



# CFIB's Proposal for Canada's Next Agriculture Policy Framework 2023-2028

Building post-pandemic competitiveness and innovation while  
recognizing environmental stewardship in agriculture

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## Executive summary

**Purpose of submission:** To provide CFIB agri-business members' priorities for Federal-Provincial-Territorial (FPT) governments as they design and improve the Next Policy Framework 2023-2028.

**Background:** The current Canadian Agricultural Partnership is a \$3-billion Federal-Provincial-Territorial agreement that expires on March 31, 2023. Consultations are currently underway on the design of the Next Policy Framework (the replacement for the Canadian Agricultural Partnership) which will be in place for five years starting on April 1, 2023.

**Key focus of the document:** The total tax burden, regulations, and red tape are the key focuses of CFIB's recommendations. Farmers are facing rising carbon taxes, uncertainty around new environmental regulations (e.g., fertilizer emissions reduction target proposals), labour shortages, financial consequences of the pandemic and disrupted supply chains. Given the federal government's focus on the environment and climate change, CFIB will highlight the leadership the agriculture sector has already shown in carbon sequestration (e.g., minimum tillage, etc.) and what our farm members are already doing to protect the environment. Canadian agriculture plays a significant role in bettering the environment while feeding the world. FPT governments need to prioritize productivity, growth and competitiveness in the Next Policy Framework.

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## Introduction

Agriculture is an important sector of the Canadian economy and can be a key player in Canada's economic recovery and growth. The pandemic, a challenging growing season in Western Canada and parts of Ontario, and flooding in B.C. has exacerbated the difficulties faced by agri-businesses across the country over the past year. CFIB presents the following proposal for the Next Policy Framework for 2023-2028 that uses data from our recent surveys to represent our farmers' and agri-business members' priorities. Of top concerns are the total tax burden, regulations, and red tape that are holding back the agriculture industry.

The strength and resilience of the agriculture sector are due to the commitment and performance of Canadian farmers and other agri-businesses. Government policies can encourage their success by fostering a competitive landscape. While CFIB recognizes there is little FPT governments can do to solve the global market issues facing farmers, it can certainly take steps to improve the policy environment in which agri-businesses operate. Government policies impacting agri-businesses range from municipal, provincial, and federal taxation to regulation, business risk management programs (BRM), market access, research and development, innovation, labour, and education.

CFIB is a non-partisan, non-profit organization with a membership comprised entirely of small- and medium-sized enterprises (SMEs) across the country. Each CFIB member is an independently owned and operated company. CFIB represents 95,000 SMEs, including 6,000 agri-businesses. The following proposal relies primarily on data from CFIB's Agricultural Survey from November 2021. Of those survey respondents, 84 per cent have had their agri-business for

11+ years. More details on this survey and survey methods are found in the methodology following the conclusion.

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## Key Priorities

CFIB is calling for significant changes to the Next Policy Framework, given over half (52%) of our agri-business members did not find the current five-year Canadian Agricultural Partnership effective in improving the competitiveness of their agri-businesses<sup>1</sup> and 27 per cent are still discouraged about the future of their business heading into 2022<sup>2</sup>. In fact, less than one-quarter of our agri-business members said the current framework was effective at improving the competitiveness of their agri-business.

It is important to note that agri-businesses are facing many challenges in 2022. Ninety-four per cent of agri-businesses agree that rising prices of inputs are having a significant to moderate impact on their business<sup>3</sup>. Almost three-quarters (70%) disagree that rising prices will be a temporary issue<sup>4</sup>. Eighty-three per cent of agri-businesses say supply chain challenges are having a direct impact on their farm business and 72 per cent say governments increasing other costs for their business is a concern. A further 57% said labour shortages was also posing difficulties for their farm business (see Figure 1)<sup>5</sup>.

These survey results are not surprising given skyrocketing costs for fertilizer, farm inputs, and fuel. Coupled with rising federal carbon taxes, farmers are facing significant costs and risk in 2022 as they work to grow food for Canadians and the export market. While all levels of government must develop an effective long-term policy framework, there are many immediate challenges for agri-business members that need to be addressed (e.g., supply chains, rising input costs, etc.).

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<sup>1</sup> CFIB's Agriculture Survey 2021. October 25, 2021 – November 30, 2021.

<sup>2</sup> CFIB's January 2022 Your voice Survey. January 18-27, 2022.

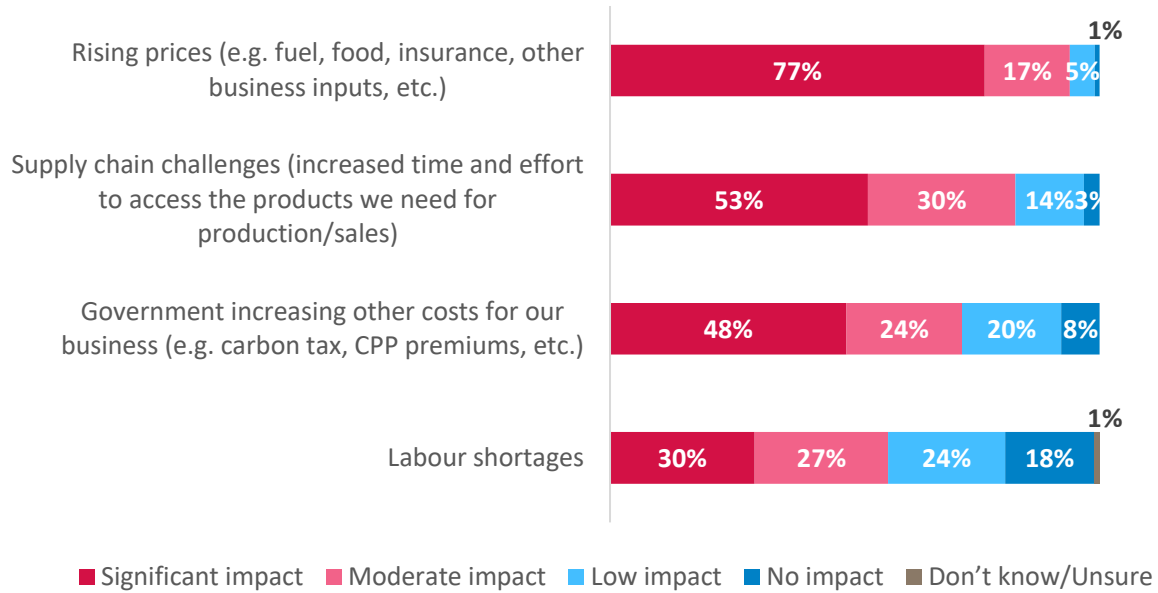
<sup>3</sup> CFIB's February 2022 Your voice Survey. February 9-25, 2022.

<sup>4</sup> CFIB's February 2022 Your voice Survey. February 9-25, 2022.

<sup>5</sup> CFIB's February 2022 Your voice Survey. February 9-25, 2022.

Figure 1

How much of an impact are each of the following currently having on your business? (Select one for each line)– (% of response)



Source: CFIB, Your Voice Survey – February 2022, February 9-14, 2022. Results. Ag n=90.

CFIB's priorities for the Next Agriculture Policy Framework come directly from our members. In November 2021, we surveyed our agri-businesses specifically to understand their top priorities for the Next Policy Framework. Consequently, their responses provide the outline for our Framework proposal. The top priorities for our agriculture members are:

1. Reducing the total tax burden for agri-business
2. Increasing the focus on regulatory reform by reducing the burden of government regulation and red tape
3. Implementing policies to address labour shortages (such as improving access to the Temporary Foreign Workers Program, encouraging more Canadians to work in the agri-food industry, etc.)
4. Increasing processing capacity and value-added opportunities (such as food/meat processing, biofuel, ethanol, etc.)
5. Designing more effective business risk management programs (such as AgriStability, etc.)
6. Improving access to reliable broadband internet in rural Canada

CFIB urges participating governments to consider the recommendations in this submission to ensure the Next Policy Framework will be more successful and that Canada's agriculture sector grows and prospers in the decades to come.

### Priority 1: Reducing the total tax burden for agri-businesses

In addition to inflation and skyrocketing prices for input costs such as fertilizer and fuel, agri-businesses across Canada are facing rising costs from federal or provincial carbon pricing schemes and other costs for their business (e.g., rising CPP premiums). Currently, the Federal Carbon Pricing Backstop applies in Ontario, Alberta, Saskatchewan, Manitoba, Nunavut, and Yukon. All other provinces and territories have their own carbon pricing plans. Any province with its own carbon pricing plan must develop a carbon pricing program that is equivalent to or greater than the Federal Carbon Pricing Backstop (i.e., same or greater price per tonne of CO<sub>2</sub> emissions). In addition, there is also uncertainty about the trickle-down costs of the Clean Fuel Standard set to be implemented in late 2022.

Nearly all (99%) of agri-businesses believe governments should consider the financial impact of new policies and regulations on agri-business before implementing them<sup>6</sup>. Agri-businesses are already taking action to help protect the environment so imposing additional costs on their business will only slow economic recovery.

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<sup>6</sup> CFIB's Agriculture Survey 2021. October 25, 2021 – November 30, 2021.

The current state of agri-businesses makes it difficult for many agri-business owners to absorb any new costs to their business. COVID-19 has dramatically altered the environment in which all small businesses operate. Imposing additional costs, even if the intended goal is to protect the environment, will further hamper and slow their recovery—putting the livelihoods of many at risk. Many agri-business owners personally believe in the importance of protecting the environment and 89 per cent have already implemented ways to protect the environment and reduce emissions<sup>7</sup>. However, the government must not lose focus on ensuring the full recovery of the economy before imposing additional costs. Encouraging sustainable practises is important but must not come at the cost of farm productivity and food security.

CFIB research conducted in February 2020 found, on average, farmers paid almost \$14,000 in federal carbon taxes in the first year it applied to them (April 1<sup>st</sup>, 2019, to March 31<sup>st</sup>, 2020)<sup>8</sup>. It is important to note that these costs were incurred when the federal carbon backstop was set at \$20 per tonne CO<sub>2</sub>e. These cost estimates include carbon taxes paid on natural gas, propane to dry grain and heat barns, as well as fertilizer and shipping costs.

Fast forward to today and CFIB's latest research indicates these costs have more than tripled for agri-businesses who reported paying an average of \$45,504 in federal carbon taxes this past fiscal year (March 31, 2020 – April 1, 2021).<sup>9</sup> The federal carbon tax has increased to \$50 per tonne CO<sub>2</sub>e on April 1st, 2022 and will continue increasing until it reaches \$170 per tonne CO<sub>2</sub>e by 2030. Farmers are concerned about what these costs will balloon to in 2030.

Farmers cannot pass these costs onto their customers, and they come directly out of their bottom line. While commodity prices may be higher right now, this will not always be the case. Taxing farmers to produce food when there are few or no practical alternatives to the fuels used in agriculture is setting them up for failure.

In addition, the federal government's commitment to move forward with the Clean Fuel Standard (CFS) will increase the cost of energy for many agri-businesses and farmers, as large producers will download their costs onto consumers. Although the CFS will directly apply to liquid fossil fuel primary suppliers, and not be a direct cost on consumers like the carbon tax, small businesses will still be impacted through potential download costs.

The federal government's cost-benefit analysis estimates the CFS will result in a GDP decrease of \$6.4 billion in 2030.<sup>10</sup> In addition, it is expected the CFS would increase the cost of a litre of gasoline by up to 7 cents over the next decade.<sup>11</sup> If the government chooses to continue moving forward with the increases to the carbon tax and the implementation of the CFS, it must find a way to reduce the burden on agriculture and not impose the bulk of the costs on the farming and small business community.

At a minimum, the federal government needs to freeze the federal carbon tax for the near future given the volatile market the world is facing right now. It is important to note the federal

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<sup>7</sup> CFIB's Agriculture Survey 2021. October 25, 2021 – November 30, 2021.

<sup>8</sup> CFIB's National Energy and Environment Survey. January 16, 2020 – February 18, 2020.

<sup>9</sup> CFIB's Agriculture Survey 2021. October 25, 2021 – November 30, 2021.

<sup>10</sup> Government of Canada. Canada Gazette, Part I, Volume 154, Number 51: Clean Fuel Regulations. December 19, 2021.

<sup>11</sup> Government of Canada. Canada Gazette, Part I, Volume 154, Number 51: Clean Fuel Regulations. December 19, 2021.

government has acknowledged the carbon tax issue via a refundable tax credit for farmers. This was announced in the government's December fiscal update, to rebate carbon tax fuel charges on propane and natural gas<sup>12</sup>. However, CFIB suggests farmers should be exempt altogether.

Recently, a new Private Members' Bill C-234, *An Act to amend the Greenhouse Gas Pollution Pricing Act* was introduced. This new bill, if passed, would exempt natural gas and propane from the federal carbon tax used for on-farm grain drying, barn heating, irrigation, and steam flaking (a process used to make livestock feed).

Before the last election, CFIB encouraged members of parliament to support Private Members' Bill C-206, *An Act to amend the Greenhouse Gas Pollution Pricing Act* (qualifying farming fuel). Unfortunately, this bill died before it may have received Royal Assent when the 2021 federal election was called.

The Parliamentary Budget Officer recently estimated that Bill C-206 would have saved farmers \$1.1 billion over 10 years had it passed. This is money farmers could use to reinvest in their business, continue to invest in technology and contribute to their local community. CFIB will be encouraging all MPs to support Bill C-234 in the weeks and months ahead as a positive first step in addressing the unfairness of the federal carbon tax on agriculture.

## Priority 2: Focus on regulatory reform by reducing the burden of government regulation and red tape

The burden of bureaucratic regulation and red tape is harming agri-businesses in Canada in terms of both current operations and future plans. New data compiled by CFIB in 2022 indicates red tape costs Canadian businesses \$11.3 billion annually<sup>13</sup>. In discussing red tape reduction, it is important to differentiate between the necessary rules ensuring safe food production from the unnecessary red tape in operations, such as duplicated paperwork, and poor customer service. Regulatory reform is about cutting red tape, making the regulatory environment more user-friendly and improving owner-government relations.

In CFIB's Agriculture Survey, 81 per cent of agri-businesses say red tape and regulation are holding their business back from innovating (such as by creating or improving products, services and/or processes)<sup>14</sup>. Not only is this an issue for competitiveness in Canadian agriculture but it is quickly becoming a farm succession issue. More than three-quarters of agri-businesses (77%) question whether their children should take over the business or start their own given the burden of red tape and regulation. This highlights the severity of the impact of red tape on Canadian agri-business. Couple this with an increase in the regulatory burden from agencies like the Canadian Food Inspection Agency (CFIA) and other federal government ministries such as Health Canada and Environment and Climate Change, it is easy to see why farmers are feeling a heavier burden from regulation and red tape. This acts as discouragement and disincentive to the next generation of farmers and agriculture entrepreneurs to enter this dynamic industry.

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<sup>12</sup> Biological Carbon Canada. December 17, 2021. Tax Update: December 14, 2021

<sup>13</sup> CFIB. (2022). Regulatory Costs in Canada and the United States: A Small Business Perspective.

<sup>14</sup> CFIB's Agriculture Survey 2021. October 25, 2021 – November 30, 2021.



Because 87 per cent of agri-business owners do not believe policymakers understand the realities of farming, the Next Policy Framework must consider the financial and practical impact of new policies and regulations on agri-businesses before implementing them and find internal efficiencies to streamline processes<sup>15</sup>.

Agri-businesses have been unfairly targeted by federal environmental policy, and with harsher policies on the way, the Next Policy Framework must support agri-businesses already investing in environmentally friendly practices. In CFIB's 2020 National Energy and Environment Survey, 78 per cent of agri-business owners have acted in the past year to lessen their environmental impact, with 87 per cent of those being personally motivated to do so<sup>16</sup>.

*“Farming, in general, is based on sustainability. We want our children to continue the farm and their children, etc. Our farm has implemented no-till planting and fencing off our watercourses from cattle. The main burden for implementing better environmental practices is and will continue to be costly. The tremendous amount of capital needed to invest into new (and old proven) technology will always be a burden.”*

— Livestock & Animal Specialty Farms Business Owner, Québec

Farmers continue to be leaders in carbon sequestration and have already taken action to protect the environment. For example, many farmers have been direct seeding for decades. Nearly every single agri-business owner (99%) stated in CFIB's Agriculture Survey that producing safe and healthy food is important to them<sup>17</sup>. Eighty-nine per cent of Canadian agri-business owners have already implemented ways to protect the environment and reduce emissions<sup>18</sup>. Some of these green initiatives directly from CFIB member comments and survey results include:

- Using GPS technologies to distribute seed, fertilizer, and herbicide, minimizing overlap and waste
- Variable-rate fertilizer application
- Using exact apply spray technology
- Increased use of cover crops
- Investing in new, state-of-the-art equipment
- Recycling fruits, veggies, manures, etc. back into the land
- Rotating crops
- Recirculating and reusing all wastewater from greenhouses
- Reducing tractor use through direct seeding, minimum tillage
- Continuous improvement in animal nutrition and health management practices, minimizing waste and the use of antibiotics
- Rate controllers in sprayers to reduce overuse of chemicals
- Installing solar grids
- Using high-efficiency boilers and heating units
- Increased use of cover crops

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<sup>15</sup> CFIB's Agriculture Survey 2021. October 25, 2021 – November 30, 2021.

<sup>16</sup> CFIB's National Energy and Environment Survey. January 16, 2020 – February 18, 2020.

<sup>17</sup> CFIB's Agriculture Survey 2021. October 25, 2021 – November 30, 2021.

<sup>18</sup> CFIB's Agriculture Survey 2021. October 25, 2021 – November 30, 2021.

- Implementing biological pest control procedures
- Reducing electricity usage
- Protecting wetlands, water sources, waterways, wildlife habitats
- Preserving forests, trees, greenspaces, grasslands

*“I changed the way I farm 10 years ago by reducing the use of fertilizers and sprays. I have seeded my marginal land back to grass, planted hundreds of trees, and I have solar panels in my shop. I believe my operation is close to net zero.”*

— Livestock & Animal Specialty Farms Business Owner, Alberta

Another concern of the burden of environmental regulation for agri-businesses is the federal government's proposed fertilizer emissions reduction targets which aim to reduce nitrogen fertilizer emissions by 30 per cent from 2020 levels by the end of the decade<sup>19</sup>. CFIB asked our farm members what the impact would be if the federal government required their businesses to reduce their nitrogen fertilizer use by 30 per cent. Almost three-quarters (72%) said the yield of their crops and overall food production will be reduced, 60 per cent said the profitability of their agri-business will be reduced, and over half (56%) said it would render their agri-business less competitive<sup>20</sup>. Forty-two per cent said it would be challenging as they have already reduced their fertilizer.

*“If I will be forced to use less fertilizer, I might as well quit farming. We have already optimized fertilizer and seed with one pass application by variable rate. We need fertilizer to get yield because if we do not get yield, the farm does not make a profit... Farming is looking very bleak for future generations.”*

— Livestock & Animal Specialty Farms Business Owner, Alberta

New policies must not lead to unintended consequences on food security. Given the challenging geopolitical environment, the world needs more Canadian agri-food products. Government must ensure it is not implementing policies that would reduce the yield and productivity of Canadian farmers.

More growers are adopting practices to better manage and maximize fertilizer application such as the 4R Nutrient Stewardship approach (Right source, Right rate, Right time, Right place), as well as investing in new technology for more accurate fertilizer placement. Encouraging voluntary initiatives like these is a better solution than mandating a firm reduction in fertilizer use at the farm gate.

### Priority 3: Implementing policies to address labour shortages

Canadian agri-business owners have been struggling to find labour, with the shortage being exacerbated by the COVID-19 pandemic. In a CFIB survey from September 2020, well over half (60%) of agri-business owners said the primary reason their business was not back to pre-pandemic levels was due to difficulty recruiting staff<sup>21</sup>. Labour shortages were also the number

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<sup>19</sup> Fertilizer Canada. N.d. Canada must choose 4R Nutrient Stewardship to meet Canada's emission reduction targets.

<sup>20</sup> CFIB's Agriculture Survey 2021. October 25, 2021 – November 30, 2021.

<sup>21</sup> CFIB's September Your Voice Survey, September 2021.

one reason agri-business owners would not advise someone to start an agriculture business right now<sup>22</sup>.

*“The industry is struggling to get young people involved in agriculture as net income on farm products get lower and lower every year.”*

— Livestock & Animal Specialty Farms Business Owner, Ontario

Labour shortages are costing the ag sector billions of dollars, and Canadian workers are not being drawn to the industry. An article by iPolitics reported a loss of \$3 billion in ag sales due to labour shortages in 2020, with COVID-19 continuing to exacerbate the shortages<sup>23</sup>. The same article reported roughly 240,000 Canadians working in agriculture in December 2021, a 31% decrease from December 2020 and a 21-year low. Data released by the Canadian Agricultural Human Resource Council (CHHRC) estimates as many as 123,000 jobs in the farm-to-food supply chain could be vacant by 2029<sup>24</sup>. Finally, recent Statistics Canada data shows that jobs in the agriculture, forest, fisheries, and hunting sectors have a higher job vacancy rate than the national average<sup>25</sup>.

The next Framework must consider labour policies to attract Canadian workers to the farming and agricultural value chain. In CFIB's latest labour shortage report, businesses in agriculture and natural resources adapted primarily by hiring temporary foreign workers (TFWs), increasing automation on their farm or agri-business, and recruiting retired workers<sup>26</sup>. It is worth noting that while only 27 per cent of respondents facing labour shortages utilized TFWs, most of these businesses report a near 100 per cent success rate. The low utilization to high success rate ratio suggests that TFWs are a big part of the solution to job vacancy challenges.

In addition, 43 per cent of businesses increased automation as a strategy to address the labour shortage, with 91 per cent saying this was a successful strategy for their business<sup>27</sup>. This is an important point to make; agriculture has become a highly sophisticated, technology-dependent industry and job vacancies are not only in positions requiring manual labour. There is a need for specialized skills in computer technology, mechanics, crop and livestock technology and advisory services, just to name a few. Finally, just over half of the respondents (55 per cent) recruited retired workers with a 60 per cent success rate<sup>28</sup>.

CFIB was encouraged to see that addressing labour shortages in the agriculture sector was one of the top priorities identified for the federal Minister of Agriculture and Agri-Food in the post-election December 2021 Mandate Letter. CFIB urges the federal government to work closely with the provinces, territories, and industry to develop a comprehensive Agricultural Labour Strategy.

In addition, CFIB was pleased to see some positive changes announced just prior to the April 2022 Federal Budget. A longer validity period for Labour Market Impact Assessments (LMIA),

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<sup>22</sup> CFIB's September Your Voice Survey, September 2021.

<sup>23</sup> Labine, J. (January 12, 2022). Agriculture-labour shortage costing billions in lost sales. *iPolitics*

<sup>24</sup> CHHRC. (August 19, 2019). How Labour Challenges Will Shape the Future of Agriculture: Agriculture Forecast to 2029.

<sup>25</sup> Statistics Canada. (December 20, 2021). Job vacancies, third quarter 2021.

<sup>26</sup> CFIB. (December 2021). Labour shortages are back with a vengeance.

<sup>27</sup> CFIB. (December 2021). Labour shortages are back with a vengeance.

<sup>28</sup> CFIB. (December 2021). Labour shortages are back with a vengeance.

reducing the potential for duplication of application and reducing the costs should an LMIA expire before a work permit is issued will benefit the agriculture industry. It is also commendable that the federal government has significantly increased immigration capacity and funding to get more workers into the country.

There are no silver bullet solutions, and it will take a concerted effort by governments and industry to address the labour challenges in agriculture. CFIB is urging governments to tackle this urgent issue for all small businesses including farms and small agri-businesses. Having the right workers in place or tools to address the labour shortages in Canada needs to be a priority for Canada's economic recovery. Governments need to support this recovery by adopting policies that increase productivity, connect job seekers with employers and do not put the cost of hiring out of reach.

#### Priority 4: Increasing processing capacity and value-added opportunities

The food processing industry was worth \$117.8 billion in 2019, up a near 10 per cent from 2015 and was a major employer with 290,000 Canadians working in the industry in 2019<sup>29</sup>. Food processors are an important part of Canada's agriculture sector as its largest purchaser<sup>30</sup>. However, food processing has not received as much attention under the national agriculture policy framework.

In May 2021, the Standing Committee on Agriculture and Agri-Food released its report on food processing capacity<sup>31</sup>. This report outlines the significant contribution of the food and beverage processing industry that continues to require federal support. CFIB urges FPT governments to review many of the recommendations in this study. If we are to increase Canada's processing capacity, FPT governments must:

- Focus on trade and market access in Canada and internationally
- Improve Canada's supply chains
- Encourage the growth of smaller food processors and small meat processing operations (e.g., reduce the burden of red tape and regulation)
- Reduce barriers to inter-provincial trade
- Address the shortage of labour in the agri-food sector
- Bring greater fairness and accountability to the CFIA. In particular, there is room to improve how the CFIA interacts with farmers and small food processors. The Canadian Food Inspection Agency (CFIA) plays a key role in monitoring and safeguarding Canada's agri-food system. However, the CFIA contributes a significant amount of regulatory burden on many small food processors.

Smaller players in the food processing industry must also be supported by addressing the many challenges they face in the regulatory environment. According to CFIB's latest report on red tape, the smallest businesses spend almost ten times more on a per-employee basis on

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<sup>29</sup> Government of Canada. (October 28, 2021). Overview of the food and beverage processing industry.

<sup>30</sup> Government of Canada. (October 28, 2021). Overview of the food and beverage processing industry.

<sup>31</sup> Standing Committee on Agriculture and Agri-food. (May 2021). Room to Grow: Strengthening Food Processing Capacity in Canada for Food Security and Exports.

regulatory compliance than the largest businesses<sup>32</sup>. Reducing the burden of red tape on the sector can help to spur innovation and increase processing capacity.

All levels of government must encourage the development of new processing facilities to meet the demand and increase our production of biofuel, oils, and other value-added products. CFIB proposes amplifying the focus in this area through the following actions:

- Supporting targeted actions that leverage industry investments to increase productivity and competitiveness.
- Enhancing public and private innovation capacity to increase the industry's development and adoption of modern technologies, processes, and products to improve sustainability and efficiency and meet evolving global consumer demand; and
- Providing market access and development support for companies pursuing domestic and export markets and new growth areas.

*“Government must carefully consider all taxing and environmental policies concerning the impact on Canadian food production and value-added processing as it will impact our international competitiveness. Canadian food producers cannot contribute to the economy if we are put at a disadvantage to global competitors with taxation and policies that are more burdensome than other countries.”*

—Agri-Business Owner, Alberta

### Priority 5: Designing more effective business risk management programs

It has been a challenging year for many producers across the country with the devastating drought in Western Canada, flooding in B.C. and market interruptions (e.g., P.E.I. potatoes). Business Risk Management (BRM) programs are the last resort but when producers need them, they must work. CFIB agri-business members have consistently called for more responsive, transparent, accessible, predictable, and timely BRM programs.

CFIB asked farmers to rate their level of satisfaction with four business risk management programs currently offered by FPT governments: AgriInvest, AgriInsurance, AgriStability, and the Advance Payments Program (APP), with the results depicted in Figure 2<sup>33</sup>. AgriInvest had the highest satisfaction rate, with 79 per cent satisfied (34 per cent said they were very satisfied and 45 per cent said they were somewhat satisfied)<sup>34</sup>. Seventy-six per cent were very or somewhat satisfied with AgriInsurance, while 64 per cent were very or somewhat satisfied with the Advance Payment Program.

It appears the most room for improvement and the lowest level of user satisfaction is with AgriStability. Only 16 per cent of producers who used the program were very satisfied and 35 per cent were somewhat satisfied. Twenty per cent were somewhat dissatisfied and 21 per cent

<sup>32</sup> CFIB. (2022). Regulatory Costs in Canada and the United States: A Small Business Perspective.

<sup>33</sup> CFIB, Agriculture Survey – October-November 2021, October 25-November 30, 2021

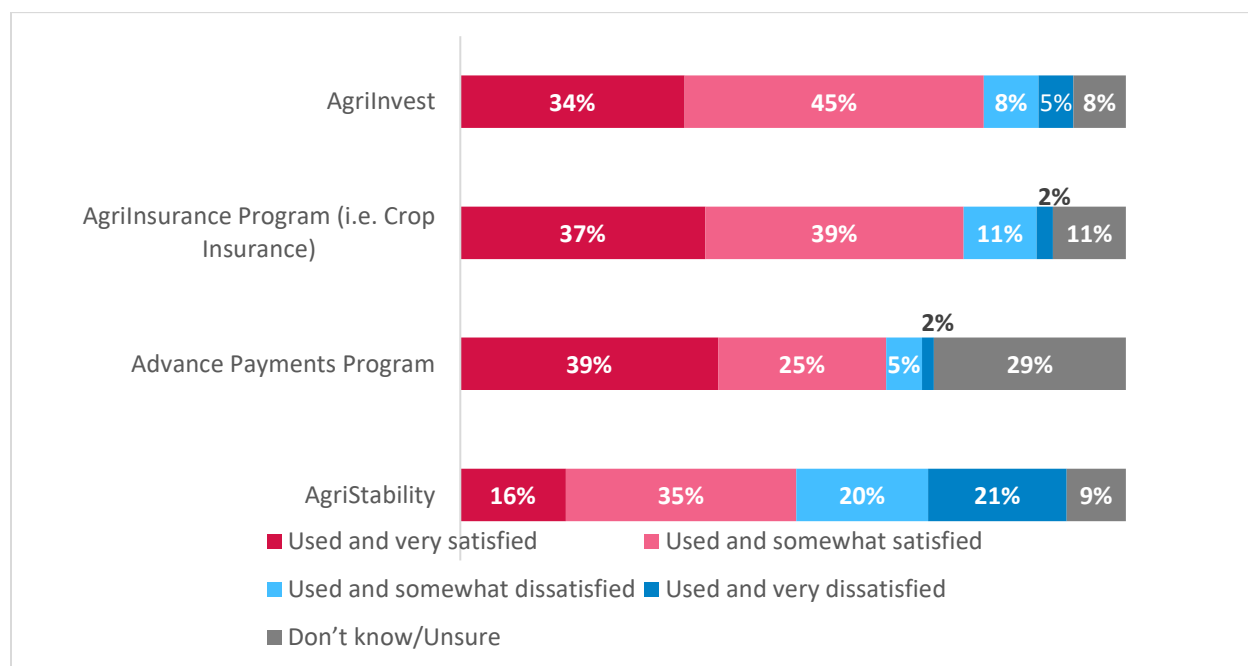
<sup>34</sup> CFIB, Agriculture Survey – October-November 2021, October 25-November 30, 2021

were very dissatisfied. Over half of the respondents (53 per cent) did not use any of these business risk management programs within the last three years.

CFIB recommends that through the Next Policy Framework negotiations, the federal government work with provinces and territories to update business risk management programs to ensure they are responsive and timely when needed.

Figure 2

Has your agri-business used any of the following business risk management programs in the last three years and, if so, what has been your level of satisfaction? (Select one for each line)



Source: CFIB Agriculture Survey – October November 2021, October 25-November 30, 2021. Results. Ag n=195. Note: Adjusted to exclude 'Not Used.'

### Priority 6: Improving access to reliable broadband internet in rural Canada

The COVID-19 pandemic made it clear that businesses require a reliable internet connection to grow and maintain operations. Whether trying to connect to the internet from the field or a home office in the most remote municipalities, broadband internet access in rural Canada is a necessity for farmers and agri-businesses. CFIB is advocating for FPT governments to improve access to broadband internet in rural Canada.

In CFIB's 5G Report, with a partnership from Telus, the top three overall plans for agri-businesses in the next three years were improving production efficiency and effectiveness (61%), updating technology and other capital (47%), and adopting new innovative technologies and practices (40%)<sup>35</sup>. All these steps require access to reliable broadband internet. Nearly all

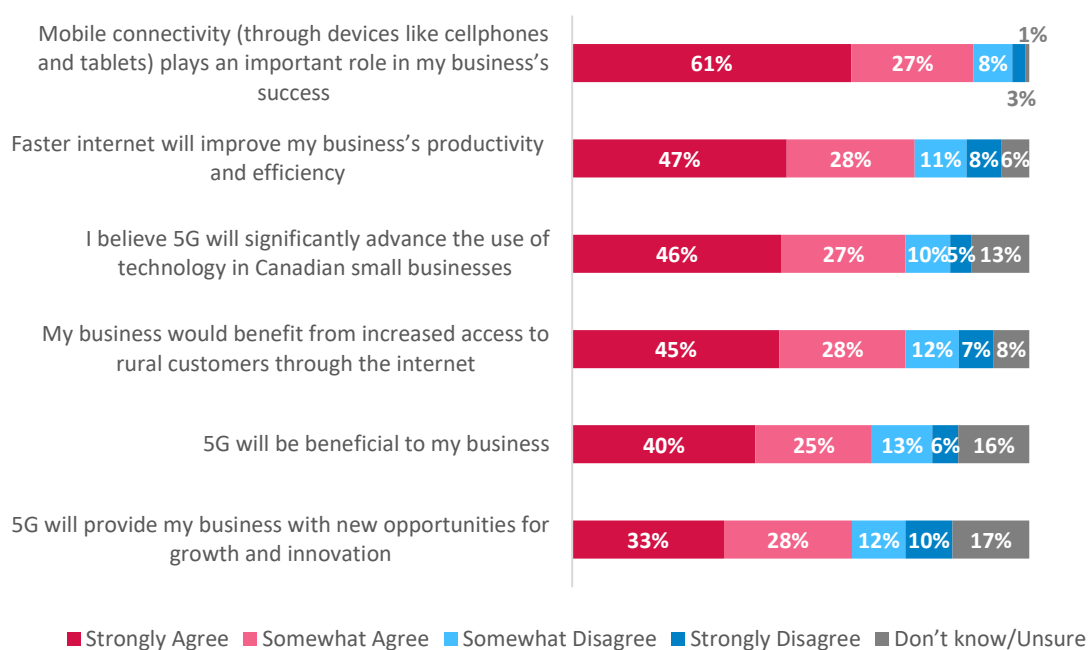
<sup>35</sup> CFIB in partnership with Telus. (May 19, 2021). The small business vision of 5G connectivity in Canada.

agri-business members use mobile phones (94%) and computers (92%) daily. However, only 53 per cent use broadband high-speed internet. Internet is imperative for day-to-day operations for farmers and agri-businesses across Canada, and government needs to invest in better networks.

Rural businesses are more likely than businesses in urban areas to say they have a lot to gain through improved mobile connectivity. Eighty-eight per cent of agri-businesses say mobile connectivity plays an important role in their business's success, and 75 per cent say faster internet will improve their agri-business's productivity and efficiency (see Figure 3)<sup>36</sup>.

Figure 3

Please indicate the extent to which you agree or disagree with the following statements about 5G technology – (% of response)



Source: CFIB's 'The small business vision of 5G connectivity in Canada' report in collaboration with Telus, May 19, 2021. Ag n=213.

Some progress has been made to bring broadband internet to rural communities in many jurisdictions across Canada. The 2021 Federal Budget included an additional \$1 billion dedicated to the Universal Broadband Fund, bringing proposed funding to \$2.75 billion to increase access to high-speed internet in rural and remote communities<sup>37</sup>. There needs to be concrete action taken by all FPT governments as broadband internet cannot come soon enough for rural farmers and agri-businesses.

CFIB recommends the Next Policy Framework ensures a competitive telecom industry can provide cost-effective digital connectivity to rural Canada within five years. This must include helping to inform farmers and agri-businesses of the benefits of 5G, its applications, safety, and

<sup>36</sup> CFIB in partnership with Telus. (May 19, 2021). The small business vision of 5G connectivity in Canada.

<sup>37</sup> Government of Canada. (2021). Universal Broadband Fund.

security. Additionally, the Framework should include financial support to help get online via innovation tax credits or programs.

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## Final Recommendations

As FPT governments work to construct and finalize the Next Policy Framework, CFIB urges them to address farmers' key priorities. Therefore, CFIB offers the following recommendations for the development of the Next Policy Framework which will come into effect on April 1<sup>st</sup>, 2023:

### **Tax burden:**

- Reduce the total tax burden on agri-businesses with particular emphasis on the federal carbon tax.
- Freeze the federal carbon backstop at its current level.
- End the practice of charging GST on the federal carbon tax.
- Support & pass Private Members' Bill C-234, *An Act to amend the Greenhouse Gas Pollution Pricing Act* to provide exemptions on natural gas and propane from the federal carbon tax used for on-farm grain drying, barn heating, irrigation, and steam flaking (a process used to make livestock feed).
- Implement mechanisms to ensure the trickle-down effects of the Clean Fuel Standard do not hurt agri-business.
- Honour the spirit of Bill C-208 if any amendments are introduced, and conduct extensive consultations as promised by the government to continue to work to make intergenerational farm transfers easier.

### **Payroll costs for those farms and agri-businesses with employees:**

- Freeze future CPP/QPP increases or help offset the cost of the recent increases by introducing a CPP/QPP rebate.
- Improve fairness by instituting a 50:50 split in EI premiums paid between employers and employees.
- Allow for the refund of EI overcontributions from employers.
- If a self-employed EI program is introduced, it should not be made mandatory.

### **Regulatory reform and red tape reduction:**

- Consider the financial and practical impact of new policies and regulations on agri-businesses before implementing them.
- Recognize the leadership and significant role farmers already play in protecting the environment and ensure new environmental policies do not add more cost or regulatory burden to the farm sector.
- Ensure new regulations do not cause any unintended consequences or are at the expense of farm productivity or Canada's food security.
- Establish a comprehensive measure of the regulatory burden which includes all government departments, agencies and delegated authorities and ensure that it is reported publicly on an annual basis. This should include those agencies and ministries that interact with and regulate the agri-food industry, including Agriculture and Agri-Food Canada, Health Canada,



Environment and Climate Change Canada, the Canadian Food Inspection Agency, Pest Management Regulatory Agency, Canada Border Services Agency as well as those applicable provincial and territorial ministries.

- Improve the *Red Tape Reduction Act* and the one-for-one rule so that it applies not only to regulations but to legislation and policies as well.
- Find internal efficiencies to streamline processes in all agencies and ministries that interact with the farm and agri-food sector.
- Encourage voluntary initiatives like 4R Nutrient Stewardship rather than mandating a reduction in fertilizer use.
- Adopt a policy of “mutual recognition” to internal trade, meaning that any agri-food product that can be legally sold in one jurisdiction can be sold in all other jurisdictions without meeting further requirements.

#### **Labour shortages:**

- CFIB urges the federal government to work closely and collaboratively with the provinces, territories, and industry to develop a comprehensive Agricultural Labour Strategy as mentioned in the Federal Agriculture Minister’s 2021 Mandate letter to address the labour shortages that continue to be a significant challenge for small agri-businesses and farmers.
- Simplify the TFW program and permanent immigration system to bring foreign workers to Canada faster.
- Stimulate automation through programs or tax credits.

#### **Processing capacity & value-added opportunities:**

- Support targeted actions that leverage industry investments to increase productivity and competitiveness.
- Enhancing public and private innovation capacity to increase the industry’s development and adoption of modern technologies, processes, and products to improve sustainability and efficiency and meet evolving global consumer demand.
- Providing market access and development support for companies pursuing domestic and export markets and new growth areas.
- Focus on trade and market access in Canada and internationally.
- Encourage the growth of smaller food processors and small meat processing operations by reducing the burden of red tape and regulation.
- Reduce barriers to inter-provincial trade.
- Bring greater fairness and accountability to the CFIA to ease interactions between the Agency and agri-business.

#### **Business risk management programs:**

- Work with provinces and territories to update business risk management programs to ensure they are predictable, transparent, timely and accessible.
- AgriStability should be an area of focus given farmers are the least satisfied with this BRM program.

#### **Broadband internet:**

- Expand critical infrastructure by increasing access to broadband internet in rural communities.

- Ensure a competitive telecom industry can provide cost-effective digital connectivity to rural Canada within five years.
- Inform farmers and agri-businesses of the benefits of 5G, its applications, safety, and security.
- Include financial support to help get online via innovation tax credits or programs.

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## Conclusion

A competitive landscape is the key to the future of Canadian agriculture. Policies that encourage innovation and drive productivity are needed for agri-businesses to take advantage of growth opportunities. As federal and provincial agriculture ministers work to develop the Next Policy Framework, CFIB urges them to address the agriculture sector's competitive challenges and focus on farmers' top priorities, particularly red tape reduction. Governments must develop a solid plan to support the future of agriculture that will deliver bottom-line results at the farm gate.

FPT governments have a significant amount of work to do to ensure the next Framework is relevant and useful to the agriculture sector, particularly the primary producer. The agriculture industry in Canada is a large, diverse industry with many players. However, it is important to note the foundation of the industry pyramid is the farmer. Governments must address the views of the farmer to create a solid base for this sector.

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## Methodology

CFIB is a non-partisan organization exclusively representing the interests of 95,000 small-and-medium-sized businesses in Canada, of which over 6,000 are agri-business owners. Most of our agri-business members are primary producers. CFIB is entirely funded by our members and takes direction from them through regular surveys on a variety of issues. The Federation believes farmers, in their capacity as entrepreneurs, require strong advocacy concerning the business-related issues of farming.

CFIB's research capacity is second-to-none because the Federation can gather timely and concrete information from agri-business members about business issues that affect their day-to-day operation and bottom line. In this capacity, CFIB is an excellent source of up-to-date information for governments to consider when developing policies for Canada's agricultural community.

This paper presents findings from an online survey, completed by 507 CFIB agri-business members between October 25 and November 30, 2021. The survey has a margin of error of  $\pm 4.4$  per cent, 19 times out of 20. The respondents are balanced between three primary production sectors and three agriculture-related sectors:

- Livestock & Animal Specialty Farms (33%)
- Field Crop & Combination Farms (25%)
- Fruit, Vegetable and Horticultural Specialties (18%)

- Ag Services (13%)
- Wholesale & Supply for Agriculture (8%)
- Food Product Processing (4%)