

Pre-FPT Minister Meeting Consultation

July 10, 2019

Keystone Agricultural Producers (KAP) is Manitoba's general farm policy organization, representing and promoting the interests of agricultural producers in Manitoba. KAP works for farmers by advocating for policies that will keep Manitoba's agriculture industry profitable, sustainable, and globally competitive. KAP policy is developed by farmers and commodity group members representing all agricultural commodities and all regions of Manitoba. This document will provide an overview and assessment of key policy areas Manitoba farmers would like to see addressed at the upcoming FPT conference.

To preface this document, and to note an underlying theme for all farm policy, there must be an acknowledgement that farmers are price takers; they are confined by the cost of inputs, land prices, and fluctuating markets where commodity prices are set. According to Statistics Canada, realized net farm income in Canada fell by 45% in 2018, which is the largest decrease since 2006. In Manitoba, farmers' net farm income fell by 54%. The main factors contributing to this steep decline are minimal gains in farm cash receipts and larger increases in input costs and interest.

Climate change, trade disputes, and increasing costs have created new challenges for agricultural producers to overcome in their effort to sustainably manage their farms. This is essential both for the livelihoods of individual farmers, but also for the broader Manitoba economy as a stable primary production industry is critical to the long term success of the industries that rely on farmers' investments. Therefore it is the responsibility of government to support farmers in their efforts to mitigate risk, and build more resilient operations.

Trade and Market Access

According to the Canadian Agri-Food Trade Alliance, Canada is the fifth largest agricultural exporter in the world, exporting \$56 billion a year in agriculture and agri-food products. The Advisory Council on Economic Growth (the Barton Report) would see those export numbers increased by 2.3% by 2025 to position Canada as the world's second largest exporter of agricultural products after the United States. Based on the Council's analysis, the Government of Canada set targets in Budget 2017 to grow Canada's agri-food exports to at least \$75 billion annually by 2025. These ambitious targets cannot be met by continuing with the status quo. Both levels of government must take an active role in promoting Canadian agriculture and agri-

food products, reducing regulatory burdens, and securing trade agreements in order to meet the prescribed targets.

There are currently a number of global trade disputes hindering Canadian farmers' ability to market their commodities. The most notable is the current situation regarding canola seed exports to China. According to the Canola Council of Canada, China has accounted for approximately 40% of all Canadian canola seed, oil, and meal exports which in 2018 were worth \$2.7 billion. Losing the Chinese market has significant implications for Manitoba farmers including making last minute changes to a seeding plan (which in turn means potentially a change in inputs, land use, and equipment), and being forced to seek new markets. This situation highlights the importance of market diversification and ensuring that trade rules and agreements are adhered to by Canada's trading partners.

Farmers need assurance that trade agreements won't be altered, and they must have confidence in Canada's ability to look for new markets, establish new agreements, and ensure all requirements within agreements are followed. Producers will make decisions regarding operational expansion and commodity diversification based on access to markets; they need guarantees from government that specific provisions within trade deals will be upheld in order to be comfortable in making on-farm investments.

KAP policy states that world trade and access to provincial, national, and global markets is an essential component of food production. As marketplaces evolve and change due to consumer demands, climate variability, and trade disputes, among other factors, so too must government and industry assist farmers in adapting to these changes. Expanding trade opportunities and developing and diversifying preferential trade agreements with new markets, with an end goal of predictable trade, is necessary to ensure the sustainability and long term viability of agriculture in Manitoba.

Another key element necessary to support agricultural producers with market access and trade is the capacity to physically get their commodities to market. Well maintained and accessible transportation is vital to all producers. This includes roads and bridges that can accommodate farm equipment and provide access to processing infrastructure including elevators, auctions and crushing facilities. This also includes rail service that meets the needs of prairie farmers, provides adequate levels of service, and works with farmers, government and industry towards a cohesive and well run grain handling and transportation system.

Regulatory Reform

Agriculture is one of the most regulated industries in Canada. A robust regulatory environment aims to ensure that people are farming safely, with regard for the environment, and human and animal health. Issues arise when the regulatory regime within which farmers are working becomes overly burdensome and farmers are unable to get their jobs done efficiently and cost effectively.

As agriculture is a unique industry, there are ways in which government can work towards achieving a regulatory balance that would specifically benefit the sector. These include prioritizing initiatives aimed at making regulatory environments more efficient, and supporting agriculture by ensuring the Canadian public (and trade partners) are aware of farmers adherence to the strict regulatory environment within which they work.

Furthermore, KAP encourages government to conduct real consultations with industry and stakeholders during off peak times. To optimize farmers' input into the consultation process, consideration should be given, as much as possible, to farmers' schedules including seeding and harvest. As well, KAP would like to see government communicating decisions that are already made in order to facilitate a genuine, fact based and analytical consultation process.

Animal Health and Emergency Management

Animal health emergencies can have significant public health, animal health, environmental, public trust, and economic impacts. In Manitoba, Porcine Epidemic Diarrhea virus (PEDv) has affected over 90 farms and many farmers have been forced to cull their herds as a result. KAP has worked with the Manitoba Pork Council through messaging, connecting with farmers, and developing biosecurity policies. It is critical when dealing with animal health emergencies that all levels of government and industry work together to develop solutions and prevent future incidents.

The Canadian Animal Health Coalition (CAHC) developed a "Lessons Learned" document after the 2017 PEDv outbreak in Manitoba where they have outlined ways in which government can assist producers in times of an animal health crisis. These measures include, but are not limited to: specific coordination of activities, laboratory diagnostics, mapping and disease tracking, risk analysis, cataloguing information, staffing, and out-of-province communication. One of the overarching themes outlined by CAHC is the importance of collaboration between government and industry. Their report comments that there is a need to formalize the collaborative process and that, while many of the activities undertaken by the stakeholders to address the disease concerns in 2017 were beneficial, they happened informally and could be improved upon.

KAP has worked with stakeholders from both the grain and livestock sectors in developing biosecurity policies that can mitigate the impact of outbreaks and prevent future cases. KAP policy states that it is important to work with governments and industry to anticipate and prevent disease and pest outbreaks, and KAP supports the availability of information and the development of mitigation tools for new and emerging concerns.

Business Risk Management

To achieve the goal of sustainable growth, agriculture needs programs that provide financial stability and reduce fluctuations in income. Producer risk will continue to increase due to increasing market and trade risks, structural changes in the industry, increasing costs of inputs, climate change, and the need for a rapid response when situations arise. Higher expenses and

decreased crop receipts are pushing farm income lower. In Manitoba, as stated earlier, net farm income fell from \$1,191.80 million in 2017 to \$553.74 million in 2018. That significant decline will impact farmers as well as rural communities, as farmers won't be spending money on equipment, vehicles, and non-farming activities.

Agriculture, through the AgGrowth Coalition, has been advocating for a comprehensive reform of risk management programming. It is essential that government works in partnership with industry to establish the right policies and programs to better reflect modern farming needs in Canada. The recommendations from the AgGrowth Coalition (which is made up of farm organizations from across Canada) are:

- 1) Remove the reference margin limit in AgriStability as it significantly reduces the effectiveness and relevance of the program for many producers. In 2016, there were approximately 6,000 farmers enrolled in AgriStability in Manitoba, which is a 50% reduction in participation from 2007.
- 2) Increase margin coverage to 85% (from 70%) to more accurately reflect the losses that farmers are experiencing.
- 3) Implement changes recommended by the National Producer Advisory Committee (NPAC).
- 4) Examine options for enhancing production insurance for those sectors (horticulture, fruits and some livestock) that are inadequately or not covered.

Year One CAP Review

A dynamic and forward-thinking agricultural policy framework can assist farmers by helping manage financial risk, and farmers can also benefit from programming that can mitigate the impacts of climate change and risks that are more operational in nature. For example, the current suite of BMPs (Beneficial Management Practices) under Ag Action Manitoba offers farmers a broad range of potential improvements including: intercropping, barn odour reduction, pesticide storage, and sub-surface drainage water management.

KAP is supportive of an extensive BMP program and in turn promotes BMP participation to farmer members. In 2017 there were 76 Statements of Completion issued for Environmental Farm Plans, which are required in order to access BMP funding. After the announcement of the new suite of BMPs, that number rose to 305 in 2018-2019.

Unfortunately, farmers who have applied for BMPs in February 2019 have not yet been informed if their application was successful. Tight fiscal controls within the provincial government, in this case including spending that is already approved in the budget and for which 60% is covered by federal money, has resulted in lost opportunity. Many farmers have decided not to go ahead with their projects this summer because they have not received any communication regarding their application and time is running out. KAP would like to see the Governments of Canada and Manitoba review the bilateral agreement to ensure that federal

money that has been allocated to assist Manitoba's farmers in achieving their sustainability goals is being spent accordingly.

Food Policy for Canada

The introduction of a food policy in Canada is a positive step forward for improving the entire national food system. Agriculture plays an integral role in Canada's food system as farmers are responsible for the way food is produced, and concurrently are impacted by how and where food is processed and distributed. Food systems are interconnected and are vital to the well-being of communities. KAP is supportive of campaigns that encourage the purchase and consumption of locally produced foods. KAP also supports analysis and planning for improvements to the entire Canadian value chain. Given agriculture is essential within a food system, it is important that agricultural producers are represented on the Canadian Food Policy Advisory Council and that producers are consulted prior to implementing any significant changes to Canada's food system.

Labour

According to the Canadian Agricultural Human Resource Council (CAHRC), 16,500 jobs went unfilled in 2017, costing the sector \$2.9 billion in lost revenues. Manitoba has the third highest dependence on agricultural employment in Canada, with more than 3% of the workforce directly employed by the sector. Irrespective of Manitoba's dependence on agriculture employment, and agriculture's significant economic contribution to the provincial economy, 52% of farmers surveyed in 2017 were unable to hire all needed workers and estimated lost sales due to labour shortages in Manitoba cost the sector \$367 million. CAHRC forecasts that nationally the labour gap will reach 123,000 by 2029 (32% of forecasted labour demand). Without action by industry and government, labour challenges will continue in the agriculture sector in Manitoba to the detriment of farmers, the value chain, and the provincial economy.

CAHRC has identified the key labour challenges in Manitoba as:

- 1) Lack of workers with the right skills and experience;
- 2) Difficulty in retaining workers;
- 3) Workers not interested in moving to rural areas or travelling to farms from the city for work; and
- 4) An aging population of workers.

KAP supports the work CAHRC is doing, in particular their Workforce Action Plan which aims to address the critical concerns, labour shortages and skills requirements for all commodities in all regions of Canada.

KAP encourages programming and incentives that are robust and address the specific needs of agricultural producers and agricultural workers in the province. The 2017 Dairy Pilot Program

was a collaboration between Manitoba Education and Training, Manitoba Agriculture, and KAP focusing on recruitment and retention of dairy workers in the Steinbach area.

Interdepartmental partnerships as well as government and industry collaboration are needed to overcome the labour challenges experienced by agricultural producers in Manitoba. The introduction of human resource best management practices in primary agriculture would go a long way to improving labour retention. Basic practices consider job satisfaction, task variety, and staff development. Resources should be available to producers to gain the skills necessary to manage personnel.

In Summary

Agriculture continues to be an economic driver both provincially and federally and given the right tools and environment, that is expected to continue. To fully realize the potential benefits of a healthy agriculture sector, all levels of government must work together with industry and stakeholders in developing policies that facilitate a productive, resilient, and sustainable industry. Priorities include:

- Expand trade opportunities and develop and diversify preferential trade agreements with new markets.
- Ensure farmers have physical access to markets including well maintained roads and bridges, and a grain handling and transportation system that provides adequate and reliable levels of service.
- Create a regulatory environment that works for farmers and eliminates redundancies and cumbersome regulatory roadblocks.
- Assist industry during times of animal health crisis and emergencies.
- Develop business risk management policies and programs that reflect modern farming practices and are reliable for farmers.
- Ensure all programming, including environmental BMPs are delivered appropriately and in a timely manner to optimize farmer uptake and participation.
- Include agriculture in the development and implementation of a National Food Policy.
- Work with industry and stakeholders to close the labour gap.