KEYSTONE AGRICULTURAL PRODUCERS

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

By: Keystone Agricultural Producers Inc.

Summary of Recommendations

Strengthening Manitoba Farms and Food Security

1. Permanently increase the interest-free portion of the Advance Payments Program to $350,000.
2. Mandate Agricultural Impact Assessments for federal infrastructure and natural resource management initiatives.
3. Develop a Critical Farm Input Strategy to support production stability.

Maintaining a Stable and Sustainable Agricultural Workforce

4. Establish permanent pathway to residency through a renewed and permanent Agri-Food Pilot.

Accelerating Agricultural Innovation and Productivity

5. Make the Accelerated Investment Incentive permanent, allowing 100% depreciation of machinery and equipment, and expand farm rollover provisions to support succession planning.
6. Increase investment in plant and animal disease preparedness and response capacity.
7. Accelerate access to new tools and technologies by leveraging trusted jurisdictions' risk and science-based decisions to streamline approval timelines and use mechanisms such as conditional approvals and regulatory sandboxes to bring safe, innovative products to market faster.

Modernizing Trade and Transportation Infrastructure

8. Establish a dedicated agriculture and agri-food infrastructure stream.

Keystone Agricultural Producers (KAP) is Manitoba's general farm policy organization, providing a unified voice for farmers on issues that affect agriculture. KAP represents and promotes the interests of all Manitoba farmers and 18 commodity associations. Manitoba agriculture plays a key role in the provincial economy. With over 14,500 farms, the agriculture and agri-processing sector contributed $5.19 billion to the GDP in 2024: representing seven percent of the GDP.

While Budget 2025 acknowledged agriculture as a strategic sector, Budget 2026 must translate that recognition into investments that strengthen productivity, food security, and Manitoba's competitiveness.

Strengthening Manitoba Farms and Food Security

Manitoba's agricultural sector is highly capital intensive and under increasing financial pressure. Strengthening access to affordable capital and a stable policy environment is essential to support production and long-term growth.

Recommendation 1: Permanently increase the interest-free portion of the Advanced Payments Program (APP) to $350,000.

Producers are facing sustained financial pressure from rising input costs, higher interest rates, and increasing debt levels. While the APP remains a critical tool for accessing operating capital, the current $100,000 interest-free limit no longer reflects the scale and cost structure of modern farm operations.

Why it matters:

- APP is a core financial tool for farmers which issued $3.2 billion in advances to 17,789 producers in the 2025 program year.
- The APP has not kept pace with increasing farm sizes, which have doubled over the last 50 years (approximately 338,552 farms in 1976 decreased to 189,874 in 2021).
- Growing capital requirements for farmers is demonstrated by the sharp rise in farm debt, which increased by 14% in 2024 – the largest increase since 1981.

Recommendation 2: Mandate Agricultural Impact Assessments (AIAs) for all federal infrastructure and natural resource management initiatives that evaluate the potential impacts on the that may affect the quality of agricultural land system in Manitoba.

Manitoba's agricultural resources – both land and water - are finite and non-renewable, making their protection essential to maintaining domestic food production capacity and long-term food security. Despite this, federal decision-making processes do not consistently assess the impacts of major infrastructure projects, development, and conservation initiatives on the agricultural system. As pressures from infrastructure expansion and land and water use continue to grow, the absence of a clear and coordinated approach increases the risk of permanent loss of high-quality agricultural capacity.

Why it matters:

- Manitoba has lost over 1.7 million acres of farmland since 2001.
- Only 10% of Manitoba's land is suitable for agricultural use, with a smaller proportion classified as prime agricultural land.

Recommendation 3: Develop a Critical Farm Input Strategy, in consultation with industry, to ensure reliable access to essential inputs, including seed, crop protection products, breeder stock, fertilizer, energy, animal feed inputs, and veterinary tools.

Reliable access to critical farm inputs is fundamental to agricultural production. Increasing volatility in global supply chains, rising input costs, transportation disruptions, and regulatory barriers are creating uncertainty and limiting producers' ability to plan and invest. Manitoba's reliance on global markets leaves the sector exposed to external shocks, while the absence of a coordinated national approach further compounds these risks. It is proposed that the Government of Canada consider consulting on and developing a Canadian Critical Farm Input Strategy similar in principle to the Canadian Critical Minerals Strategy that would examine options to stabilize and diversify the supply of critical farm inputs that support the development of domestic and global value chains to maintain global food security.

Why it matters:

- Fertilizer prices rose by 70-100% at peak levels in 2021 – 2022 driven by post-pandemic supply chain disruptions and sanctions on Russian fertilizer exports following the invasion of Ukraine, significantly raising production costs. Recent geopolitical tensions have contributed to further increases of 30-40%.
- Canada's transportation system adds further vulnerability to the timely delivery of critical farm inputs with over 62 transportation-related work stoppages in the past two years.
- Ongoing instability in key supply regions, like the Middle East and Russia, threaten to disrupt supply of key fertilizers.
- Manitoba livestock producers also rely on imported animal feed inputs such as vitamins, amino acids, and specialty nutrients, leaving farms exposed to global supply disruptions, shipping delays, and price volatility.
- Regulatory barriers and lengthy approval timelines have limited access to key inputs including crop protection products and veterinary healthcare tools.

Maintaining a Stable and Sustainable Agricultural Workforce

Persistent labour shortages are limiting productivity and increasing costs. Strengthening labour programs and pathways to permanence will be key to a stable agricultural workforce.

Recommendation 4: Support pathways to permanent residency by reintroducing the Agri-Food Pilot as a permanent, inclusive program covering all agricultural sectors to help meet year-round labour needs, while continuing to support employers' temporary and seasonal labour requirements through the Temporary Foreign Worker Program (TFWP).

Labour shortages remain a persistent and binding constraint on agricultural production, limiting growth, increasing costs, and putting pressure on Manitoba's food supply and global competitiveness. While the TFWP plays a critical role in addressing seasonal labour needs, many agricultural and agri-food operations also require a stable, year-round workforce. The absence of clear and permanent pathways to residency for experienced workers contributes to higher turnover, increased costs, and ongoing labour instability.

Why it matters:

- Despite bringing in over 70,000 TFWs, 28,200 jobs remained unfilled in the sector in 2022, costing the sector $3.5 billion in lost revenues (CAHRC).
- Without policy intervention, labour shortages are projected to increase to 101,100 in 2030 during peak season.
- An aging population will further decrease availability of domestic workers; agriculture industries will see over 85,300 retirements by 2030.
- The Agri-Food Pilot supported year-round labour needs until it ended in May 2025 by enabling 4,500 agri-food workers and their families to transition to permanent residency.

Accelerating Agricultural Innovation and Productivity

Accelerating innovation and productivity requires timely access to advanced technologies, modern capital investment, and strong animal and plant health systems. Targeted policies that support investment, streamline approvals, and strengthen disease preparedness will enable farmers to adopt new tools, manage risk, and compete globally while safeguarding food security.

Recommendation 5: Enhance capital investment incentives by making the Accelerated Investment Incentive permanent, allowing 100% depreciation of machinery and equipment, and expanding farm rollover provisions to better support intergenerational farm transfers.

Agriculture is highly capital-intensive, requiring continual investment in equipment and technology to remain productive and competitive. Rising costs and tight margins are limiting producers' ability to invest, even though incentives like the Accelerated Investment Incentive have been shown to spur equipment and machinery purchases. The program's temporary nature, however, creates uncertainty.

At the same time, expanding eligibility for farm rollover provisions to include a broader range of family members, such as aunts, uncles, nieces, nephews, and stepchildren, would help facilitate intergenerational farm transfers, reduce tax barriers, and ensure continued investment in farm operations.

Why it matters:

- The Accelerated Investment Incentive is shown to have had a significant impact on farmers' investment in equipment and machinery, which increased by 8.2% per year since implementation of the policy.
- Tractors, combines, and other farm equipment are expensive and endure heavy wear and tear. The total farm equipment investment per acre in 2024 was nearly $900 per acre (FCC).
- Manitoba's farm population is aging rapidly, and only a small percentage of farms have a written succession plan, highlighting the significant barriers to effective farm transfer (StatsCan).

Recommendation 6: Increase investment in prevention, surveillance, and response capacity for major animal and plant disease threats, including financial preparedness, international zoning agreements, coordinated federal-provincial-industry response plans, and updated regulatory frameworks.

Manitoba's agriculture sector is highly vulnerable to major animal and plant disease outbreaks, which can simultaneously disrupt farm operations, domestic supply chains, and export markets. Diseases such as Highly Pathogenic Avian Influenza, African Swine Fever, Foot and Mouth Disease, and major plant health threats can spread quickly and require rapid, coordinated responses across governments and industry. However, Manitoba's preparedness, spanning surveillance, response capacity, regulatory tools, compensation frameworks, and international agreements—has not kept pace with evolving risks.

Pre-negotiated international zoning agreements are essential to maintaining export access during contained outbreaks, while compensation programs for destroyed animals must be updated to reflect current economic realities.

Why it matters:

- Since 2021, HPAI has resulted in the loss of 551,000 birds in Manitoba through disease and culling, revealing gaps in compensation values, response coordination, and market access protection.
- Canada lacks comprehensive zoning agreements across all key trading relationships and commodity sectors.
- Ad hoc emergency funding after an outbreak delays response, creates uncertainty for producers, and undermines confidence in Canada's reliability as a supplier.
- Plant health threats, such as Amaranthus palmeri, require proactive regulatory action to prevent establishment of a damaging invasive species before they become entrenched.

Recommendation 7: Accelerate access to new tools and technologies by leveraging trusted jurisdictions' risk and science-based decisions to streamline approval timelines and use mechanisms such as conditional approvals and regulatory sandboxes to bring safe, innovative products to market faster.

Timely access to new tools and technologies, including veterinary products, is essential for maintaining productivity, competitiveness, and sustainability in Manitoba's agriculture and agri-food sector. However, Manitoba producers often face significant delays in accessing products that are already approved and in use in other jurisdictions. Duplicative regulatory processes, limited commercial incentives, and lengthy approval timelines are restricting innovation, increasing costs, and limiting treatment options for animal health. Leveraging trusted international decisions and adopting more flexible regulatory approaches can help ensure Manitoba producers have access to safe, effective tools and veterinary products without unnecessary delay.

Why it matters:

- Manitoba producers often face delays of 2-5 years in accessing crop protection products and other technologies already approved in jurisdictions such as the US and EU, placing Manitoba producers at a competitive disadvantage.

- Limited access to veterinary treatments increases reliance on broad-spectrum antimicrobials, contributing to antimicrobial resistance and public health risks.
- Regulatory processes frequently duplicate assessments conducted by trusted international regulators, extending timelines without improving outcomes.
- Existing authorities under the Food and Drugs Act (sections 30.05 and 30.06) to rely on trusted foreign decisions are not fully utilized.
- Access challenges extend beyond veterinary products to vaccines, feed additives, pesticides, and livestock feeds.

Modernizing Trade and Transportation Infrastructure

Competitiveness in agriculture depends on innovation, market access, and infrastructure. Addressing regulatory and infrastructure barriers is key to unlocking growth and productivity.

Recommendation 8: Establish a dedicated agriculture and agri-food infrastructure stream.

Strategic infrastructure investment is critical to ensuring Manitoba's agriculture and agri-food sector can grow, compete, and meet increasing domestic and global demand. However, existing federal infrastructure programs are not always well aligned with the sector's needs. Agriculture and agri-food projects are often multi-partner, regionally distributed, and span multiple infrastructure categories, making them difficult to advance within current program structures. Gaps in support for mid-scale, supply chain-enabling projects, along with misalignment with industry-led delivery models, are limiting investment. Addressing these structural challenges will improve access to funding, reduce administrative burden, and better position the sector for long-term growth.

Why it matters:

- A significant gap exists for mid-scale, regionally important projects that are too large for community or innovation programs but do not meet the thresholds or requirements of major infrastructure funding streams.
- Many federal infrastructure programs are primarily structured for government-led applicants, while agriculture infrastructure projects are often industry-led, cooperative, or multi-partner initiatives, limiting their ability to access funding.
- Major federal infrastructure financing tools, particularly the Canada Infrastructure Bank, emphasize revenue-generating projects, while many agriculture-enabling investments deliver broad economic and supply chain benefits that are not easily captured through direct revenue streams.
- Infrastructure needs span irrigation and water management, transportation, processing, storage, and connectivity systems, requiring flexible and coordinated policy approaches that reflect regional and sector-specific realities.