

October 2, 2017

Hon. Bill Morneau
Minister of Finance
90 Elgin Street
Ottawa, ON
K1A 0G5

Dear Minister Morneau,

On behalf of the Board of Directors and members of the Canadian Seed Trade Association (CSTA), I write to you today to raise our concerns about the proposed tax changes as they relate to incorporated farms and the short timeline for consultation.

CSTA is a not-for-profit, non-partisan, trade association that brings together more than 130 companies and association members engaged in all aspects of seed research, production, and marketing and trade, both domestically and internationally. CSTA members are proud to be vital contributors to our nation's economy and to the health and well-being of Canadian consumers. CSTA members serve the needs of their customers by developing and providing seeds produced through various production methods, including organic, conventional and biotechnology and range from small, family owned and operated companies, to large multi-national firms.

Seed is the start of it all, the first link in the entire agriculture and agri-food value chain, an industry that is vital to the economic wellbeing of Canada, an industry that contributes \$100 billion annually to the Canadian economy and provides 1 in 8 jobs. The seed industry alone contributes \$5.61 billion to the economy, employs more than 57,000 Canadians and exports more than \$450 million annually, based on a 2014 [study](#) by Agriculture and Agri-Food Canada.

Consultation:

An October 2nd deadline for the 75-day consultation period falls in the middle of harvest season. This doesn't allow enough time for farmers or family seed companies to participate in a fulsome review and discussion around such transformative changes. In fact, the proposals are so dense and highly technical that even tax specialists are still parsing through them, trying to define the scope of their ramifications. Some changes come into immediate effect, and some will lead to retroactive expenses, threatening major consequences for family farms in Canada. Therefore, we request a consultation extension to allow the farming community across the country to be adequately consulted.

Proposed Changes:

The proposed changes will increase complexity and uncertainty to any farm business that has incorporated, which represents 25% of all farm businesses across Canada. Changes to the lifetime capital gains exemption, amongst others, create unprecedented complexity for those multigenerational farms looking to transfer to

the next generation, while presenting considerable uncertainty without further guidance. The current proposals create disincentives to passing farms on to the next generation, threatening the future financial health of multigenerational farms across Canada and the integrity of the agriculture industry.

Lastly, these proposed tax changes are in direct conflict with other stated goals of this government as evidenced by both the Barton Report and the subsequent budget. This government has made growing Canada's agri-Food industry a priority by increasing agri-food exports to \$75 billion by 2025. This government is also now setting out to develop a food policy that, based on the consultative survey, seems heavily focused on making food more affordable for Canadians. Farmers and seed companies will play a major role in reaching both of these stated objectives and are willing to do so. However, to innovate, grow and expand, the agriculture community needs predictability and certainty that they will have a return on investment and a succession plan in place.

Thank you for your consideration of our concerns. We look forward to working with your office to find a solution that will not only benefit farmers and seed companies, but also the Canadian public.

Sincerely,



Dave Carey
Executive Director
Canadian Seed Trade Association

Cc:

Hon. Lawrence MacAulay, Minister of Agriculture and Agri-Food
Jean-Claude Poissant, Parliamentary Secretary to the Minister of Agriculture and Agri-Food
Ginette Pettipas-Taylor, Parliamentary Secretary to the Minister of Finance

