



National Farmers Union - NB
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National Farmers Union in New Brunswick Presentation to the Standing Committee on Agriculture and Agri-Food for their Study on the Next Agricultural Policy Framework

Presented by Ted Wiggans, NFU-NB president, & Amanda Wildeman, NFU-NB executive director

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We appreciate the opportunity to appear before the committee today. At the provincial level, the NFU-NB consulted with our Minister of Agriculture before the Calgary meeting in July. Federally, our national organization has provided input at various stages of this consultation process. Given that the Calgary Statement is the most recent public document informing the Next Agricultural Policy Framework, our presentation today will be focused on a pillar that we believe is missing - New Farmers – as well as concrete suggestions to improve the Business Risk Management programs and, in particular, Agri-Stability.

New Farmers

Farmers are a keystone species in Canadian society. Take the farmer out of the ecosystem and we would see a dramatic decline in our food security, our economy would shrink, and our rural communities would dwindle. While farmers are a keystone species, they are becoming an extinct species.

For hundreds of years, the renewal of the farmer population has been maintained through the intergenerational transfer of knowledge, assets and land on the family farm. The majority of new farmers grew up on the farm and learned alongside their parents to master the skills and knowledge of farming. But this system is broken. As the profitability of agriculture has steadily declined over the past several decades, farming is no longer accepted by society as a viable career option.

While low profitability may be the biggest barrier for entry for new farmers, when you dig below the surface the challenges are cultural. Public institutions that once supported the next generation of farmers through extension services and education, are now heavily influenced by corporations. Young people going to universities are more likely to become an “agricultural professional”, rather than a farmer. Even, s these bright minds graduate from agricultural programs, farming is still not seen as a viable career option. Yet, never before have we relied on so few people to feed the Canadian population (1.6%) and never before have we been in a situation where 75% of farmers say they will sell their land and assets in the next 10 years.

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As a society, we are setting ourselves up for failure. If nothing is to occur, this land will be bought up by larger farms pushing farm size ever higher and contributing to a cycle of fewer and fewer farm operators. And where will this lead? For decades the mantra has been 'get big or get out', but as large farms continue down the path of monoculture, commodity production margins continue to decline and the cycle of dwindling profitability and increasing debt simply continues.

The amount of information available on today's new generation of farmers is limited, as information on aspiring farmers and those making less than \$10,000/year is not captured in Census of Agriculture data. In response to a 2015 national questionnaire with over 1500 respondents, 68% of new and aspiring farmers indicated they did not grow up on a farm. In addition 73% of them responded that they are interested in farming 'ecologically'. And nearly 80% of those with less than 10 years' experience farming were direct marketing. Even without looking beyond these three simple numbers, we can see that there may be policy implications, as there is a significant group of new and aspiring farmers for whom the traditional passing of farm skills, access to land and business priorities are not available and who are not well-supported by the current policy framework.

We believe that supporting the next generation of farmers is the work of current farmers, NGOs, civil society and governments. Our specific recommendations for government to better support new farmers under the Next Policy Framework include:

- Name New Farmers as one of the main pillars of the Next Policy Framework

Under this pillar we recommend the following priority areas:

- Prioritize a just and sustainable agriculture and food system.
 - Move away from an export-dominated model towards a policy framework based on the principles of food sovereignty
 - Prioritize policies that incentivize farmers to adopt truly sustainable production
 - Develop National, Provincial and Municipal Food Policy Platforms that recognize the crucial role played by new farmers
 - Policies should be informed by practitioner experts who have been engaged in farming for many years.
- The New Policy Framework must address challenges associated with access to land, capital and knowledge faced by new farmers
 - Provide funding for organizations and programs for land linking and knowledge and skills development
 - Develop a national farmland succession strategy
 - Limit investment acquisitions, non-agricultural development, and non-occupancy ownership of farmland
 - Provide fiscal and tax incentives for landowners to sell or rent land to new farmers who may or may not be family members
 - Exempt capital gains tax on farm property in transfers to new farmers, regardless of whether the buyer is the child of the landowner
 - Develop Agricultural Land Reserves in every province/territory

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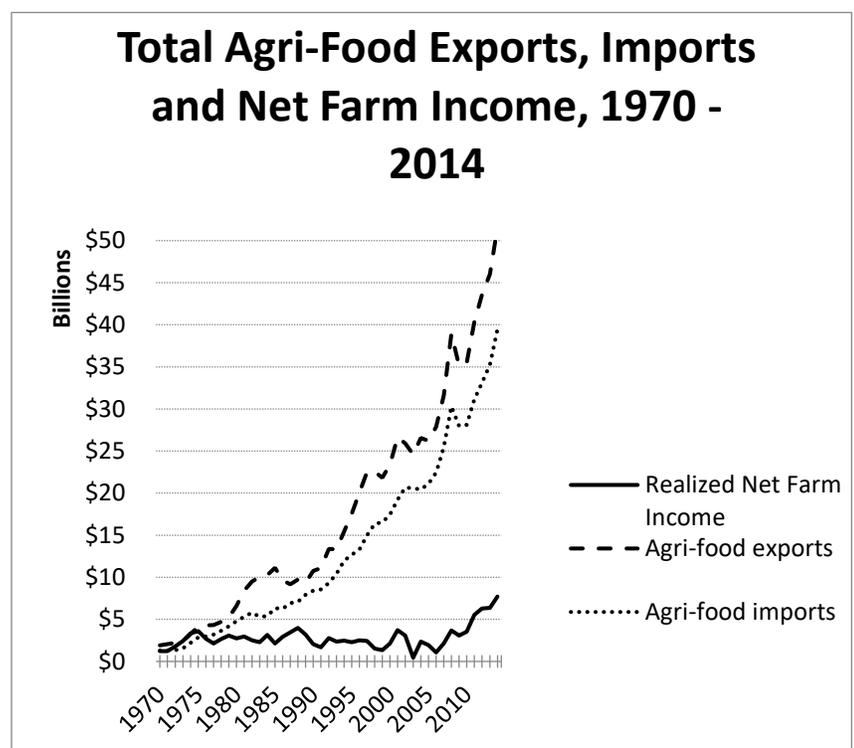


- To ensure that new farmers can earn a livable income we need to re-create direct, fair and transparent distribution chains that support farmer renewal.
 - Promote direct marketing and re-evaluate regulatory regimes to reduce obstacles to direct marketing
 - Create fiscal incentives for farms providing ecological services
 - (Re)establish Self-Employment Benefit programs in all provinces to help new farmers during their start-up phase
 - Uphold and defend the three pillars of supply management: production discipline, cost of production pricing and import controls as important elements of food sovereignty
 - Mandate supply managed marketing boards to create systems of entry for new farmers with lower barriers to entry (for more information see page 6 of this submission)

Business Risk Management (BRM)

Canadian farmers are experiencing a prolonged income crisis. Federal agriculture policy has consistently promoted increasing agri-food exports regardless of the impact on Canadian farm families, farms and food supply. Federal policy also adheres to market fundamentalism – the belief that markets will solve all problems – without recognizing the vast differences in market power between a farm family and the global corporations that supply farm inputs and purchase farm products, and the impossibility of fairness under these conditions; nor does the “market” recognize non-financial values such as culture, health, community and ecological integrity that are important to citizens.

The National Farmers Union advocates for policy that would bring about **food sovereignty**, a profoundly different approach to agriculture and food policy which would support the livelihoods of farmers, ensure adequate and wholesome food for consumers, work in cooperation with nature and include citizens in meaningful decision-making regarding the food system.



Source: Statistics Canada



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In the absence of a food sovereignty-based federal agri-food policy, we do need safety net programs to help family farmers survive the on-going crisis. The BRM suite needs to be designed in such a way that it actually protects small and medium-sized family and co-operative farms and allows them to maintain and build their farms as viable businesses that can be passed on to the next generation of farmers.

While we could make recommendations on many of the BRM programs, we will focus our time on Agri-Stability in particular.

Agri-Stability

Over the three Policy Frameworks, there have been substantial changes to the Agri-Stability program. In the first round, farmers found it relatively effective. Under Growing Forward, it appeared less farmer friendly only triggering with a drop in income of 15% or more, and under Growing Forward 2, it has become inaccessible. To make our recommendations more tangible we will share with you the experience that some of our members, who are wild blueberry producers in north-eastern New Brunswick, had this year.

Wild blueberry prices have steadily declined in recent years. Some say it is cyclical, while others strongly believe that this current low price and low price forecast for the upcoming 2 – 3 years is due to an agreement our provincial government made to allow one mega-producer-processor to set up in the Acadian peninsula (north eastern New Brunswick). This highly contested agreement gave loans and grants to open a processing facility as well as over 15,000 acres of prime Crown Land, much of which had been requested and denied to other producers in the previous 10 years. This deal will allow one company to essentially double the previous production in the region, creating a market monopoly.

Regardless of the reason, prices were around \$0.30/lb this year. Producers who have been registered in Agri-Stability for years, but who have not had to draw on it since the previous Growing Forward agreement, were blindsided as to what the new 30% loss trigger and new margin cap actually meant for their program eligibility. 2016 saw the worst crop price in history and it still was not low enough to trigger a payment.

Currently, Agri-Stability is only triggered with a drop of more than 30% to the producer's reference margin. The reference margin is the average margin over the past 5 years leaving out the years with highest and lowest gross income or expenses. On top of that, the reference margin is the lower of either the average gross farm income or total expenses. This margin cap means that most farmers will never be eligible for this program, even if they are in huge financial difficulty.

We believe this current example to be representative of the experiences in other sectors in different years; with that in mind provide the following recommendations:

- Agri-Stability and all BRM programs must be genuinely made in the best interests of family farmers, **not** in how much money can be saved for government

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- To reduce the total payouts by BRM programs, we recommend that the Next Policy Framework include policies that protect farmers from the extreme price volatility of the global markets by focusing on developing our domestic food system rather than prioritizing exports.
- Re-evaluate the effectiveness of Agri-Stability and all BRM programs. A recent comment made to us by our provincial Department of Agriculture was surprise at how few NB producers were enrolled in the program. Comparing past and current participation rates, and payouts may be a helpful indicator to show which versions of the programs were the most beneficial to farmers.
- The way Agri-Stability and other BRM programs are calculated under GF2, including the very high payout cap (\$3 million under Agri-Stability), encourage monocropping and risky business models, and exclude farms that diversify to mitigate risk on their own through mixed farming. This has environmental concerns, can lead to increased debt load and inaccessibility of programs to new farmers.

Thank you for your time and we look forward to answering any questions you may have.

Sincerely,

Ted Wiggans & Amanda Wildeman
National Farmers Union in New Brunswick / Union nationale des fermiers au Nouveau-Brunswick

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Additional Information:

Recommendations from the NFU's 2015 report: ***Strengthening Supply Management: Defending Canadian Control of our Market Space and Advancing Food Sovereignty***

- Uphold and defend the three pillars of supply management: production discipline, cost of production pricing and import controls.
- Move forward with policies that advance the decapitalization of quota in the interests of the supply-managed sectors' next generation of farmers.
- Implement policies to allocate new quota due to growing markets, as well as quota released by retiring farmers, to new entrants and alternative production systems in order to promote renewal, resilience and response to consumer desires for diversity.
- Consider creating a role within the governance structures of provincial marketing boards for registered and/or licensed non-quota direct-marketing producers and/or multi-stakeholder public interest advisory bodies.
- Open discussions with federal and provincial health authorities regarding sale of unpasteurized milk for human consumption as a first step towards assessing opportunities for innovation in response to the market segment seeking raw milk.
- Develop a "triple bottom line" approach to cost of production pricing formulae to ensure environmental and social costs are not externalized.

**To read the report in its entirety, please visit nfu.ca*

Principles of Food Sovereignty:

FOCUSES ON FOOD FOR PEOPLE

Puts people's need for food at the centre of policies
Insists that food is more than just a commodity

BUILDS KNOWLEDGE AND SKILLS

Builds on traditional knowledge
Uses research to support and pass this knowledge to future generations
Rejects technologies that undermine or contaminate local food systems

WORKS WITH NATURE

Optimizes the contributions of ecosystems
Improves resilience

VALUES FOOD PROVIDERS

Supports sustainable livelihoods
Respects the work of all food providers

LOCALIZES FOOD SYSTEMS

Reduces distance between food providers and consumers
Rejects dumping and inappropriate food aid
Resists dependency on remote and unaccountable corporations

PUTS CONTROL LOCALLY

Places control in the hands of local food providers
Recognizes the need to inhabit and to share territories
Rejects the privatization of natural resources

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