

GRAIN GROWERS  
OF CANADA



LES PRODUCTEURS  
DE GRAINS DU CANADA

**Grain Growers of Canada**  
**Submission to the House of Commons Finance Committee**  
**Budget Consultations**  
February 18, 2016

Grain Growers of Canada welcomes this opportunity to provide our comments to the Committee regarding its federal budget consultation.

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The Grain Growers provides a strong national voice for over 50,000 active and successful grain, oilseed and pulse producers through its 14 provincial and regional grower groups, from British Columbia to Atlantic Canada. We represent wheat, durum, barley, canola, oats, corn, peas, lentils, soybeans, beans, rye and triticale farmers from across Canada.

**GGC Members:**

Atlantic Grains Council

Canadian grain farmers pride ourselves on our productivity and competitiveness, and the manner in which we embrace new technology that allows us to produce ever-increasing amounts of food using the same or fewer resources.

Alberta Barley Commission

Alberta Grains Council

The grains sector in Canada is an important and steady contributor to our national economy, and a significant earner of foreign exchange. Gross farm receipts from the sale of grain over the past five years have averaged \$25 billion annually. Overall agriculture and agri-food exports, of which grain or grain-based food represents a substantial part, amounts to \$56 billion annually.

Alberta Oat Rye &  
Triticale Association

Alberta Pulse Growers

Alberta Wheat Commission

The outlook for Canadian agriculture is excellent given the projected increases in world population and income. While we have had some transportation challenges, Canadian farmers and the grain sector are well-positioned to capitalize on this projected growth.

British Columbia Grain  
Producers Association

We consider the Canadian government to be an important partner in facilitating the growth and prosperity of our sector. With this in mind, we provide the following recommendations to your Committee:

Canadian Canola  
Growers Association

Canadian Young Farmers Forum

**Grain Transportation**

Manitoba Corn Growers  
Association

The Grain Growers eagerly await the release of the recommendations of the Canada Transportation Act (CTA) Review chaired by Hon. David Emerson, P.C. Prairie farmers suffered huge financial losses in the 2013-14 crop year due to the failure of the grain transportation system to move our grain to market on a timely basis. The Grain Growers supported the action of the government at the time in introducing an emergency order directing the railways to ship a minimum amount of grain. This action did help ease the backlog and reduced the large price discounts that farmers were facing.

Manitoba Pulse & Soybeans Growers  
Association

Prairie Oat Growers  
Association

Western Barley  
Growers Association

Western Canadian  
Wheat Growers Assoc.

Since that time, our crops in western Canada have been near average in size, which together with some modest increases in shipping capacity (in part due to

the downturn in the oil and gas sector), has helped move our grain to market. We caution however that a return of a larger than normal crop and/or cold winter weather could see a return to severe grain transportation problems unless we see positive changes flowing from the CTA Review. We provided detailed recommendations in our submission to the Review in June 2015. Key among these are:

- (1) Strengthened railway level of service provisions including the ability for shippers to arbitrate reciprocal performance penalties in service agreements.
- (2) Continuation of the inter-switching distance limit of 160 km, so as to foster increased rail competition.
- (3) Continuation of the provision to allow for an emergency shipping order in case the railways again fail to meet the needs of the grain sector.
- (4) Improved rail system monitoring and forecasting.
- (5) Maintaining the Maximum Revenue Entitlement (MRE), with a review of the MRE provisions to be held once concrete steps to address the rail service deficiencies have been taken.

We urge the Canadian government to move quickly in acting on the CTA review report, so that farmers are well served and are not at risk of facing a grain transportation debacle like we saw two years ago.

### **Business Risk Management**

Grain farmers depend on the marketplace to earn our livelihood. That said, we do face significant weather and market-related risks. For the most part we successfully manage these risks on our own. However to backstop our success we rely on three key programs that are supported by the federal government.

- (1) Crop insurance. Many grain farmers continue to see crop insurance as a key element of their risk management program. We ask your government to continue to cost-share this program at existing levels, recognizing that the rising cost of farm inputs now means that farmers suffer a more significant financial loss in the case of a weather-related crop failure.
- (2) Cash advance program. The cash advance program is a vital part of cash-flow planning for many farmers, allowing them to finance the purchase of an appropriate level of farm inputs and facilitating the measured marketing of their grain. However the individual limit on the cash advance program has not kept pace with the dramatic rise in the cost of farm inputs. We ask that the upper limit be increased from \$400,000 to \$800,000 per farm. We note that such an increase will impose little cost to the national treasury given that the program is financed by private borrowings and the portion of cash advance defaults borne by the federal government is nominal. In recognition of the fiscal pressures facing the federal government, we are not seeking an increase in the \$100,000

interest-free portion at this time. Our position may change if there were to be a significant increase in interest rates.

- (3) AgriStability. As presently structured this program is not working for grain farmers. The coverage levels and program rules are such that the program rarely provides grain farmers with any meaningful support in the case of a severe market downturn or production shortfall. We recommend the federal government undertake a complete review of the program and either incorporate changes that strengthen the program or give grain farmers the option to direct AgriStability funding toward their individual crop insurance coverage. Farmers should have the ability to elect the type of program coverage that best suits their needs.

## **International Trade**

The success of the grain sector is highly dependent on access to foreign markets. Tariffs and non-tariff barriers directly impact our bottom line. We encourage the Canadian government to continue to engage in bilateral and multilateral trade initiatives that improve our market access. We are pleased to see that your government has signed the TPP agreement and signaled its intent to ratify. This agreement is essential to ensure that Canadian grain farmers are on an equal footing with our main competitors (most notably Australia and United States) in our ability to access key growing markets in the Pacific Rim.

We also urge your government to press ahead and ensure the CETA pact is concluded. Again, gaining improved access into Europe for our grain and livestock sectors will improve our profitability and diversify our market opportunities.

We also encourage your government to seek further trade deals that will expand our export opportunities. Key markets to focus on include China, India, and North Africa.

A key concern of the grain sector relates to the increase in trade barriers due to the lack of synchronization in regulatory approvals for new seed genetics and crop protection products in export markets, as well as differing standards with respect to mycotoxins or pesticide residues. We urge your government to devote the resources necessary to harmonize global regulatory standards such that exporters do not face unwarranted trade barriers.

## **Canadian Grain Commission reform**

The Grain Growers see an important and continuing role for the Canadian Grain Commission (CGC) in ensuring grain and food safety for Canadians and our international customers. The work the CGC does in establishing grain grading standards and in monitoring shipments is vital to preserving our reputation as a supplier of safe grain. We note however that over 90% of the CGC's costs are borne by western Canadian grain farmers through a tax on our export shipments that is embedded in CGC inspection fees. We consider this to be an unfair burden given that the benefits of ensuring a safe food supply accrue to all Canadians. We ask your government to increase its annual appropriation from \$5.4 million to at least \$10 million, so as to better reflect the "public good" portion of CGC costs.

## **Public Research**

The Grain Growers are pleased to see that the Government of Canada is placing a renewed emphasis on the importance of science and science-based policy decisions. We agree that embracing an innovation agenda will be key to maintaining our competitiveness. We consider agriculture to be a leading “high-tech” industry as farmers are among the earliest adopters of new technology.

The public sector also has a very key role to play in discovery science and in supporting public breeding programs, especially for those crops where the private sector is reluctant to invest. In recent years we have seen a decline in resources devoted to maintaining the Ministry’s research and development capacity in the grain sector. We ask that funding levels be restored to levels that were in place five years ago, and that steps be taken to replace the many scientists that have recently retired or will be retiring within the next few years.

Farmers are certainly doing our part by contributing extensively to research through various check-off organizations. We appreciate the matching funding that the federal government is providing to many of these producer-supported research initiatives, and ask that this support be continued.

We also encourage your government to implement policies that will stimulate greater private investment in research, by ensuring our regulatory approval process is streamlined and remains rooted in evidence-based scientific assessments.

## **Climate Change policy**

The Grain Growers recognize the importance of minimizing our environmental footprint. The shift toward conservation tillage over the past few decades has been extremely beneficial in terms of reducing our energy use, improving crop yields and soil quality. It has also helped to minimize soil erosion and reduce nutrient loads in our waterways.

Our industry has had tremendous success in adopting new technology that allows us to produce more grain using fewer inputs. Improvements in technology, such as the precision application of inputs and improved seed traits, promises to help reduce our environmental footprint even further.

The Grain Growers do not support the application of carbon pricing on the production or transportation of food. If a carbon pricing scheme is introduced we ask that it be revenue neutral, such that any revenue generated is returned to farmers through the reduction in taxes elsewhere. We also ask that farmers receive credit for adopting farming practices, including conservation tillage and Tier 4 engine standards that have substantially reduced our environmental impact.

Grain farmers have made great strides in recent years in reducing our environmental footprint. We urge your government to adopt a “carrot” rather than a “stick” approach in encouraging further improvements.

## **Conclusion**

The grain sector in Canada remains a strong and steady contributor to our national economy.

We urge the Canadian government to adopt policies that allow our sector to grow and prosper.

We see a bright future ahead for the grain industry providing we have access to markets, a reliable grain transportation system and domestic policies that encourage the adoption of new technologies.

We look forward to working with the members of the Committee and all Members of Parliament in advancing legislation and policies that will contribute to our ongoing success.

Thank you for your consideration of our views.

Respectfully submitted,

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