



SUBMISSION

“THE VOICE OF MANITOBA FARMERS”

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I. Introduction

Keystone Agricultural Producers (KAP) is Manitoba’s general farm policy organization representing individual farmers and farm organizations throughout the province in twelve geographic 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 representatives.

Our mission statement reads: “to be a democratic and effective policy organization promoting the social, economic and physical well-being of all Manitoba 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 consultation process.

II. Business Risk Management

Canadian Agriculture Income Stabilization (CAIS) Program – It is critical that the provincial government continue its commitment to fund the CAIS program at 40% with no prorating. With an annual fee attached to the program it is not unlike an insurance-type product which would not face prorating. The province has in the past and must continue to be aware of the possibility of the stabilization needs of the industry surpassing that of budget allocations to ensure that farmers and rural communities continue to be sustainable.

Disaster Component – The federal government has committed to developing a disaster component separate from the current stabilization program. We need the province to ensure that whatever its share of funding may be, that adequate resources to a special fund be will allocated that may be accessed in the event of a disaster.

Companion Programming – There are many areas where Manitoba can assist farm families outside of the parameters of the APF but to do so, our government has to be willing to commit to the funding and resources required. It appears that unless programs fall within the scope of the APF and can be counted towards the provincial government’s share of funding, that it is unlikely to be considered for funding. The provincial government must be willing to increase

its support of the industry and allow companion programming when it is illustrated that there is a need for such and that there are gaps to be filled.

III. Education Financing

KAP strongly supports the 60% rebate on farm land that was announced over the past couple of years. Manitoba's farm families shoulder an inequitable share of the cost of education, through both property taxes on residences and a special levy on farm land and production buildings. We believe that 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 for us. Manitoba's agriculture industry is largely export dependent and the value of the products we produce are dictated by the world market. Therefore, many farmers struggle, as a result of low margins in agriculture due to the inability to pass on additional costs. The special levy does not recognize one's ability to pay but rather it is based on the assets, which are essential for operation, that a farmer has whether or not those assets actually help a farmer realize a profit.

The current rebate of 60% on farm land would be more sustainable for industry if it was applied directly to property tax bills as opposed to being a rebate. This would avoid slippage, reduce the advertising and administration costs of the rebate by government and also leave the dollars in the community as opposed to paying the tax and waiting for a rebate. We also request that government extend this 60% reduction to production buildings as well. The rebate is currently reflected in the agriculture budget and we stress that it should be moved to the finance budget as it is a taxation issue.

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 firm plan to restructure the financing of education and completely alleviate the burden of funding education from the agricultural industry.

IV. Environment & Livestock

Nutrient Management - KAP was instrumental in the negotiating process with Water Stewardship on the draft regulation governing water quality issues. The proposed nutrient management regulation is now open for a 60-day comment period. Overall, we believe that the draft regulation is workable for farmers and we hope that the time and efforts that were invested in the process during the past year are reflected in the regulation. One area that is still outstanding is the incentive program which must be an integral part of the implementation of the regulation. There has been a commitment by the government to provide financial assistance to help farmers to come into compliance. We stress that there must be adequate funding in the form of direct support for farmers and it must be a multi-year approach. It is critical that government work with KAP and its commodity groups to design programs that ensure that the incentives are right at the onset so that the transition to the new rules does not have a negative impact on the financial viability of farming enterprises.

Land Use Development Plans – It is extremely important that government continue to take a proactive role in the local land use planning. Much of the economic growth in the province is going to come from investment in renewable fuels and for that industry to be viable, the livestock industry will play a critical role; therefore, we must enable its sustainable growth. Municipalities and planning districts must ensure that there is ample opportunity for continued growth. RMs must make sound decisions which will support sustainable economic development and viability of communities, however, in order to do so they may need the assistance of the provincial government to ensure that the policies created are done so based on sound science. 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.

V. Provincial Sales Tax

PST on Inputs & Materials – Manitoba's farmers are now at a distinct disadvantage due to reductions in sales tax in Saskatchewan. To prevent further erosion of economic development leaving the province, the Manitoba government should consider expanding the exemption list for livestock inputs and construction costs for bona fide farmers.

Environment Projects – Government must ensure that any projects that are undertaken which have environmental or public benefits should not be subject to provincial sales tax. This includes any on-farm investment that occurs as a result of voluntarily or regulatory actions. Sometimes restrictions are placed on farming operations that are not backed by scientific evidence but rather emotions. With numerous challenges facing the industry due to restrictions by government or pressures from the general public, farmers cannot bear the full costs of perceived “environmental” improvements.

VI. Transportation

Synchronizing Permitting Process - As farm machinery continues to grow in size, the need to be aware of the potential safety hazards increases as well. To do this, the provincial government has put a permitting system in place for oversize equipment, and similar permits are required by Manitoba Hydro and MTS. KAP agrees that these annual permits are valuable, particularly because they remind farmers on an annual basis to be aware of the potential risks. However, we believe that the process could be improved and streamlined. This could be done by incorporating the MTS and Manitoba Hydro permit process within the department's process, and developing an electronic renewal reminder. We are concerned that farmers may simply forget to renew their permits during busy times of the year, and a reminder via fax or email would certainly be useful to ensure everyone is in compliance, and traveling safely. KAP encourages the provincial government to invest funding to explore this option in greater detail.

Abandonment of Rail Lines - KAP strongly believes that strategic investment is needed to sustain and enhance the province's agricultural transportation infrastructure. While the provincial government has decided against instituting a moratorium on rail line abandonment, we believe it still has a role to play including the future of rail lines as an integral part of a transportation blueprint for economic growth in Manitoba. KAP is calling on the provincial government to

earmark funding and resources to bring together industry stakeholders to discuss this important issue.

While the current economics of grain handling on provincial railways may be a challenge, we now see new economic opportunities coming forward that will require a solid transportation system. These include biodiesel, ethanol, processing, and other value-added industries that the Manitoba government continues to support. Once these infrastructure resources are lost, it is likely that they would not be replaced. As a result, many communities will lose out on future development and be left behind. A strategic plan for economic growth is needed to ensure that this infrastructure is available to the initiatives that have been listed as a priority by the government.

VII. Rural Development

Alternative Land Use Services (ALUS) – The support of the Manitoba government has been critical in the successful launch and ongoing operation of the ALUS pilot project in the RM of Blanshard. KAP would like to thank the province for its contributions through the Covering New Ground program as well as staff resources, and ask that this support continue throughout the life of the project.

Alternate Energy – KAP believes that alternate energy is a new opportunity for farmers and rural communities to diversify from traditional agriculture and generate new wealth and opportunity. In April 2006, KAP developed a position paper on alternate energy that focuses on how we believe this industry can move forward. This paper has been shared with government, but the pre-budget consultation allows us to highlight some key areas where we believe the province will play a critical role. Manitoba needs to take a leadership role by implementing programs, incentives and research projects that enable a strong and sustained growth to ensure that all Manitobans benefit.

We believe that the development of Manitoba's green energy strategy should include support for smaller megawatt projects from wind energy and biodigester projects. In addition to the development of Standard Operating Contract (SOC) legislation, KAP believes that government must also enact legislation that will provide a more realistic price for electricity generated by smaller renewable energy sources and facilitate increased access to the Manitoba Hydro grid.

The opportunity to produce biomass from switchgrass and other crops is also a new opportunity. The barrier to further development is security of market, and KAP believes that the provincial government should invest in a feasibility study on converting one or both of the steam-generated hydro plants in Selkirk and Brandon to biomass burning plants. KAP believes that the provincial analysis should also evaluate the potential benefits to farmers as well as the environmental benefits of adopting this renewable energy source.

We believe that the current financial problems facing agriculture must not preclude Manitoba farmers from participating in alternate energy initiatives. To facilitate producers' involvement, KAP has standing policy that calls on government to develop a loan program targeted at alternate energy projects and we encourage the province to develop this option and ensure that

it is workable for farmers, and provides the opportunity for farmers to participate in alternate energy ventures.

VIII. Communications

Buy Manitoba - Recently, government announced its 'buy Manitoba' campaign which is aimed at consumers and awareness of our local products and their availability. Government needs to work with industry partners, including KAP, to encourage consumers to buy local when shopping for groceries or dining in a restaurant. It is critical that government ensure that adequate funding is in place for the program and that the much-needed follow-up and monitoring occurs. We need to work together to show consumers that Manitoban and Canadian produced products are safe, healthy and nutritious. Public awareness is a crucial part of the awareness of local products and must be ongoing. It is, in fact, a change in attitude and the ability for the general public to feel engaged in the process and a sense of ownership when it comes to our industry.

IX. Young Farmers

It is critical that government has programs and taxation policy in place that allow for the easy transition of farming operations to the next generation. As well, incentive programs, such as financial, aimed specifically at beginning farmers needs to be available.

Relating to the Buy Manitoba campaign, young and beginning farmers could benefit from a program that would assist with value added and direct marketing opportunities.

X. Research

Increased public funding for producer directed research is needed. There must be measures to support potentially viable small and emerging sectors that do not have access to matching government funds. Research must address production challenges, environmental measures and the needs of the marketplace. There has to 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.

XI. Workplace Health & Safety

Play Safe - For the 2006 year, 100 Manitoba farm families had access to a grant provided by government to assist with the development of a safe play area on the farm. As we all know, the farm is a unique work place as it is most often the home site as well. We appreciate that government understands these unique circumstances and has implemented such a program for the benefit of farm families and the safety of our children. We encourage government to continue with this program and to consider broadening access by allowing more farm families to avail of the opportunity to implement a safe play area.

Farm Safety Incentive Program - We are very concerned about the number of farmers, farm workers and family members who are injured and die while working. As an organization, we are committed to significantly reducing these occurrences. Agriculture is a distinct workplace

where the home is often located on the farm. In addition to this, the industry faces economic challenges due to the fact that we are unable to pass on any increase in costs. Over the past few years, KAP's workplace health and safety committee has developed the concept of a voluntarily farm safety incentive program.

We envision that the three primary focuses of the program would be occupational health services, individualized education and a farm safety review. A farm safety incentive based program would benefit farmers and farm workers. The provision of health services would likely not be something otherwise undertaken across a broad range of the primary agriculture industry. However, by participating in this program, those services would be entrenched with the program. The individualized education component will be tailored to fit particular operations, whether it's livestock, field crops or specialized crops. Actual participation and one on one support for this educational initiative is far superior to reading a manual or watching a video presentation. Lastly, the farm safety review is beneficial to the farmer, farm workers and the entire farm family. The creation of a safer work environment is invaluable. The price of not having an accident is often unknown.

The incentive based portion of the proposed program allows those farmers who are actively participating to potentially receive discounts on insurance, preferred interest rates at financial institutions and other supply and service discounts.

In 2005, KAP did seek funding from the Workers Compensation Commission to implement a two year pilot project but unfortunately was not successful. We now request that the Manitoba Government implement such a voluntarily pilot project and do so, in cooperation and coordination with KAP and its commodity groups.

XII. Concluding Remarks

The state of the agricultural industry in Manitoba has changed over the past few years as a result of back to back disasters, low commodity prices and a shift to livestock, alternative practices and value added. Farmers need to receive assurance of their ability to remain in business as well as recognition for the investment they have already made in or to adapt to the economic realities and changing climate of agriculture in this province. We need the government to continue to recognize and acknowledge the importance of our industry to the economy and to rural infrastructure. Provincial investment in our industry results in a more vibrant landscape and business environment, adding to job creation, increased processing and infrastructure which will ensure the continued growth of our economy as a whole.