



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

**Submitted by: Turkey Farmers of Canada**

August 7, 2020

## Summary of Recommendations

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**Recommendation 1:** That the government provide mitigation funding for poultry and egg farmers due to them for access granted to the domestic market under CPTPP and CUSMA Agreements.

**Recommendation 2:** That the government adjust the Business Risk Management (BRM) programs to better work for farmers during a time of need.

## About Turkey Farmers of Canada

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Turkey Farmers of Canada (TFC) was created by proclamation of the Canadian Parliament under the federal *Farm Products Agencies Act (FPAA)* in 1974, as the Canadian Turkey Marketing Agency (CTMA).

A primary responsibility of TFC is to ensure our farmers produce the right amount of turkey to meet consumer needs while obtaining a fair return on their labour and investment, through the national system of supply management. TFC works with farmers, processors and further processors to determine anticipated market requirements and it is the responsibility of TFC to set production levels accordingly, in accordance with the *Farm Products Agencies Act (FPAA)* and the *Federal-Provincial Agreement for the Marketing of Turkey in Canada (FPA)*. In that capacity, TFC represents the interests of Canadian turkey farmers and of the sector generally, in collaboration with downstream stakeholders.

The intent of supply management, is to create market stability for turkey farmers, while matching what is grown to domestic consumer demand. Supply management ensures that consumers have access to a reliable supply of safe, high-quality Canadian turkey products at reasonable prices, year-round.

TFC represents over 530 farmers across the country in our eight member provinces, from Nova Scotia to British Colombia, the turkey industry generates \$4.0 billion in economic activity annually and supports over 16,000 jobs across rural and urban centres. The turkey industry also contributes over \$1.2 billion to Canada's Gross Domestic Product (GDP), and generates \$400 million in annual farm sales.

### Market Update

TFC appreciates the work that the government has done in response to COVID-19 to ensure food security for Canadians. Due to COVID-19 turkey farmers and processors are struggling with market changes, increased costs, and the possibility of processing plant closures. While the turkey sector saw a temporary surge in demand at the retail level, processors have now seen a reduction in total turkey sales as compared to last year, due to reduced sales in foodservice and at full service retail deli counters.

TFC reduced production by 7% to respond to difficulties in the supply chain directly due to COVID-19, impacting farmers and processors significantly.

TFC appreciates the opportunity to provide input to the House of Commons Standing Committee on Finance on the pre-budget consultations. TFC's 2021 pre-budget recommendations are reflective of difficulties experienced by turkey farmers from both COVID-19 and from concessions granted in recent trade agreements. These recommendations are for ensuring long-term economic stability on farm, to support our rural communities and help provide a continuous supply of Canadian turkey products to consumers.

## Recommendations

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**Recommendation 1: That the government provide mitigation funding for poultry and egg farmers due to them for access granted to the domestic market under CPTPP and CUSMA Agreements.**

COVID-19 has only added to the uncertainty Canadian turkey farmers are facing as the Canada-United States-Mexico Agreement (CUSMA) has recently been implemented, and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) is now in year three of implementation. While poultry and egg farmers have been expecting an announcement of funding to mitigate the impacts resulting from concessions granted under CPTPP and CUSMA, this has yet to be made.

Recommendations on programing was put forward to the federal government through the Poultry Working Group in spring 2019 and the lack of movement on this commitment is concerning. The government, through the Minister of Agriculture and Agri-Food, promised that an announcement would be made by June 2019, based on Budget 2019. Mitigation support was again promised following the Federal Election in the Minister of Agriculture and Agri-Food's mandate letter and in the Speech from the Throne.

Once signed and in force, the CPTPP agreement alone will provide a 71% increase in import access to the Canadian turkey market, which is expected to displace any natural growth in the domestic market and therefore Canadian turkey production for the next 10 years. That loss in production is permanent. As a result of CUSMA, Canada's combined market access commitment for turkey under the CPTPP, WTO/CUSMA will almost double (i.e., 71% increase under CPTPP and 18% under CUSMA). With no way to offset rising production costs through increased throughput, turkey farmers will face a significant income loss.

TFC recommends, as part of the Poultry Working Group on Mitigation, funding to support our industries as they adjust to increased competition from CPTPP and CUSMA in the form of Market Development financial support and the development of an investment incentive program. This would allow the industry to grow domestic market demand, so it can absorb the increase in imports and allow for Canadian producers to also increase their production. These recommended programs would represent an investment in our sector of Canadian agriculture and agri-food.

TFC is also recommending that these programs commence in the 2021 budget year, so the poultry and egg sector can prepare now for the implications of an import surge once CPTPP market access is utilized. There is no reason to delay further.

**Recommendation 2: That the government adjust Business Risk Management (BRM) programs to better work for farmers during a time of need.**

Due to the COVID-19 pandemic, existing issues within the Business Risk Management (BRM) suite of programs have been exposed. Turkey farmers across Canada have been faced with significant costs, lost revenue and the potential of depopulating flocks due to issues in the supply chain during the pandemic. Without doubt, COVID-19 will have long-term impacts on Canada's entire agriculture and agri-food sector. Adjustments need to be made to these programs, so producers can access them during times of need.

BRM programs offer some limited options for turkey producers, but not all will qualify and they are not fully effective in the context of this pandemic; the suite was not designed for such extreme circumstances. AgriStability was designed to address fluctuations in farm income and does not provide the support required to offset a disaster situation within the turkey supply chain. AgriRecovery does not cover all costs of the loss of a flock and the poultry and egg sectors are not eligible for AgriInvest.

These specific issues are felt by the turkey industry, however, the whole agriculture sector is in need of updated BRM programming to create better stability and flexibility in accessing these programs.

TFC recommends that the federal government brings this to the Federal/Provincial/Territorial meeting in October to initiate change to the BRM programs. We also recommend, as proposed by the Canadian Federation of Agriculture (CFA), an increase to the AgriStability Coverage to an 85% payment trigger, while removing the reference margin limit.

**In Conclusion**

TFC appreciates the work done to date by the federal government on providing support for farmers during the global pandemic.

Turkey farmers remain committed to raising turkeys in order to provide a nutritious and safe protein to Canadian consumers, and are calling on the federal government to include full and fair trade mitigation support for the poultry and egg sector in the 2021 budget, as well as further BRM reform. We feel the above recommendations to the Standing Committee on Finance are essential to the long-term economic stability of our sector.