

CFA MEMBER POLICY, PROJECT AND LEGISLATIVE UPDATE & SUMMARY



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POLICY UPDATE

FARM FINANCIAL HEALTH REPORT AND BUDGET 2024

On October 20th, 2023, the Canadian Federation of Agriculture released its [Farm Financial Health Report](#), which put forward recommendations in several areas aimed at not only helping farmers manage the increasing cost of production and navigate challenging regulatory barriers, but also to help them mitigate the effects of climate change and support the next generation of farmers.

Canadian farmers play a crucial role in sustaining our rural communities, as stewards of our natural environment and in meeting our national and international food security needs. The recommendations contained in the Report are consistent with the CFA's recommendations for Federal Budget 2024 and are aimed at ensuring Canada's farmers have the flexibility and tools they need to weather the current financial climate and support the transition to a low emissions economy.

Key messages:

- The cost of critical farm inputs such as fuel, fertilizer, feed, machinery, pesticides, land and labour increased dramatically.
- When coupled with high inflation, interest rates and a price on carbon for essential farming activities, for which farmers have no viable alternatives, Canadian producers are facing tremendous pressure on their farm financial and mental health.
- Canadian agriculture has the potential to play an even bigger role in meeting many of the Government of Canada's objectives related to sustainability, emissions reduction, and sustainable growth while continuing to contribute to domestic and global food security.
- However, the rising cost of production, coupled with inflation and interest rates as well as a stiff regulatory environment and restrictive tax measures are undermining the sector's ability to realize its full potential in advancing its sustainability objectives.
- Furthermore, Canadian agriculture is not only needed in the global fight against climate change but plays a critical role in meeting Canada's domestic and global food security objectives.

BILL C-234, AN ACT TO AMEND THE GREENHOUSE GAS POLLUTION PRICING ACT

Bill C-234 aims to amend the Pollution Pricing Act to include natural gas and propane under farm fuel eligible for exemptions from carbon surcharges. It also aims to add machinery used to dry grain, irrigate land, and heat and cool barns and other agrifood growing structures to eligible farming machinery. CFA has undertaken significant advocacy efforts in support of this Bill through the Agricultural Carbon Alliance, an industry group of 17 agricultural organizations that we co-chair with the Canadian Canola Growers Association.

Private Member's Bill C-234 was introduced into the House of Commons by MP Ben Lobb in November 2021 and was adopted at second reading in the Senate on June 23, 2023, where it was referred to the Standing Senate Committee on Agriculture and Forestry (AGRI) and the Standing Senate Committee on National Finance. The AGRI committee then put forward a report proposing amendments to the Bill, which was voted down before two further amendments were then reintroduced and supported in third reading. These amendments remove heating and cooling of livestock buildings and other production facilities from the exemption, while limiting the sunset clause to 3 years rather than the 8 in the Bill's original form. The amended Bill is now in front of the House of Commons, to vote on the proposed amendments brought forward by the Senate.

Key messages:

- Grain drying and livestock heating and cooling are key activities needed to mitigate severe climate impacts such as extreme autumn rainfall and summer heat-domes.
- Unfortunately, the natural gas and propane needed to fuel this machinery are not exempt from carbon surcharges, driving up costs for climate change mitigation.
- This Bill, in its original form, would help ensure that these critical activities are exempt from carbon surcharges, providing producers with critical working capital to invest in the sustainability, productivity and competitiveness of their operations.
- We have been pleased to see multi-party support from opposition parties to date, but the agriculture sector must continue to advocate in support of this Bill to ensure it is returned to the Senate in its original form, removing those amendments that would greatly limit the breadth and duration of the Bill's financial relief.

THE SUSTAINABLE AGRICULTURE STRATEGY

On December 12, 2022, the Government of Canada launched consultations for a Sustainable Agriculture Strategy (SAS), which aims to serve as a guide to support the livelihoods of farmers while growing a sustainable sector. This strategy aims to establish goals and outcomes, while identifying a clear path to achieve them. In supporting sector sustainability, the strategy looks to equip producers to recover quickly from extreme events, thrive in a changing climate, and contribute to world food security, while also contributing to Canada's overall efforts to cut emissions. The strategy focuses on five priority issues – soil health, climate adaptation and resilience, water, climate change mitigation, and biodiversity.

Recognizing that producers have already taken considerable action on sustainability in a variety of ways, the strategy looks to amplify and further these efforts through close collaboration with the agricultural sector, provinces and territories. The process is supported by an Advisory Committee chaired by Agriculture and Agri-food Canada and the CFA, and is comprised of industry experts, including producers, representatives of associations and non-governmental organizations.

Agriculture and Agri-Food Canada (AAFC) concluded the online engagement period to on March 31st, 2023, published a What We Heard Report outlining stakeholder feedback on December 29th, 2023, while continuing to engage with the CFA co-chaired Advisory Committee with an extended mandate that now runs through Spring 2024.

Key messages:

- Agriculture has immense potential as a source of climate solutions and carbon sequestration, GHG emissions reductions, biodiversity enhancements, and other critical ecosystem services. However, these opportunities can only be fully realized if supported by an enabling environment that supports the livelihoods of producers, targets sustainable productivity growth, and identifies opportunities for enhanced global competitiveness.
- As co-chair of the SAS Advisory Committee, CFA continues to drive strong sector engagement around these shared objectives and identify pragmatic sustainability measures as a means of achieving them.
- CFA remains adamant that targets should only be set where supported by data and science-based pathways can demonstrate a practical path to their achievement, with shared accountabilities that include governments, producers, and the broader agri-food value chain.
- Going forward, the CFA is calling on AAFC to ensure the launch of the Sustainable Agriculture Strategy is accompanied with an ambitious funding envelope commensurate with the incentives, research, and knowledge transfer activities required to reflect the inter-related demands of environmental, economic and social sustainability.
- The CFA is also calling for the continuation of the SAS Advisory Committee or a similar body following release of the SAS, to ensure implementation is both pragmatic for producers and best leverages the support of provinces and private sector initiatives as key facets of a holistic, pan-Canadian strategy.

THE SUSTAINABLE CANADIAN AGRICULTURAL PARTNERSHIP & BRM REFORM

On July 22nd, FPT Ministers announced a multilateral agreement on the Next Policy Framework, labelled the *Sustainable Canadian Agricultural Partnership (SCAP)*. This new five-year agreement will introduce \$500 million in new funds, representing a 25% increase in the cost-shared portion of the partnership.

As the Government of Canada works towards finalization and implementation of the new five-year agreement, the Canadian Federation of Agriculture, in partnership with other national industry partners, has begun work towards a series of recommendations on Business Risk Management (BRM) to inform the next Policy Framework to ensure it is responsive to the changing risk climate facing producers across Canada.

Key Messages:

- CFA is pleased to see the new investments into the SCAP align with several of CFA's recommendations, taking a step towards our shared ambition in making Canadian agriculture a global leader in sustainable food production.
- The CFA continues raise concerns with the environmental cross-compliance with BRM programs, such as the inclusion of new requirements for AgriInvest, which hold the potential to reduce access to critical risk management support and to confuse the objectives of BRM programs.
- Increased production costs and more frequent climate-related disaster events mean that Canadian farmers are carrying more risk at a time when Canada needs the support of our agricultural sector to meet its food security, sustainability and emissions reduction targets.
- The CFA is committed to working with key industry partners on BRM reform to ensure they are more timely, responsive, and predictable in the face of increasing disaster-related events caused by climate change.

CONNECTIVITY AND CYBER SECURITY

The adoption of cutting-edge technology is an essential part of improving the sustainability of the agriculture sector in Canada. Technologies that allow for precision agriculture reduce pesticides, fertilizers, and fuel use. However, many of these technologies can only be adopted if the user has reliable high-speed internet, which many farmers throughout Canada still cannot access.

The 'broadband gap' remains a reality throughout rural Canada, with lower average speeds compared to urban centers and with limited connectivity in the most remote regions. Meanwhile, the prospect of 5G connectivity holds the potential to unleash significant economic activity across Canadian agriculture and rural Canada. The CFA has also partnered with Starlink, offering a referral link to Canadian farmers that provides one month of free Starlink service upon registration. Visit www.cfa-fca.ca for more details.

At the same time, the increasing reliance on technology to drive productivity and sustainability objectives, means that Canadian producers across the country are at greater risk than ever before to cyber breaches. In partnership with the Government of Canada, the Community Safety Knowledge Alliance and our corporate sponsors such as Scotiabank, the CFA is working to raise awareness and share important tools and resources to support Canadian farmers.

Key Messages:

- Connectivity is of particular importance in the context of meeting Canada's food security and sustainability objectives.
- The Sustainable Agriculture Strategy (SAS) should support development of a national strategy for the adoption of digital technologies to accelerate tech-enabled climate solutions and on-farm measurement of key environmental indicators.
- Federal connectivity programming must consider both geographic and population coverage within a region, ensuring a single community's connectivity does not disqualify that entire region from accessing support or from meeting rural deployment criteria in spectrum licenses.
- The CFA is committed to working with partners to raise awareness about tackling cyber-related vulnerabilities among individual producers to de-risk the benefits of digital agriculture.

BIOTECHNOLOGY, INNOVATION AND PEST MANAGEMENT

The Canadian agricultural sector, which depends on innovation and having access to safe and efficient tools to protect their crops, relies on the Pest Management Regulatory Agency (PMRA) to make risk and science-based decisions on pesticides. The ability of farmers to have timely access to new products for use in pest management is extremely important to farmers. If Canadian farmers are to remain competitive in the global market, we must ensure they have access to a similar range of crop protection products used by our competitors, which meet Canadian regulatory and safety requirements.

The PMRA is in the process of implementing its transformation agenda which is based on four pillars of action: improved transparency; increased use of real-world data and independent advice; strengthened human health and environmental protection through modernized pesticide business processes; and, a targeted review of the *Pest Control Products Act* which was supported by a Transformation Steering Committee and five working groups on Maximum Residue Limits (MRLs), Modernized Business Processes, Improved Transparency, and Increased Use of Real-World Data. The CFA participated in the Steering Committee as well as the Technical Working Group on MRLs as well as the overarching public consultation.

In addition, the development of new plant breeding technologies, including gene editing, have necessitated modernization of Canada's regulatory guidance. Updated guidance by Health Canada regarding safety assessments of novel foods, and the Canadian Food Inspection Agency (CFIA) on whether a plant is subject to Part V of the Seeds Regulations, concerns remain about non-mandatory transparency and traceability regarding products of gene editing.

As a result, the CFA, along with some of its members and key stakeholder groups representing the conventional, seeds, and organic sectors as well as government representatives are members of an Agriculture and Agri-food Canada (AAFC) -led Government-Industry Steering Committee charged with implementing the transparency solutions.

Key messages:

- The CFA has identified several longstanding issues related to the PMRA transformation process, including the harmonization of evaluation and registration processes between Canada, US, and the EU and the need to work closely with product registrants to expedite reviews. CFA supports the PMRA transformation looks to address the significant backlog caused by its 15-year product review cycle.
- While the CFA is very encouraged by and supportive of recent investments in a water monitoring pilot program, for example, it is in the interest of farmers across Canada that the PMRA is appropriately resourced and that internal processes support of timely, transparent, and science-based decisions that will help Canadian producers remain competitive in a global market.
- Transparency is a priority for the CFA and everyone involved in the seed value chain, including seed companies, growers, and exporters.
- The CFA supports the Canadian Variety Transparency Database, launched by Seeds Canada which provides a valuable source of information about gene-edited seed varieties available to Canadian farmers and is committed to ensuring it remains accurate, credible and accessible.

INTERNATIONAL TRADE

Canada exported \$92.7 billion worth of agri-food products in 2022, making it the fifth-largest exporter of agri-food and seafood products in the world. In addition, Canada currently maintains 15 Free Trade Agreements with 51 countries, providing market access to roughly 1.5 billion consumers worldwide. As a trading nation, Canada supports rules-based trade and continues to explore opportunities to increase market access and trade diversification opportunities for Canadian agri-food and seafood products.

While Canada supports technical regulations to fulfil legitimate domestic policy objectives such as the protection of human health or safety, animal or plant life or health and the environment, these regulations must be based on sound science and imported products must be accorded the same treatment as domestic products. Non-tariff barriers to trade can have the effect of limiting real market access to Canadian products even where Canada has made concessions on access to sensitive makes, including supply managed goods.

Canada must approach trade negotiations with the objective of achieving positive results/profitable opportunities for Canadian farmers. Clear and effective rules governing international trade will result in better functioning international and domestic markets and contribute to the improvement of Canadian farm profitability.

Key messages:

- The World Trade Organization (WTO) should be the principal vehicle to establish and manage an international rules-based trading system including the maintenance of a functional dispute settlement mechanism.
- Canada should continue to follow an aggressive, bilateral, and regional, trade agreement agenda and secure outcomes that benefit all Canadian agriculture by maximizing profitable export opportunities and ensuring trade rules that allow for the maintenance of an effective supply management system.
- Canada should continue to advocate harmonization/alignment of regulatory regimes in present and future agreements, without compromising health and environmental standards.
- Canada must continue to strive for an equitable playing field regarding agriculture domestic support and defend its own right to manage a suite of BRM programs which facilitates and stimulates farmer profitability.
- Canada must ensure mitigation programs for agriculture sectors harmed through the implementation of any trade agreements and from trade wars/retaliation.
- Canada must ensure no additional access to supply-managed sectors in future trade agreements to support a resilient domestic agricultural sector that is vital to national food security and long-term sustainable growth
- Negotiations should aim to never result in trading off one agricultural sector to benefit another.

TRANSPORTATION

CFA understands the importance and the complexity of an integrated system comprised of a multi-faceted network of rail, road, air and waterways, connecting the country from coast to coast to coast. Given the vast geographical scale across which Canadian agricultural production occurs, and the associated distances to market, a modern, efficient and balanced transportation system, including reliable supply chains, are of vital importance to the success of Canadian agriculture and the Canadian economy.

However, supply chain disruptions caused by the pandemic, geopolitical issues such as the war in Ukraine and a lack of labour have impacted Canadian farmers ability to get their products to market and to obtain crucial inputs such as fertilizer. In addition, Canadian farmers have experienced a series of domestic disturbances to its supply chain caused by rail blockades, protests and labour disruptions.

In the context of domestic and international food security concerns, farmers need predictable and reliable supply chains to get products to market and maintain our reputation as a trusted and dependable global food supplier. To achieve this, the National Trade Corridors Funding Program must continue to be a priority for the Federal Government as well as implementation of the recommendations made in the recent Supply Chain Task Force Report and targeted solutions for the freight rail sector.

In particular, Budget 2023 proposed to introduce amendments to the *Canada Transportation Act* for a temporary 18-month extension, on a pilot basis, of the extended interswitching limit of 160 kms in the prairie provinces to strengthen rail competition. While this was a positive announcement for the grain sector, by describing the amendment as temporary and a pilot, there is clearly more advocacy needed to ensure government makes decisions on extended interswitching and the pilot that delivers a positive outcome.

Key Messages:

- Canada's railways, and an efficient low-cost rail grain transportation system, are critical to the country's agricultural economy and the financial health of grains and oilseeds producers. Canada must ensure a competitive environment is created through regulatory and legislative guidance.
- The CFA supports the recommendations made in the recent Supply Chain Task Force Report, particularly the Task Force's recommendation to give shippers more rail options and help address the power imbalance with the railways (e.g., immediately expand the 30km inter-switch distance across Canada).
- The inclusion of an extended interswitching pilot in the Budget Bill is very positive news for Canadian producers. Extended interswitching promotes competition among railways, fosters economic growth, and lowers costs to businesses. CFA recommends extending the interswitching pilot by further expanding the distance beyond 160km and extending the pilot past the current 18-month period.

PROJECTS

NATIONAL WORKFORCE STRATEGY

As is the case in many developed countries across the globe, attracting and keeping labour in the agriculture, food and beverage manufacturing sectors is increasingly challenging. The agriculture industry cannot continue to produce healthy, safe and affordable food for Canadians and for global consumers without ensuring workers are in place that have the skills needed to do their jobs. In particular, the Canadian Agricultural Human Resources Council (CAHRC) [Agriculture Labour Market Forecast to 2030](#) pointed to a gap of over 28,000 unfilled jobs in the agriculture sector in 2022, resulting in a 3.7% decline in sales valued at \$3.5 billion. The Report anticipates a 15% increase in the domestic agriculture labour gap by 2030.

As a result, the CFA is partnering with Food and Beverage Canada and CAHRC to develop the National Workforce Strategy for Agriculture, Food and Beverage Manufacturing. The Strategy is a multi-year stakeholder-led effort to identify, prioritize, and support implementation of actionable solutions for urgent near term and long-term labour issues in agriculture and food processing.

The CFA's current advocacy for the National Workforce Strategy revolves around acquiring funding to establish a Secretariat that will be devoted to implementing and maintaining momentum around the strategy. CFA also co-chairs a Temporary Foreign Worker Program Service Delivery Working Group, bringing the sector and officials together to tackle ongoing issues and improve program delivery.

Key Messages:

- The CFA supports the extension of the [Agri-Food Pilot](#), the launch of the [Recognized Employer Pilot](#) and the inclusion of agricultural workers in [Express Entry](#) for permanent residency. Each have been long-term asks from the CFA and will contribute towards meeting the long-term labour market needs of the agriculture sector in Canada.
- However, difficulties in attracting Canadians to work on farms has required producers to rely on temporary foreign workers (TFWs) throughout the growing season, while looking increasingly to permanent residency where year-round jobs are concerned.
- CFA is pleased to be playing a partnership role alongside Food and Beverage Canada in co-chairing the National Agriculture, Food & Beverage Manufacturing Workforce Strategy, a 2-year, \$1.7 million project being led by the Canadian Agricultural Human Resources Council and funded by the Future Skills Centre.
- This strategy takes an action-oriented approach, bringing stakeholders together from across the industry to identify urgent and long-term needs, constructive solutions, and plans to achieve them.
- The CFA recommends funding to establish a Secretariat that will support ongoing implementation of the National Workforce Strategy for Agriculture and Food and Beverage Manufacturing.

GROCERY CODE OF CONDUCT

In July 2021, Federal, Provincial, and Territorial (FPT) ministers called for an industry-led process to develop broad consensus around a concrete proposal to improve transparency, predictability, and respect for the principles of fair dealing within the supplier/retailer relationship.

Following the July 2021 announcement, a Steering Committee comprised of individuals from ten key stakeholder groups was formed with the goal of developing terms of reference and a work plan aimed at facilitating development of a formal Grocery Industry Code of Conduct. CFA was a founding member of this committee and remains engaged in this leadership capacity to date.

Following the work of across-industry working group, to provide supply chain expertise on various facets of the code, an Industry Sub-Committee Working Group of 8 individuals spanning the constituencies involved was brought together to resolve outstanding aspects of the code's trade provisions and help the steering committee finalize a complete set of draft trade provisions.

A proposed Grocery Industry Code was released in May 2023 for consultation with the steering committee since working with the sub-working group to reflect on industry feedback and advance development of an implementation plan for the code. Concurrently, the Steering Committee has continued work on administrative governance, an adjudication model, and enforcement mechanisms.

This culminated in the filing of articles of incorporation for the Grocery Industry Code of Conduct Office in Fall 2023, with the Steering Committee transitioning into an interim Board structure until the office has been established and members' recruited to allow for an elected Board at the first AGM. Since that time, a final draft of trade provisions, by-laws, and operating rules has been shared with FPT Ministers for their consideration, acknowledging further changes may be required based on emergent industry realities.

Key messages:

- The objective of the Code of Conduct is to enable a thriving industry; promote trust, fair dealing, and collaboration throughout the value chain; increase commercial certainty; and, develop an effective and equitable dispute resolution process.
- CFA is working closely with the other steering committee members to advance an implementation plan that will see the code operationalized in 2024.
- Upon implementation, the Code will not and cannot possibly address all producer or broader supplier concerns. The proposed Code outlines an 18-month review process, which CFA believes will be vital to reflect upon early lessons learned, support the code's continued evolution and keep pace with evolving producer concerns.
- We hope, that when the time comes to implement this Code of Conduct, Governments will provide strong support to ensure the code's successful launch and evolution into a sustainable means of improving supply chain relation, transparency, and act as a continued vehicle to address producer concerns with the Grocery Supply Chain.

ENGAGING AND ADVANCING WOMEN IN AGRICULTURE

Despite continued progress, in many respects women are underrepresented in the Canadian agriculture sector. They face both systemic and attitudinal barriers to entering the industry and securing leadership positions, constraining the sector's capacity, resiliency, and innovation.

The Engaging and Advancing Women in Agriculture (EAWA) project was funded in part by the Government of Canada under the Canadian Agricultural Partnership's AgriDiversity Program, with further support provided by the Chicken Farmers of Canada and the Prince Edward Island Federation of Agriculture (PEIFA). CFA worked with Karolyn Godfrey of Winding Path Inc. to leverage previous work done in PEI to develop, in consultation with a working group of female agricultural leaders, a strategic plan focused on the implementation of policies and programs to address barriers to women's full participation in the sector.

The EAWA project developed, piloted, and documented a framework through which producer associations can systemically address the underrepresentation of women in Canadian agriculture, support women in the sector to develop skills to take on greater leadership roles and raise awareness of the benefits of women's full participation, barriers women experience, all while addressing those barriers. The framework, titled *Level the Field in Ag, Step-by-Step Guide to Strengthen Ag Organizations & Sector*, was completed in the Spring of 2023 and is available for use by CFA members as well as other agricultural organizations of any size., CFA now seeks opportunities to expand awareness and implementation of the guide.

Key messages:

- The EAWA project developed a framework, ***Level the Field in Ag, Step-by-Step Guide to Strengthen Ag Organizations & Sector***, which is now available for all member and non-member Ag organizations. A formal launch of this toolkit will be forthcoming early in 2024, but the toolkit is available upon request to any CFA staff, in both official languages.
- The framework will involve skills training, mentorship, raising awareness of leadership opportunities and more.
- The project was completed in Spring 2023, and CFA is seeking opportunities to assist organizations in the implementation of the program.

DATA AND RESEARCH

The CFA, in partnership with the Deans Council, EMILI - Enterprise Machine Intelligence Learning Initiative, and the Simpson Centre at the University of Calgary are partnering to launch an Agrifood Ecosystem Landscape Research Study which is jointly funded by industry, the Deans Council and [Mitacs](#). The study is evaluating the effectiveness of funding in the agri-food sector, analyzing the alignment of research with government priorities, and benchmark the benefits of government funding programs internationally. The research project is supported by an Advisory Committee that will provide guidance and ensure the study aligns with current needs and challenges faced by industry. Key project deliverables include an open access research/project database of topics and priorities, sources, funding expenditures, and investments in the agri-food sector, a report on the efficiency of policies funding agri-food research, a report on the competitive advantages in select OECD countries, and concluding with policy recommendations with a roadmap for Canadian Agriculture and food research and innovation.

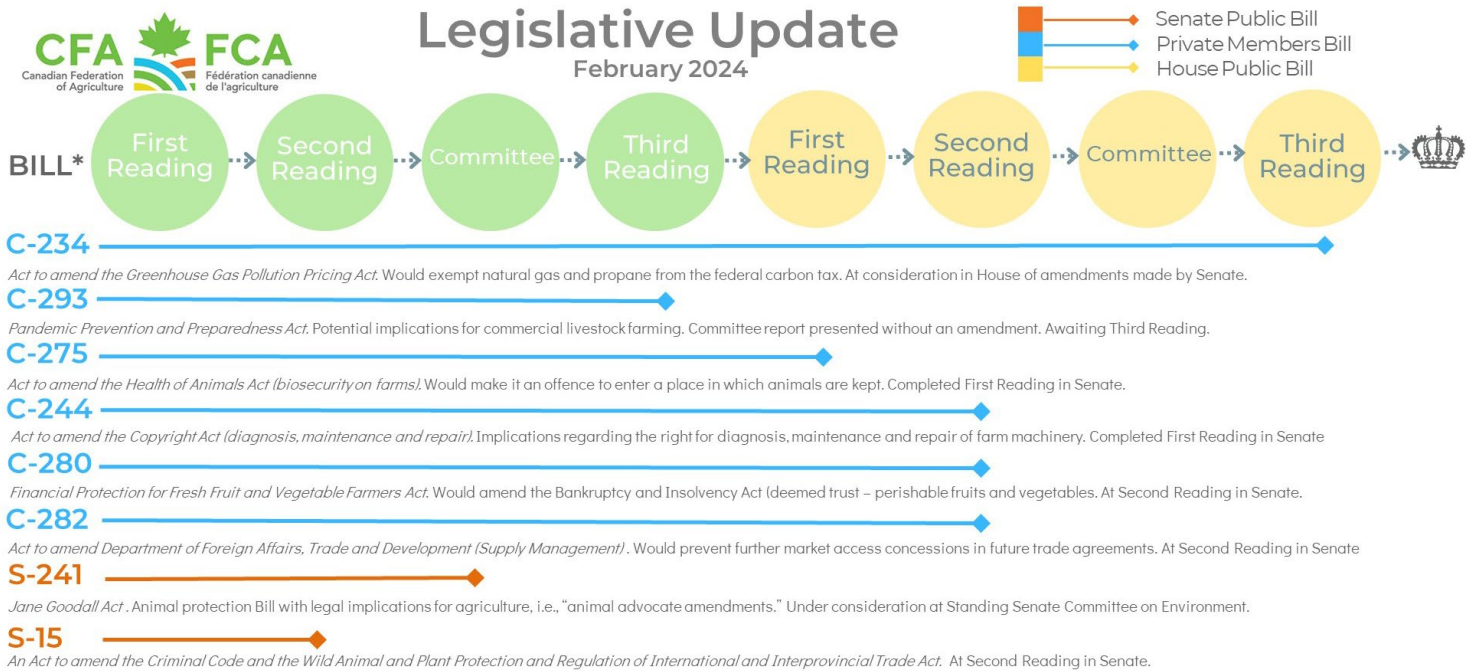
In addition, the CFA is piloting a new Data Dashboard that organizes data by industry priorities and themes and will host information on the CFA website. The dashboard incorporates indicators from methodologies created by the National Index on Agri-Food Performance. The initial focus being Farm Financial Health, a prominent issue farmers navigated over the past several years, and with further themes being considered. The dashboard is user friendly PowerBi report that provides quick access to key information and visuals. It is time saving, providing real-time insights, auto-refreshing data, and stratifying data into a clear narrative representing the Canadian Agricultural landscape. The dashboard will be published ahead of the Annual General Meeting.

Key messages:

- The lack of data on existing research funding and research activities hinders future research activities, funding allocation and analysis of existing policies. It is crucial to have knowledge of the existing agri-food research landscape to evaluate the effectiveness of research funding.
- The CFA is committed to supporting data-driven policy and promoting the accessibility of data to support policy and communications activity of its members.

LEGISLATIVE UPDATE

The CFA has developed a legislative tracker which provides which is intended to capture the main legislative activity working its way through Parliament. The tracker is divided into Bills where the CFA is actively involved and those where the CFA is monitoring closely for potential implications on the agriculture sector in Canada.



The CFA is also monitoring several additional Bills currently before Parliament which could have implications for the agriculture sector in Canada including:

- C-56 Affordable Housing and Groceries Act
- C-21 Act to Amend the Firearms Act
- C-317 National Strategy on Flood and Drought Forecasting Act
- C-359 An Act to amend the Feeds Act, the Seeds Act and the Pest Control Products Act
- S-243 Enacting Climate Commitments Act
- S-6 An Act Respecting Regulatory Modernization