

Written Submission for the Pre-Budget Consultations in Advance of
the 2023 Federal Budget

Canadian Canola Growers Association

Recommendations

- **Recommendation 1:** *Support enhanced sustainable canola production by providing improved financial recognition for on-farm activities and work more closely with farmers in developing sustainability programs, regulations, and targets.*
- **Recommendation 2:** *Invest further in Business Risk Management Programs (BRM) and work closely with farmers to ensure the programs in the BRM suite provide effective, timely and predictable risk management options for farmers.*
- **Recommendation 3:** *Strengthen Canada's capacity to monitor and mobilize resources to fully implement and capitalize on existing trade agreements for Canadian agriculture starting with the Canada-European Union Comprehensive Economic and Trade Agreement (CETA).*
- **Recommendation 4:** *Canada's Indo-Pacific strategy includes a Diversification Office and champions free and rules-based trade in bilateral and multilateral engagements.*
- **Recommendation 5:** *Budget 2023 includes funding for a permanent Pan-Canadian Water Monitoring Program housed within the Pest Management Regulatory Agency (PMRA). Work conducted by the PMRA must uphold a risk and science-based approach.*
- **Recommendation 6:** *Develop a blueprint to modernize the Canada Grain Act and Canadian Grain Commission to ensure Canada's grain quality system aligns with the modern grain trading environment.*
- **Recommendation 7:** *Expediate efforts to provide accessible, affordable, and reliable high-speed internet and mobile coverage to rural and remote communities.*
- **Recommendation 8:** *Increase transparency and confidence in Canada's railways and invest further in adaptable and resilient transportation infrastructure.*

Canadian Canola Growers Association (CCGA) appreciates the opportunity to participate in the House of Commons Standing Committee on Finance's 2023 Pre-Budget Consultation. CCGA represents 43,000 canola farmers from Ontario to British Columbia on national and international issues, policies and programs that impact their farm's success. CCGA is also an official administrator of Agriculture and Agri-Food Canada's Advance Payments Program.

Canola is Canada's most widely seeded crop and the largest farm cash receipt of any agricultural commodity, earning Canadian farmers \$12 billion in 2021. Annually the canola sector provides \$29.9 billion to the Canadian economy and provides for 207,000 full time Canadian jobs. Exports drive canola's success – more than 90% of all canola grown in Canada is exported as seed, oil, or meal. Exports of canola were valued at \$13.7 billion in 2021.

The canola sector has ambitious targets to meet growing demand by sustainably increasing canola production to 26 million metric tonnes by 2025, while improving energy and land efficiency, sequestering more carbon, improving soil and water health, and protecting biodiversity. To allow farmers to contribute fully to achieving these targets, as well as the government's climate and export goals, the federal policy environment must enable growth in the sector. The following recommendations are measures where if taken, can help boost canola farmers' contribution to Canada's economy, and further enable sustainable production.

The Environment

Recommendation 1: *Support enhanced sustainable canola production by providing improved financial recognition for on-farm activities and work more closely with farmers in developing sustainability programs, regulations, and targets.*

Canola is a climate solutions provider that efficiently sequesters carbon due to its high yields and deep roots and provides habitat for over 2,000 beneficial insects and bees. Canola farmers have long been adopters of leading-edge sustainability practices such as conservation tillage and utilize the latest technologies to drive input efficiencies wherever possible. Government programming that utilizes climate solutions on farm, such as the development of the new Resilient Agriculture Landscapes Program (RALP), or agriculture carbon offset protocols, should reward canola farmers for practices that contribute to reducing emissions and helping the environment.

Additionally, the approximately \$2 billion in announcements from the canola processing sector in 2021 show the entire industry is responding to produce and process increased volumes of canola – to meet the growing global demand for food and biofuel. Government should work with industry to ensure the Clean Fuel Regulations enable meeting this increased demand. This includes consulting with industry to finalize the compliance process for feedstock providers (canola producers), and on developments in the Fuel Lifecycle Assessment model.

To further drive adoption of new sustainable practices and technologies, government must work with farmers in a meaningful way to design programs, establish incentives, and provide evidence of return on investment regarding the impact that any new emission reducing practices will have on the economics of growing canola.

As input prices continue to rise, coupled with increased demand for canola, farmers need to be supported to adopt new practices that will reduce emissions further, while promoting yield to protect profitability. The development of a working group or formalized body with Agriculture and Agri-Food Canada and Environment and Climate Change Canada to engage farmers and their associations further on agri-environmental policy can help build trust as we collectively seek to reduce emissions while simultaneously increasing productivity and farmer competitiveness. Additionally, improving Canada's regulatory framework to foster innovation in plant breeding and pest control products will be critical in accelerating climate solutions on farm. Canola farmers need access to these critical elements to allow them to sustainably meet the growing demand for canola.

Business Risk Management (BRM)

Recommendation 2: *Invest further in Business Risk Management Programs (BRM) and work closely with farmers to ensure the programs in the BRM suite provide effective, timely and predictable risk management options for farmers.*

Family farms face increased export risk in international markets, volatile commodity prices and weather, and higher input costs and debt, indicating the greater need for effective BRM programs to be established. For the long-term, adequately funding and evolving BRM programs will help farmers remain competitive, while having the confidence to invest in their operations, a critical component for the growth and sustainability of our sector. Further to the Sustainable Canadian Agricultural Partnership (SCAP), announced in July 2022, farmers and their represented associations need to be engaged early and often on programming changes to ensure these critical tools remain relevant and effective. Any changes should align exclusively with the core objective of the suite of programs: to provide producers with tools to protect against income and production losses that threaten the viability of farms.

Trade

Recommendation 3: *Strengthen Canada's capacity to monitor and mobilize resources to fully implement and capitalize on existing trade agreements for Canadian agriculture starting with the Canada-European Union Comprehensive Economic and Trade Agreement (CETA).*

It is one thing to sign free trade agreements; it is another to ensure they are implemented as intended and the spirit of negotiated outcomes is respected. The canola industry supports strengthened capacity to monitor implementation and to ensure Canada fully leverages its existing free trade agreements and delivers on potential economic benefits. While Canada's CETA with the European Union eliminated tariffs, market and innovation barriers persist creating export risk and jeopardizing access. September 2022 marks its fifth anniversary, and strong political leadership is still required to address multiple challenges.

Recommendation 4: *Canada's Indo-Pacific strategy includes a Diversification Office and champions free and rules-based trade in bilateral and multilateral engagements.*

To further grow and diversify our exports, additional resources are required to proactively prevent and resolve market access issues. As the government develops its Indo-Pacific strategy, the canola, cereals, and pulse industries are requesting the establishment of an Indo-Pacific Diversification Office in the region. The Office would have the capacity and expertise to address agriculture policy, regulatory and/or technical issues in a strategic and coordinated matter. Sixty per cent of the global population resides in Asia, and an increasing disposable income and changing food requirements makes canola an attractive option with opportunities for seed, oil, and meal. Unfortunately, our exporters face several market access challenges and rapidly, often opaque, evolving requirements creating significant export risk. This Office would better ensure Canada is on top of developing trends and build professional contacts in the region to facilitate communication, problem-solving, and improved use of international standards and agreements.

Additionally, Canada should seek new agreements in the Indo-Pacific while capitalizing on its existing ones. CCGA welcomes negotiations with the Association of South-East Asian Nations (ASEAN) and Indonesia to remove tariff and non-tariff barriers and drive exports in this growing region.

Pest Management Regulatory Agency

Recommendation 5: *Budget 2023 includes funding for a permanent Pan-Canadian Water Monitoring Program housed within the Pest Management Regulatory Agency (PMRA). Work conducted by the PMRA must uphold a risk and science-based approach.*

CCGA appreciates recently announced funding for PMRA to increase data collection for water monitoring, and the inclusion of increased use of real-world data as a pillar in PMRA's Transformation Agenda. Permanent funding is required to ensure that the Agency has the appropriate resources available to fulfill its mandate as a science-based regulatory agency. If permanent government funding is absent for a Pan-Canadian Water Monitoring Program, housed within PMRA, the Agency will be forced to rely on increasingly conservative modelling in arriving at its regulatory 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, causing Canada to be perceived as a jurisdiction with increasingly high levels of regulatory uncertainty and disincentivizes registrants from commercializing chemistries in Canada. As PMRA's Transformation Agenda evolves, it is essential that Canada maintains a risk and science-based regulatory system to support both domestic activities, while advocating for rules-based trade and market access practices internationally.

Canadian Grain Commission Review

Recommendation 6: *Develop a blueprint to modernize the Canada Grains Act and Canadian Grain Commission 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 modernization of Canadian Grain Commission (CGC) activities. CCGA recognizes the efforts underway at CGC to make improvements within their mandate, and Agriculture and Agri-Food Canada's spring 2021 stakeholder consultations on modernization of the *Canada Grain Act*. A timely conclusion of the ongoing AAFC review and subsequent legislative changes should be Government priorities. An updated *Canada Grains Act* would allow for important changes including defining the "gold standard" for grain assurance, enhancing producer protections and creating a responsive, nimble regulatory framework that aligns with a modern trading environment.

Rural Broadband

Recommendation 7: *Expediate efforts to provide accessible, affordable, and reliable high-speed internet and mobile coverage to rural and remote communities.*

CCGA supports Canada's Connectivity Strategy's commitment of providing universal access to high-speed internet and enhancing mobile connectivity in Canada, particularly in rural and remote communities. Reliable, fast, and affordable internet and mobile coverage are important in managing modern grain farm operations and adopting new technologies, which are critical to farmers' ability to stay competitive and sustainable in the global marketplace. Unfortunately, rural connectivity still lags urban centres. Improvements to deployment requirements and the auction of spectrum licences should be considered to help facilitate equitable and affordable access for rural and remote regions.

Transportation

Recommendation 8: *Increase transparency and confidence in Canada's railways and invest further in adaptable and resilient transportation infrastructure.*

With 90% of canola being exported, moving product to export positions within Canada is key. We recognize this government's commitment to infrastructure improvements, including the suite of National Trade Corridor Fund projects supported in the Port of Vancouver. Transportation corridors need considerable investment to be upgraded to handle not simply today's supply but increased volumes of the future as Canada diversifies its trade flows. Long-term investments are needed to enhance resiliency to natural disasters, and help facilitate exports, especially through the Western corridor to supply the growing Asian markets and remain competitive. 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. To ensure proper service delivery, railways need to provide more transparent plans and data on the movement of grain, and increased oversight through the formation of an industry-government-labour group is needed.

Thank you for the opportunity to provide comments on Budget 2023. We request the opportunity to appear at committee to discuss these recommendations further.

Sincerely,

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