

Grain Growers of Canada

Responses

1. Economic Recovery and Growth

Given the current climate of federal and global fiscal restraint, what specific federal measures do you feel are needed for a sustained economic recovery and enhanced economic growth in Canada?

Most governments around the world today are entering into an era of fiscal restraint following a period of fiscal stimulus. This year's federal budget was no exception. Agriculture and Agri-Food Canada's budget was cut by 10 per cent overall. The Grain Growers of Canada believes that scientific innovation and research is essential to Canada's continued economic recovery and growth and we appreciate this current Government considers research and innovation the highest of priorities. At a recent science related announcement in Saskatoon, Saskatchewan last fall, Prime Minister Harper said, "...we all know that you simply can't build a modern economy without investing in world-class research." The Grain Growers of Canada agrees. The Grain Growers of Canada also agrees with the Federal Government's more focussed research approach and strongly supports public/private partnerships through clusters, helping to ensure commodity associations and farmers have more influence on research priorities. These research programs are good and need to continue. The Grain Growers also appreciates the fact that some research stations were old and expensive to maintain and recognised that centralizing operations would create cost savings. However, we advised the Federal Government that if costs are to be trimmed, they should be administration related, not actual scientist positions or research staff that are cut. Unfortunately, the 10% cut in core funding has affected front-line research positions at a time when agriculture research is critically needed for Canadian farmers to compete in the global market. With nearly \$35.5 billion in exports, Canada is the world's fifth-largest exporter of agriculture and food products. Over 90% - nearly 210,000- of Canada's farmers are dependent on exports; their viability depends on the sale of products that are either exported or sold domestically at international prices. This is why the Grain Growers is supportive of the Federal Government's aggressive trade agenda and agrees that trade is a key tool to continued economic recovery and growth. But as new markets for Canadian farmers continue to be opened up it is time to re-asses the importance of agriculture and the research that is needed for Canadian farmers to compete on a global scale. The seed and the inputs Canadian farmers use needs to remain competitive and also take into consideration our shorter growing season and unique climactic conditions. So when our trade competitors are ramping up their research, we must do the same. According to an innovation research report done by the University of Saskatchewan, the United States' and the European Union's "research intensity" has been increasing in recent years. And other countries such as South Korea's and Japan's agriculture research budgets are also increasing even more significantly that the US and the EU. Another concern is that there is a danger of agriculture becoming lost within a larger innovation agenda. With competing technological interests vying for research and innovation dollars, we stress the need that agriculture specific public research not be neglected or lost within a well-meaning larger agenda. Agriculture research dollars should not be short shifted, at a time when the numbers prove that agriculture is a growth area for the Canadian economy.

2. Job Creation

As Canadian companies face pressures resulting from such factors as uncertainty about the U.S. economic recovery, a sovereign debt crisis in Europe, and competition from a number of developed and developing countries, what specific federal actions do you believe should be taken to promote job creation in Canada, including that which occurs as a result of enhanced internal and international trade?

Agriculture remains a driving force of the Canadian economy. The agriculture industry is responsible for more than 9% of Canada's GDP and over 2.3 million jobs representing 13% of all employment in Canada. Taking the viability and productivity of the agriculture sector into consideration, along with the world's rapidly growing population, it is of strategic importance to Canada that agriculture research remains the highest priority for the Federal Government. It makes sense for the Federal Government to invest in the agriculture industry because it is a growth industry now and in the future. Recent issues like food prices, food safety, biofuels and sustainability have created new public interest in agriculture. Reports from many different sources indicate that food supplies need to dramatically increase to meet growing world demand. The United Nations, Forum on Food has said that farmers will need to produce as much food in the next 50 years as has been produced in the previous 10,000 years. The FAO has further identified food production will have to increase 70 percent by 2050 as the world population is expected to expand to 9.1 billion from the current 6.8 billion. And as the world economy improves, world wide demand for food will continue to increase. Rising demand for food and animal-feed in developing countries continues to rapidly increase. Two years ago, China went from being a net exporter of corn to a net importer. Corn futures have more than tripled in the decade through 2011 while inventories fell to a 38 year- low last year. Going forward, it is also expected that global grain and oilseed demand will increase as much as 3.5 percent a year. The growing global middle class demand for food means that agriculture is an industry that is expanding rapidly, needing some support in the form of research in order to help it keep pace. And it also means that any Federal support or investment in the Canadian agriculture industry is a win/win for the economy and the taxpayer paying dividends in new jobs for Canadians.

3. Demographic Change

What specific federal measures do you think should be implemented to help the country address the consequences of, and challenges associated with, the aging of the Canadian population and of skills shortages?

There are many factors related to the recent Statistics Canada report that shows Canadian farmers are getting older. To encourage the next generation to become involved in agriculture, there is a growing need for the Federal Government to work with industry and provincial governments in highlighting the fact that agriculture has gone high-tech and so have the agriculture related jobs. The need is there because private seed and input related companies require educated young people focussed on science to fill their job vacancies. Currently, many companies have to recruit science focussed students from foreign countries to fill jobs here in Canada. Agriculture Canada (AAFC) and/or Human Resources and Skills Canada (HRSDC) need to work with private companies, provincial public school systems and agriculture secondary institutions to better inform students of the exciting science opportunities involved in the agriculture industry. In addition to this, the Federal Government could also play a part in better networking private companies with agriculture colleges, to improve communication regarding the skills Canadian companies require from Canadian agriculture graduates.

4. Productivity

With labour market challenges arising in part as a result of the aging of Canada's population and an ongoing focus on the actions needed for competitiveness, what specific federal initiatives are needed in order to increase productivity in Canada?

Investment in research and innovation is essential to increase Canadian farmers' productivity. Canadian farmers are today producing more food with fewer resources than ever before. It has actually been new research discoveries and new technology that have made this possible, but Canada cannot risk losing its agriculture competitive edge. With increased world demand, Canadian farmers can and will take it to the next level only with more and better research. Private sector research, levy funded research, public/private partnerships all have an important role to play in agricultural research today. By no means does this negate the need for public research. In fact, it points to the need for it to continue and that it needs to increase and expand. When you are talking about productivity, public research will always be needed to fill the gaps. Without it, there is a risk of agriculture research becoming "too specialized" and there could also end up being an absence of linkages between research - that in the past have contributed to important discoveries that have vastly improved farmers productivity. One obvious example is the historic public research discoveries that led to the development of canola - Canadian science developed the original rapeseed to become canola - the most profitable crop we have ever seen in our country. Because of non-profitability to private companies, many important areas of research do not fit within the auspices of private research. To meet consumer demands and export needs, Canadian farmers today are diversifying by growing crops that haven't been grown in Canada before. These newer, smaller volume, specialty crops need public research attention, even if private companies do not view research as profitable in these areas. Farmers also need regional specific public research addressing Canada's unique climate challenges because, once again, this agriculture research is greatly needed and will help increase Canadian farmers' productivity but is not necessarily profitable for private companies. In addition to this, there is a public good aspect of research that needs to be acknowledged. And, as seen in the example of spray technology research that was recently cut in the last Federal budget, the public good and productivity are not mutually exclusive. In the past, this valuable spray technology research reduced farmer input costs significantly, directly affecting farm-gate returns, as farmers go over our fields pre-season, once or twice during the season and sometimes post-season - making spraying one of the most labour intensive and costly operations for farmers. Using less spray means greater productivity for farmers and it is also better for the environment which is very important to Canadian farmers.

5. Other Challenges

With some Canadian individuals, businesses and communities facing particular challenges at this time, in your view, who is facing the most challenges, what are the challenges that are being faced and what specific federal actions are needed to address these challenges?

In addition to the need for more research funding, many farmers are concerned about potential changes and cuts to the AgriStability program, which is part of the Government's Growing Forward II suite of programs. Due to the current Government's hard work, AgriStability has become a valuable tool in the farmers' business risk management toolbox. It has become a program that farmers count on. And from the Government's perspective, it is a program that saves money, as it prevents the creation of new and costly short-sighted, ad-hoc programming for Canadian farmers. GGC is in favour of maintaining current agreed-upon support levels for the AgriStability program and we are strongly opposed to any arbitrary cuts. For the most part, commodity prices have been good for most crops over the last few years. And we do appreciate that Federal and Provincial Governments and even farmers never anticipated the rapidly increasing margins when these programs were designed. Even so, farmers should not be

punished for having a couple of good years. After years of work, the kinks are being worked out of AgriStability and it is finally becoming more effective for farmers. So it is disappointing to see governments looking to cut this program at this point in time. A lot of these margins are banked on by farmers for their personal and farm finances so this will definitely upset farmers across Canada. Changing the AgriStability program by decreasing support at this point in time would in effect negate farmers' input into the lengthy ongoing GFII consultations to date. While we strongly support effective BRM programs that work in times of downturns, we are open to consulting with the Government on how to make the programs better. Options like reinsurance for example could be investigated to free up available monies for investment in research. Over the years, the Grain Growers have repeatedly stressed the need for more insurance and re-insurance based models to control financial exposure to our Governments. We have also advocated for more money into crop research programs. Because more research into crop stresses like drought for example, will mean better varieties and traits Canadian farmers need to withstand drought and other Canadian weather conditions and this will in turn mean less risk to our farm support programs.