

Standing Committee on Finance (FINA)

Pre-budget consultations 2012

Grain Farmers of Ontario

Responses

1. Economic Recovery and Growth

Given the current climate of federal and global fiscal restraint, what specific federal measures do you feel are needed for a sustained economic recovery and enhanced economic growth in Canada?

Grain Farmers of Ontario represents 28,000 corn, soybean and wheat farmers across Ontario. The crops our members grow cover 5 million acres of farm land across the province, generate over \$2.5 billion in farm gate receipts, result in over \$9 billion in economic output and are responsible for over 40,000 Canadian jobs. Our organization appreciates this opportunity to inform the House of Common's Finance Committee pre-budget consultations. Canadian agriculture and agri-food accounts for over 9% of Canada's GDP and employs 1 in 8 Canadians. Primary agriculture's contribution to GDP continues to grow by 1.5% per year. Canada's focus on opening new markets internationally will continue to have a positive effect on growth and employment. Business improvement can only happen when farm businesses are financially stable and farmers have the ability to focus on increasing returns through productivity enhancements and innovation. Farmers require a full suite of business risk management programs in place to offset the high risk they face competing in the world marketplace. Bankable and predictable business risk management programs coupled with a strong research and market development strategy to enable and grow international and domestic market opportunities will ensure Canadian farmers continue to thrive so the pressure on safety net programs will naturally decline. Our recommendation for budget 2013 to sustain economic recovery and enhance economic growth is: Maintain funding of both business risk management and non-business risk management programs at current levels. This is essential to the future growth of the agricultural sector. Funding for these programs is not an either/or scenario, but equally necessary for increased innovation at the farm level.

2. Job Creation

As Canadian companies face pressures resulting from such factors as uncertainty about the U.S. economic recovery, a sovereign debt crisis in Europe, and competition from a number of developed and developing countries, what specific federal actions do you believe should be taken to promote job creation in Canada, including that which occurs as a result of enhanced internal and international trade?

Ontario's grain farmers are fortunate to have vast agricultural lands and the ability to not only produce enough to supply the domestic market but to export high quality commodities around the world. Ontario is the third largest grain producing province after Alberta and Saskatchewan. Ontario exports grain to many regions of the world with soybeans being our largest export crop. The value of Canada's corn and soybean exports exceeds \$500 million annually and the food grade soybeans produced in Canada set us apart from the rest of the world in the eyes of Asian buyers. Ontario's grain farmers continue to be strong contributors to the stability of Canada's economy and with access to new markets we have the potential to expand and to create new employment. Commodity producers believe the government should focus on: Continuing the Canadian government's positive work to develop new markets and reduce trade barriers for Ontario's grain farmers. More specifically, our members support the Free Trade Agreement negotiations with the European Union, Japan and Korea and Canadian participation in the Trans Pacific Partnership trade discussions. Additionally, Grain Farmers of Ontario commends and encourages Canadian Agriculture Minister Ritz's international work to bring consensus

on the issue of Low Level Presence. Our organization will strongly support, and will work closely with all parties concerned, toward the simultaneous establishment of Low Level Presence (LLP) tolerances with our key trading partners.

3. Demographic Change

What specific federal measures do you think should be implemented to help the country address the consequences of, and challenges associated with, the aging of the Canadian population and of skills shortages?

The tradition of family owned and operated farms in Canada pre-dates Confederation and is vital to our local and national economies. Challenging markets and the potential for greater business risks in the future are identified as concerns for sons and daughters considering entering into the family business. To better assist the agricultural sector in coping with an aging population, we recommend the Federal government focus on: The suite of business risk management programs in the Growing Forward suite which enable a solid foundation of financial stability for new farmers. By providing beginning farmers with these tools, farmers have the ability to focus on increasing returns through productivity enhancements and innovation. Additionally, it is imperative for the Canadian government to continue investing in research to find productivity enhancing measures that will result in higher yields on Ontario's grain farms and a more efficient use of our limited labour resources.

4. Productivity

With labour market challenges arising in part as a result of the aging of Canada's population and an ongoing focus on the actions needed for competitiveness, what specific federal initiatives are needed in order to increase productivity in Canada?

Farmers in Ontario - Canada's most populous province - farm in a more costly and constrained urban environment than other farmers in the country which creates challenges for new farmers attempting to enter into business and replace the aging farm demographic. Enrolment in BRM programs like AgriStability for non-supply managed commodities is usually a requirement for obtaining or renewing an operating line loan with a chartered bank. Even if it is not being drawn upon in current years, it allows farmers—new and young farmers in particular – to make capital investments to start and/or sustain a farm business. Without stable incomes and access to operating loans accessed as a result of enrolment in BRM programs, investments in innovation, research and market development will not be made. To increase Canadian agriculture's competitiveness and productivity, the Federal government should focus on: A continued commitment to flexible BRM programming that is responsive to farmers' needs and provides the stability, predictability and bankability required to invest and utilize innovation. This in turn will make our industry more competitive. Additionally, farmers require a strong research investment made by the federal government into collaborative projects involving farmers and industry that enhance farm productivity and open new market opportunities. Finally, Ontario's grain farmers require an aggressive international trade agenda that prioritizes eliminating barriers, access to technology to remain competitive and a level regulatory playing field between trading nations.

5. Other Challenges

With some Canadian individuals, businesses and communities facing particular challenges at this time, in your view, who is facing the most challenges, what are the challenges that are being faced and what specific federal actions are needed to address these challenges?