



Provincial Consultation on Budget 2006 Presented December 5, 2005

Introduction

Keystone Agricultural Producers (KAP) is Manitoba's general farm policy organization representing individual farmers and farm organizations throughout the province in twelve districts. The strength of our organization is a result of our structure, which requires policy to be developed and approved by our membership through their district boards or their representatives.

Our mission statement reads "To be Manitoba's most effective, democratic policy voice, while promoting the social, economic, physical and cultural well-being of all Agricultural Producers."

On behalf of our membership, the well-being of agriculture and rural Manitoba, we are pleased to have the opportunity to make a submission to the pre-budget consultations.

1. Investment in our Industry

The past three years have held many catastrophes for agriculture. The effect of excess moisture & flooding, rising input costs, low commodity prices, trade challenges to hogs & wheat and BSE on cattle and other ruminant industries, have led to an industry struggling to survive.

Transition

KAP is an integral part of a national lobby effort to secure transition funding for Canadian primary producers. Through drought, frost and floods, CAIS and APF initiatives have attempted to stabilize incomes that are in a steady decline, and have not built strength or profitability in the industry. Governments, both federally and provincially, have responded to some of the needs and the support shown by the provincial government to assist in developing increased slaughter and processing capacity and promoting the expansion and development of the Ethanol and Biodiesel industries in the province is appreciated but we ask that a commitment for assistance over and above the current safety net programs be provided to help the industry through this crisis.

In April and in November, the federal government announced transition funding which the province has not contributed to. We do know that the provincial government will save through CAIS payments as a result of this transition funding being an offset to CAIS. Although, these transition dollars were not slated as federal/provincial, we ask that government strongly consider contributing to the program. Transitional assistance is needed for the farming community to be able to take advantage of longer term opportunities that may return agriculture to profitability.

A long-term perspective needs to be established and we ask that the provincial government join the federal government and show strong leadership in building partnerships and developing policy with industry towards transformative change.

Agricultural Policy Framework

With the implementation of the Agricultural Policy Framework it is critical that the provincial government ensures that it adequately invests in all pillars of the framework. We must ensure that our farmers have the tools to be competitive. The Manitoba government must ensure that it allocates adequate funding in order to properly finance its share of these programs and adequate human resources to assist in the implementation of programs.

It is critical that the Canadian Agriculture Income Stabilization (CAIS) program continue to be funded 40% by the provincial government. We do appreciate the recent commitment in the Throne Speech to the CAIS program. Even though stabilization needs of the industry may very well increase over and above this commitment, the government must not consider prorating its 40% in a time of great need. Certainty of this level of funding would have a positive impact on rural communities and add to the overall sustainability of our industry.

One requirement of provincial governments under the APF, is that companion programs, such as coverage for wildlife, waterfowl and predator damage, be phased out. The current funding for this program is at 80%, down by a 20% cut and we would like to see this funding reinstated at 100%. This is a public benefit and farmers should not have to bear any of the financial burden.

2. Taxation

Special Levy for Education

KAP strongly supports and welcomes the 50% and the additional 10% rebate from farmland for 2006 which was committed in the Throne Speech. Manitoba's farm families currently shoulder an inequitable share of the cost of education, through both property taxes on their residences and a special levy on farm land and production buildings. We believe that

the government does recognize the fact that agriculture is a unique industry, a natural resource based industry; one that cannot dictate the price of the product, but rather in most cases has the marketplace dictate the price. Manitoba agriculture is largely export dependent and the value of the products we produce are dictated by the world market. Therefore, many producers struggle, as a result of low margins in agriculture because of the inability to pass on additional costs. The special levy does not recognize one's ability to pay. It is based on the assets that a producer has, which is essential for operation, whether or not those assets are actually profitable. KAP believes that the special levy should be a "people tax" as opposed to a land and building tax, as education is a "people service". We request that the government extend the rebate to production buildings as well.

There has also been concerns raised with the fact that the reduction is classed as a rebate as opposed to a deduction from the tax bill. Farmers still have to put forward the money initially and then wait for the rebate.

If the province increased its share of education funding from general revenues funded by increasing GDP, increased transfer payments and the taxation system, there would be less pressure on local school boards and municipalities. This is an area where the province can continue to show leadership by taking the initiative to develop a plan and move forward to restructure the financing of education and completely alleviate the burden of funding education from the agricultural industry.

3. Water Protection and Land Use Issues

Water Protection Act

Agriculture is the primary industry using most of the land base in Southern Manitoba, but there are industries more intensive than agriculture. Bill 22 has the ability to significantly increase costs for farmers and consideration should be given to the fact that our industry, has no ability to pass along those costs.

Proposed regulations following the Water Protection Act has dire consequences for our industry. Most recently, the Water Quality Management Zones (WQMZ) for Nutrients. This proposed regulation is not based on science and, if enacted, will place limitations on the industry without addressing the real water quality issues.

The Water Protection Act allows for the establishment of the Manitoba Water Council and it is imperative that KAP, as the provincial general farm policy organization, have a representation on this council. We were a part of the Water Strategy process and would bring strong agricultural representation to the Council.

Within the Water Stewardship Fund we believe that the Alternate Land Use Services (ALUS) could play a key role and serve as an incentive based approach. ALUS is an incentive-based concept that recognizes the public environmental services such as healthy soil, clean water and biodiversity. It has the ability to bring real improvements to the rural landscape in a way more acceptable than by regulation.

Right to Farm Legislation

It is vital that the Government of Manitoba commit to ensuring that agricultural production in this province is protected. More often than not, decisions on land use and production are based on emotion and not science. Over the past year, KAP has been actively researching what measures are in place in other provinces in the area of right to farm legislation. We have formed a working committee that is currently developing a document to be presented to government and hope that serious consideration will be given to our research.

Sustainable Development of the Livestock Industry

The agriculture industry in Manitoba is becoming increasingly diversified as we have adapted to change. It is imperative that government and municipalities create an environment that will promote this adaptation process. We must work to ensure that this growth continues to have a positive impact on rural Manitoba.

The draft Provincial Land Use Policy #2 - Agriculture must be workable and while its objectives are achievable, the policies set out must give clear direction to municipalities in order for them to achieve the objectives.

Municipalities must make good decisions which will support the sustainable economic development and viability of communities. Environmental decisions must be made using the proper expertise and under appropriate legislation. It is critical for the future of agriculture in Manitoba and for the survival of rural communities, that all stakeholders accept the growth of the livestock industry in a positive, reasonable and responsible manner.

IV. Rural Development

Alternative Land Use Services (ALUS)

When dealing with environmental initiatives, an incentive approach is essential. We need a new approach to agricultural and resource policy that achieves the objectives of economically, socially and environmentally sustainable communities. Implementing alternative land use services would recognize the societal benefits from agriculture beyond the traditional commodities of food and fiber. The Alternative Land Use Services (ALUS) program is a good example of a constructive incentive

system and we thank the Manitoba Government, in particular Minister Wowchuk and DM Barry Todd, for its financial support of ALUS.

We encourage government to consider incorporating an incentive program within - The Water Protection Act, for conservation and remedial projects and the ALUS concept could be the delivery vehicle.

V. 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 to support potentially viable small and emerging sectors that do not have access to matching government funds. Research must address both production challenges and the needs of the marketplace. There must also be a clear mechanism whereby farmers can obtain a share of the ownership and financial returns from the outcome of research that their investment helped to achieve.

VI. Concluding Remarks

In closing, we would like to state that the agricultural economy in Manitoba has changed drastically during the past three years. Producers need to receive assurance of their ability to remain in business as well as recognition for the investment they have already made in order to adapt to the economic realities of agriculture in Manitoba. We want and need the provincial government to recognize the importance of our industry to the Manitoba economy and the rural infrastructure. By the province taking the initiative to invest in our industry, it will illustrate that agriculture is a provincial priority. This will maintain and create jobs and investment in processing and infrastructure that will ensure the continued growth of our economy.