-farm emissions.

Harnessing Plants for Net-Zero

Budget 2022 saw the introduction of \$100 million to support post-secondary research in developing technologies and crop varieties that will support net-zero emission agriculture. Similar research has seen great success such as the UK's Salk Institute's Harnessing Plants Initiative, which aims to increase root mass and depth in crops to improve carbon sequestration and long-term storage.

Recommendation 5: Provide dedicated funding for the development of plant varieties with enhanced root mass. This funding should look to engage and leverage Salk Institute research to determine whether these enhanced traits are suitable to different growing regions within Canada. Combined with uptake of BMPs such as intercropping and cover cropping, this could have significant impact in forwarding Canada's net-zero ambitions.

Support Canadian Grasslands

The Government of Canada has committed to protecting 25% of its lands and oceans by 2024 and 30% by 2030. Producers are stewards of native grasslands, home to hundreds of plant species and 60 species-at-risk. However, producers face pressure to develop these areas to stave off negative economic impacts. AAFC's Agricultural Species at Risk Core Planning Team are currently developing strategies to mitigate these losses, but producers require a business case to maintain these critical habitats.

Recommendation 6: To preserve native grasslands, producers need direct support from government to bolster on-farm conservation efforts, similar to the support mechanisms implemented in the United States to ensure these efforts succeed.

Climate Risk Management & Farm Profitability

Considering the increased risk from extreme, erratic weather events, Canada's BRM programs must improve their contributions to climate risk management and readiness.

AgriStability: Participation in AgriStability, a critical program for Canada's producers when facing unforeseen severe income losses, remains low. While recently announced changes have increased the level of support available to producers, many producers still foresee struggles accessing support when experiencing severe losses.

AgriRecovery: Climate readiness and risk management require a clear focus on the prevention and mitigation of the impacts of extreme weather events in the future. Examination of previous disaster events presents a critical opportunity to learn from the past and identify measures to prevent or mitigate future impacts on food production, producer recovery and adaptation, and environmental outcomes.

Recommendation 7: Implement improvements to the BRM suite to enhance on-farm climate risk management, as well as the mitigation and prevention of future damage from extreme weather events:

- a) AgriStability support must reflect producers' payment histories, increasing the payment trigger for each successive year of participation without a program payment, to a maximum of 85%.

This would reduce upon receiving payment, encouraging ongoing program participation and investment in on-farm climate risk management.

- b) Following each AgriRecovery program, instigate a collaborative review with producers, key industry stakeholders, and government officials to assess and report measures that could prevent or mitigate associated risks in the future.

The urgent realities of Hurricane Fiona for Atlantic shellfish farmers require a BRM suite that is responsive to the needs of all affected producers. The expectation of further extreme weather events necessitates an expedient effort to provide relief for farmers lacking access to these programs, and to ensure affected aquaculture producers have support for sectoral development.

Recommendation 8: Formalize an aquaculture sector development mandate at AAFC including a new pilot program to help insulate shellfish farmers from catastrophic climate events and increase funding for the CSSP.

On March 3, 2022, the Canadian government implemented a 35% tariff on Russian fertilizer. The cost of producing food across Canada has been affected, particularly in Eastern Canada, where an estimated 85%-90% of nitrogen fertilizer is imported from Russia. These costs add to already significant inflationary pressures on farm fuel and other inputs.

Recommendation 9: Establish food security programming to support producers who were negatively impacted by federal government-imposed tariffs on imported Russian fertilizer.

Strengthen and Secure Supply Chains

A resilient transportation network is critical to Canadian agriculture. The National Trade Corridor Fund has already been a great success, demonstrated by the 115 projects approved by Transport Canada and the private sector investment it has leveraged.

Canada's agricultural industry continues to grow and has been successful in finding and developing both domestic and international markets. The fund must continue to respond to the growing need for capacity and the accrued costs that transportation delays and disruptions put on farm profitability.

Recommendation 10: Budget 2022 proposed \$450 million over five years to support supply chain projects through the National Trade Corridors Fund. Budget 2023 must maintain and increase its commitment to address the growing need for project funding.

Support the Resilience of Canada's Food Supply

A resilient domestic agricultural sector is vital to national food security. Canada's supply management system promotes stability of supply through the coordination of production and demand with the support of import controls. CUSMA and other recent trade agreements have seen supply-managed sectors make a series of market access concessions that threaten to undermine the resilience and stable food supply this system affords.

Recommendation 11: Ensure full and fair compensation to producers in supply-managed sectors for market access concession in the Canada-United States-Mexico Agreement (CUSMA).

Connecting Rural Canadians

The Government of Canada has established a target to connect 98% of Canadians by 2026 and all Canadians by 2030 to high-speed internet. Smaller rural communities continue to identify barriers in accessing connectivity support, as they otherwise lack the economic case for the significant investments needed to establish and maintain connectivity.

Recommendation 12: Program complexity, eligibility and cost each present unique challenges for rural communities seeking digital connectivity. Resolving these challenges require:

- A streamlined, single window of application for connectivity funding to help communities know where to secure funding and clarify what funding may be available.
- Federal connectivity programming must consider both the geographic and population coverage within a region, ensuring a single community's connectivity does not disqualify that entire region from accessing support.
- Establish a High-Cost Service Area Fund to ensure financial sustainability for service providers serving less dense, high-cost areas. Existing supports solely target deployment, but a sustained level of support, potentially derived from spectrum auction proceeds, is required to encourage deployment and maintenance of services in areas that otherwise lack a case for private investment.

Supporting an Agricultural Labour Strategy

Labour shortages have affected Canadian producers for decades, with estimates suggesting upwards of \$2.9 billion in lost annual agricultural sales. Recently, labour shortages in food processing have also create supply chain disruptions. To respond to these pressures, the Canadian Agricultural Human Resource Council secured funding through the Future Skills Centre to develop the NWS, which will be finalized in early 2023. This industry-led effort has engaged stakeholders across the industry in identifying actions required to create the desired workforce of the future.

Recommendation 13: The NWS is a multi-year action plan to identify and implement short, mid, and long-term measures to secure workforce stability. CFA recommends that AAFC allocate \$10 million in funding to maintain a Secretariat that can coordinate critical ongoing measures.

Recommendation 14: Canada's agriculture industry requires support to establish a public awareness campaign demonstrating career pathways in Canadian agriculture, responding to public misperceptions that agriculture lacks opportunities for meaningful long-term careers.