

MAXIME BERNIER

April 28, 2017

Levi Wood
President
Western Canadian Wheat Growers

Dear Mr. Wood,

It is an honour to respond to your letter.

The Western Canadian Wheat Growers have stood for decades as defenders of freedom in the fight against the old Canadian Wheat Board and many other important battles on behalf of farmers. I have similarly built my leadership campaign on the principles of freedom, fairness, responsibility and respect. It is my hope that we can find common cause to advance the free market interests of wheat growers going forward.

Below are my responses to your six policy questions.

Sincerely,



Maxime Bernier,

- What is your position on open markets in the grain sector, where many players compete vigorously for farmers' business, including in farm inputs and farm products?

One hundred per cent support open markets in the grain sector.

- What is your position on free and competitive markets in international trade, including the elimination of export subsidies, reduction of trade-distorting domestic support, and reducing tariffs and non-tariff barriers that inhibit market access?

One hundred per cent support free and competitive markets in international trade.

- What is your position on a commercial and efficient grain transportation system, recognizing the need for government regulation to foster greater service, competition, and accountability in the rail sector?

One hundred per cent support a commercial and efficient grain transportation system.

- What is your position on the development of agricultural innovations that make farmers more profitable and sustainable, with a science-based regulatory approval process for the introduction of new technologies, including the adoption of genetically modified crops?

One hundred per cent support the development of agricultural innovations through a faster approval process.

- What is your position on a carbon pricing system, including on a credit and debit system that acknowledges the significant carbon reductions being achieved by prairie grain growers?

One hundred per cent oppose a carbon pricing system.

- As Prime Minister, what would your top five priorities be for farmers and the agriculture industry in Canada?

Five priorities from my policy platform are: phase-out supply management; reduce federal farm tax from 15% to 10%; extend accelerated capital cost allowance rates to agriculture; spur agriculture growth through export expansion; and eliminate the farm killing carbon tax.

Phase-out supply management

Supply management is a system based on keeping the prices of dairy, poultry and eggs artificially high through the control of production, the banning of imports and price fixing by bureaucrats. It is by definition, a government cartel. It is the opposite of a free market.

Supply management saddles Canadian consumers with \$2.6 billion in higher prices every year. That is \$300-600 annually per Canadian family and it hits the poorest families the hardest. This is done to protect 10% of farmers.

The prohibitive cost of supply management farming, millions of dollars in paper quotas per farm, restricts on-farm innovation, cripples new-farm diversification, prevents job creation, and depresses productivity in the food processing sector.

However, our policy will not abandon those farmers who have played by the rules and have invested in those production quotas. They will be properly compensated and will thrive in an open market.

The plan: There will be a multi-year phase-out of import barriers and elimination of the domestic quotas and price control system. A temporary levy on these products would be raised to compensate farmers for the value of their quota. After that transition period, there will be a free, open and fair system to all, with lower prices, innovation, and more farmer-led growth in the whole agricultural sector.

Reduce federal farm tax from 15% to 10%

The best way to improve the standard of living for farmers is to promote policies that increase their productivity. All farmers want to grow their business, to be self-reliant and successful. They want to earn their living from the marketplace, not the mailbox.

Real on-farm productivity gains will never be achieved by increasing subsidies or blocking foreign competition. Such measures would only mask long-term productivity declines. And the net result is the same for Canadians, increased cost, either in the form of higher taxes or higher prices at the grocery store.

Instead, the tax cost to farm businesses must be addressed. Canada's combined federal-provincial corporate income tax rate is the 15th highest among 34 OECD countries. Government must get out of the way for farm business to grow.

The plan: Boost investment in Canadian agriculture by reducing federal corporate farm taxes from 15% to 10%. This will increase farmers' bottom line, and thus encourage farmers to invest more in their agri-business.

Extend accelerated capital cost allowance rates to agriculture

The cost of farm equipment is high. A new combine can easily exceed half a million dollars. And whether it's a new combine, pick-up truck, barn, milking machine, fencing, or feeder equipment, these capital expenditures are a key driver of farm productivity growth.

When farmers invest in new machinery and equipment, farmers can produce more output per hour, improve quality, and increase efficiency at all levels.

Accelerated Capital Cost Allowance has the effect of boosting investment by allowing for a faster write-off and cost recovery. However, the program is temporary and applies only to manufacturing, processing, and clean energy equipment. It does not apply to agriculture.

The Plan: Permanently extend the Accelerated Capital Cost Allowance program to agriculture. Instead of writing off a farm investment over a period of 15 years, farms can deduct it from their income in only 3 years. This will positively improve farm cash flow, allowing for growth and sustainability.

Spur agriculture growth through export expansion

Canadian agriculture export sales currently exceed \$50 billion dollars annually, making Canada the world's fifth largest agriculture exporter. Approximately 58% of agriculture production in Canada is exported. And demand for Canadian agriculture exports will only increase. The world's population is expected to expand by 30%, reaching 9 billion by 2050.

In order for Canada's agriculture economy to be successful we must grow our trade relationships. We can no longer solely rely on our ties to the United States. This is why Canada signed free trade deals with the European Union and the Trans-Pacific Partnership. But more must be done to expand Canada's global economic reach.

In addition, Canada's negotiating position must no longer be undermined by the need to defend supply management. The so-called "balanced" negotiating position must be replaced by "principled" negotiating position.

Market access gains for grain, beef, and pork farmers must not be restricted in future trade agreements in order to protect of Canada's dairy, poultry and egg sectors. Instead, Canada must singularly seek market access gains in global markets for all Canadian agriculture sectors. If Canada does not act aggressively in agricultural trade, our farmers will face tariff discriminations in global markets that our competitors do not.

The Plan: Aggressively advance a principled agri-trade negotiating position, that seeks to expand market access and lower tariffs for all Canadian agricultural exports, through all bilateral and multilateral channels.

Eliminate the farm killing carbon tax

The Liberal carbon tax will very negatively impact Canada's farm economy and increase the price of food for Canadians. Farming is and will be dependent on fossil fuels for many decades to come. A combine cannot run on solar power.

Of course Canada's environment must be protected, but such efforts should not be out-of-step with Canada's largest competitor, the United States.