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union farmer newsletter



Realized Net Farm Income nose-dives

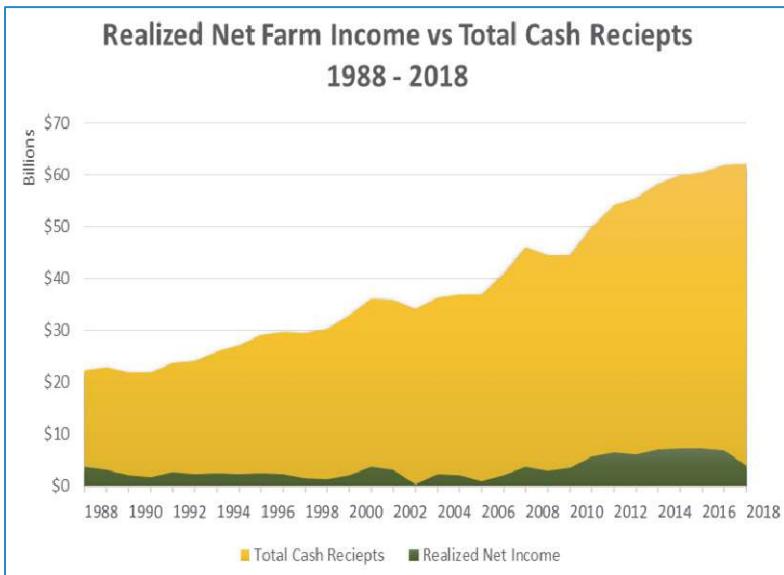
Taken altogether, Canadian farmers' total take-home pay dropped by nearly half in just one year. Canada's realized net farm income went from just over \$7 billion in 2017 to a little under \$3.9 billion in 2018, according to Statistics Canada numbers released in May.

Realized net farm income is calculated by adding net cash income plus income-in-kind, then subtracting depreciation charges and operating expenses. Income-in-kind has remained small and steady at about \$56 million/year. **Net cash income was nearly the same as 2017, but operating expenses went up by \$3 billion dollars (6%)** and depreciation increased by about \$170 million (2%). These small percentage expense increases resulted in a 45% drop in farmers' realized net farm income. Why? Because **nearly all of farm revenue goes to paying expenses**. For every dollar Canadian farmers received in 2018, they kept only 6 cents when depreciation of asset value is counted. These numbers highlight the degree to which the value created on farms by farmers is captured by non-farm players.

million). In 2018, a higher proportion of farmers' realized net farm income came from direct program payments and less came from the market. In spite of a \$200 million total reduction in direct program payments, crop insurance, private hail insurance, AgriInvest, Agri-Stability and other payments accounted for 57% of realized net farm income in 2018, nearly double prior years' proportion, which has been around 30%.

Expenses

Canada-wide, only three expense categories went down in 2018 – share rent, livestock and poultry purchases, and crop and hail insurance – each by less than 2%. Altogether, farmers spent \$122 million less on these in 2018. The 10 largest expense categories that increased were feed; interest; cash wages, room and board (before rebates); fuel; non-family wages; depreciation; family wages; legal and accounting fees; cash rent; and custom work. These added \$3.1 billion to the expense column. The remainder of expense increases adds up to just over \$900 million.



It is worth noting that the supply managed sectors and other commodities primarily sold in the domestic market, such as fresh fruit and vegetables, hay, and sheep, experienced modest increases in revenue, in line with inflation. Cereal grains other than durum wheat were more successful last year, while canola had a terrible year. It seems that privatizing breeding and collecting royalties on canola seed has not guaranteed its success.

Cash receipts

The biggest reductions in 2018 cash receipts were in canola (down \$650 million), hogs (\$400 million), lentils (\$380 million), and dry peas (\$200 million). Revenue increased for non-durum wheat (up \$590 million), cannabis (\$375 million), grain corn (\$200 million), meat chickens (\$150 million), and barley (\$130

Commodities that are highly exposed to volatile export markets suffered – hogs, pulse crops, and durum. The Chinese canola ban will likely hurt canola in 2019. The 2018 realized net farm income numbers show the value to farmers of NFU's advocacy on orderly marketing, public plant breeding, land ownership, local food and domestic markets. ■

Save Our Seed Campaign — Petition update

The NFU encourages everyone to collect signatures on the *Save Our Seed* petition. During the spring sitting of Parliament we asked people to mail or hand-deliver petitions with 25 or more signatures to the MP of their choice for presentation in the House of Commons, and to fax, or send a photocopy or scan of the completed petitions to the NFU National office along with the name of the MP you submitted the originals to. By the time Parliament rose for the summer, 13 MPs had presented our petitions, and we had received copies of 40 petition submissions sent to at least 24 MPs with over 2500 signatures. We know more were submitted, as not everyone sent copies to the office.

The current session of Parliament ended on June 21. **If you have petitions not yet submitted, please keep getting signatures, but hold onto the sheets until after the election.** Then, send them to an MP who has been elected. No postage is required – just address the envelope to the MP at House of Commons, Ottawa, ON, K1A 0A6.

During the election campaign it would be great if you can speak to candidates about the seed issue. If an MP seeking re-election did not present petitions you submitted, ask them why. After the election, provide your new MP with signed petitions and urge them to present them in Parliament as soon as possible.

The following MPs presented our petition in Parliament:

- Sheri Benson (Saskatoon West),
- Harold Albrecht (Kitchener—Conestoga),
- Wayne Stetski (Kootenay—Columbia),
- John Nater (Perth-Wellington),
- Robert Kitchen (Souris—Moose Mountain),
- David Anderson (Cypress Hills - Grassland),
- Rosemarie Falk (Battlefords—Lloydminster),
- David Tilson (Dufferin—Caledon),
- Len Webber (Calgary Confederation),
- Lloyd Longfield (Guelph),
- Mark Gerretsen (Kingston and the Islands),
- Rachel Blaney (North Island—Powell River), and
- Alaina Lockhart (Fundy Royal).

For more information, or to download copies of the petition in English or French, please visit:
<https://www.nfu.ca/campaigns/save-our-seed/>

Save Our Seed
Petition to the House of Commons in Parliament assembled:

We, the undersigned residents of Canada, recognize the inherent rights of farmers — derived from thousands of years of custom and tradition — to freely save, reuse, select, exchange, condition, store and sell seeds. Restrictions on farmers’ traditional practices are harmful to farmers, citizens, and society in general. Amendments to the *Plant Breeders Rights Act* passed in 2015 downgraded farmers’ right to save and plant seed from their crops to a mere “farmers’ privilege,” which is now in danger of being restricted and/or eliminated by regulation.

Therefore, your petitioners call upon Parliament to enshrine, in legislation, the inalienable rights of farmers and other Canadians to freely save, reuse, select, exchange, condition, store and sell seeds. In addition, we call upon the government of Canada to refrain from making any regulations under the *Plant Breeders’ Rights Act* that would further erode farmers’ rights and/or add to farmers’ costs by restricting or eliminating the “farmers’ privilege”.

NAME (printed)	ADDRESS	SIGNATURE

New Animal Welfare Legislation planned for Ontario

In Ontario, the Ontario Society for the Prevention of Cruelty to Animals (OSPCA), a private charity, has been authorized to enforce animal welfare law since 1919. In January of this year, the Ontario Superior Court struck down the enforcement authority of the OSPCA as a result of a lengthy constitutional challenge. The court ruled that the OSPCA, a privately funded charity, should not have police powers because it is not publicly accountable, violating the Canadian Charter of Rights and Freedoms. The judge's ruling noted the group's fundraising could unfairly influence how it enforces animal welfare law. The Court gave the provincial government a year to bring in new legislation.

At the NFU's 2015 national convention, a resolution brought by Region 3, calling for legislation to limit the authority of humane societies with regard to farm livestock and entering farm premises, was passed and then became NFU policy. In June 2019, the NFU-O submitted the following input to the public consultation towards a new provincial law that is Charter compliant.



NFU-O Submission on Animal Welfare Legislation

The National Farmers Union - Ontario (NFU-O) is pleased to offer input as Ontario prepares to draft new animal welfare legislation. Our members are farmers across the province, many of whom own and work with agricultural animals. We are all concerned about the welfare of animals. We are pleased that the government has made it a priority to bring in new legislation in the wake of the January 2019 court ruling striking down the authority of the Ontario SPCA. We look forward to a new law filling the vacuum that currently exists. We sincerely hope that the new law will uphold public confidence in Ontario's animal welfare regime and bring comfort to concerned citizens who may fear that farm animals do not currently have adequate protection.

We note that it is widely recognized that animal welfare requires that they be provided with freedom from hunger and thirst; discomfort; pain, injury, and disease; fear and distress; and with the freedom to express normal behaviour. Across Canada, the National Farm Animal Care Council's Codes of Practice for the care and handling of farm animals have been incorporated by reference into several provincial animal protection regulations. These Codes of Practice include both "required" and "recommended" practices. We would urge Ontario to mandate strict enforcement of "required" practices and mechanisms to promote a higher standard through compliance with "recommended" practices as

well. See <https://www.nfacc.ca/codes-of-practice> for links to the codes of practice. Not only are high standards of welfare important in their own right, they are increasingly a positive factor in market differentiation.

We support having a publicly accountable animal protection regime that is adequately and publicly funded, which provides inspection and enforcement by properly trained personnel, including but not limited to municipal police. The NFU-O also urges the Attorney General to consider a model similar to that used by Manitoba, Saskatchewan, and/or Alberta which limit the authority of humane societies with regard to farm livestock and entering farm premises. Limitations on access to premises by Animal Protection Agencies and Animal Protection Officers are either in the statute itself or incorporated in the regulations, ensuring that these entities and individuals are publicly accountable.

While outside of the scope of the animal protection legislation, we would like to highlight the need for regulations and policies that support on-farm slaughter capacity as well as the viability of local and regional abattoirs to reduce the time and distances animals must spend in transportation. Food sovereignty and agroecology values are supported by a robust and well-integrated local and regional food system where farmers and customers work together for their common interests. ■

NFU calls for federal environmental assessment of the Blackbird Creek Drainage Project

Farmland drainage and illegal ditching have been contentious issues in south-eastern Saskatchewan and south-western Manitoba for decades. In 2017, Saskatchewan amended its Water Security Agency Act and began implementing a new water management strategy. The new approach focuses on approvals, and allows for larger projects, with faster removal of more water from more land. The 18,000 acre Dry Lake drainage network was approved in February 2017 – months before the new Act was passed! The implications of this new drainage regime for climate change (mitigation and adaptation), downstream flooding and water quality, and promotion of large holdings by farmland investment companies, are concerning.

A Parliamentary Petition calling for federal environmental assessment of large drainage projects led to Environment Canada considering a review of a project near the Saskatchewan Manitoba border. The NFU made the following points in a letter of support, which is posted in full at <https://www.nfu.ca/policy/federal-environmental-assessment-of-drainage-project-needed/>

The NFU embraces the precautionary principle, which calls for timely action to prevent harm even if all evidence is not yet available. NFU members believe that Manitoba and Saskatchewan should optimize water retention to mitigate downstream flooding. It is also the NFU's policy that a minimum of 20% of the land each landowner owns should be maintained as wetlands, grasslands or forest.

The 21,456-acre Blackbird Creek project in Saskatchewan's Upper Assiniboine River watershed would drain 2756 acres of wetlands via 623 kilometers of drainage works. Water would flow through Blackbird Creek, the Assiniboine River, through Lake of the Prairies and into Lake Winnipeg.

The project would have direct effects in Manitoba by increasing the risk of overflowing the Shellmouth Dam and the flooding of farmland downstream. Past flooding caused hardship and loss of productive land to Manitoba farmers.

The drainage project would increase cultivated acres by turning wetlands into fields. However wetlands are an important carbon sink and keeping them is an important way to address the climate emergency. By removing wetlands, the Blackbird Creek project would exacerbate global heating, harming farmers across Canada and globally by contributing to greater climate instability.

The landscape in the Blackbird Creek area is known as "prairie pothole" topography, characterized by many small ponds, sloughs, and marshes. These water bodies

and their margins are important wildlife habitat, nesting areas and stopping places for migratory birds. The potholes are not connected by streams, and are filled by snowmelt and rainfall. Many dry up over the summer from evaporation and by soaking into groundwater formations below. Evaporation contributes to summer rains needed for growing crops and pasture, and groundwater feeds local farm and municipal wells. In wet years prairie potholes retain water on the landscape to prevent downstream flooding; in dry years they provide needed moisture locally. They are like a sponge that holds water in wet years and releases it in dry years, preventing extremes of flood and drought.

Draining these lands for cultivation purposes would require significant earthworks and/or tile drainage that would speed up flows and decrease downstream water quality. Without being filtering through vegetation, drained water is likely to contain more fertilizer, pesticide and herbicide residues. Such contamination worsens downstream water quality. Lake of the Prairies and Lake Winnipeg are already badly affected by algae blooms and eutrophication.

The widespread use of neonicotinoid seed treatment would increase these chemicals in downstream surface waters when drained wetlands are cultivated. The Pesticide Management Regulatory Agency (PMRA) recommended a five-year phase out on agricultural uses of neonicotinoids due to the harm they

(continued on page 5...)



(NFU calls for federal environmental assessment, from page 4)

cause to aquatic ecosystems and birds. Even if the PMRA recommendation is implemented as expected by 2020 there would be a period where increased neonicotinoid-contaminated runoff water would damage ecosystems.

Environment Canada should also investigate the cumulative effects of the Blackbird Creek project in conjunction with other nearby projects, and more broadly across Saskatchewan. Each project may seem insignificant on its own, but when joined up, their combined impact will be substantial.

Canada's 2018 report to the UN Ramsar Convention [the intergovernmental treaty on conservation and wise use of wetlands and their resources] notes that one of the biggest difficulties in meeting our commitments to this agreement is development pressures on natural

habitats in Southern Canada causing wetland loss, fragmentation, and degradation. The Blackbird Creek project would appear to be a backward step. A federal environmental assessment would be an important measure to highlight the need to ensure drainage for agricultural purposes does not cause more harm than good. ■

To see the full letter of support, go to:

<https://www.nfu.ca/policy/federal-environmental-assessment-of-drainage-project-needed/>

Should DON and Falling Number be Canadian Grain Commission (CGC) grading factors?

The National Farmers Union provided the following comments to the Canadian Grain Commission (CGC) in response to their public consultation regarding Falling Number and deoxynivalenol (DON) as potential official grain grading factors.

DON, also known as vomitoxin, is caused by certain strains of fusarium infection of grain. Falling Number measures whether the grain is in the early stages of sprouting, which reduces baking quality.

Canada's grading system is necessary to maximize the benefits to Canadian farmers from the international trade in grain and the net foreign exchange earnings they generate. Our grading system differentiates Canadian grain in the market place, and assures customers that grain quality is predictable, reliable, and consistent by grade. Thus our grain grading system constitutes a competitive advantage for Canadian agriculture. The CGC's authority to enforce grades through binding arbitration in the event of a dispute provides farmers with a power-balancing force against companies that might otherwise unfairly downgrade grain delivered to the country elevator.

Our grading system and outward inspections also protect grain exporters from unfounded quality complaints from importers and can provide objective and impartial evidence in disputes which may arise.

The grading system is one of the primary tools the CGC uses to carry out its mandate as stated in the *Canada Grain Act*, which is to "in the interests of the grain producers, establish and maintain standards of quality for Canadian grain and regulate grain handling in Canada, to ensure a dependable commodity for domestic and export markets." The *Canada Grain Act* also provides the CGC with the regulatory authority to define grades for eastern and western grains and establish their specifications, as well as visual or other methods for determining these specifications. Section 16 (3) of the *Canada Grain Act* requires that any change to grade definitions should improve its market acceptance and **minimize any reduction in the grain's value** (*emphasis added*).

The NFU has concluded that, at this time, adding Falling Number and deoxynivalenol (DON) as official grain grading factors may not benefit farmers, would increase risks of unfair downgrading, and would potentially reduce the value of graded grain. We recommend that the CGC use its authority to provide a binding determination in the event of a dispute in cases where companies voluntarily use Falling Number and/or DON to value grain delivered. Our rationale for these conclusions follows.

(continued on page 7...)

(DON and Falling Number..., from page 6)

Determining a reliable and fair sampling procedure for these characteristics is still a significant and unresolved technical and logistical challenge. We also have concerns that gaps may occur in the training of grain company staff and in the proper calibration of testing equipment. We are not confident that these tests would always be done consistently and fairly as a result. In the case of DON testing, there is potential for wide variation of results from sample to sample.

Farmers recognize these technical and logistical limitations to testing for these characteristics. Farmers are also aware that it is in the grain companies' interest to increase their margins by discounting prices paid to farmers. Given the significant potential for disagreement on Falling Number and deoxynivalenol (DON) as a result of the technical and logistical uncertainties, including them as grading factors could easily result in reduced farmer confidence in grades, and a way for grain companies to unfairly justify reduced prices when buying grain from farmers.

Including these two measures into grain grades would also tend to slow down our grading system since testing for Falling Number and/or DON currently takes extra time and would cause delays to the whole system with minimal off-setting benefits to farmers or the export system.

The additional testing could also cause delays when unloading at the elevator, potentially discouraging farmers from waiting for results at busy times, thus limiting their ability to register a dispute for arbitration or alternatively encouraging farmers to routinely exercise their right to have their delivery "subject to inspector's grade and dockage" or when reviews of "special bin" samples are requested.

The CGC's Harvest Sample Program now provides participating farmers with the Falling Number and/or DON for wheat. We would ask that the CGC extend this service to include all cereal grains for which these tests are relevant to their end uses. By increasing the CGC's capacity for testing under the Harvest Sample Program, CGC will obtain more data and experience to guide improvements in methodology, technology, and sampling protocols. Perhaps this will lead to improvements that will eventually generate the credibility and trust in the tests to make it acceptable to add Falling Number and DON as grading factors.

Given the significant potential for disagreement on Falling Number and deoxynivalenol (DON) as a result of the technical and logistical uncertainties, including them as grading factors could easily result in reduced farmer confidence in grades, and a way for grain companies to unfairly justify reduced prices when buying grain from farmers.

We are aware that some grain companies include Falling Number and/or DON specifications in some of their contracts. Since these now affect the value of grain to some farmers and the CGC has a statutory obligation to act in the interest of grain producers, we would urge the CGC to develop official sampling protocols and testing procedures for its own and commercial use.

We would note that *Canada Grain Act - Grain Regulations PART 2, Section 7 (1) Grading of Unofficial Samples* appears to give the CGC ample authority to provide binding determination of Falling Number and/or DON in the event of a dispute between a farmer and grain buyer when these specifications are used in commercial contracts. Currently farmers must pay when requesting this service. We would recommend that for Falling Number and/or DON, fees for grading of unofficial samples be waived.

We would therefore urge the CGC to make farmers aware that they have the ability to obtain a binding determination from the CGC in the event of disputes that may arise where the companies are including Falling Number and/or DON in determining the value of the grain delivered. However, we cannot support adding Falling Number and/or DON as official grain grading factors at this time. ■

This submission is also available on the NFU website at:

<https://www.nfu.ca/policy/falling-number-and-don-as-potential-grading-factors/>

Build public trust with democratic regulation, not PR campaigns

—by Cathy Holtslander, NFU Director of Research and Policy

When the House of Commons Agriculture Committee decided to study *Public Perception of the Canadian Agriculture and Agri-Food Sector*, the National Farmers Union submitted a brief. It is available on the NFU website in both official languages at <https://www.nfu.ca/policy/public-perception-of-the-canadian-agriculture-and-agri-food-sector/>. Here is a summary:

Canada's food system has changed dramatically in the past 30 years. Change may be understood as progress and inevitable. However, the goals of "progress" are contested in every society. People have different ideas, knowledge and values that inform whether they believe changes in our food system constitute progress or not.

Many Canadians empower themselves by taking more control over their food choices. People expressing concern about the food system could be considered an early warning system: a minority who are nevertheless, paying attention to things that matter. The "public trust" issue presents an opportunity to take a serious look at the issues being raised, to understand what underpins these concerns, and figure out how to address the problems identified.

People concerned about the food system are our customers, our neighbours, and our future. Addressing the problems they have identified requires good public policy, including effective regulation, to ensure that food is produced in a way that safeguards health, environment and farmer livelihoods today and for future generations. Farmers also rely on proper regulation for fairness in the marketplace and to protect our farms' ecosystems, our families' health and the health and safety of food and agricultural workers.

Public trust in the food system would be best served by a public regulator that relies on properly funded science that is independent of private interests with the capacity to investigate adequately in the public interest.

Our regulatory system is accountable to the Canadian electorate. It is a part of our democratic governance process and an important tool to advance and protect the public interest. Yet too often, corporations are allowed to bend our regulatory system to advance their own private interests. Corporations can

fund full time lobbyists to meet frequently with decision-makers. Unduly close relationships between the corporations and government regulators lead to ineffective, poorly enforced, and/or biased rules that favour agribusiness interests instead of protecting the public.

Public trust in the food system would be best served by a public regulator...with the capacity to investigate adequately in the public interest.

The American agribusiness lobby group, *Center for Food Integrity*, defines social license as "the privilege of operating with minimal formalized restrictions (legislation, regulation, or market requirements) based on maintaining public trust by doing what's right." The *Canadian Centre for Food Integrity* is an affiliate of the US organization. In November, 2018 Agriculture and Agri-Food Canada gave it \$190,000 to implement "digital ethnographic and social methodology research to understand the priorities for Canadians related to the food system." The NFU believes the government should not be paying for research to support agribusiness's de-regulation efforts that aim to influence voters' opinions through PR campaigns.

Ironically, while social license is a strategy used by corporations to avoid regulation, public trust is damaged when citizens see regulations as being influenced by corporate lobbyists or biased. A system where farmers and consumers are involved as citizens in regulating our food system in the public interest would be a more democratic way to rebuild public trust in the food system. ■