



# the path to innovation

## Incentives for Farmers

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It is more essential than ever that Canadian farmers be able to compete against low cost Global commodity producers. That means higher performance crops and specialty varieties are needed to create new markets. The number one way to deliver new markets and better productivity is new crop varieties.

Getting new varieties in the hands of farmers is an enormous task and is delivered through certified seed use which ensures that the purity of the new variety is maintained. Low usage of certified seed translates into low investment in tomorrow's crop varieties.

Many crops see excellent certified seed use, but in others it is as little as 16%. That makes it a struggle to pay for innovation, especially when the breeding investment needed for the development of new and better products is supported by a small per cent of the market. Plus, farmers and processors are missing out on the benefits of better genetics, greater purity, and higher standards for performance. The fact is, when commodity prices are higher, certified seed use goes up. Farmers prefer to have access to good quality certified seed.

**A TAX INCENTIVE FOR CERTIFIED SEED USE** would allow farmers to deduct 140% of their certified seed costs. Such incentives have been used in the past to foster the farm equipment business in Canada. The government is encouraging a policy of innovation and this solution would increase research and development while furthering local processing of seed and providing farmers the benefit of better quality seed.

A study by the George Morris Centre demonstrates that the proposed tax incentive on certified seed effectively lowers the cost of a bag of certified seed to the price of common seed. The result of this would be:

- A total annual increase in Canadian economic activity of \$615 million through increased production and processing.
- Increased funding for research and development of new varieties of nearly \$30 million per year.
- \$50 million in additional tax revenue to governments.
- Tax savings to farmers of \$207-\$216 million per year, plus the benefits of lower weed counts, better germination, and crops better suited to end use needs.

A tax incentive will provide producers the benefits of certified seed today and, more importantly, will entice the global research community to invest in Canada for tomorrow.

### A tax incentive for using certified seed will mean:

- Increased research and development to create the crops and end-use products that premium markets demand.
- Better in-field performance from certified seed use which means increased returns to producers.
- Improved global competitiveness given investments being made by foreign countries into research and development.
- Increased economic activity in rural Canada as certified seed is produced, cleaned, and retailed in support of value chains.
- A policy consistent with the government's Innovation Strategy, Ag Policy Framework, and efforts to brand Canada as a supplier of traceable, quality food products.

### What Can You Do?

Your support and feedback is critical to the success of this initiative. Send your comments to

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