



National Farmers Union
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**National Farmers Union submission to the House of Commons Standing Committee on Finance
Pre-Budget Consultations in Advance of the 2017 Budget
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The National Farmers Union (NFU) welcomes the opportunity to contribute to the Finance Committee's pre-budget consultations. 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 works toward the development of economic and social 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.

The NFU recommendations aim to advance the individual and collective prosperity family farmers and promote the valuable contributions of farmers to the economic, social and ecological health of Canada and Canadians.

Key Points:

- ◆ Rebuild agriculture research capacity and add new capacity to address climate change
- ◆ Prioritize public interest agriculture research
- ◆ Return the Port of Churchill to public ownership
- ◆ Restore Canadian Grain Commission's funding to pre-2012 level
- ◆ Implement a Producer Car Receiver under the CGC's authority
- ◆ Reduce demand for safety-net payments by championing orderly marketing institutions
- ◆ Assist young farmers to become next generation of family farmers
- ◆ Improved quality of life in rural communities
- ◆ Reopen all prison farms and restore funding to prison farm programs
- ◆ Establish a national extension program to promote adoption of climate-friendly practices

Research capacity

Canadian public sector agriculture research capacity needs to be rebuilt. Canada's agriculture research institutions have suffered severe funding cutbacks and numerous closures in the past decade. The previous government eliminated over five hundred agriculture research positions between 2012 and 2015. Valuable research institutions and field research stations were closed in every region, impairing Canada's ability to respond to emerging and urgent challenges. Public assets and responsibilities were irresponsibly transferred to

the private sector. The task of restoring Canada's public interest scientific and technical capacity in agriculture is both large and urgent, and will require significant resources.

Budget 2017 should restore Agriculture and Agri Food Canada's (AAFC) research funding at least to pre-2012 levels, adjusted for inflation. The NFU recognizes recent federal investments in research facilities, and we urge the government to also increase investment in the people who work in these buildings. Additional funding is required to rebuild scientific, technical and support staff capacity in the face of generational turn-over, past lay-offs and lack of hiring over the past decade. A shortage of both seasonal and permanent technical staff is hampering progress at many AAFC facilities. New funding is required to advance the research needed to address climate change mitigation and adaptation in agriculture. We would like the Committee to know that farmers are committed partners in research. For example, farmers have invested around \$80 million in agriculture research over the last 30 years through their contributions to the Western Grain Research Foundation (WGRF).

In plant breeding, it is essential that AAFC reinstate the policy to take Hard Red Spring Wheat class to full variety registration. Germplasm should not be privatized. Public funding should not be used for the development of genetically modified organisms.

Budget 2016 provided considerable support to agricultural genomic research. The information generated from this investment needs to be kept in the public domain, not subject to intellectual property rights claims that would be a barrier to researchers using the data.

The WGRF has identified serious gaps in Canada's capacity for agronomic research, which need to be corrected through public investment. To address climate change, money needs to be allocated to develop and improve low-input farming methods, including the use of crop rotations and biodiversity strategies for weed and disease management as well as life-cycle analysis of energy flows within various crop production systems. Budget 2017 should fund research aimed at better understanding the biological processes that increase soil carbon. Research dollars need to be allocated to support whole farm and on-farm research with farmer-researcher participants.

To meet our Paris Agreement commitments, Canada's farmers will require low-emission farm equipment such as battery-electric small and medium-sized tractors and other farm machinery, and, perhaps, hydrogen powered larger tractors. Canada has expertise in battery-electric and hydrogen fueled buses and our industrial sector includes world-class farm machinery and tractor makers. Budget 2017 should promote synergistic innovation by supporting research and development on low-emission agricultural machinery.

Granting programs that require researchers to find matching funds from private-sector partners should be reviewed. Rising concentration of ownership in agribusiness means that a few large corporations are increasingly able to direct Canada's 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 2017 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.

Agriculture Institutions

The Port of Churchill is a strategic asset for Canada. It was built in the 1930s, owned and operated by a federal crown corporation. It has played a vital role in bringing prairie grains to market, alleviating bottlenecks in years with bumper crops and providing a \$10-25/tonne freight advantage to eastern Saskatchewan and western Manitoban farmers. In 1997 it was sold to Omnitrax, a private US-based company, along with the rail line that connects the port to La Pas, MB. In July 2016, Omnitrax closed the port without advance notice, eliminating this valuable shipping option. Without grain traffic, the railway’s future is also in doubt. The NFU calls upon the federal government to take back ownership of the Port of Churchill and the Hudson’s Bay Railway and guarantee continued investment in these strategic assets. With the right plan, including a grain marketing agency that would ensure a 500,000 tonne annual throughput, the Port can be a thriving entity that supports the prosperity of thousands of people and hundreds of businesses in the town of Churchill, the communities along the rail line and the farmers in the Churchill catch basin.

The NFU recommends that the Canadian Grain Commission (CGC) budget be returned to its pre-2012 level, adjusted for inflation. We urge the federal government to reinstate inward inspection and to 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.

The NFU recommends that the federal budget recognize the importance of farmer-controlled marketing institutions for farmer and rural prosperity. Elimination of provincial single desk hog marketing agencies has resulted in dependence on export markets and exposure to such price volatility that the hog sector is now highly dependent on safety-net programs, a cost to Canadian taxpayers. The farmer-directed single desk Canadian Wheat Board formerly provided equitable market access, premium prices and a powerful voice of advocacy for western wheat and barley farmers. Its destruction has reduced farmers’ income potential, increasing the need for safety-net payouts.

The NFU again calls upon the federal government to do a complete public audit of the Canadian Wheat Board’s finances for the period from December 2011 when the farmer-elected CWB directors were dismissed until its assets were privatized in a transaction that apparently transferred ownership to G3 without any payment to Canada by the new owners.

The NFU calls upon the Finance Committee to bear in mind the value of our Supply Management system, not only to the individual farmers involved, but also to their communities and the 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. This system has proven its worth to farmers, consumers and the public treasury alike. The Finance Committee should use its voice to promote the continued viability of our supply management system, if only to avoid spending on the massive subsidy payments required in countries where dairy production has been deregulated.

Next Generation of Farmers

The average age of farmers in Canada is rising and the number of farmers under age 35 is falling. We are in the midst of a crisis in inter-generational transfer. There is an urgent need for measures to assist young people to begin and continue farming. Measures to promote sustainable incomes for all farmers will help young people choose farming as an economically viable career. Beginning farmers require mentorship and training, as well as assistance in gaining access to land, especially options for secure land tenure that do not involve crippling debts.

The NFU recommends the federal government develop mechanisms for farm family intergenerational land transfers that do not rely on loans and interest payments. Fiscal measures should be created that would promote community-based financing options and community-owned land trusts and land banks to ensure food production by local farmers. 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.

Investment in social and physical infrastructure of rural communities will provide a more attractive quality of life and contribute to the success of young people choose to become family farmers. We recommend that Budget 2017 provide funds to rural communities to support social infrastructure development to overcome isolation farmers and other residents of small communities increasingly experience due to Canada's population becoming more urbanized and centralized.

Prison Farms

The NFU is encouraged by steps being taken towards reopening the prison farms. All six federal penitentiary prison farms made valuable contributions to their local agricultural communities. Working on these farms has made a profound difference in many prisoners' lives. Their future potential as agriculture workers is just one of the many benefits of these programs. We recommend that all prison farms closed by the previous government be restored and reopened and that prison farm programs be fully funded in 2017.

Climate change

Farmers depend upon a favourable climate and weather conditions to earn a livelihood. We need climate stability to produce our crops, raise our livestock and maintain the health of our agriculture ecosystem – and to provide the food Canadians eat. We are also in a position to make significant impact on Canada's carbon footprint by changing our agricultural practices. Both adaptation and mitigation are required for agriculture to play its part in preventing catastrophic climate change and for food production and farmer livelihoods to be maintained into the increasingly uncertain climate future.

Programs should be created 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.

Budget 2017 should give priority to funding effective research and extension to reduce emissions from livestock production, reduce nitrogen fertilizer use, promote adoption of low input production methods, use effective soil carbon enhancing production methods, and promote on-farm energy conservation practices. Currently, farmers get much of their information from the companies that sell farm inputs—fertilizers, chemicals, seeds, and other products. Farmers need an alternative source of practical information, as the commercial agriculture sector has no incentive to provide this kind of information. Budget 2017 needs to establish an effective, national agriculture extension program to ensure Canada's farmers community has the tools they need to contribute to meeting Canada's greenhouse gas reduction targets.

Respectfully submitted by

The National Farmers Union