



**YOUR FOOD,
YOUR FARMER**

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Messages from Canadian farmers,
October 2013



Research and Innovation

- **Producer driven applied research programs have been successful** – We have been pleased to see the continued funding of commodity focused science clusters. This will ensure that ‘close to market’ innovations are advanced and delivered to producers to help improve their competitiveness.

Recommendation:

- **A strategy to fund and undertake basic and discovery science needs to be developed** - Many of our current innovations and work done by science clusters are built on basic science and research undertaken 10-30 years ago. We need to work now to ensure the proper level of funding is supplied to basic research within government and universities and that our scientists are replaced with a new generation of scientists as they retire.

A Food Strategy for Canada

- To make sure Canadians have access to **healthy, fresh Canadian products**, to make sure we are taking care of **the environment**, for a **strong economy**, for **our kids and generations to come**, we need a long-term plan for our food system. Canada needs a National Food Strategy!
- Industry has taken the first step in moving towards finding broader solutions for the value-chain with the development of the National Food Strategy®. The NFS was developed to ensure a more holistic and strategic approach to food and agriculture to meet the needs of the food system and future generations, as well as the global community.
- The food system is not currently sustainable with 5-year policy development and budgetary cycles mandating its direction. A long-term plan, looking at all angles is necessary.

Recommendations:

- The time is ripe. The CFA and its members call on Government to **develop a national farm and food strategy**, as laid out in their election platform.
- For the sustainability of our food supply and food system, **federal agricultural and food policy must operate under a long-term plan** – under the objectives laid out in a National Food Strategy.

Food Processing and Temporary Foreign Workers

Predictable access to reliable labour is essential to Canadian processors. Without this labour, facilities must relocate or source product from other jurisdictions, **reducing a market that purchases 40% of Canadian farm products.**

Like farmers, Canada's processors look to hire Canadians first, but following lengthy recruitment efforts, **Canadian processors regularly struggle to find interested and able Canadian workers.**

Foreign workers welcome seasonal work in the agri-food sector, and despite their additional cost, they help overcome labour constraints that can affect their competitiveness and ultimately their ability to process Canadian farm products. These include:

1. Season – Horticultural farming and processing is seasonal and processors have weeks to process a full year's inventory.
2. Region – Canadians and their families are often unwilling to relocate for the seasonal positions offered in processing operations.
3. Work Environment – Few Canadians are willing to work in further processing and cold storage facilities.

While processors prefer to hire locally, Canadians will generally not leave their families for long periods of time to work in agriculture and agri-food situations. When they do accept employment, **turnover rates are high, as much as 35% in a week.**

Processors pay a premium for foreign workers, covering the additional costs of travel, food and accommodation. The advantage is that foreign workers have proven reliable in plant settings and many return year after year for decades.

Recommendations:

- Employment and Social Development Canada (ESDC) recognize the seasonal labour constraints facing many processing facilities and create an expedient application process to meet these urgent, seasonal labour needs through the low-skilled temporary foreign worker program.
- ESDC explore options to reduce the administrative burden and delays for those firms with established histories of domestic advertising and chronic labour shortages, such as through a 'trusted employer' status.

Restricted Farm Losses

Section 31 of the Income Tax Act sets out circumstances under which the taxpayer's losses will be restricted, "Where a taxpayer's chief source of income for a taxation year is neither farming nor a combination of farming and some other source of income."

This restriction, unique to agriculture, has remained a source of controversy and difficulty for many part-time farm operators until the 2012 Supreme Court decision in *Canada v. Craig*.

Craig provides a fair and accurate test that promotes agriculture to the next generation of Canadian farmers. **This included a comprehensive examination of a variety of factors to determine whether a farm was in fact the chief source of income or a component of that chief source.** If not, that farmer's ability to claim farm losses would then be restricted to a maximum of \$8,750.

However, the 2013 Federal Budget adopted the previous interpretation of this section, requiring subordinate off-farm income to claim all farm losses. **For new entrants, part-time operators and outside investors this unique restriction poses the following serious challenges:**

- A disincentive for potential new farmers considering entering the industry on a part-time basis,
- An additional financial difficulty for farm start-ups to overcome,
- A source of competitive inequality with similar farmers in other countries, and
- A discouragement for angel investors and venture capital getting involved with agricultural start-ups.

Recommendations:

- To ensure that **small, innovative operations continue to provide the next generation of Canadian farmers**, CFA recommends that the comprehensive income test outlined in *Canada v. Craig* be maintained.
- This investment in Canada's rural communities will lead to: **increased consumption spending; increased employment opportunities; and increased tax revenue.**

Access to Pesticide Products

- **Joint reviews of pesticide products have been successful** - We have been pleased by the efforts of the Pest Management Regulatory Agency to work on joint regulatory approvals with the USA to ensure Canadian farmers receive new pesticide products at the same time as their competitors.

Recommendations:

- We would like to see the development of an even more efficient regulatory process in the next iteration of the Regulatory Cooperation Council.
- **Recent cuts to PMRA are a cause for concern** – PMRA has had to make significant staffing cuts in the past two years. We are concerned that the good strides PMRA has made may be put in jeopardy and will watch closely for delays in product registrations. PMRA must have appropriate funding levels.
- **Generic Regulations have not been successful** – The Protection of proprietary interests in pesticide (PIIP) data regulations were developed to give Canadian farmers better access to generics and improve price competition. They have not succeeded and we would like to see a review of these regulations.

CETA

Non-Tariff Barriers

Background: Given the recent CETA agreement, Canadian livestock, pork and grain and oilseeds producers will enjoy significant tariff-free quota access to the EU. However, even though Canadian beef and pork had TRQ access in the past, the EU had effectively limited access of these commodities through other non-tariff measures, such as SPS measures, environmental measures and GMO restrictions.

Questions / Areas that require clarification:

1. While the agreement offers large access volumes for beef and pork, does the agreement effectively address non-tariff barriers that the EU has in place that so effectively limited exports of these products to the EU in the past?
2. Does the agreement provide a provision that limits the EU's ability to establish unilateral non-tariff barriers for these products in the future, which also may impede access?

Producer subsidies

Background: Farmers in the EU receive generous amounts of direct and indirect support payments (30 – 40% of gross income) through the Common Agricultural Policy, whereas Canadian farmers receive about 6-7% support from the government.

Questions / Areas that require clarification:

1. Does the agreement include any provisions to level the playing field in domestic support payments so that Canadian producers can fairly compete in the EU market?
2. Does the agreement recognize this disparity and the additional negative impact this may on the dairy sector as a result of subsidised EU cheese exports into Canada ?

Dispute Resolution

Background : Trade between countries often encounter issues of disagreement. This is magnified when a trade agreement has such a broad a scope as the Canada/EU CETA.

Questions / Areas that require clarification:

1. Does the agreement have an effective, timely and binding dispute resolution mechanism to resolve issues quickly and keep trade disruptions to a minimum?

Compensation

Background : The government has acknowledged the negative impact this agreement will have on some agriculture sectors and has suggested that it will provide compensation for those negatively impacted.

Questions / Areas that require clarification:

1. How will the government measure the negative impact the agreement has on the affected industries?
2. What form will this compensation take?
3. When will a formal compensation plan be established?