



Canadian Cattlemen's Association

Written Submission for Pre-Budget Consultations in Advance of the 2020 Budget

Recommendations

1. Increase the capacity and efficiency of trade through establishing trade advancements through Comprehensive and Progressive Agreement for Trans-Pacific Partnership expansion, implementing further regulatory reduction and cooperation in North America, expanding trade optimizing protocols with Europe and further exploring agriculture trade opportunity with other countries.
2. Financially invest in an Export Development Fund in support of sustainable trade for Canadian beef and establish a trade-focused working group alongside or in coordination with the Canola Market Access group.
3. Strategically invest in science and innovation through enhanced long-term funding for applied agricultural production research through programs like the science clusters and maintain, strengthen and modernize Agriculture and Agri-Food Canada's internal research capacity and funding for high risk discovery research.
4. Enhance the economic resiliency of the Canadian beef industry by establishing a national cattle price insurance program, making changes to the livestock tax deferral program and increasing access to labour, including through the Agri-Food Immigration Pilot.
5. Strengthen our ability to respond and proactively address animal health and care through exploring the creation of a national Foot and Mouth Disease vaccine bank and supporting the Animal Health Canada initiative to proactively address the absolute threat of a foreign animal disease outbreak.
6. Build strong rural communities through investing in broadband internet, rural mental health and infrastructure and services.
7. Support sustainable Canadian agriculture production and healthy eating.

Introduction

The Canadian Cattlemen's Association (CCA) represents Canada's 60,000 beef operations and is pleased to provide the Standing Committee on Finance with recommendations on how to further position the beef industry as a key sector of both economic and environmentally sustainable growth in Canada.

The Canadian beef industry contributes \$9 billion in farm cash receipts and contributes \$17 billion to Canadian Gross Domestic Product (GDP) while generating 228,000 jobs. It supports strong rural communities and is the largest Canadian conserver of the Great Northern Plains, an endangered ecosystem. The combination of Canada's progressive and sustainable farmers and ranchers, the ideal Canadian landscape for livestock production, which generally cannot be used for other agricultural uses, and strong global meat demand, sets the Canadian beef industry in a positive position for further expansion.

Canadian cattle producers understand the need to raise more beef using fewer resources while sustainably managing 44.2 million acres of grasslands. The Canadian beef industry greenhouse gas footprint is less than half the world average and one of the lowest in the world. Further, pasture and grazing land managed by the Canadian beef industry provides 1.5 billion tonnes of carbon sequestration annually. Canadian beef producers continually strive to be a global leader in sustainable beef production and look to be a partner in dually achieving Canada's economic and environmental targets. Through responsible stewardship of Canada's natural resources, the Canadian beef industry will continue to contribute to the growth of Canada's green economy.

Trade

The Canadian beef industry is a world leader in the sustainable production of high-quality beef and 50% of Canadian beef is exported into over 58 countries around the world. CCA is pleased with the work the Government is doing to improve market access, including with Europe, Asia and North America. For sectors like Canadian beef to benefit from this progress, there needs to be enforceable rules-based trade. CCA recommends further regulatory reduction and cooperation within the North American Market and to pursue tariff reductions and further access for Canadian beef around the world.

Potential trade impediments represent significant business risk for export dependent sectors. The June 25, 2019 halt of Canadian meat exports to China following a near quadrupling of shipments is a recent example. We should assume that as we become successful in export markets, the risk and losses of future disruptions will continue to grow. To mitigate the effect of such events, CCA is asking for significant priority and financial investment to be placed in an Export Development Fund in support of sustainable trade for the Canadian beef industry. We envision the Export Development Fund being a shared investment and initiative between Government and industry that would focus on recovery from the economic impact while also looking forward to future market access opportunities and diversification. With strategic investments, the fund will benefit the future of the 228,000 individuals supported by the Canadian beef industry and the future of the Canadian economy as the beef industry is Canada's largest agriculture sector contributing \$17 billion to Canadian GDP.

In addition to the Export Development Fund, the CCA recommends establishing a working group alongside or in coordination with the Canola Market Access group to maintain priority and help guide Canada through times of trade disruption.

Innovation

The Canadian beef industry has a tremendous opportunity to increase productivity and grow production and exports to capture emerging trade opportunities and support broader economic growth. Investments in research are integral to sustainably advance Canadian cattle, beef and forage production to fulfill growing global beef demand, while enhancing competitiveness, sustainability and public trust. CCA recommends the Government increase applied agriculture research funding investments, through programs like the Science Clusters, to overcome current program limits and ensure meaningful advances in innovation.

Canada's beef industry has the opportunity to continually improve productivity and its environmental performance, including continued reductions in greenhouse gas emissions and water use, while maintaining stewardship of air, water and soil resources. Continual innovation within the Canadian beef industry not only benefits producers and the economy but ensures the maintenance of crucial grasslands that contribute to carbon sequestration, biodiversity, and wildlife habitat.

To ensure a thriving and sustainable agricultural industry, CCA recommends the Government maintain and strengthen Agriculture and Agri-Food Canada's internal research capacity and infrastructure. Strengthening funding for long-term, high risk discovery research is also critical to take advantage of new opportunities presented by emerging technologies.

Economic Resiliency

The Canadian beef industry proved its economic resiliency in the early 2000's, which included a severe drought in 2002 and BSE market closures in 2003. In addition to demonstrating its ability to survive hard times the industry was able to push forward but has struggled to grow. While the beef sector is the largest contributor to Canadian farm cash receipts today, there is much greater unrealized potential. The availability of the suite of business risk management (BRM) and assurance programs offered by Agriculture and Agri-Food Canada has and will continue to have imperative value to the Canadian beef sector. These programs are crucial and should continue to be funded, particularly as extreme weather continues to effect our agricultural environment. Along with access to global markets, there are three additional key areas that will fuel the economic growth of the beef sector in Canada; increasing access to labour, adjusting the livestock tax deferral program and a sufficiently funded business risk management suite that is responsive to beef cattle producers. CCA recommends the Government ensure the new Agri-Food Immigration Pilot achieves its objective of filling labour shortages so that Canadian beef producers can realize export potential.

Unforeseen animal disease outbreaks and extreme weather challenges such as drought, flooding or fires can impact a producer's ability to maintain and sustain their herd. To respond to animal disease outbreaks, CCA asks the Government to explore the creation of a national Foot and Mouth Disease vaccine bank and supporting the Animal Health Canada initiative to proactively address the absolute threat of a foreign animal disease outbreak. Further, these unexpected events often force producers to sell animals such as calves, and breeding stock earlier than anticipated, resulting in more than one sale in a fiscal year. Producers need timely tools to ensure the resilience of their operation. Delays or regions deemed ineligible by Finance Canada in determining when income deferral can be applied to drought situations has made that mechanism not always useful for management decisions.

CCA is asking for modifications to the Livestock Tax Deferral Provision to allow for the individual driven election of partial income deferral when producer incomes are artificially inflated by forced sales due to extreme challenges. This would allow the provision to function as a BRM tool for Canada's beef cattle producers. CCA recommends the Government ensure the suite of BRM programs adequately address the risks faced by Canadian beef cattle producers. Improvements to pasture/forage insurance, removing the Reference Margin Limit under AgriStability and expanding the availability of price insurance beyond western Canada would enhance BRM program equity and allow beef producers to better manage risk.

Strong Rural Communities

Canada has a wealth of renewable natural resources that drive a significant portion of our national economy. To access the building blocks of our renewable natural resources economy, people must be willing and eager to live and work in Canada's rural communities. Despite contributing largely to the foundations of the national economy, while caretaking for the environment and sustainable agricultural land, rural communities struggle to maintain integral rural services and infrastructure due to their small tax base. CCA recommends committing essential financial investments in rural and sustainable agriculture infrastructure that include schools, health care, roads, bridges, expanding rural broadband internet access, and flood mitigation. These investments will ensure rural Canada remains an attractive place to live and work, and ensure Canada's vast environment is sustained.

Sustainable Agriculture and Agri-Food

Balancing the demand for natural resources, an increased food supply and enhanced conservation values requires wise and adaptable management. New and innovative thinking, outside of regulations, is needed to develop creative approaches to building sustainable agriculture landscapes.

The Canadian beef industry is a steward and protector of much of Canada's iconic grassland ecosystem, a resource that is disappearing at an alarming rate. In recent years, the beef industry has partnered with the environmental community to work together on collaborative solutions that will conserve these lands for future generations of beef producers and Canadians. The CCA supports market growth and environmental sustainability by recommending that the Government direct resources into innovative land management tools, conservation programming and partnerships. The CCA advocates for Government to reduce consequential effects of Canada's obligations under global climate and biodiversity agreements. Embracing these recommendations will increase the resilience of the grassland ecosystem, improve biodiversity conservation and wildlife habitat in addition to meeting the public's demand for environmentally sustainable food production.

To support healthy sustainable food, the CCA supports work to increase science-based knowledge and implementation of healthy eating for Canadians. The CCA emphasizes that any development of initiatives to support healthy eating be based on balanced scientific evidence and include options of healthy proteins such as lean meat. In regard to reducing the Canadian footprint, the CCA recommends a focus on reducing food waste at all levels of consumption and production.

Conclusion

There is an enormous optimism for the future of sustainably raising cattle in Canada. Nonetheless, even producers that carefully manage their operations and adjust to market conditions can be squeezed by uncontrollable factors such as unnecessary government regulation, disastrous weather events, a volatile currency or a foreign animal disease outbreak.

Cattle producers need government to work cooperatively with the sector when making policy changes. Across all of our recommendations is an underlining ask for regulatory reduction and improved regulatory efficiency. The Report of Canada's Economic Strategy Tables on Agri-food outlined examples and recommendations regarding the need for and how to reduce the regulatory burden placed on the agri-food industry. CCA supports utilizing this report to implement the recommended regulatory reduction changes.

The Canadian beef industry is well positioned to grow Canada's economy and support strong rural communities and conservation outcomes from the agricultural landscape. If there are any questions, please do not hesitate to contact Fawn Jackson, Senior Manager of Government and International Affairs (jacksonf@cattle.ca). Additionally, the CCA would welcome the opportunity to appear before the Standing Committee on Finance, once Parliament reconvenes after the 2019 Federal Election.