



October 2, 2017

Hon. Bill Morneau, PC, MP  
Minister of Finance  
House of Commons  
Ottawa, ON  
K1A 0A6

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RE: Consultation on Tax Planning Using Private Corporations

Dear Minister Morneau:

Please accept this submission from the Western Canadian Wheat Growers Association with respect to your consultation on Tax Planning Using Private Corporations.

Founded in 1970, the Western Canadian Wheat Growers Association is a voluntary farmer-run organization dedicated to developing public policy solutions that strengthen the profitability and sustainability of farming, and the agricultural industry as a whole.

As this affects the profitability of farming and the agriculture sector, we appreciate the opportunity to provide our comments. We thank you for undertaking the consultation process before making any changes, notwithstanding this specific consultation process is taking place during a very busy time for grain farmers, with harvest being in the home stretch.

In your letter outlining the consultation process you state: “Our intention, it bears repeating, is to help businesses grow, create jobs and support their communities.”

As well, in the Minister of Finance Mandate Letter, one action item states to: “Work with the Minister of Innovation, Science and Economic Development to ensure tax measures are efficient and encourage innovation, trade and the growth of Canadian businesses.”

These sentences, coupled with the frequent government refrain of creating “a new, ambitious plan for a strong and growing middle class,” has us flummoxed as to whether this is of genuine intention; basic economics suggests the proposed changes would do precisely the opposite.

We speak here specifically of the business of modern farming today in western Canada. It should go without saying that farming is a volatile business with constant changes in the weather and in market conditions. It is also one where significant long-term capital is invested in equipment and the land. As if this isn’t enough, we face further stresses concerning our competitiveness,

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including in some cases being at a clear disadvantage on issues such as market access on trade issues, or imposed regulations such as a carbon tax—challenges many of our global competitors may not face.

Challenges aside, the overwhelming majority of our farms are family farms, having been in a family for several generations. Often all members of the family participate in the operations of the farm, and as past generations passed the farm down the line to children and grandchildren, many farms continue to plan for such a similar succession in their own time, currently. Because of these factors, farmers are always thinking of sustainability and innovation so to ensure those positive desired outcomes today, and for the very long-term, are achieved. This is good news for farmers, the agriculture value chain, and the overall economy of Canada.

Which brings us back to the basic economics and our being baffled by the language and substance contained in the proposed tax changes, as in reality, if implemented, they would shatter the innovation and sustainability, devastating our small family farming businesses, hurting the Canadian economy—thus, inherently wounding the middle class, not strengthening or growing it.

We believe there is a strong public policy rationale for maintaining the efficacy of small family farming businesses through appropriate tax planning measures. By all means, there are many options for bringing about real tax reform across the board that would go a long way to strengthen and grow the middle class, helping your government to achieve its desired outcomes with respect to the Canadian economy and our society as a whole; however, this is not it.

There is no harm in doing the right thing today: take a mulligan on this one, and work with us and all Canadians to bring about real tax reform that will help all of Canada grow and be strong.

The Wheat Growers thank you for undertaking this consultation, we thank you for your consideration of our comments herein, and we'd be pleased to help you in your future efforts.

Sincerely,

A handwritten signature in blue ink that reads "Levi Wood". The signature is written in a cursive, flowing style.

Levi Wood  
President

c.c. Rt. Hon. Justin Trudeau, PC, MP, Prime Minister  
Hon. Lawrence MacAulay, PC, MP, Minister of Agriculture and Agri-Food Canada  
Hon. Scott Brison, PC, MP, President of the Treasury Board