

February 14, 2020

The Honourable Bill Morneau, P.C., M.P.
Minister of Finance
90 Elgin St.
Ottawa, ON K1A 0G5

Via e-mail: budget2020@canada.ca

Re: Pre-Budget Consultations 2020

Dear Minister,

The Canadian Canola Growers Association (CCGA) is appreciative of the opportunity to provide input to your preparations for Budget 2020. CCGA represents Canada's 43,000 farmers that grow canola from British Columbia to Ontario. Canola plays an important part in Canada's agriculture sector, our rural communities and the Canadian economy. It generated \$9.3 billion in farm cash receipts in 2018, making it the number one source of farm revenue from crops for over a decade. As a sector, the canola industry contributes \$26.7 billion to the Canadian economy annually and supports 250,000 Canadian jobs.

Budget 2017 recognized the strong contribution of the agri-food sector to the Canadian economy and established an ambitious objective for the sector by setting a target of \$75 billion in agriculture and food exports by 2025. The canola sector is poised to be a significant contributor to that objective with its own ambitious target to increase canola production to 26 million metric tonnes by 2025. If realized this target could contribute an additional \$4.5 billion in export sales annually. To allow farmers to contribute fully to achieving this ambitious 2025 target and support middle-class jobs, the government must adopt policies and regulations that support farmers in a continually changing business and trade environment. The recommendations below are designed to inform how the government could create the environment that will enable canola growers and the value chain we support to prosper for years to come.

The Environment

Recommendation: That Budget 2020 include a plan for incorporating a mandate for 5% minimum renewable content in diesel fuel within the framework of the Clean Fuel Standard.

The development of a well-designed Clean Fuel Standard (CFS) can provide opportunities for Canadian biofuels sourced from canola. Canola biodiesel produces up to 90% less greenhouse gas emissions than regular fossil diesel. We recommend that the forthcoming Clean Fuel Standard contain a mandate for a minimum 5% renewable content in the diesel fuel pool. This can be done by increasing the existing 2% Renewable Fuel Standard and housing it within the CFS. This will set a clear blending requirement that will drive quantifiable emissions reductions and will provide clear market signals for investment and innovation, ensuring Canada remains a competitive player in the field, supports market diversification for farmers, and further contributes to protecting the environment.

Business Risk Management (BRM)

Recommendation: That the government adjust AgriStability coverage immediately to cover losses starting at 85 per cent of historical reference margins with no Reference Margin Limits. That BRM programming review focus on program effectiveness rather than funding levels and that an industry-government technical working group that allows farm groups to actively participate in BRM data and impact analysis be convened.

Canada's Business Risk Management (BRM) programs support farmers by helping them manage risk beyond their control, such as increased market volatility, extreme climate-related events, and increasing costs of crop inputs. However, the current BRM suite is failing farmers as these risks become more prevalent and program coverage does not keep pace. In 2018, Canadian farmers saw their realized net income decline by 45.1%. Without improvement to BRM programs, farmers across Canada face immense uncertainty and financial pressures as they approach a new cropping season, threatening to undermine the viability of their businesses, the continued success of Canadian agricultural production, and the middle-class jobs it supports.

Trade

Recommendation: That the government support rules-based trade and dedicate resources to the elimination of non-tariff barriers and to the implementation of Canada's Free Trade Agreements to ensure Canadian farms remain competitive globally.

With over 90% of canola exported as seed, oil and meal, international trade is of critical importance. Global protectionism negatively impacts Canadian canola farmers and creates substantial risk and unpredictability in their farm operations. China's de facto market closure to Canadian canola seed continues to destabilize our market, and farmers are again entering the planting season and making management decisions in an uncertain environment. A solution to the current impasse and improvements in the Canada-China relationship needs to be a top government priority.

Open markets and rules-based trade, such as provided by the World Trade Organization or Canada's free trade agreements, form a supportive trading framework and set out the rules of engagement. To fully benefit from these agreements and to forge new markets for Canadian agriculture products, the rules of trade must be respected and fully implemented, and market access issues must be addressed on a continual basis and in a dedicated manner. In many cases this is a role that only government can play making it essential that adequate resources be provided to ensure trade irritants are addressed in a timely and effective manner.

Pest Management Regulatory Agency

Recommendation: That Budget 2020 include the Pest Management Regulatory Agency's (PMRA) request of funding for a Pan-Canadian Water Monitoring Program.

The PMRA requires consistent, reliable, robust, impartial data in order to fulfill its mandate as a science-based regulatory agency. If government funding is absent for a Pan-Canadian Water Monitoring Program, PMRA will be forced to rely on increasingly conservative modelling in arriving at its regulatory re-evaluation decisions for

chemistries registered for use in Canada. This approach to regulatory reviews will threaten the competitiveness of industries like agriculture, removing billions of dollars from our economy in lost profits and jobs. Furthermore, it will cause Canada to be seen as a jurisdiction with increasingly high levels of regulatory uncertainty, disincentivizing registrants from commercializing their chemistries in Canada. The funding requested for this program by PMRA will ensure that the Agency has the appropriate resources available to help fulfill its mandate as a science-based regulatory agency.

Canadian Grain Commission Review

Recommendation: That the government complete its review of the Canadian Grain Commission and modernize the Canada Grains Act and Canada Grain Regulations to ensure Canada's grain quality system aligns with the modern grain trading environment.

It has been over 40 years since a major overhaul of the *Canada Grains Act* and wholesale review of Canadian Grain Commission (CGC) operations. The grains sector has substantially evolved, and it is widely recognized that changes are required to uphold the grain quality assurance system and to better align the CGC with the needs of the grain sector. The CGC plays a critical role in assuring Canadian grain quality while providing a series of important producer protections. The review and legislative changes provide the opportunity to define the “gold standard” for grain assurance, to enhance producer protections and to create a responsive, nimble regulatory framework.

Transportation

Recommendation: That the government make further long-term commitments to infrastructure improvements through the Western corridor that serves the Western Ports.

With our dependence on exports, moving product to export position within Canada is key. We recognize this government's commitment to infrastructure improvements, including the suite of National Trade Corridor Fund projects supported in 2019 in the Port of Vancouver. Transportation corridors need considerable funding to be upgraded to handle not simply the goods of today but increased volumes of the future as Canada works to diversify its trade flows. We recommend the federal government make further, long-term commitments to infrastructure improvements that will help facilitate exports, especially through the Western corridor to supply the growing Asian markets. Infrastructure investments are key to ensuring Canada competitiveness. Canada's grain industry has already made significant investments in supply chain capacity to meet this growing demand – it is critical that infrastructure investments in railways, roads, and bridges continue.

Rural Broadband

Recommendation: That the government continue to invest and support programming to enhance and extend high-speed broadband coverage in rural communities.

CCGA supports the government's goal of providing greater access to broadband technology in Canada, particularly in rural communities. Agriculture is a technology driven industry. Canola farmers rely on efficient

broadband service to utilize technologies that help them operate their farm, minimize their environmental footprint, market their crops, and manage transportation logistics. Not having efficient, reliable broadband connectivity threatens the adoption of technology on farms and slows the pace of innovation within the sector, effecting farm income and competitiveness of our sector. CCGA stresses the importance of enhancing and extending rural broadband technology as quickly as possible to enable farmer access.

Thank you for the opportunity to provide comments on budget 2020. Please contact me should you have further questions.

Sincerely,

original signed by

Dave Carey
Vice-President, Government and Industry Relations
Canadian Canola Growers Association