



TEAMALBERTA

SUSTAINABILITY, CLIMATE CHANGE, AND THE CARBON TAX



Team Alberta looks forward to working with a government that is dedicated to supporting Alberta's crop sector.

Alberta's farmers are at the forefront of sustainable environmental management and are continually improving the efficiency of their businesses while reducing their impact on the land and air. The majority of the changes that have led to these achievements have been implemented in an absence of government policy; farmers care about environmental sustainability because their livelihood depends on healthy, fertile land, and because they want future generations to have the same opportunities for growth.

In this context, Team Alberta believes that:

- Policy should focus on changes that make good business sense and which will have a positive environmental impact.
- New and well-designed carbon offset protocols are necessary to continue to engage the crop sector. Dedicated funding from Emissions Reduction Alberta could go to protocol development and other emissions reducing projects in the crop sector.
- We are keen to begin work in this area and to define opportunities for growers so that conservation cropping and other protocols can continue to be a solution to increase market opportunities and recognize producers for their ecological services.
- The present carbon levy is unfairly penalizing farmers who are not recognized for their sequestration of carbon in the absence of government regulation. Farmers have adopted a number of emissions reducing technologies and practices, often at significant cost, and these must be taken into account when applying the carbon levy.
- Further relief on fuel sources used in on-farm activities like grain drying, irrigation, and heating must be extended to recognize farmers' positive environmental contributions and the trade-exposed nature of their businesses.

Sustainability

Team Alberta has worked closely with the Alberta government to assess the readiness of Alberta's crop sector to respond to increasing demands of multinationals for sustainable sourcing along their supply chains. In March of 2018, we launched a collaborative platform which acts as a self-assessment tool to allow farmers to gauge their areas of strength and weakness with respect to relevant sustainable sourcing schemes and provides a plan of action along with resources which will allow farmers to improve specific practices. Farmsustainability.com is part of an ongoing collaboration between the Ministry of Agriculture and Forestry and Team Alberta.



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Climate Change Mitigation

For decades, farmers have made continuous improvements in beneficial management practices, investments in machinery and technologies, and a constant commitment to environmental stewardship. These improvements happened in the absence of government regulation, and have led to significant reductions in greenhouse gas emissions from the crop sector.

Farmers have significantly increased the amount of carbon that is removed from the atmosphere and stored or 'sequestered' in the soil. This was achieved over decades because of a strong commitment to address soil degradation through continuous and voluntary improvements in land management practices such as conservation tillage, adoption of precision agriculture, increased nitrogen-use efficiency and improvements in diesel engine combustion.

Growers have increased their productivity at twice the rate of increases in emissions and, as of 2000, Canadian agricultural soils sequestered more carbon than they emitted. Allowing agricultural soils to sequester carbon produced from other industrial processes. Nonetheless, climate change policy of provincial and federal jurisdictions has yet to recognize or account for these carbon cycle balances and acknowledge natural climate solutions through wetland protection, vegetative buffer strips along riparian areas, and other climate change mitigating solutions being implemented on farm.

The crop sector is sequestering more carbon than it emits and has been recognized for the potential to further contribute to the government's climate change objectives. Alberta's carbon offset system could see a significant increase in demand. The most effective protocol to date has been the Conservation Cropping Protocol (CCP) which is set to expire in 2021. Currently, farmer participation in the offset program has been declining due to challenges with well-defined communications on the opportunity (e.g. NERP), and impractical compliance measures (e.g. CCP).

The Carbon Tax

Policies that seek to reduce greenhouse gases should consider the impact of the policy on a producer's economic viability. Alberta farmers are trade-exposed price-takers in the global marketplace. Regulations that increase the cost of critical inputs, such as fuel and fertilizer, are borne entirely by farmers which negatively impacts the economic sustainability of farming and our competitiveness across regional, federal and international jurisdictions.

Farmers are seeing an erosion to their competitiveness through rising costs, increasingly related to the usage of propane and natural gas in grain conditioning (grain drying) and irrigation, which are practices forecasted to be essential to adapting to future increases in excessive moisture or drought conditions as climate and weather patterns change. These tools must continue to be available and affordable for producers so that they are well positioned to adapt to future climate change and overcome difficulties presented by extreme weather events.

Farmers should be exempt from the carbon levy and the exemption on marked fuel should be extended to all on-farm energy sources so that Alberta's farmers are not put at a competitive disadvantage and so they are able to continue to adapt and respond to the changing demands of their local climates.

Team Alberta advocates for a revenue neutral carbon tax. Improving other environmentally focused regulations and policies (e.g. carbon offsets) is key to having a real impact on our environment. The tax generated from agricultural systems should be measured and allocated to research into emission reduction technologies and climate change adaptation practices, not put into general revenue or urban programming.



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REGULATORY HURDLES



Team Alberta looks forward to working with a government that is dedicated to supporting Alberta's crop sector.

Alberta farmers operate in an environment of thin margins and high capital costs while being at the mercy of markets and weather. Further, they have a unique and variable operating structure, which is largely incomparable to other sectors. Farmers require transparency, consultation and accountability from government with respect to regulatory decisions that could impact their operations. Farmers rely on a streamlined, science-based regulatory environment that supports the access to tools that allow for competitiveness.

Regulatory barriers exist at both the provincial and federal level. Farmers look to the provincial government in responding to regulatory hurdles and also for support in identifying and overcoming federal regulatory risk and amplifying farmers' voice in overcoming federally derived obstacles that can impede the competitiveness and growth of Alberta's agriculture sector.

Provincial Regulatory Environment

At the provincial level there are a number of critical regulations that govern the operations of crop sector farmers:

Pest and Disease Management

Disease pressure is a serious issue for Alberta farmers and has an economic repercussion for the province. The ability for farmers to apply integrated pest management (IPM) practices along with associated research to derive disease resistant varieties has been recognized as the best line of defense for minimizing the spread of air-borne and soil-borne disease through our province. Inclusion of specific disease related pests in *Alberta's Agricultural Pest Act* comes with a 'zero-tolerance' policy which attempts to stop the spread of the disease, which is not achievable with soil-borne or air-borne pathogens; such as Fusarium Head Blight (FHB), which affects cereal crops. Current policies would also require restrictions on the movement of soil, water and air to be effective in stopping the spread

of these diseases - which is simply not possible. FHB is now established in many regions of Alberta. Adoption of best management practices and enabling research in our province is the proactive approach to managing diseases.

The current regulatory environment curtails in-field research of control systems because they may contain low levels of the pathogen and limits farmers accessibility to disease resistant seeds putting them at a competitive disadvantage to other jurisdictions and doesn't allow for adaptive regional regulatory systems based on infection levels. We would like to see the government focus on education and extension as part of an integrated approach to disease management along with removal of certain pathogens from the Pest Act i.e. *Fusarium graminearum*.

Pest Surveillance

Surveillance of pests and disease across Alberta is a priority for Alberta's producers, and a cornerstone to any sound pest management strategy. Several recent applications for national funding support to deal with the surveillance of pest and disease impacting the crop sector have been redirected back to industry stating that the



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provincial governments have funding to contribute to such efforts. The effects of pests and disease can have a significant financial impact on the cropping sector, and Team Alberta encourages AF to direct funding to engage in surveillance projects, like the Fusarium Head Blight risk maps, to enable early warning communications and risk mitigation for the sector.

Biofuels

The Renewable Fuel Standard (RFS) is set to expire January 31, 2020. Despite extensive consultations over 2015 to 2018, the Government of Alberta failed to reach a decision on modernizing the regulation, leaving the sector vulnerable with respect to the future of low carbon biofuels in less than 12 months.

Modernizing the regulation would protect current investments in Alberta-based low carbon fuel production. This would attract private sector investment to expand and build new capacity to meet growing market demand under the national Clean Fuel Standard (CFS) and supply Low Carbon Fuel Standards (LCFS) export markets like California, Oregon and Washington. In addition to demonstrable environmental benefits, producing low carbon fuels in Alberta supports agriculture, diversifies the economy and provides secure, clean energy jobs. **The Government of Alberta needs to take a leadership position to protect the future of low carbon biofuels in our province.**

- Canola biodiesel reduces GHG emissions by up to 90% compared to fossil diesel.
- CO₂ released by a vehicle fueled by canola biodiesel is offset by the CO₂ captured when the crop is grown.
- Expanding the current RFS for diesel from 2% to 5% will reduce emissions by 4.8 mega-tonnes per year when met by canola biodiesel. That's equivalent to taking 1 million cars off the road AND that's 16% of the annual CFS reduction objective annually for all sectors combined.

Federal Regulatory Environment

We ask that the provincial government support Alberta's farmers by amplifying the following messages at the federal level:

The Pest Management Regulatory Agency (PMRA)

Current proposed decisions by the Pest Management Regulatory Agency of Health Canada has threatened critical tools - specifically seed treatment pesticides, that will have a significant impact on grain production in Alberta, which will result in revenue reduction, decreased contributions to GDP, lost jobs and could even force a number of Alberta's crop producers to exit the industry.

If farmers continue to lose access to valuable tools such as seed treatments while our competitors in other countries continue to have access to them, pest management will become even more complex and costly. Further, Alberta's farmers will be at a competitive disadvantage compared to their counterparts in other jurisdictions.

While of federal jurisdiction, our concern is that the decision-making process being employed by the PMRA is flawed. There has not been a consideration of the cost-benefit of such decisions since factors such as alternatives, mitigation and economics are beyond the current interpretation of their mandate. Further, regionality and differences in farming practices across the country has not been considered.

Farmers must have the appropriate tools to defend their crops against pests. If tools such as seed treatment pesticides are no longer available, other solutions, some of them with negative effects on the environment and human health, will be used. For this reason, among many, it is imperative that the PMRA considers factors beyond their current mandate.

When tools that farmers use to be globally competitive are at stake, farmers look to the provincial government to help support and amplify our messages.



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COMPETITIVENESS THROUGH INNOVATION



Team Alberta looks forward to working with a government that is dedicated to supporting Alberta's crop sector.

Agriculture is the second largest resource-based industry in Alberta, with over 31.1 million acres of farm area. Alberta is renowned for its high-quality grains. It is the advantage upon which we compete globally. The ability of Alberta farmers to retain this competitiveness requires continued investment in innovative, agronomic and genetic research as a means of developing varieties to help farmers improve their operational efficiencies, by increasing yield, improving disease resistance and enhancing agronomic performance as well as end-use quality.

Through the commissions, farmers fund a significant level of research. Currently, between the four major crop commissions in Alberta, there is approximately \$14.7M of farmer levy dollars directed to co-funding various ongoing and new research projects in collaboration with the Alberta Government. Research is a top priority of the commissions.

Investment in research directly impacts farmers by delivering innovations such as high-performing varieties and advanced agronomic practices. This results in a higher return on investment and profits for producers which in turn benefits the rural, provincial and national economy while allowing for continued crop diversification.

Farmers value the history of collaboration with government in research projects and capacity but are concerned with diminishing levels of funding available to match their investment.

Farmers need long-term commitments from government partners to enable strategic investment in production-based research and support for training of researchers and agronomists to unlock the further potential of the crop sector and retain competitiveness within the global landscape.

Innovation is the key driver to competitiveness and sustainability.

Provincial Research Concerns

Strategic Research and Development Framework

Over the past two years, the Ministry of Agriculture and Forestry (AF) has been undertaking a strategic review of the science and innovation framework. The objective of this review is to,

"...refocus its research capacity and funding to be more targeted and intentional in meeting AF/GOA priorities." This framework establishes the priorities for research investment from the province through the **Strategic Research and Development Program (SRDP)** and the **Agricultural Funding Consortium** (comprised of 12 organizations including Team Alberta members. The SRDP replaced other previous funding programs like the Alberta Livestock and Meat Agency (ALMA) and the Alberta Crop Industry Development Fund (ACIDF). A draft framework was released mid-year 2018 subtitled, *"Policy Driven Research – Science Based Policy"*. Crop and livestock producers raised many concerns and aligned in stating that they did not support the Framework document as it was presented. It was pointed out to AF officials that the words farmer or producer did not appear anywhere in the document.

The framework signaled the government's intention to move away from productivity-based research such as improved yield, disease resistance and quality attributes to improve producers' competitiveness and move toward broader government policy objectives including sustainability, public trust and value added.

Concerns were expressed to AF through various mechanisms and the final framework release date has passed without any indication of a new timeline or next steps. This has resulted in industry uncertainty on the future of publicly funded crop research. Major concerns with the framework are as follows:



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- **Absence of Industry Collaboration** – Imperative to setting any such priorities; however, industry was not engaged in the drafting of the framework. When industry was asked for input and expressed the concerns, listed here, we were assured that our concerns have been heard but told that there would be no substantive changes to the Framework document.
- **Policy-Driven Research** – The suggestion that future research-science based policy must be *policy-driven* to support AF's and GOA's internal policies implies that research priorities will be determined by government policy direction, not to support industry/producer needs to achieve economic development and competitiveness for the sector – as a major contributor to the Alberta economy.
- **Lack of Alignment with Industry Research and Extension Priorities** – The Framework suggests refocusing its research capacity from growth and productivity activities to public good activities including environmental stewardship, assurance, public safety and economic diversification (through value-added processing alone); leaving the priorities of the sector (productivity, agronomic and genetic research) to the private sector. The redirection of funds will have an impact on the growth of the sector (*see below*).
- **No Strategic Forward Vision for Existing Activities** – The indication that AF intends to exit productivity-based research without mention of a strategic forward vision for existing major programs or centres such as the Field Crop Development Centre (FCDC) in Lacombe, is concerning. This is of particular concern to Alberta Barley which has historical producer funding invested into capacity and programming without certainty of its' future. Further, the lack of direction within the Framework with regards to variety development, technology transfer/extension and commercialization is also concerning.
- **Audience** – The Framework indicates a focus on the demands of 'consumers of agricultural products' and responding to their needs with the absence of any reference to the end-user (e.g. producer) leaving us confused as to whom the Framework is intended to support.
- **Productivity/Innovation Equals Sustainability** – The Framework undermines the fact that the crop and livestock sectors have voluntarily continued to adopt best management practices that support a sustainability agenda. Also, investments made into productivity-based research most often has positive implications on the environment and climate change and public good, while supporting the economic and competitiveness goals of the industry.

Research Funding

In 2018 the Alberta Crop Industry Development Fund (ACIDF) was replaced with the Agriculture Funding Consortium (AFC) by the Strategic Research and Development Program (SRDP) within the AF.

Since these changes, the crop commission and others have seen

a dramatic decrease in funding partnerships with AF. Further, it is unclear which organizations are receiving funding and what future funding allocations may be for 2019, given an overall lack of transparency in funding allocations as well as the process and operations of the SRDP.

For example, Alberta Livestock and Meat Agency (ALMA), which provided roughly \$8 million per year to the livestock industry, was also dissolved and its efforts were absorbed by SRDP. It is not clear what the current funding model is but it has been suggested that it remains at \$8 million per year, but now split between the crop and livestock sector. This division, however, is still unclear. Through the previous arms-length ACIDF/ALMA models, the funding process was conducted in a transparent manner with forward planning and the involvement of industry stakeholders (producers).

The current funding process with AFC is no longer as collaborative nor transparent. It is not clear what the funding envelope is, or how decisions are being made, and a request for the composition of the technical review committee was recently denied. The priorities of the SRDP process reflect GOA policies and they are unable to fund "programs" or projects beyond 3 years. Funding cannot flow to provincial staff and, if the project is felt to be better suited to a Canadian Agricultural Partnership program, regardless of eligibility or timelines, it is not considered..

What the industry needs.

1. **A consistent funding mechanism** with appropriate levels of funding that are revealed in a transparent and anticipatory manner.
2. **Collaboration** – the strategic plan and priorities of the AF should be developed in collaboration with industry and be responsive to the needs of agricultural stakeholders as appropriate.
3. **A transparent and accountable decision process** the review committee should be made public and have industry involvement. Amounts funded and all projects funded should be made public immediately after contracting is complete.
4. **Flexibility** to respond outside of typical timelines built in to accommodate industry "emergencies" i.e. disease/pest outbreaks.
5. **A mechanism to support** research performed by AF scientists if the industry requires to make the best use of this capacity.
6. **A clear vision** for the Field Crop Development Centre (FCDC) in Lacombe. Alberta Barley has provided core funding to FCDC for a number of years to support its barley breeding program. We fear a significant investment of public and producer dollars may be at risk given the government's stated intention to move away from productivity-based research.



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IMPROVED MARKET ACCESS



Team Alberta looks forward to working with a government that is dedicated to supporting Alberta's crop sector.

International Trade Agreements Transportation

Agriculture is an export-dependent and transportation-dependent industry. Improved market access allows us to earn the most value for our production and is critical for achieving the \$85 billion growth target for agri-food exports by 2025. In 2017, Alberta's crop sector exports totaled over \$4 billion, a figure that has more than doubled in the past ten years, and will continue to grow with the advancement and adoption of new technologies.

Quick ratification of the Canada-United States-Mexico Agreement (CUSMA) will end the trade uncertainty overshadowing the North American market, which is critical to our collective competitiveness. The recent US Government shutdown, a Democrat-controlled Congress and calls by US lawmakers to re-negotiate certain elements of the agreement complicate ratification and exasperate uncertainty of the newly-signed agreement.

Canada currently exports over \$7 billion in agricultural goods to China. A doubling of agriculture exports will require significant progress to make this goal a reality. **The Government of Alberta can play a key role by supporting the implementation of CUSMA and the opportunities for growth in China with the federal government.**

Farmers and shippers need to have timely, predictable and efficient rail service to take advantage of export market opportunities and benefit from trade agreements. Failure of the railways to deliver timely and efficient services not only causes significant financial strain on farmers, but diminishes Alberta's and Canada's international reputation as a reliable supplier of agricultural exports. Farmers, and shippers of other commodities, are concerned about the strain that the additional oil by rail tonnage will have on the Western Canadian rail network. **The Government of Alberta can play a key role by actively monitoring the railways' performance to ensure its other key sectors that contribute to Alberta's economy are not harmed by the movement of additional oil by rail.**



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