



2006 Federal Budget Presentation

October 2005

1. Background

The current farm income situation is caused by a compounded effect of conditions outside of the control of an individual producer. Commodity prices were already depressed in early 2003 when BSE closed the border to ruminants. Producers were also living in an era of new safety nets under the Agricultural Policy Framework. Manitoba was also affected by a drought in 2003 which decreased yields and quality.

The problems of BSE continues into 2004, along with an early and severe frost that downgraded many crops across the province. Commodity prices collapsed further. In 2005, the costs of fuel and energy costs are soaring, as are the prices for other farm inputs like fertilizer. Two to three million acres were either left unseeded or were subsequently lost because of excess moisture.

2. Farm Income Situation

- Inability of CAIS to address situation
- Circumstances are beyond farmers' control
- Farmers cannot recover costs

3. What is needed....

- The federal government must assist producers in the interim, by way of additional transition payments, until the current business risk management programs can be changed to deal with the disaster situations adequately.
- Increasing energy costs for other sectors of society have been addressed through rebates or passing on costs to consumers; whereas, agriculture cannot pass on the costs.

- We continue to pay federal excise tax on farm fuels and the federal government must consider the elimination of this tax or some other form of agricultural rebate.

4. **The longer term...**

- The concept of producers being compensated for their services such as what we do for the environment through ecological goods & services (ALUS), as well as food safety.

- Changes in the cost recovery policy through CFIA which would have no impact under WTO but would lessen the impact on primary producers.

- We need more dollars allocated to public research for the industry. History has shown that investment in research leads to a 20 to 1 return. Canada has to move into a more specialized market, as opposed to the majority of the industry being bulk commodity.

- We need to have a different approach under business risk management to ensure that programs address the needs, are predictable, transparent and affordable for producers. Governments should be prepared to re-adjust and re-align how support is actually delivered to agriculture.

- We need to explore the tax treatment for intergenerational transfers to see if the process can work better for those involved.

- More interdepartmental consultation between agriculture, health, natural resources, etc in an effort to reduce costs as opposed to increasing them.

- Empowerment of producers - Producers in Canada should have the right to determine their own marketing systems. We need to ensure that at the WTO, we fight for supply management and for the use of state trading enterprises.

- PMRA must speed up the registration process to allow farmers the ability to compete. As well, the process for end use permits must be simplified and more accessible.

- Competition Bureau should be more aggressive to ensure that true competition does exist; and be prepared to defend the interest of producers (not only on processing but also on the input side).

- Taxation system needs to be examined to see if there are changes that can be made to encourage more new gen co-ops and other methods that allow value to be added to production.

5. **Concluding remarks**

- We need to look at agriculture through a very broad lens because it is the economic driver for various other industries and businesses.

Presented by David Rolfe, President