



#6, 11010 - 46th Street SE
Calgary, AB T2C 1G4
Tel: 403-769-1519
Fax: 403-209-3255

Written Submission for the Pre-Budget Consultations in Advance of the 2025 Federal Budget

By

National Cattle Feeders' Association (NCFA)

August 2024

Recommendations

1. That the government ensure **Business Risk Management programs** reflect the realities of the agriculture sector today.
2. That the government immediately move to have **intergenerational farm transfers in Canada fall under the former one-half capital gains inclusion rate** and, further, that it is essential government pause for a **responsible examination** of the impacts of all capital gains changes in Budget 2024 on **Canadian farms, food security and food affordability**.
3. That the government develop an **action plan** including concrete steps to **address barriers preventing Canadian access to innovation** including veterinarian pharmaceuticals, veterinarian health products, feed and water additives, vaccines, parasiticides and pesticides that help maintain animal health and required supply levels of livestock feed. This should be supported by **increased and predictable funding to the Canadian Integrated Program for Antimicrobial Resistance Surveillance**.
4. That the government recognize that foreign labour in Canada's agriculture sector plays an indispensable role in food security and food affordability. In turn, the government must **urgently work** with stakeholders **to develop a cross-departmental approach** to find **practical and coordinated solutions** for chronic **labour shortages** in Canada's **agriculture sector**.
5. That the government make a **\$50 million capital investment** in a national testing centre at the Western College of Veterinary Medicine to **expedite veterinary skills training and testing** required for internationally trained veterinarians to enter into the Canadian workforce.

Who we are

The National Cattle Feeders' Association (NCFA) works to improve the growth, sustainability, and competitiveness of the beef sector in Canada.

Canada's beef industry contributes \$9.7 billion in farm cash receipts annually, contributes \$21.8 billion to national GDP annually and accounts for 347,000 jobs, each one of which supports another 3.9 jobs elsewhere in the economy.

NCFA respectfully submits the following pre-budget recommendations that will increase the competitiveness and sustainability of Canada's agriculture sector while delivering affordable and high-quality food.

Recommendation #1

*That the government **ensures Business Risk Management programs reflect the realities of the agriculture sector today.***

The **Agri-Stability program** serves as a key safety net for Canadian farmers, offering essential support during periods of unforeseen adversities. However, the current Agri-Stability cap of \$3 million has not changed in 20 years while inflation and feedlot input costs have skyrocketed. Producers must invest significantly more to achieve the same production margins.

Feedlots range in size, but they remain family operations - often involving multiple family members and generations. While the total number of feedlots in Canada may not seem large, the amount of food production from these feedlots is profound.

Cattle feeders employ various risk mitigation strategies, including hedging, insurance, and foreign exchange management, yet Agri-Stability remains a critical business risk program. Payments reach the \$3 million cap very quickly, leaving farmers shouldering losses in the tens of millions of dollars. This program no longer reflects the level of risk faced by feedlots. If there was a significant market correction or production challenge (i.e. trade disputes or disease), there would be substantial losses not covered by Agri-Stability.

A recent study conducted by MNP found that Agri-Stability's coverage has decreased by two-thirds since 2013. Taking this into account and considering there have been no adjustments to the cap since the start of the program 20 years ago, **NCFA recommends the AgriStability cap be increased to \$15 million with a consideration to review the cap in 5 years.**

Livestock Price Insurance (LPI) offers price, currency, and basis risk protection for producers of cattle. LPI is the only program allowing producers to proactively manage their risk.

Given the volatility of livestock markets, managing risk is critically important, especially for young cattle producers as they do not have equity built up for accessing loans. Flexibility of the terms and conditions of the program such that it can adjust during a disaster situation is essential.

We recommend that LPI become a permanent and national program under AgriInsurance with federal/provincial cost-shared premiums that would increase uptake of the program and put Canadian cattle producers on a more level playing field with crop farmers (via crop insurance) as well as American cattle producers (via Livestock Risk Protection). We also support flexibility for provinces to receive equal federal support for 'LPI-type' programs that best address regional needs.

Recommendation #2

*That the government immediately move to have **intergenerational farm transfers in Canada fall under the former one-half capital gains inclusion rate** and further, that it is essential that government pause for a **responsible examination** of the impacts of all capital gains changes in Budget 2024 on **Canadian farms, food security and food affordability**.*

The recently announced changes to capital gains taxes will have detrimental and unintended impacts on today's farmers, the next generation of farmers, and consequently, Canada's rural economy.

The government has unnecessarily rushed changes, leaving Canadian farm businesses without sufficient time to fully assess the potential implications on current and upcoming farm successions.

While the Lifetime Capital Gains Exemption (LCGE) has been increased to \$1.25 million, the capital gains inclusion rate has also been raised from one half to two thirds. The increase in the capital gains inclusion rate undermines the benefit of the higher LCGE threshold creating a profound generational barrier for young Canadians who want to take over the family farm.

The average age of Canadian farmers is now over 55 years old and tens of billions of dollars in farm assets is set to change hands over the next decade. Canadian farms continue to expand, often supporting multiple households, with more and more farms incorporating for tax and estate planning purposes.

In keeping with the overall spirit and objective of Budget 2024 to support *Fairness For Every Generation*, we recommend that all Bill C-208 eligible **intergenerational farm transfers in Canada continue to fall under the old one-half inclusion rate under the *Income Tax Act***.

Recommendation #3

*That the government develop an **action plan** including concrete steps to **address barriers preventing Canadian access to innovation** including veterinarian pharmaceuticals, veterinarian health products, feed and water additives, vaccines, parasiticides and pesticides that help maintain animal health and required supply levels of livestock feed. This should be supported by **increased and predictable funding to the Canadian Integrated Program for Antimicrobial Resistance Surveillance**.*

If we have learned one thing as a society in recent years, it is that the health of animals, humans and the environment are undeniably linked and an investment in innovative solutions is crucial.

Agriculture is one of the most innovative sectors, yet the government is focused on regulating the sector as opposed to providing an **efficient and timely approval process for new innovative products and technology** that will deliver more cost-efficient and sustainable solutions that are already available to global competitors. An action plan is essential.

In tandem, the government must continue to invest in the Canadian Integrated Program for Antimicrobial Resistance Surveillance (CIPARS) - a national **one-health** surveillance program coordinated by the Public Health Agency of Canada.

CIPARS collects, analyzes, and communicates trends in antimicrobial use and antimicrobial resistance for humans and food animals. The CIPARS surveillance program is essential to monitoring antimicrobial use in cattle and surveillance for resistance as we can't manage what we don't measure.

Limited budgets for CIPARS results in limited surveillance activities. NCFA is calling for a **funding increase of \$200,000 per year for five years for a total increase of \$1 million** to conduct the appropriate level of surveillance to support human and animal health. This would be a small investment for significant results.

Recommendation #4

*That the government recognize that foreign labour in Canada's agriculture sector plays an indispensable role in food security and food affordability. In turn, the government must **urgently work** with stakeholders **to develop a cross-departmental approach** to find **practical and coordinated solutions** for the **chronic labour shortages** in Canada's agriculture sector.*

The urgent need for labour in agriculture cannot be overstated. The [Canadian Agricultural Human Resource Council](#) reports over 28,000 unfilled jobs in 2022 alone and anticipates a 15% increase by 2030.

Yet the system to bring in foreign workers is complicated, backlogged, and fraught with unnecessary and unpractical complications.

Example #1 - When farms apply for foreign labour, employers must show they have government inspected housing available. While the processing time to bring in labourers regularly takes months, these houses must stay vacant.

Example #2 - Recently ESDC issued a halt in accepting housing waivers if workers choose to live outside of the accommodations provided. While employers are required to provide payment to assist with outside rent, they now also need to keep the original housing vacant in case the worker decides they want to move back.

Example #3 - In 2022 the National Occupation Codes were changed without industry consultation. The designation of a 'Herdsman' was moved down to a TEER 4 designation which means these workers are no longer able to bring their families with them to Canada. On feedlots, most foreign employees are long-term and become permanent residents, but with this change, the number of foreign employees willing to relocate to Canada without their families has significantly decreased.

Canada's immigration system does not understand the unique needs of the agriculture sector. And now, without stakeholder consultations, the government is developing a new foreign labour system for agriculture. We call upon the government for a renewed commitment to embrace cross-departmental collaboration and stakeholder consultation to find practical and long-term solutions to these labour challenges.

Recommendation #5

*That the government make a **\$50 million capital investment** in a national testing centre at the Western College of Veterinary Medicine to **expedite veterinary skills training and testing** required for internationally trained veterinarians to enter into the Canadian workforce.*

Canada is experiencing a prolonged shortage of veterinarians (Canadian Occupational Projection System) affecting all areas of the profession, including food animal and regulatory practice.

Expansion plans at three of the five Canadian veterinary schools will only partially address this shortage. Internationally trained vets are needed for Canada and we support investment to expedite veterinary skills training and testing required for their entry into the workforce.

The Western College of Veterinary Medicine (WCVM) is currently at capacity with 100 testing spots for 250 candidates. A \$50 million capital investment in a national testing centre at WCVM, part of a larger \$100 million build, will potentially put 165 vets into the workforce annually, up from 55. Broadly supported across the veterinary and agricultural sectors, this one-time investment will ensure a sustainable veterinary workforce for Canada, crucial for managing biothreats, animal welfare and food safety, and safeguarding our \$37.3 billion animal production sector.

* * *

In closing, the NCFA thanks you for your consideration of these recommendations and looks forward to the opportunity to present these recommendations as a witness before Committee.