



Election Issues December 2005

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I. Background & Introduction

Agriculture is, and will continue to be, a part of an ever-changing environment, as farmers continuously evolve and adapt to achieve goals and meet new challenges.

In Manitoba, the agriculture industry is very important to the economy. In 2004, exports of agricultural products and food from Manitoba to points throughout the world exceeded \$3.4 billion. In 2002, according to Statistics Canada, 49,000 jobs were directly or indirectly dependant on the agriculture industry. This means that one job out of every eleven in Manitoba results from farming. In addition to those jobs, many rural businesses are dependant on agriculture and its producers for their success. Agriculture built this province, and we must ensure that it continues to be a stable and integral part of Manitoba's wealth and culture.

Today, the family farm is suffering as the farm income crisis has affected most sectors. Low commodity prices, high input costs, trade actions, the resulting situation from BSE, and excess moisture conditions have devastated many rural areas. The next federal government must be committed to establishing both long and short-term goals in conjunction with farmers. In the short-term, there is no denying that there is a crisis and we need to help our producers over this hurdle. In the long-term, government must commit to continued support through innovative policy directives, continued investment, and an understanding and appreciation of Canada's unique farm businesses.

There are many areas that need to be addressed on a federal level, and the following is an overview of some of the areas most crucial for Manitoba producers.

II. Transition to Longer Term Opportunities

As outlined above, the primary agriculture industry continues to face declines in commodity prices that are compounded by rising input costs. A farm income payment of \$1 billion was announced in April 2005 and an additional \$755 million was announced in November of this year. While we do appreciate that the federal government has recognized the hurt within the industry, additional transition dollars must flow to primary producers.

We are committed to working on the long-term initiatives that are on the horizon, such as biodiesel, ethanol, hemp, increased processing capacity, carbon offsets and ecological goods & services. However, we are extremely concerned that producers in a difficult financial situation now will be forced to exit the industry or will not have the available farm resources available to realize these opportunities.

KAP would also like a commitment from government to fully implement the recommendations from MP Wayne Easter's 2005 report, entitled, "*Empowering Canadian Farmers in the Marketplace*," as well as other government policy changes that are needed for the longer term, which includes a framework for farmers' provision of ecological goods & services and other activities that create public benefits.

The next federal government must show strong leadership, build partnerships within agriculture that move toward positive change, and commit to transition programming for Canada's primary producers.

Farmers need:

- Strategies, developed in consultation with primary producers, to move forward to the longer term opportunities;
- Short term investment in the industry to enable producers to move forward and access these longer term opportunities; and
- Strategic investments by government in research and infrastructure to develop new opportunities.

III. Business Risk Management Programs

We are well into the Agricultural Policy Framework (APF) and it is quite apparent that there are areas in which government can make the programs work better for the industry. The Canadian Agriculture Income Stabilization (CAIS) program has served only to stabilize low margins and has proven that it cannot address disaster situations. KAP believes that the BRM pillar should be expanded to include companion programming that is regionally or provincially specific to allow for increased flexibility and responsiveness.

Farmers need:

- Farm income programs that are adequately funded, predictable and bankable; and
- Companion programs that meet farmers' needs on a provincial basis.

IV. Trade

Canadian agriculture is an essential part of the economic, political and social fabric of Canada. The continued health and development of a successful and diverse agricultural sector requires that federal policies recognize the global environment in which the industry operates as well as the domestic requirements for a healthy and vigorous industry. Canada's agriculture trade policies must reflect the requirements of our industry. During trade negotiations, the Canadian government must keep the industry's best interests in the forefront.

Farmers need:

- Government to achieve the maximum possible access for agricultural exports, but also respect the domestic interests of Canadian farmers;
- The right to design and operate marketing systems, including orderly marketing;
- Assurance that marketing structures will not be subject to stricter international trade rules than other corporate structures or private enterprises;
- Assurance that government involvement in marketing structures and state trading enterprises, such as the Canadian Wheat Board, remains transparent and is fully notified to all WTO members; and
- Assurance from government that they will not allow one commodity to be traded off to enhance the interest of another commodity, nor to trade off agriculture in general for another sector.

V. Disaster Assistance

The role of federal Disaster Financial Assistance (DFA) is to ensure that no province or territory incurs an undue economic burden in providing disaster assistance to the individuals, families, businesses, municipalities and other victims of emergencies and disasters. However, the DFA does not adequately address the severity of the impact on farmers. The guidelines of the program need to include provisions for inputs lost due to disaster.

During previous years, we have seen the damage that BSE and Avian Flu have inflicted on our livestock and feather industries. DFA should include provisions that allow compensation for losses due to diseases, especially when it affects the entire country.

Farmers need:

- Federally-led review of DFA to include producer input;
- DFA provisions that would make the program more accessible by farmers, (for example, the coverage of lost inputs); and
- Compensation under DFA for losses due to disease.

VI. Transportation**Roads**

In Manitoba, there has been a transition within the grain elevator system to fewer, higher capacity and throughput elevators. As a result, producers must transport their grain greater distances by truck for delivery. This transition has increased the usage of 'grain roads' by trucking companies, and by farmers, and therefore there is a need for adequate funding levels to maintain the existing

infrastructure and develop additional infrastructure where necessary. As other agricultural sectors expand, such as the livestock industry and other value adding industries like ethanol production, the road system will be used by an increasing number of trucks to ship products. It is vital to agriculture in Western Canada that the road infrastructure be upgraded and maintained.

Producers alone cannot and should not absorb the rising costs of road construction, maintenance and repair, therefore, we need a continued commitment from government to fund them.

Railways

Competition, specifically relating to running rights, is needed in the railway system and it is essential that government develop policies that will stimulate and increase competition.

Farmers need:

- Continued commitment to road infrastructure and maintenance in Manitoba;
- Commitment to return more of the dollars collected from excise taxes on fuel back into the transportation infrastructure, specifically “grain roads”;
- Running rights; and
- Shipper protection.

VII. Cost Recovery Issues

Farm inputs are continuously on the rise with no consistency between the input costs and the ability to derive profit. A review of government user fees should be initiated by a third party to assess the correlation between need, real cost to government, impact on producers, and customer benefit.

Farmers need:

- A review of user fees which includes the ongoing monitoring of fees; and
- Farm organization input in any amendments to or creation of cost recovery fees.

VIII. Alternative Land Use Services (ALUS)

Canada needs an approach to agricultural and resource policy that achieves national objectives of economically, socially and environmentally sustainable communities. By the implementation of a pilot project for ecological goods & services, namely Alternative Land Use Services, we are moving toward the recognition of the societal benefits from agriculture beyond the traditional commodities of food and fibre. The specific objectives are conservation & environmental enhancement; sustainable rural communities; and agricultural

income enhancement and adaptation.

Industry stakeholders have consulted on ALUS and will be proceeding with pilot projects to test the acceptability of the concept, develop administrative options and refine the program design in anticipation of a national agri-environmental program that recognizes the important environmental stewardship role of farmers.

Farmers need:

- Continued commitment to be an integral part of the alternative land use program, through involvement in Manitoba's pilot project and financial backing; and
- Timely adoption of policy objectives to adequately implement a nationally based ecological goods and services program.

IX. Research

Increased public funding for producer directed research is needed. At present, public funds are often matched to well-funded corporations or mature sectors of the agriculture industry. Although this funding remains necessary and useful, there must be measures in place to support potentially viable small and emerging sectors that do not have access to matching funds from other sources. Continued support for public breeding programs is essential.

Farmers need:

- More publicly funded research that addresses both production challenges and the needs and wants of the marketplace;
- Human resources and infrastructure to expand research;
- Clear mechanisms whereby farmers can obtain a share of the ownership and financial returns from the outcome of research that was achieved in part through farmer check-off dollars;
- Government research that is producer-focussed and producer-directed; and
- Special government-funded programs that address small and emerging agricultural sectors.

X. Equity Sharing

Recently, the federal government announced the ruminant slaughter equity assistance program, which allows producers the ability to have government investment in eligible slaughter facilities. This program certainly has the potential to strengthen our industry in Canada. There is also the potential for government to assist other value-added industries by providing similar programming. While not all inclusive, there are long-term value-added sectors, such as biodiesel and

ethanol, which could benefit by government investment.

Farmers need:

- More extensive equity assistance programs to assist with the development of long term value-added initiatives; and
- Primary producer involvement in the development of this program to ensure that it is targeted to current and future industry initiatives.