HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

FACING THE UNEXPECTED: ENHANCING BUSINESS RISK MANAGEMENT PROGRAMS FOR AGRICULTURE AND AGRI-FOOD BUSINESSES

Report of the Standing Committee on Agriculture and Agri-Food

Pat Finnigan, Chair

NOVEMBER 2020
43rd PARLIAMENT, 2nd SESSION

FACING THE UNEXPECTED: ENHANCING BUSINESS RISK MANAGEMENT PROGRAMS FOR AGRICULTURE AND AGRI-FOOD BUSINESSES

Report of the Standing Committee on Agriculture and Agri-Food

Pat Finnigan
Chair

NOVEMBER 2020

43rd PARLIAMENT, 2nd SESSION

NOTICE TO READER

Reports from committee presented to the House of Commons

Presenting a report to the House is the way a committee makes public its findings and recommendations on a particular topic. Substantive reports on a subject-matter study usually contain a synopsis of the testimony heard, the recommendations made by the committee, as well as the reasons for those recommendations.

STANDING COMMITTEE ON AGRICULTURE AND AGRI-FOOD

43rd PARLIAMENT – 1st SESSION

CHAIR

Pat Finnigan

VICE-CHAIRS

John Barlow
Yves Perron

MEMBERS

Lyne Bessette
Kody Blois
Francis Drouin
Neil R. Ellis
Richard Lehoux
Tim Louis
Alistair MacGregor
Lianne Rood
Gerald Soroka

OTHER MEMBERS OF PARLIAMENT WHO PARTICIPATED

Caroline Desbiens
Philip Lawrence
Robert J. Morrissey
Alex Ruff
Brenda Shanahan
Terry Sheehan

CLERK OF THE COMMITTEE

Aimée Belmore

Marc-Olivier Girard

Grant McLaughlin

LIBRARY OF PARLIAMENT

Parliamentary Information and Research Service

Corentin Bialais, Analyst

Natacha Kramski, Analyst

Joanne Markle LaMontagne, Analyst

STANDING COMMITTEE ON AGRICULTURE AND AGRI-FOOD

43rd PARLIAMENT – 2nd SESSION

CHAIR

Pat Finnigan

VICE-CHAIRS

Lianne Rood
Yves Perron

MEMBERS

Lyne Bessette
Kody Blois
Francis Drouin
Neil R. Ellis
Dave Epp
Richard Lehoux
Tim Louis
Alistair MacGregor
Warren Steinley

OTHER MEMBERS OF PARLIAMENT WHO PARTICIPATED

Jaime Battiste
Irek Kusmierczyk
Terry Sheehan

CLERK OF THE COMMITTEE

Aimée Belmore

LIBRARY OF PARLIAMENT

Parliamentary Information and Research Service

Corentin Bialais, Analyst

Natacha Kramski, Analyst

Joanne Markle LaMontagne, Analyst

THE STANDING COMMITTEE ON AGRICULTURE AND AGRI-FOOD

has the honour to present its

FIRST REPORT

Pursuant to its mandate under Standing Order 108(2), the Committee has studied Business Risk Management programs and has agreed to report the following:

TABLE OF CONTENTS

SUMMARY

From 27 February 2020 to 8 July 2020, the House of Commons Standing Committee on Agriculture and Agri-Food conducted a study of business risk management (BRM) programs in Canada.

Risk is everywhere in agriculture. Extreme weather events, lost opportunities because of global trade disputes, and health crises such as the COVID-19 pandemic can all cause significant losses for agriculture and agri-food businesses, sometimes ending in bankruptcy.

Since the 1950s, Canada has used BRM programs to protect agricultural producers from these risks. All the witnesses who appeared before the Committee emphasized the importance of BRM programs in managing modern agriculture and agri-food businesses in Canada. Under the current agricultural policy framework, the Canadian Agricultural Partnership (CAP), these programs are jointly administered and funded by the federal and provincial/territorial governments, who are free to tailor them to their own particular needs. Federal, provincial and territorial ministers of agriculture meet annually, and these meetings can lead to revisions of these programs.

This report outlines the major BRM programs under the CAP, discusses their limitations and makes recommendations for improvement. For example, the Committee recommends increasing some parameters that determine program payments, such as the AgriStability trigger level and the percentage of Allowable Net Sales under AgriInvest.

Witnesses reported that some sectors or regions may have limited access to BRM programs. Solutions proposed by witnesses and reflected in the Committee's recommendations include better integration of horticultural crops into AgriInsurance, exploring ways to expand the Western Livestock Price Insurance Program to the rest of the country, and reviewing the definition of extraordinary costs under AgriRecovery.

Finally, the report explores ways to improve risk management in Canada beyond current programs. For instance, the Committee presents recommendations about the Livestock Tax Deferral Provision and the implementation of a statutory deemed trust for the produce sector. While these recommendations fall outside of the BRM programs under the CAP they are related to risks that were identified by several stakeholders. The Committee also recommends that the BRM programs be improved to better reflect the needs of small and diversified farm businesses, that they be adapted to the specific

needs of young farmers, and that producers be better trained in risk management and available tools.

LIST OF RECOMMENDATIONS

As a result of their deliberations committees may make recommendations which they include in their reports for the consideration of the House of Commons or the Government. Recommendations related to this study are listed below.

HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

FACING THE UNEXPECTED: ENHANCING BUSINESS RISK MANAGEMENT PROGRAMS FOR AGRICULTURE AND AGRI-FOOD BUSINESSES

INTRODUCTION

The cyclical nature of agriculture and working with plant and animal life means that agriculture and agri-food businesses are vulnerable to numerous unpredictable and potentially devastating risks. Producers can experience significant losses due to drought, yield variations or animal diseases. Market fluctuations, trade disputes and supply chain problems are other factors that can threaten the profitability of businesses in this sector.

In recognition of the unique circumstances of agriculture, business risk management (BRM) programs were introduced in Canada in the 1950s as a way to mitigate these risks and stabilize incomes. Given the central role of BRM in the organization of modern agriculture and agri-food businesses, the House of Commons Standing Committee on Agriculture and Agri-Food (the Committee) decided to conduct an in-depth review of current BRM programs in Canada.[1]

The Committee held seven public meetings between 27 February 2020 and 8 July 2020, during which it heard from witnesses and received briefs from government officials and agricultural producer organizations.

Because of the COVID-19 pandemic, the House of Commons adjourned on 13 March 2020, temporarily interrupting Committee business.[2] However, the Committee agreed to meet again to hear from witnesses on the Canadian response to the COVID-19 pandemic pursuant to a House of Commons motion on 29 April 2020.[3] During these eight meetings, held between 5 May 2020 and 5 June 2020, the witnesses who appeared before the Committee also commented on the BRM programs in the context of the unique crisis surrounding the COVID-19 pandemic and on the changes made to

1 House of Commons, Standing Committee on Agriculture and Agri-Food (AGRI), *Minutes of Proceedings*, 1st Session, 43rd Parliament, 25 February 2020.

2 House of Commons, *Journals*, 1st Session, 43rd Parliament, 13 March 2020.

3 House of Commons, *Journals*, 1st Session, 43rd Parliament, 29 April 2020.

these programs during this time. This report also reflects the contributions these witnesses made during these meetings.

The members of the Committee sincerely thank everyone who appeared before the Committee and are pleased to present the results of its study and recommendations based on the evidence gathered.

RISKS IN THE AGRICULTURE AND AGRI-FOOD SECTOR

All businesses face risks that can threaten their profitability or lead to cash flow problems. However, agriculture and agri-food businesses are different in that they must deal with a wide variety of risks without having much control to prevent or mitigate them. During his appearance before the Committee, Bernie McClean, Chair of the Canadian Canola Growers Association, outlined the risks that could negatively impact canola producers:

> Given the many factors and risks that can impact my farm's profitability, I cannot foresee and plan for everything. Last year alone, my farm and many other farms were impacted by an extremely wet harvest, rail disruptions and market access issues, not just for canola, but for durum, barley and pulse crops.[4]

Risks Affecting Production

A number of risks can lead to a decrease in the production of agriculture and agri-food businesses. Environmental risks, such as climate or weather conditions, animal diseases and labour shortages are prime examples.

Natural hazards such as weather conditions and animal diseases pose a major threat to agricultural producers. During his appearance before the Committee, Chris van den Heuvel, Second Vice-President of the Canadian Federation of Agriculture, said that 2019 saw "farm harvests negatively affected across Canada due to everything from floods to hurricane winds, to heavy rains, to early snowfall."[5] For instance, Andrew Bishop, Owner of Noggins Corner Farm II Ltd, a fruit farm in Nova Scotia, explained that in 2019 "hurricane Dorian took 30% to 40% of our crop off the trees and also left a lot of our

---

4 House of Commons, AGRI, *Evidence*, 1st Session, 43rd Parliament, 19 June 2020, 1405 (Bernie McClean, Chair, Canadian Canola Growers Association).

5 House of Commons, AGRI, *Evidence*, 1st Session, 43rd Parliament, 10 March 2020, 1530 (Chris van den Heuvel, Second Vice-President, Canadian Federation of Agriculture).

crop damaged on the trees."[6] Agriculture and Agri-Food Canada officials indicated that the frequency of these extreme weather events would likely increase as a result of climate change.[7]

Animal diseases can also have devastating consequences for producers. Pork industry representatives shared their concerns with the Committee about the possibility of an outbreak of African swine fever in Canada.[8] This disease, which has not yet been found in Canada, is very deadly and highly contagious for hogs and could result in a significant loss to the Canadian swine herd, as well as threaten Canadian exports.[9]

Labour shortages pose another challenge for businesses in this sector. For Carla Ventin, Senior Vice-President, Government Relations,Food & Consumer Products of Canada, there were already 10,000 unfilled jobs in Canada's food and beverage manufacturing industry prior to the COVID-19 pandemic.[10] According to the Canadian Agricultural Human Resources Council, close to 10% of jobs in this industry go unfilled, which results in "close to $3 billion in lost sales revenue annually for food businesses alone."[11]

Risks Affecting Demand

Agriculture and agri-food businesses can also lose income when they can no longer find markets for their products. In many cases, producers have little control over these events. For example, Rick Bergmann, Chair of the Canadian Pork Council, told the Committee that hog prices fell by almost 40% in 2018 as a result of the trade war between the United States and China and U.S. government support to American producers, which resulted in "losses of over $40 a pig in some regions" of Canada.[12]

---

6 House of Commons, AGRI, *Evidence*, 1st Session, 43rd Parliament, 5 June 2020, 1430 (Andrew Bishop, Owner, Noggins Corner Farm II Ltd).

7 House of Commons, AGRI, *Evidence*, 1st Session, 43rd Parliament, 27 February 2020, 1640 (Paul Samson, Assistant Deputy Minister, Programs Branch, Department of Agriculture and Agri-Food).

8 House of Commons, AGRI, *Evidence*, 1st Session, 43rd Parliament, 19 June 2020, 1425 (Rick Bergmann, Chair of the Board of Directors, Canadian Pork Council).

9 Government of Canada, *African swine fever*.

10 House of Commons, AGRI, *Evidence*, 1st Session, 43rd Parliament, 15 May 2020, 1540 (Carla Ventin, Senior Vice-President, Government Relations, Food & Consumer Products of Canada).

11 House of Commons, AGRI, *Evidence*, 1st Session, 43rd Parliament, 27 May 2020, 1610 (Portia MacDonald-Dewhirst, Executive Director, Canadian Agricultural Human Resources Council).

12 House of Commons, AGRI, *Evidence*, 1st Session, 43rd Parliament, 19 June 2020, 1420 (Rick Bergmann).

Canada's export-oriented agriculture and agri-food sector is also vulnerable to market access issues. Representatives from the Canadian Federation of Agriculture told the Committee that Canadian producers still face market access issues for soybeans and canola in China, pulses in India and durum wheat in Italy.[13] Claire Citeau, Executive Director of the Canadian Agri-Food Trade Alliance, told the Committee that there is a growing use of non-tariff barriers globally while acknowledging the federal government's efforts to keep agri-food trade open.[14]

The COVID-19 Pandemic: A Production and Demand Crisis

The COVID-19 pandemic has resulted in an unprecedented crisis for the sector, one that involves disruptions in both supply and demand for agriculture and agri-food products.

With respect to demand, while the pandemic has increased the consumption of certain products such as those from local agriculture,[15] some industries saw their markets close. For example, witnesses reported in May 2020 that demand for potatoes had collapsed, with French fry plants cancelling contracts because of restaurant closures.[16] In June 2020, witnesses also reported a collapse in grain prices, severely affecting corn producers:

> Now we are in crisis. Prices of all our commodities are below the amount of money that we have spent to grow those crops. This is particularly bad for corn. Experts are saying the recovery will be slow. No matter whether or not the economy opens back up and things get back to normal, it takes time for commodity markets to rebound. History tells us that prices drop fast and only return slowly.
>
> Markus Haerle, Chair, Grain Farmers of Ontario

As for supply, meat processing plants have had to operate at reduced capacity as there has been "a dramatic reduction in beef processing capacity in both Canada and the U.S." affecting the entire production chain.[17] While some processing plants have had to close

13 House of Commons, AGRI, *Evidence*, 1st Session, 43rd Parliament, 10 March 2020, 1530 (Chris van den Heuvel).

14 House of Commons, AGRI, *Evidence*, 1st Session, 43rd Parliament, 8 May 2020, 1410 (Claire Citeau, Executive Director, Canadian Agri-Food Trade Alliance).

15 House of Commons, AGRI, *Evidence*, 1st Session, 43rd Parliament, 5 June 2020, 1530 (Ted Hutten, Owner, Hutten Family Farm).

16 House of Commons, AGRI, *Evidence*, 1st Session, 43rd Parliament, 15 May 2020, 1420 (Kevin MacIsaac, General Manager, United Potato Growers of Canada).

17 House of Commons, AGRI, *Evidence*, 1st Session, 43rd Parliament, 12 May 2020, 1835 (Janice Tranberg, President and Chief Executive Officer, National Cattle Feeders' Association).

temporarily, pork and beef producers have been forced to keep their animals longer and cover the costs,[18] or even euthanize them.[19]

THE AGRICULTURAL POLICY FRAMEWORK

To address these risks, various BRM programs were introduced in Canada. Since agriculture is a shared jurisdiction, federal, provincial and territorial (FPT) ministers of agriculture meet annually to discuss matters of common interest, including trade, labour, risk management and regulatory issues.[20] At these meetings they can negotiate and implement risk management programs. There are also programs administered or funded entirely by the federal government or by provincial and territorial governments, the latter being free to set up programs tailored to their particular needs.

The Agricultural Policy Framework and the Canadian Agricultural Partnership

Very early on, Canada put programs in place to protect the sector from its risks. According to Agriculture and Agri-Food Canada, crop insurance programs have been in place since the 1950s.[21] Mathieu Lipari, Program Manager at Farm Management Canada, explained that the farm financial crisis of the 1980s caused the government to change its approach to BRM to prevent a similar crisis in the future.[22] Back then, support was characterized by "a series of regionally specific and commodity-specific programs" and by "ad hoc programs that responded to specific needs, but they didn't necessarily provide longer term program solutions."[23]

Starting in 2003, the FPT governments have negotiated five-year agreements that provide a framework for agricultural policies and programs to support Canada's agriculture and agri-food sector. Since then, there has been a series of policy frameworks:

---

18 Ibid., 1810 (Rick Bergmann).

19 House of Commons, AGRI, *Evidence*, 1st Session, 43rd Parliament, 19 June 2020, 1420 (Rick Bergmann).

20 Agriculture and Agri-Food Canada, *Canada's Ministers of Agriculture advance improvements to business risk management programs and collaborate on other priorities*, News Release, 17 December 2019.

21 House of Commons, AGRI, *Evidence*, 1st Session, 43rd Parliament, 27 February 2020, 1635 (Paul Samson).

22 House of Commons, AGRI, *Evidence*, 1st Session, 43rd Parliament, 10 March 2020, 1540 (Mathieu Lipari, Program Manager, Farm Management Canada).

23 House of Commons, AGRI, *Evidence*, 1st Session, 43rd Parliament, 27 February 2020, 1635 (Paul Samson).

1) Agricultural Policy Framework (2003-2008);

2) Growing Forward (2008-2013);

3) Growing Forward 2 (2013-2018); and

4) Canadian Agricultural Partnership (2018-2023).

The Canadian Agricultural Partnership (CAP) is the current framework agreement. It was launched on 1 April 2018 and includes the AgriStability, AgriInvest and AgriInsurance BRM programs, as well as the AgriRecovery framework. These programs are jointly funded by the federal government (60%) and the provincial and territorial governments (40%). The following chapter in this report discusses each of these four programs. In its 2018-2019 Departmental Results Report, Agriculture and Agri-Food Canada estimates that BRM programs represent approximately $1.5 billion in annual assistance to producers.[24]

The CAP sets out the general rules for the administration of the suite of BRM programs. It provides that the AgriStability and AgriInvest programs may be amended with the agreement of two thirds of the provinces representing 50% or 67% of program participation, depending on the level of financial impact.[25] The CAP requires the FPT agriculture ministers to meet annually to discuss the implementation of the agreement. Their decision-making is supported by the National Program Advisory Committee (NPAC). Marc Brock, Co-Chair of the NPAC, said that this committee is "made up of two individuals from every province and territory who meet twice a year to discuss issues around business risk management programs"[26] in an effort to provide advice and guidance on the appropriate roles and responsibilities of producers/governments in managing risks.[27]

In addition to the NPAC, the Canadian Federation of Agriculture and the Canadian Canola Growers Association supported the establishment of an industry-government technical working group to analyze the impacts of BRM programs.[28] This group would

---

24 Agriculture and Agri-Food Canada, *2018-2019 Departmental Results Report*.

25 Government of Canada, *Canadian Agricultural Partnership: A Federal-Provincial-Territorial Framework Agreement on Agriculture, Agri-Food and Agri-Based Products Policy of Canada*. [AVAILABLE IN FRENCH ONLY]

26 House of Commons, AGRI, *Evidence*, 1st Session, 43rd Parliament, 12 June 2020, 1410 (Mark Brock, Co-Chair, National Program Advisory Committee, Department of Agriculture and Agri-Food).

27 Government of Canada, "Wanted: New members for the National Program Advisory," *Agri-info Newsletter*, 28 July 2017.

28 House of Commons, AGRI, *Evidence*, 1st Session, 43rd Parliament, 19 June 2020, 1410 (Bernie McClean).

allow producer associations to meet frequently and actively participate in producing data to "adequately assess or engage in the development of proposed program changes."[29]

Recommendation 1

The Committee recommends that the Government of Canada establish an industry-government technical working group for Business Risk Management programs and improve public transparency around program data.

THE CANADIAN AGRICULTURAL PARTNERSHIP'S BUSINESS RISK MANAGEMENT PROGRAMS AND THEIR LIMITATIONS

This section provides an overview and discusses the limitations of the cost-shared BRM programs which are jointly funded by the federal government at 60% and the provincial and territorial governments at 40%, as well as the AgriRecovery framework.

AgriStability

AgriStability is one of the CAP's key programs. It is designed to stabilize agriculture business incomes. For Chris van den Heuvel, AgriStability is a core pillar of Canada's business risk management system.[30]

Operation and Participation

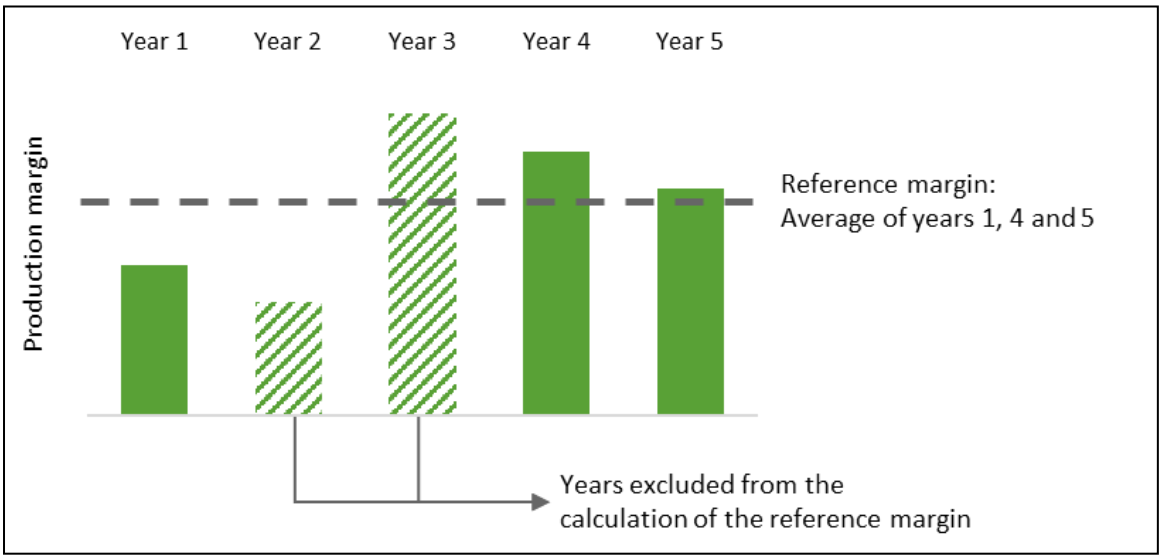
Established in 2008, AgriStability is the successor to the Agricultural Income Disaster Assistance program (1998-1999), the Canadian Farm Income Program (2000-2002) and the Canadian Agricultural Income Stabilization program (2003-2008).

The program uses a reference margin that is determined for each participant based on their average financial results for the previous five years, excluding the best and worst years. This is called the Olympic average. This margin is reassessed annually based on the business' new financial figures. Figure 1 presents an example of a reference margin calculation.

29 House of Commons, AGRI, *Evidence*, 1st Session, 43rd Parliament, 10 March 2020, 1535 (Chris van den Heuvel).

30 Ibid., 1530 (Chris van den Heuvel).

Figure 1—Example of a Reference Margin Calculation for the AgriStability Program



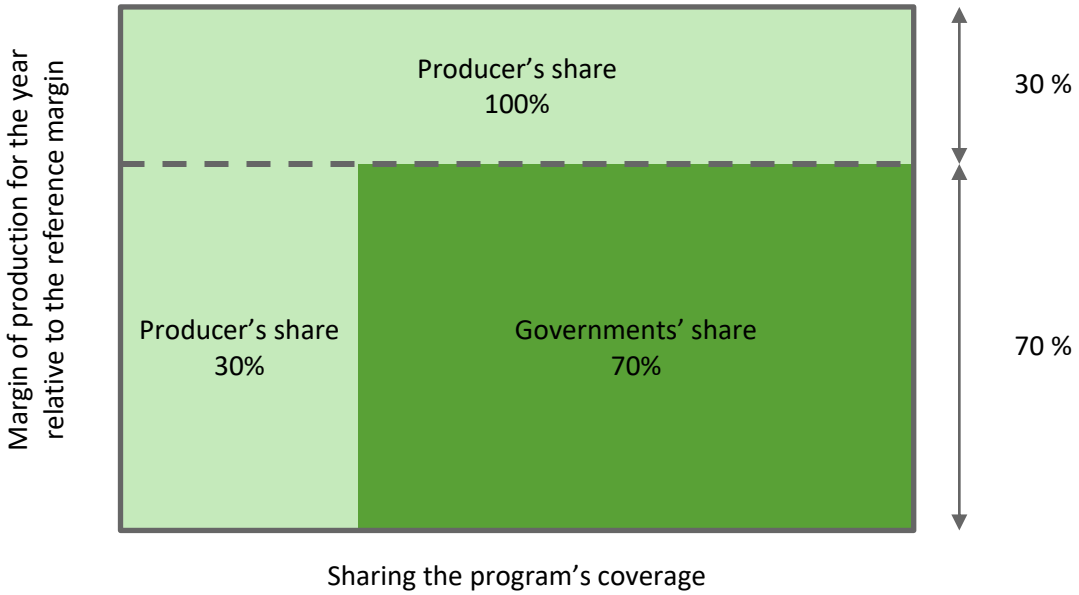
Source: Created by the Committee based on the Saskatchewan Crop Insurance Corporation, AgriStability Program Handbook.

The program includes a reference margin limit. The reference margin cannot exceed the average allowable expenses for the three years used to calculate it. However, since 2018, the reference margin limit cannot reduce the reference margin by more than 30%.[31]

Payments are released when the production margin of a participant falls below 70% of their reference margin. The producer receives $0.70 for every dollar of decline below the threshold point, to a maximum of $3 million per year. Government payments are covered 60% by the federal government and 40% by the participant's province or territory. Figure 2 illustrates how program coverage is shared between the producer and governments.

31 Government of Canada, *2020 AgriStability Program - Information Guide for New and Rejoining Participants*.

Figure 2—Cost-sharing of AgriStability Program Coverage



Source: Created by the Committee based on La financière agricole du Québec, Résumé de programme : Agri-stabilité.

With the arrival of COVID-19, the federal government made some changes to the program, such as extending the application deadline for 2019-2020 to 3 July 2020. As well, participants can now access 75% of their expected benefit as an interim payment, compared to 50% previously.[32]

Since AgriStability compensates for decreases in participants' margins each year, program spending varies from year to year. Paul Samson, Assistant Deputy Minister, Programs Branch, at Agriculture and Agri-Food Canada explained that AgriStability is a "statutory program that allows the level of funding to fluctuate based on demand and need."[33] Francesco Del Bianco, Director General of the Department of Agriculture and Agri-Food's Business Risk Management Directorate, explained that "the amounts disbursed every year depend on the state of the sector" and gave the example of the program's spending which went from $503 million in 2016 to $219 million in 2017.[34] Figure 3 illustrates how AgriStability payments varied over the recent years. Francesco

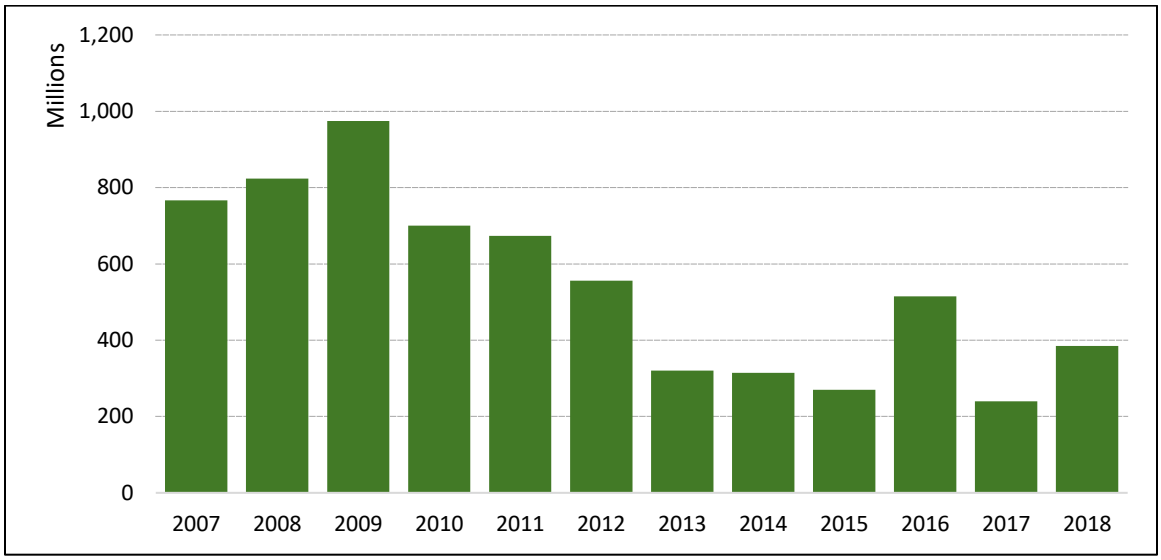
32 House of Commons, AGRI, *Evidence*, 1st Session, 43rd Parliament, 12 May 2020, 1705 (Hon. Marie-Claude Bibeau, P.C., MP, Minister of Agriculture and Agri-Food).

33 House of Commons, AGRI, *Evidence*, 1st Session, 43rd Parliament, 27 February 2020, 1705 (Paul Samson).

34 Ibid., 1645 (Francesco Del Bianco, Director General, Business Risk Management Directorate, Programs Branch, Department of Agriculture and Agri-Food).

Del Bianco added that participation in 2016, with 31% of producers eligible for AgriStability, represented roughly 56% of market revenues.[35]

Figure 3—Total Value of AgriStability Payments for the Program Years 2007-2018



Source: Created by the Committee based on Agristability program data and Agriculture and Agri-Food Canada calculations.

Program Limitations

Witnesses told the Committee about some of the issues limiting the program's ability to serve as an income stabilization tool.

Threshold for Triggering Program Payments

The threshold for triggering AgriStability payments was at the heart of the requests made by witnesses to the Committee. The witnesses strongly insisted that reducing the reference margin coverage to 70% was too restrictive to allow a business to recover with the funding provided. According to Martin Caron, First Vice-President of the Union des producteurs agricoles, this threshold has turned AgriStability, originally a stability program, into a disaster management program.[36] Several witnesses believe that many

35 Ibid.

36 House of Commons, AGRI, *Evidence*, 1st Session, 43rd Parliament, 10 March 2020, 1650 (Martin Caron, First Vice-President, Union des producteurs agricoles).

serious situations fail to trigger a payment. During their appearance, the Agriculture Producers Association of Saskatchewan (APAS) reported that they have made estimates of AgriStability payments in 2019 for canola producers who faced price declines in that year:

> In 2019, APAS was concerned about the impact of trade disruption on canola prices. We did some research on a major reduction in canola pricing and the impact it would have within the AgriStability program. APAS found that even with a 35% drop from a historical average of $11 per bushel down to $7.19 per bushel, AgriStability would not kick in.[37]

Grain industry representatives said that this 70% threshold is also inadequate for their industry, which has experienced a decline in production margins several years in a row:

> Given the way the coverage amounts are calculated, we are always looking back towards historical averages, which have been decreasing over the last few years. As it gets lower, my coverage also gets lower, meaning that triggering that 70% rate now means that it is a full-blown disaster. It seems that the program is becoming less about stability and more about disaster compensation at the 70% rate, especially following lower averages in the past few years, and this is exactly why the program needs to change.[38]

To address these issues, witnesses from all sectors called for an increase in the reference margin threshold that triggers a payment under AgriStability. For instance, Richard Horne, Executive Director of the Beef Farmers of Ontario, indicated that "producers would receive far greater benefit [from the program] by putting that trigger back to 85%."[39]

This 85% threshold was repeatedly suggested. This is the level at which the threshold was set until 2013. Marc Brock said that returning to this level would have the advantage of quickly gaining support from producers who know that the program works if the margin is 85%.[40] In response to COVID-19, which has significantly impacted the horticultural industry, Brian Gilroy, President of the Canadian Horticultural Council,

---

37 House of Commons, AGRI, *Evidence*, 1st Session, 43rd Parliament, 12 June 2020, 1515 (Todd Lewis, President, Agriculture Producers Association of Saskatchewan).

38 House of Commons, AGRI, *Evidence*, 1st Session, 43rd Parliament, 17 June 2020, 1710 (Andre Harpe, Director, Grain Growers of Canada).

39 House of Commons, AGRI, *Evidence*, 1st Session, 43rd Parliament, 8 July 2020, 1535 (Richard Horne, Executive Director, Beef Farmers of Ontario).

40 House of Commons, AGRI, *Evidence*, 1st Session, 43rd Parliament, 12 June 2020, 1455 (Mark Brock).

recommends temporarily increasing the threshold to 90% for 2020 to help cover the exceptional losses caused by this crisis.[41]

Reference Margin Limit

Removal of the reference margin limit was also a recurring request heard by the Committee during this study. This limit means that a participant's reference margin with respect to a program year cannot exceed the average allowable expenses of the three years used to calculate the reference margin.[42] Steve Funk, Director, Ag Risk Management Resources at MNP, explained how this works and how it penalizes those industries with lower allowable expenses:

> [The reference margin limit] applies to individual producers and/or sectors where AgriStability allowable expenses are low in relation to AgriStability allowable income. In theory, it's where producers have a low-cost structure. If the allowable expenses on average are less than 50% of the allowable income, a producer will be limited and have an automatic and arbitrary reduction to their reference margin or support level under AgriStability.[43]

This makes the program less useful for industries "with low-cost structures, such as cow-calf producers, who typically produce their own feed and have minimal eligible labour expenses."[44]

When the CAP came into effect in 2018, this problem was mitigated by the introduction of a reference margin limit threshold that prevents the reference margin from being reduced by this limit by more than 30%. Steve Funk confirmed that, while this was a step in the right direction, it does not completely correct the problem, as he believes that some producers may have to incur losses of over 51% before receiving a payment.[45]

---

41 House of Commons, AGRI, *Evidence*, 1st Session, 43rd Parliament, 15 May 2020, 1405 (Brian Gilroy, President, Canadian Horticultural Council).

42 Government of Canada, *AgriStability: Canadian Agricultural Partnership - Program Guidelines*.

43 House of Commons, AGRI, *Evidence*, 1st Session, 43rd Parliament, 23 June 2020, 1110 (Steve Funk, Director, Ag Risk Management Resources, MNP LLP).

44 Ibid., 1210 (Charlie Christie, Co-Chair, Domestic Agriculture Policy and Regulations Committee, Canadian Cattlemen's Association).

45 Ibid., 1110 (Steve Funk).

Payment Cap

Payments under the AgriStability program are capped at $3 million per participant.[46] Stuart Person, Senior Vice-President, Agriculture at MNP, believes that farm sizes have grown considerably and that this cap "is not reflective of the reality facing contemporary agriculture operations, and it unjustly exposes those operations to additional risk based on an arbitrary threshold."[47] Representatives from a number of industries said that this cap is not high enough to cover their members' losses. For Brady Stadnicki, Manager of Policy and Programs with the Canadian Cattlemen's Association, the cap is too low for larger feeders with more than 20,000 head of cattle.[48] As well, Ryan Koeslag, Executive Vice-President and Chief Executive Officer of the Canadian Mushroom Growers' Association, said that, "if mushroom farms must experience losses of 30% in order to trigger a payment and the payment is capped at $3 million, the program will not stop farms from going bankrupt."[49]

To rectify this situation, several organizations recommended raising this cap. For example, the Canadian Ornamental Horticulture Alliance called for a cap of $5 million.[50] The Canadian Cattlemen's Association[51] and the Quebec Produce Growers Association[52] called for this cap to be completely removed.

Administrative Burden

Several witnesses said that AgriStability is too complex and that administration costs are high,[53] difficult to estimate and require an accountant.[54] According to Candace Roberts, Manager with Catalyst LLP, some producers do not even bother applying to AgriStability because of the paperwork involved. This is in addition to the significant delay between

---

46 Government of Canada, *AgriStability: Canadian Agricultural Partnership - Program Guidelines*.

47 House of Commons, AGRI, *Evidence*, 1st Session, 43rd Parliament, 23 June 2020, 1105 (Stuart Person, Senior Vice-President, Agriculture, MNP LLP).

48 Ibid., 1250 (Brady Stadnicki, Manager, Policy and Programs, Canadian Cattlemen's Association).

49 House of Commons, AGRI, *Evidence*, 1st Session, 43rd Parliament, 27 May 2020, 1600 (Ryan Koeslag, Executive Vice-President and Chief Executive Officer, Canadian Mushroom Growers' Association).

50 House of Commons, AGRI, *Evidence*, 1st Session, 43rd Parliament, 19 June 2020, 1510 (Andy Kuyvenhoven, Past President, Canadian Ornamental Horticulture Alliance).

51 House of Commons, AGRI, *Evidence*, 1st Session, 43rd Parliament, 23 June 2020, 1210 (Charlie Christie).

52 Ibid., 1225 (Jocelyn St-Denis, Director General, Quebec Produce Growers Association).

53 House of Commons, AGRI, *Evidence*, 1st Session, 43rd Parliament, 19 June 2020, 1535 (Andy Kuyvenhoven).

54 House of Commons, AGRI, *Evidence*, 1st Session, 43rd Parliament, 17 June 2020, 1710 (Andre Harpe).

applying for and receiving assistance. She told the Committee that there is "such a lag between when the disaster happens and when they receive a potential payout, it's just not effective for the producers."[55]

To reduce the administrative burden, Jenneth Johanson, President of the Prairie Oat Growers Association, recommended simplifying the calculation to "align the reference margin with producers' tax filing methods and use the net profit as determined on taxes with the same allowable expenses to be included."[56] Candace Roberts completed this observation:

> First of all, there's lots and lots of paperwork. We need to make the paperwork similar to and work more in conjunction with the income tax. Also, we need to simplify the calculations. We need to have the forms spitting out calculations for the producers instantly rather than waiting for them to be processed, which can take months.[57]

Recommendation 2

The Committee recommends that the Government of Canada immediately improve AgriStability by adjusting the program to cover losses below 85% of the historical reference margin, in order to return this margin to its pre-2013 level, and that it work to bring long-term enhancements to make the program more effective, agile, timely and equitable, recognizing that different sectors have different needs, by taking the following measures:

a. Removing the reference margin limit;

b. Working with the provinces and territories to increase the trigger level for program payments;

c. Removing or increasing the payment cap;

d. Increasing amounts of advances available, allowing interim payments before the end of the season;

---

55 House of Commons, AGRI, *Evidence*, 1st Session, 43rd Parliament, 10 March 2020, 1555 (Candace Roberts, Manager, Catalyst LLP).

56 House of Commons, AGRI, *Evidence*, 1st Session, 43rd Parliament, 19 June 2020, 1515 (Jenneth Johanson, President, Prairie Oat Growers Association).

57 House of Commons, AGRI, *Evidence*, 1st Session, 43rd Parliament, 10 March 2020, 1600 (Candace Roberts).

e. **Reducing administrative burden to farmers through simplification of the application process;**

f. **Adapting the program to improve access to small businesses; and**

g. **Ensuring that the program does not pay into profitability.**

AgriInvest

Operation of Program

AgriInvest is a BRM program under the CAP. Its main goal is to help producers manage small income decline and make investments to improve market income. It was established in 2008, and its purpose and design are similar to the Net Income Stabilization Account (NISA) that was offered between 1990 and 2002.

Every year, producers can deposit all or a portion of their Allowable Net Sales (ANS) into an AgriInvest account and receive a contribution from the government equal to 1% of the deposited ANS. ANS are the gross sales minus the purchases of allowable commodities. The minimum ANS deposit eligible for a matching government contribution is $250 and the maximum is $1 million.[58] In 2018, the maximum ANS decreased from $1.5 million to $1 million and the maximum matching government contributions decreased from $15,000 to $10,000.[59]

The maximum AgriInvest account balance is 400% of the average ANS from the current and two prior program years. Supply-managed commodities are not eligible for AgriInvest. However, calculations can be made to determine the ANS for mixed operations with sales or purchases of supply-managed and non-supply-managed commodities.[60] Interests are received by the account holders. Producers are free to withdraw the money from their AgriInvest accounts at any time. AgriInvest accounts are held by participating financial institutions across the country.[61] AgriInvest is delivered by the federal government in all provinces except Quebec. In Quebec, AgriInvest is delivered by La Financière agricole.[62]

---

58 Agriculture and Agri-Food Canada, *How is my AgriInvest deposit calculated?*.

59 Agriculture and Agri-Food Canada, *What's New for AgriInvest*.

60 Agriculture and Agri-Food Canada, *How is my AgriInvest deposit calculated?*.

61 Agriculture and Agri-Food Canada, *AgriInvest Program Handbook*.

62 Agriculture and Agri-Food Canada, *AgriInvest – Step 1. What this program offers*.

AgriInvest has not been modified in response to the COVID-19 pandemic. However, the Honourable Marie-Claude Bibeau, Minister of Agriculture and Agri-Food, encouraged farmers to make use of important BRM tools such as AgriInvest to mitigate the impacts of the COVID-19 pandemic. She noted that $2.3 billion were available to Canadian agricultural producers in their AgriInvest accounts.[63]

The committee heard several witnesses report that the amounts in these balances may not be available in the accounts of the producers most affected by the consequences of the COVID-19 pandemic or have already been used by these producers. Marcel Groleau, President of the Union des producteurs agricoles, emphasized that Quebec pork producers had limited reserves in their AgriInvest accounts at a time when they were particularly affected by the consequences of the health crisis.[64] Janice Tranberg, President and Chief Executive Officer of the National Cattle Feeder's Association, mentioned that since 85% of beef processing was at risk in May 2020, it was quite likely that beef producers had already drawn what they could from their AgriInvest accounts.[65]

Limitations and Recommendations

The Committee heard that AgriInvest is a well-utilised program because it is easy to understand and easy to make contributions. Justin Jenner, Beef and Grain Producer, has made use of AgriInvest and stated that it was "appreciated, due to its simplicity and transparency."[66] Jenneth Johanson explained that "farmers report AgriInvest is easier to use, with strong predictability, bankability, transparency and a low administration burden."[67]

While AgriInvest was generally described in positive terms, witnesses still suggested possible improvements to the program. An increase to the federal matching contribution was the recommendation most often put forward by witnesses. Patty Rosher, General Manager of Keystone Agricultural Producers, shared that a resolution was adopted by the organization's members in 2017 to lobby for an increase to AgriInvest matchable deposits to 3% and to allow up to 2% additional contributions that were non-matchable

63 Agriculture and Agri-Food Canada, *Speech for the Honourable Marie-Claude Bibeau, Agri Committee*.

64 House of Commons, AGRI, *Evidence*, 1st session, 43rd Parliament, 12 May 2020, 1815 (Marcel Groleau, president of the Union des producteurs agricoles).

65 Ibid., 1835 (Janice Tranberg).

66 House of Commons, AGRI, *Evidence*, 1st session, 43rd Parliament, 23 June 2020, 1225 (Justin Jenner, Beef and Grain Producer).

67 House of Commons, AGRI, *Evidence*, 1st session, 43rd Parliament, 19 June 2020, 1515 (Jenneth Johanson).

and tax-deductible.[68] Léopold Bourgeois, President of the New Brunswick Agricultural Insurance Commission at the Agricultural Alliance of New Brunswick, felt that matchable deposits of 3% or 4% would be the minimum required to allow producers to gather funds quickly enough to protect themselves from income declines.[69]

Witnesses mentioned that the current maximum annual government contribution of $10,000 to AgriInvest accounts was not enough to allow for much investment in the business. Jocelyn St-Denis, Director General of the Quebec Produce Growers Association, felt that the ANS amount was too low.[70] He stated that "AgriInvest is designed to help deal with the small hurdles that may arise, but also to help develop the business and invest in equipment. A government contribution of up to $10,000 a year is not how this program will move forward."[71] Andy Kuyvenhoven, Past President of the Canadian Ornamental Horticulture Alliance, explained that AgriInvest is not useful in his industry since its current $10,000 cap does not line up with expenses.[72]

Changes to AgriInvest were sometimes suggested as part of a larger overhaul of AgriInvest and other BRM programs that would allow producers to be responsible for more self-mitigation of risk with the larger amounts in their newly configured AgriInvest accounts rather than making use of other BRM programs such as AgriStability.

> AgriInvest does put money into producers' hands on a regular basis, and more quickly. It could be used as a savings account for when situations like [the COVID19 pandemic] happen. In order to make it more effective, though, you would need to raise the amounts paid. At 1% it takes a long time to build up a sizable account that's going to have any sort of significant impact on the operation. I would recommend that you take a look at raising those amounts if you want it to be more effective for producers.
>
> Stuart Person, Senior Vice-President of Agriculture, MNP LLP

68 House of Commons, AGRI, *Evidence*, 1st session, 43rd Parliament, 10 March 2020, 1640 (Patty Rosher, General Manager, Keystone Agricultural Producers).

69 House of Commons, AGRI, *Evidence*, 1st session, 43rd Parliament, 17 June 2020, 1800 (Léopold Bourgeois, President, New Brunswick Agricultural Insurance Commission at the Agricultural Alliance of New Brunswick).

70 House of Commons, AGRI, *Evidence*, 1st session, 43rd Parliament, 23 June 2020, 1240 (Jocelyn St-Denis).

71 Ibid.

72 House of Commons, AGRI, *Evidence*, 1st session, 43rd Parliament, 19 June 2020, 1525 (Andy Kuyvenhoven).

> [If the suggested change to increase the reference margin of AgriStabilty to 85% does not happen], increase the amount paid for AgriInvest to 5% with no maximum [contribution limit]. While this would, on paper, increase total dollars from the federal government, it would eliminate all risk for the government and put the responsibility on producers to save that money to use in tough years. This would also significantly reduce the administrative costs of the BRM programs, as AgriStability is very labour intensive.
>
> Jenneth Johanson, President, Prairie Oat Growers Association

Rick Bergman, Larry Martin, Partner at Agri-Food Management Excellence, and Bernie McClean expressed concerns about the difficulties facing producers who had emptied their AgriInvest and were trying to rebuild them.[73] Léopold Bourgeois echoed their concerns and also mentioned the difficulties facing new entrants to the agricultural sector.[74] Paul Glenn, Past Chair of the Canadian Young Farmers' Forum,[75] and Julie Bissonette, Regional Representative, Ontario-Quebec, of the Canadian Young Farmers' Forum,[76] suggested that a different percentage of ANS, or ensuring that the matching contribution is deposited in AgriInvest accounts without a producer contribution, could be ways to help new or young farmers.

Recommendation 3

The Committee recommends that the Government of Canada improve and enhance AgriInvest to make it more effective, agile, timely and equitable, with the following measures:

a. Increasing the percentage of Allowable Net Sales;

b. Increasing the matching government contributions; and

c. Increasing the maximum account balance limit.

---

73 Ibid., 1420 (Rick Bergman), 1415 (Larry Martin, Partner, Agri-Food Management Excellence), 1405 (Bernie McClean).

74 House of Commons, AGRI, *Evidence*, 1st session, 43rd Parliament, 17 June 2020, 1750 (Léopold Bourgeois).

75 House of Commons, AGRI, *Evidence*, 1st session, 43rd Parliament, 8 July 2020, 1515 (Paul Glenn, Past Chair, Canadian Young Farmers' Forum).

76 Ibid., 1540 (Julie Bissonette, Regional Representative, Ontario-Quebec, Canadian Young Farmers' Forum).

AgriInsurance and Other Insurance Programs

Operation of Programs

AgriInsurance

The first federal-provincial crop insurance program was established in 1959. It was renamed the Production Insurance program in 2003 and AgriInsurance in 2008. AgriInsurance is designed to help producers mitigate the financial impacts resulting from natural disasters such as drought, flood, fire, wildlife damage or disease. Producers receive money the year they experience a production loss from a weather event. The program is delivered by each province individually and is not available in the territories. The federal government funds 60% of administrative costs and the provinces cover the remaining 40%. The cost-splitting arrangement for program payments is determined through bilateral agreements between the federal and provincial governments.[77]

Insurance plans vary from one province to another, but traditional crops such as wheat, corn, oats and barley are generally covered in every province, as well as horticultural crops including lettuce, strawberries, carrots and eggplant. Coverage for other types of crops varies greatly from one province to another. For instance, maple syrup and honey are covered in Quebec,[78] while Ontario provides coverage for hemp and ginseng.[79] The federal government also provides reinsurance to five participating provinces (Alberta, Saskatchewan, Manitoba, New Brunswick and Nova Scotia).[80]

AgriInsurance has not been amended in response to the COVID-19 pandemic; however, the federal government did announce on 12 May 2020 that it was working with the provinces and territories to include labour shortages as an eligible risk for the horticulture sector under AgriInsurance.[81]

Western Livestock Price Insurance Program

In working to expand the AgriInsurance program beyond crops, Agriculture and Agri-Food Canada has developed directives for offering livestock production insurance.

---

77 Agriculture and Agri-Food Canada, *AgriInsurance Program*.

78 La Financière agricole du Québec, *Crop Insurance*.

79 Agricorp, *Production Insurance*.

80 Agriculture and Agri-Food Canada, *AgriInsurance Program*.

81 Justin Trudeau, Prime Minister of Canada, *Supporting Canada's farmers, food businesses, and food supply*, News release, 5 May 2020.

Under the CAP, there are guidelines for provinces to develop and implement livestock plans under AgriInsurance.[82]

The Western Livestock Price Insurance Program (WLPIP) is an example of a provincially-administered risk management tool that offers price protection for cattle and hog producers in the form of an insurance policy. Settlement prices are based on the average price in Western Canadian markets. WLPIP coverage can be tailored to the producer's expected sale weight and date of the animal. A range of coverage options is available. Once the premium has been paid, the protection of a 'floor price' is locked in. If the average settlement price is below the selected floor price during the policy's claim period, an indemnity payment is triggered, regardless of the market price realized for the individual's livestock.

Livestock price insurance was first implemented for Alberta producers in 2009 through the Agriculture Financial Services Corporation. Producers in British Columbia, Manitoba and Saskatchewan were able to participate in the program starting in April 2014. On 1 April 2018, WLPIP was extended under the CAP, with a new five-year commitment by federal, provincial and territorial governments.[83] Under the WLPIP there are four insurance products available for producers to select: calf, feeder, fed and hogs.[84]

Limitations and Recommendations

The Committee heard some positive aspects about AgriInsurance from witnesses. For example, AgriInsurance has the highest uptake amongst all producers in Manitoba,[85] it is the best tool producers have to control risk in the crops they grow,[86] it is an important tool for young farmers to mitigate risk,[87] and it works well for the grain sector in Ontario with how crops are selected for insurance models.[88]

The Committee, however, also learned from several witnesses that AgriInsurance must be enhanced to offer more flexible and equitable programs to producers across all

82 Agriculture and Agri-Food Canada, *AgriInsurance Program*.

83 Manitoba Agricultural Services Corporation, *2018/2019 Annual Report*.

84 Western LPIP, *About*.

85 House of Commons, AGRI, *Evidence*, 1st session, 43rd Parliament, 23 June 2020, 1115 (Jake Ayre, Farmer, Southern Seed Ltd.).

86 Ibid., 1225 (Justin Jenner).

87 House of Commons, AGRI, *Evidence*, 1st session, 43rd Parliament, 8 July 2020, 1515 (Paul Glenn).

88 House of Commons, AGRI, *Evidence*, 1st session, 43rd Parliament, 12 June 2020, 1440 (Markus Haerle, President, Ontario Grain Growers).

sectors. Witnesses cited improvements such as modernizing premium settings,[89] reconsidering the inclusion of crop-loss years in the five-year Olympic average,[90] exploring field-by-field coverage or a gross revenue-based coverage,[91] and expanding crop insurance to serve a wider range of farm types and sizes.[92]

Chris van den Heuvel stressed to the Committee that production insurance for livestock and horticultural crops that are not currently covered by AgriInsurance must be prioritized:

> Currently, the insurance programs that are in place don't cover the whole suite of products that we as an industry grow and produce, so we would like to see that enhanced to the point where livestock and other horticultural products are covered. Right now, they are not.[93]

The Canadian Federation of Agriculture emphasized that horticultural crops that are not covered are subject to the same stresses such as weather and trade disruptions as the commodities that are covered.[94]

Lack of Livestock Production Insurance in Eastern Canada

Several witnesses flagged the immediate need for a livestock price insurance program for beef and hog producers in Eastern Canada, a BRM tool that is already available to producers in Western Canada under the WLPIP. Witnesses told the Committee that the lack of a livestock price insurance program in Eastern Canada limits producers' ability to manage risk and grow their sectors. During their testimony, representatives from the Canadian Cattlemen's Association presented a concrete example to the Committee about this situation in the Maritimes:

---

89 Ibid., 1415 (Mark Brock).

90 House of Commons, AGRI, *Evidence*, 1st session, 43rd Parliament, 8 July 2020, 1515 (Paul Glenn).

91 House of Commons, AGRI, *Evidence*, 1st Session, 43rd Parliament, 23 June 2020, 1115 (Jake Ayre).

92 House of Commons, AGRI, *Evidence*, 1st session, 43rd Parliament, 10 March 2020, 1645 (Katie Ward, President, National Farmers Union).

93 Ibid., 1610 (Chris van den Heuvel).

94 Ibid., 1615 (Chris van den Heuvel).

> Currently in maritime Canada, they still operate without a program that manages price risk in a timely fashion. The Maritime Beef Council, covering New Brunswick, Nova Scotia and Prince Edward Island, has a strategy to expand cattle inventories and beef production. Having access to an insurance program is key to achieving their objectives. Canadian and maritime beef producers are eager to see the creation of an eastern settlement index pilot under WLPIP, which would contribute to national price insurance coverage across Canada. [The Canadian Cattlemen's Association] believes the eastern settlement index should receive federal backstopping and administrative cost support as provided under the WLPIP.[95]

Léopold Bourgeois also informed the Committee that his organization has been asked by cattle and pork producers to have an insurance program made available to them. Mr. Bourgeois urged the Committee to discuss and investigate the idea further.[96]

Furthermore, other witnesses reported to the Committee that the money that is paid out through AgriInsurance for crop production failures has little relevance for cattle ranchers and feeders who have limited access to government support.[97] The financial support for crop insurance premiums does not help pork producers struggle through the COVID-19 crisis,[98] nor does it help them manage the health problem an outbreak of African swine fever could pose.[99]

Witnesses from the livestock sector also informed the Committee that improvements to hay and pasture insurance were needed across the country. Charlie Christie, Co-Chair, Domestic Agriculture Policy and Regulations Committee, Canadian Cattlemen's Association, explained that forage insurance products differ from annual crops, in that coverage and settlements are based on areas rather than the actual production on an individual farm. Lack of individual farm insurance coverage for forages deters participation and represents inequity between perennial and annual crops.[100] Rob Lipsett, President, Beef Farmers of Ontario, argued that hay and forage producers "deserve access to yield-based programs designed to ensure individual production, similar to what is currently offered to grains and oilseed producers", under crop insurance programs administered through AgriInsurance. Pasture and forage insurance

---

95 House of Commons, AGRI, *Evidence*, 1st session, 43rd Parliament, 23 June 2020, 1210 (Charlie Christie).

96 House of Commons, AGRI, *Evidence*, 1st session, 43rd Parliament, 17 June 2020, 1745 (Léopold Bourgeois).

97 House of Commons, AGRI, *Evidence*, 1st session, 43rd Parliament, 8 July 2020, 1525 (Janice Tranberg).

98 House of Commons, AGRI, *Evidence*, 1st session, 43rd Parliament, 19 June 2020, 1420 (Rick Bergmann).

99 House of Commons, AGRI, *Evidence*, 1st session, 43rd Parliament, 23 June 2020, 1150 (Mario Rodrigue, Acting Director General, Les Éleveurs de porcs du Québec).

100 Ibid., 1210 (Charlie Christie).

program must include a mechanism to help producers account for increased feed prices during times of shortages.[101]

Recommendation 4

The Committee recommends enhancing access to Business Risk Management programs designed specifically for commodities or regions, such as a livestock price insurance program, that provides national coverage, with the following measures:

a. **Making the Western Livestock Price Insurance Program a permanent Business Risk Management program not dependant on renewal under each agricultural policy framework;**

b. **Supporting a pilot program for beef producers in the Maritime provinces coherent with the Western Livestock Prince Insurance Program; and**

c. **Identifying and addressing gaps in access to AgriInsurance by sector or region to mitigate the financial impact of production losses.**

Limited Insurance Coverage for Horticulture Sector

Several witnesses alerted the Committee that the horticulture sector, especially greenhouse growers, requires enhanced access to production insurance under AgriInsurance. Jan VanderHout, Vice-President, Canadian Horticultural Council, explained that the primary challenge is that not all vegetable and fruit crops are insurable right now.

> I happen to be a greenhouse cucumber grower. Our crops are not insurable, and this leaves us in a particularly challenging place because we have no backstop available to us other than AgriStability.[102]

In addition to AgriInsurance not being available for all crops, Jocelyn St-Denis pointed out that the program is not the same across Canada, as it is administered by each province. “For example, in Quebec, we have the concept of ‘normal loss,’ which the

101 House of Commons, AGRI, *Evidence*, 1st session, 43rd Parliament, 8 July 2020, 1505 (Rob Lipsett, President, Beef Farmers of Ontario).

102 House of Commons, AGRI, *Evidence*, 1st session, 43rd Parliament, 19 June 2020, 1540 (Jan VanderHout, Vice-President, Canadian Horticultural Council).

other provinces don't have and which penalizes producers." In Mr. St-Denis' view, "harmonization among the provinces would be desirable."[103]

Brian Gilroy, President of the Canadian Horticultural Council (CHC), explained to the Committee that CHC has been working on a concept of recognition of risk mitigation. Many growers, he said, "spread the risk" by diversifying their operations through growing a variety of different crops, multi-season harvests, or growing in different geographic areas.

> Product diversification and having farms mitigate their own risks should be encouraged rather than penalized through program design. We therefore encourage the government to establish comprehensive and equitable insurance coverage by considering the individual risk profiles of farms.[104]

Jocelyn St-Denis also reported that because of on-farm labour shortages during the COVID-19 pandemic, crops such as asparagus and strawberries have been completely lost and that more losses will happen throughout the season.[105] Jan VanderHout agreed that labour was a much bigger problem this year than in past years. Mr. VanderHout commended the government for helping producers get temporary foreign workers (TFW), including from the Seasonal Agricultural Worker Program (SAWP), to farms, yet he also explained to the Committee that not all TFWs have arrived:

> Some farms are at as low as 50%, or even fewer workers. I am currently missing five workers out of 30. This is a big strain. It should be covered by whatever program. This year's big exposure is labour.[106]

---

103 House of Commons, AGRI, *Evidence*, 1st session, 43rd Parliament, 23 June 2020 1240 (Jocelyn St-Denis).

104 House of Commons, AGRI, *Evidence*, 1st session, 43rd Parliament, 19 June 2020, 1505 (Brian Gilroy).

105 House of Commons, AGRI, *Evidence*, 1st session, 43rd Parliament, 23 June 2020., 1255 (Jocelyn St-Denis, Director, President, Quebec Produce Growers Association).

106 House of Commons, AGRI, *Evidence*, 1st session, 43rd Parliament, 8 July 2020., 1545 (Jan VanderHout).

Recommendation 5

The Committee recommends that the Government of Canada enhance AgriInsurance with the following measures:

a. **Extend production insurance for horticultural and other crops currently not covered by AgriInsurance; and**

b. **Work with provincial and territorial governments to modernize the rating methodology for AgriInsurance premiums.**

AgriRecovery

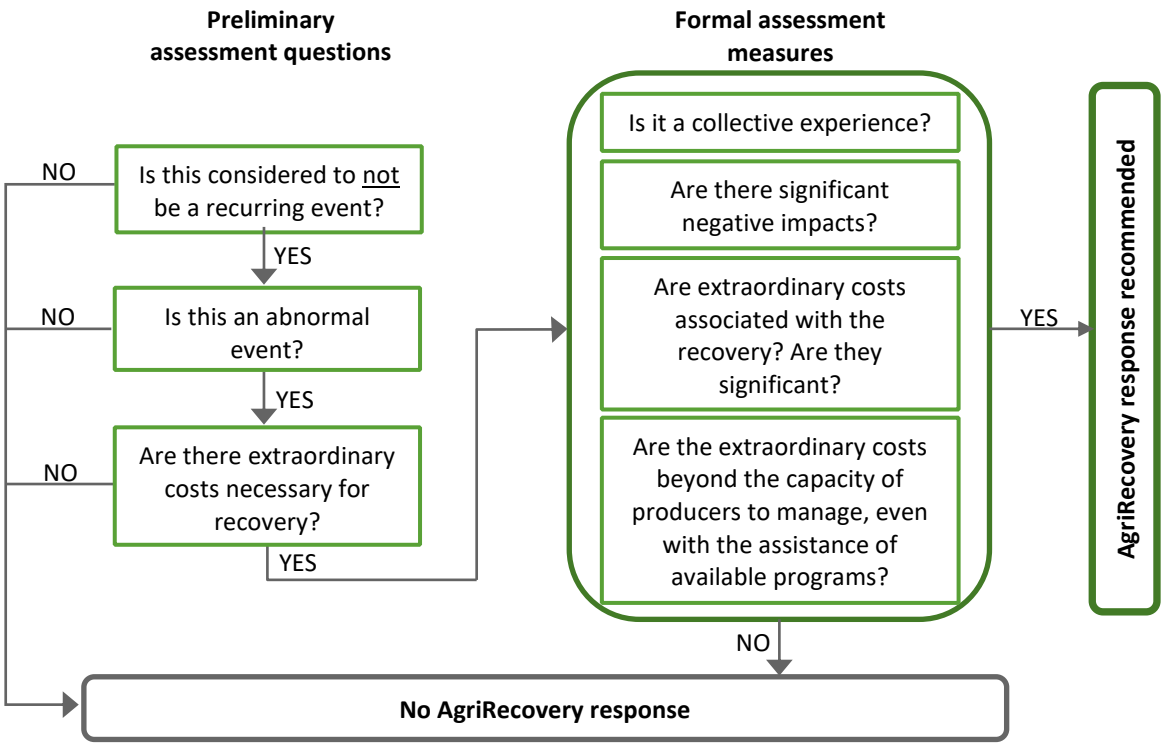
Operation of Program

AgriRecovery is not a program; rather, it is a federal-provincial-territorial framework that provides guidelines for establishing ad hoc programs to help producers recover from specific disasters, such as diseases, pest infestation, extreme weather or contamination of the environment. The framework specifies conditions in which a specific assistance program will be created by the federal government and relevant provincial and territorial governments. The framework has been in place in this current form since 2008.

The framework states that AgriRecovery assistance should be initiated when the other BRM programs are not sufficient to cope with a problem. It is limited to dealing with the direct damages of the disaster. As such, the framework does not directly cover production or revenue decline. The AgriRecovery framework includes compensation for up to 70% of the extraordinary cost for producers affected by the disaster.

The AgriRecovery process begins with a request for an assessment which is typically made by a province or territory to the federal government. A joint assessment is undertaken to examine the disaster event and its impacts, to determine whether extraordinary costs must be incurred by producers to recover, and measure the capacity of existing programs to help producers recover. Several key criteria must be met. These criteria are illustrated in the assessment flow chart presented in Figure 4.

Figure 4—AgriRecovery Assessment Flowchart



Source: Agriculture and Agri-Food Canada, A Guide to AgriRecovery.

If, based on the findings and conclusions of the assessment, the federal and relevant provincial or territorial governments decide to proceed with an AgriRecovery response; the participating governments finalise a funding agreement. AgriRecovery initiatives are usually joint programs which are administered by the provincial or territorial government, or its delivery agent, and are typically cost shared on a 60:40 basis between the federal and provincial or territorial government, respectively.[107]

Adjustments Related to COVID-19

The Government of Canada launched a national AgriRecovery initiative of up to $125 million for producers affected by the consequences of the COVID-19 pandemic. The initiative is intended to support cattle and hog producers who needed to keep their livestock longer than expected due to temporary processing plant closures. The federal government will provide its 60% share of the AgriRecovery costs regardless of whether

107 Agriculture and Agri-Food Canada, *A Guide to Agri-Recovery*.

the provincial and territorial governments contribute their share. The AgriRecovery initiative will cover 90% of eligible expenses rather than the normal 70%.[108]

Witnesses underlined the fact that expenses eligible under AgriRecovery were not necessarily the right ones. René Roy, Administrator of Les Éleveurs de porcs du Québec, stated that "improvements are also needed to the AgriRecovery framework to ensure it has the flexibility to adapt to the specific realities of sectors facing extraordinary costs following a catastrophe."[109] Witnesses explained that the eligible costs under the AgriRecovery program were those related to euthanasia rather than the value of the hogs.

> Right now, support is focused on euthanasia. But what producer will be able to continue for long if they do not receive revenue for their production and are compensated only for burying what they produce? Unfortunately, that cannot work.
>
> For the program to work, it would have to help producers deal with extraordinary expenses related to production, not only disposal. It is a bit like saying that we are going to bury the grain that we cannot export this year: it is absurd. We have to find a way to help producers get through the crisis so that they can put their operations back on track rather than close up shop.[110]

Limitations and Recommendations

Paul Samson explained to the Committee that provinces or territories apply to the federal government for an AgriRecovery initiative to be developed.[111] Some witnesses, such as Patty Rosher[112] and Léopold Bourgeois,[113] stated that AgriRecovery seems hard to trigger. Ray Keenan, Chairman of the United Potato Growers of Canada, mentioned delays in obtaining funds after the AgriRecovery process was launched.[114]

---

108 Justin Trudeau, Prime Minister of Canada, *Support for Canada's food supply system*.

109 House of Commons, AGRI, *Evidence*, 1st session, 43rd Parliament, 23 June 2020, 1100 (René Roy, Administrator of Les Éleveurs de porcs du Québec).

110 Ibid., 1150 (René Roy).

111 House of Commons, AGRI, *Evidence*, 1st session, 43rd Parliament, 27 February 2020, 1700 (Paul Samson).

112 House of Commons, AGRI, *Evidence*, 1st session, 43rd Parliament, 10 March 2020, 1725 (Patty Rosher).

113 House of Commons, AGRI, *Evidence*, 1st session, 43rd Parliament, 17 June 2020, 1700 (Léopold Bourgeois).

114 House of Commons, AGRI, *Evidence*, 1st session, 43rd Parliament, 15 May 2020, 1450 (Ray Keenan, Chairman, United Potato Growers of Canada).

> The effectiveness of the AgriRecovery program needs to be improved. Where catastrophes with long-term business impacts are concerned, the program should be streamlined to provide a timelier response. Narrowing the gap between AgriRecovery compensation and that of other business risk management programs will also help growers effectively recover from disaster situations.
>
> Brian Gilroy, President Canadian Horticultural Council

Recommendation 6

The Committee recommends that the Government of Canada review the definition of extraordinary costs under AgriRecovery so the framework can respond to impacts producers face as a result of events such as COVID-19 or animal diseases like African Swine Fever.

OTHER FEDERAL AND PROVINCIAL BUSINESS RISK MANAGEMENT INITIATIVES

Federal Risk Management Initiatives

Certain BRM initiatives are administered and funded exclusively by the federal government. Some initiatives, such as the AgriRisk initiatives, are part of the CAP, while others are not, such as the Advance Payments Program (APP) and the Livestock Tax Deferral Provision.

Advance Payments Program

The APP provides producers with low-interest cash advances.[115] It supports producers by providing them access to cash flow so that they have the flexibility they need to run their operations. Paul Samson outlined how the program works:

> The advance payments program is a legislated program. It provides agricultural producers with access to low-interest cash advances to help provide marketing flexibility to allow producers to sell their commodity at the most opportune time. This is an important fact in selling agricultural commodities. It's available for over 500 different crop and livestock products, and we manage it in association with 36 different industry associations located on the ground across Canada.[116]

115 Government of Canada, *Advance Payments Program: Step 1. What this program offers*.

116 House of Commons, AGRI, *Evidence*, 1st Session, 43rd Parliament, 27 February 2020, 1710 (Paul Samson).

In 2019, the federal government amended the program by raising the loan limit from $400,000 to $1 million for all producers. For canola producers, the interest-free portion of loans on canola advances was raised from $100,000 to $500,000.[117] The Canadian Canola Growers Association said that these changes made the program more relevant for their industry.[118] For Jenneth Johanson, the interest-free portion of loans should be increased from $100,000 to $250,000 for all commodities.[119]

To help producers deal with the COVID-19 crisis, the government extended the payment deadline for the APP for those who had a repayment deadline before the end of April.[120] Tyler Fulton, Director of the Canadian Cattlemen's Association, believes that increasing the interest-free portion to $500,000, increasing the overall cash advance limit to $3 million and extending the repayment terms for beef cattle to 36 months would further assist the industry.[121]

Recommendation 7

The Committee recommends that the Government of Canada enhance the Advance Payments Program (APP) to better address cash flow risk in agricultural businesses, with the following measures:

a. **Increasing the interest-free portion;**

b. **Increasing the overall cash advance limit; and**

c. **Providing access to APP to all commodities.**

AgriRisk Initiatives

Established in 2013, the AgriRisk Initiatives program provides funding aimed at developing new risk management tools for use in the agriculture sector.[122] The funding is available for not-for-profit organizations such as industry organizations representing

117 Government of Canada, *Advance Payments Program: Step 1. What this program offers*.

118 House of Commons, AGRI, *Evidence*, 1st Session, 43rd Parliament, 19 June 2020, 1405 (Bernie McClean).

119 Ibid., 1515 (Jenneth Johanson).

120 House of Commons, AGRI, *Evidence*, 1st Session, 43rd Parliament, 5 May 2020, 1710 (Chris Forbes, Deputy Minister, Department of Agriculture and Agri-Food).

121 House of Commons, AGRI, *Evidence*, 1st Session, 43rd Parliament, 8 May 2020, 1545 (Tyler Fulton, Director, Canadian Cattlemen's Association).

122 House of Commons, AGRI, *Evidence*, 1st Session, 43rd Parliament, 27 February 2020, 1720 (Paul Samson).

agricultural and agribusiness stakeholders, cooperatives, post-secondary academic institutions and provincial and territorial governments. Although the program does not affect producers directly, Southern Seed farmer Jake Ayre welcomed the federal government's investment in the development of new BRM programs.[123]

Livestock Tax Deferral Provision

The Minister of Agriculture and Agri-Food may recommend to the Minister of Finance that regions affected by drought or flooding be prescribed. To be designated, an area must have recognized boundaries (for example, municipalities or counties). Producers who sell part of their breeding herd in these prescribed regions in the current year will be eligible to defer a portion of sale proceeds for tax purposes to the following year.[124] Charlie Christie explained some of the shortcomings of the programs for livestock producers:

> I'd like to talk about improving the livestock tax deferral provision. Extreme weather challenges such as drought, flooding and fires can all impact producers' ability to maintain or sustain their herds. These events often force producers to sell animals such as calves or breeding stock earlier than anticipated, resulting in more than one sale per fiscal year. While the livestock tax deferral tool is available to producers, uptake is low and significant herd reduction must take place before the program provides benefit. Delays or regions deemed ineligible by Finance Canada in determining when income deferral can be applied to drought situations have made that mechanism not always useful for management decisions. CCA believes that amendments to the deferral are needed to make the tool more functional, including the option to self-elect when the tool can be utilized, and ensuring that all classes of cattle are eligible under the deferral.[125]

123 House of Commons, AGRI, *Evidence*, 1st Session, 43rd Parliament, 23 June 2020, 1125 (Jake Ayre).

124 Government of Canada, *Livestock Tax Deferral Provision*.

125 House of Commons, AGRI, *Evidence*, 1st Session, 43rd Parliament, 23 June 2020, 1210 (Charlie Christie).

Recommendation 8

The Committee recommends that the Government of Canada work with farm organizations to conduct a comprehensive review of the Livestock Tax Deferral Provision with the goal of ensuring that all producers in need of tax deferral due to drought or excessive moisture have access to the program irrespective of administrative boundaries, that decisions regarding deferral eligibility are timely and in sync with the production season, that the latest technologies are being used during the assessment process, and that an appeal mechanism is available to producers when they are excluded from a designation.

Provincial Risk Management Initiatives

Some provinces have enhanced their BRM mechanisms by developing complementary programs. These programs are sometimes designed to support producers facing a local issue. For example, the Government of Manitoba rolled out the Lake Manitoba Flood Assistance program for 2011 to provide financial assistance to crop and livestock producers affected by the disaster. Other provincial programs are more industry-specific, such as Ontario's Self-Directed Risk Management Program to provide specific support to the horticultural industry.[126]

Witnesses also told the Committee that some provinces developed special mechanisms to top up the AgriStability program in their provinces. In British Columbia, the provincial government introduced a program to complement AgriStability to trigger payments once there is a 20% drop in the program reference margin.[127] The Government of Quebec introduced a similar mechanism to top up the AgriStability program to 85%.[128] That province also introduced a special insurance system for certain livestock producers, particularly in the pork and lamb industries.[129] In addition, a rebate of 25% or more on contributions to this special insurance system is available to young farmers who make up the next generation.[130]

---

126 Statistics Canada, *Data quality, concepts and methodology: Explanatory notes on direct program payments to agriculture producers*.

127 House of Commons, AGRI, *Evidence*, 1st Session, 43rd Parliament, 19 June 2020, 1515 (Andy Kuyvenhoven).

128 House of Commons, AGRI, *Evidence*, 1st Session, 43rd Parliament, 23 June 2020, 1215 (Sylvain Terrault, President, Quebec Produce Growers Association).

129 Ibid., 1100 (René Roy, Administrator, Les Éleveurs de porcs du Québec).

130 House of Commons, AGRI, *Evidence*, 1st Session, 43rd Parliament, 8 July 2020, 1540 (Julie Bissonnette).

However, some of the witnesses pointed out that not all provinces have the resources to introduce these complementary programs.[131] According to Léopold Bourgeois, the producers in his province are currently penalized because New Brunswick does not have the budget to complement its range of BRM programs.[132]

Recommendation 9

The Committee recommends that the federal, provincial and territorial governments maintain their cost-sharing agreement for the Business Risk Management programs under the Canadian Agricultural Partnership: 60% for the federal government and 40% for the provincial and territorial governments.

RISK MANAGEMENT BEYOND CURRENT PROGRAMS

Small and Diversified Farm Businesses

Several witnesses representing small and diversified farm businesses informed the Committee that the current BRM programs do not apply equally to everyone, as BRM financial support is often better suited for large operations rather than small ones. According to Marco Valicenti, Director General, Sector Development and Analysis Directorate, Market and Industry Services at Agriculture and Agri-Food Canada, over the last 50 years the average farm size in Canada has doubled and the farm value per acre has quadrupled. A small number of very large farms have consolidated, with the largest 8% of the farms accounting for over half of farm cash receipts.[133] Consequently, small farm operations cannot access BRM programs as the minimum investment parameters of funding are higher than they can afford, or higher than they need.[134] The Quebec Produce Growers Association suggested small farms might be better served with more accessible programs and that these programs be adapted to ensure small businesses are eligible.[135]

---

131 House of Commons, AGRI, *Evidence*, 1st Session, 43rd Parliament, 10 March 2020, 1620 (Chris van den Heuvel).

132 House of Commons, AGRI, *Evidence*, 1st Session, 43rd Parliament, 17 June 2020, 1700 (Léopold Bourgeois).

133 House of Commons, AGRI, *Evidence*, 1st session, 43rd Parliament, 27 February 2020, 1540 (Marco Valicenti, Director General, Sector Development and Analysis Directorate, Market and Industry Services, Department of Agriculture and Agri-Food).

134 House of Commons, AGRI, *Evidence*, 1st session, 43rd Parliament, 23 June 2020, 1245 (Jocelyn St-Denis).

135 Ibid.

Furthermore, Jocelyn St-Denis told the Committee that when a new BRM program is launched at the time of year when small farm producers are on their farms growing their crops, they will only look at it in the winter,[136] and, therefore, could miss the application window.

The Canadian Ornamental Horticulture Alliance revealed that although it is composed of hundreds of small farm entrepreneurs whose operations have grown substantially over the years and generations, it is not a major user of BRM programs. Andy Kuyvenhoven explained that "during the COVID-19 time frame, we've learned that we do need it, and we've identified the aforesaid issues inside of the program."[137] The Committee also learned that small farms are going through particular situations and are often involved in mixed farming; however, Benoît Legault, Chief Executive Officer of Producteurs de grains du Québec, stated that the current BRM programs are not very effective for mixed farms and that solutions remain to be developed in that respect.[138] Todd Lewis, President of the Agriculture Producers Association of Saskatchewan, added that BRM programming could be as simple as allowing those farms that do have mixed operations to split them, so they may apply under two programs.[139] Lastly, the Committee heard that one-quarter of farm operators are 65 years of age and older and that a focus on new entrants in the agriculture community is needed.[140]

Recommendation 10

The Committee recommends that the Government of Canada look at ways to facilitate access to Business Risk Management suite of programs to under-represented groups such as young farmers, women, Indigenous peoples, visible minorities and people with disabilities.

---

136 Ibid.

137 House of Commons, AGRI, *Evidence*, 1st session, 43rd Parliament, 19 June 2020, 1515 (Andy Kuyvenhoven).

138 House of Commons, AGRI, *Evidence*, 1st session, 43rd Parliament, 12 June 2020, 1540 (Benoît Legault, Chief Executive Officer, Producteurs de grains du Québec).

139 Ibid., 1544 (Todd Lewis, President, Agriculture Producers Association of Saskatchewan).

140 House of Commons, AGRI, *Evidence*, 1st session, 43rd Parliament, 27 February 2020., 1535 (Marco Valicenti, Director General, Sector Development and Analysis Directorate, Market and Industry Services, Department of Agriculture and Agri-Food).

Recommendation 11

The Committee recommends that the Government of Canada work to simplify its Business Risk Management programs with the goal of making them more user friendly, timely, bankable and predictable while ensuring the programs meet the needs of farmers with diversified operations and to improve and enhance access for small businesses.

Research, Training and Innovation as Risk Management Strategies

Beyond the classic risk management programs, many witnesses pointed out the role of research and innovation in mitigating risk for agriculture and agri-food businesses. For example, the risks associated with a labour shortage could be mitigated by automating repetitive tasks. However, in the horticulture sector these tasks are often complex, and additional research is needed before automation can be used for all products.[141] According to Alan Ker, Ontario Agricultural College Research Chair in Agricultural Risk and Policy, it is important not to place too much emphasis on technological solutions, such as artificial intelligence or precision agriculture, which "are going to have trivial impacts on anything to do with BRM programming and won't do anything to help a whole lot with risk management at the farm level."[142]

Recommendation 12

The Committee recommends that the Government of Canada invest in research aimed at reducing business risks in agriculture and promoting innovation amongst Canadian agriculture producers as an integral component of the suite of BRM programming.

Training also has significant potential to mitigate business risk. Larry Martin explained that his organization carried out studies in the grain and dairy sectors that showed that producers with training in agriculture business management were more profitable.[143] Chris Rundel, Director, Prairie Oat Growers Association, said that he benefited from training programs at the beginning of his career in the agriculture industry that were crucial to his own learning.[144]

---

141 House of Commons, AGRI, *Evidence*, 1st Session, 43rd Parliament, 23 June 2020, 1235 (Jocelyn St-Denis).

142 House of Commons, AGRI, *Evidence*, 1st Session, 43rd Parliament, 12 June 2020, 1530 (Alan Ker, Ontario Agricultural College Research Chair in Agricultural Risk and Policy, Professor, Department of Food, Agricultural and Resource Economics and Managing, As an Individual).

143 House of Commons, AGRI, *Evidence*, 1st Session, 43rd Parliament, 19 June 2020, 1415 (Larry Martin).

144 Ibid., 1555 (Chris Rundel, Director, Prairie Oat Growers Association).

Recommendation 13

The Committee recommends that the Government of Canada, in collaboration with the provinces and territories, promote training of producers on risk management and available tools, including agronomic planning and financial tools such as the suite of Business Risk Management programs and private insurances.

Furthermore, the Committee heard that simplifying and promoting BRM programs for young farmers and new entrants has the potential to ease pressure and mitigate business risks. Julie Bissonnette told the Committee that: "Young farmers who are starting out in farming, whether they're launching a business or taking over an existing business, need to feel supported and equipped. Any means to improve the cash flow of the business are welcome."[145]

Recommendation 14

The Committee recommends that the Government of Canada support young farmers and new entrants with the following measures:

a. **Looking at reducing AgriInsurance premiums;**

b. **Waiving AgriStability fees;**

c. **Providing educational support to bolster a better understanding of Business Risk Management programs and best practices; and**

d. **Making the AgriInvest program more accessible to young farmers.**

New Types of Programs for the Future

The stakeholders the Committee met with shared their ideas about new risk management approaches that could be implemented in the future. For example, Peter Slade, Assistant Professor and Canadian Canola Growers Chair in Agricultural Policy, University of Saskatchewan, proposed making changes to AgriStability so it insures producers' revenue instead of their margin. However, he conceded that this would be a

145 House of Commons, AGRI, *Evidence*, 1st Session, 43rd Parliament, 8 July 2020, 1515 (Julie Bissonnette).

significant change that would probably have to be put into place in a new policy framework.[146] He listed several benefits of this approach:

> AgriStability requires the detailed reporting of accrual expenses. Revenue insurance would not require that producers report their expenses and, therefore, would be a much simpler and a more straightforward program. For crop producers, their revenues are mostly derived from crop sales and receipts from crop insurance, and this information is already provided to provincial crop insurance agencies. Revenue insurance claims could therefore be adjudicated immediately after a harvest, in the same way that crop insurance claims are.[147]

Other ideas were brought forward as well. For example, Jenneth Johanson suggested eliminating AgriStability to supplement the AgriInsurance program by expanding eligible perils and increasing coverage levels, in conjunction with an increase to the federal contribution to AgriInvest.[148] She also suggested implementing payments for farmers at a set amount per acre as a salary.[149] According to Jan VanderHout, instituting financial protection for growers when their clients declare bankruptcy should also receive specific support.[150]

> Unfortunately, over the next two years, the COVID business environment has driven and will drive businesses into bankruptcy, and our sector has no effective protection. Canadian produce sellers now more than ever are at risk in the event of a bankruptcy. Without a limited statutory deemed trust, we will potentially see more companies dragged into economic hardship. At a time when food security is second only to health care in terms of priorities for all Canadians, it is crucial that the government provide all possible safeguards for the Canadian food supply chain, including a deemed trust mechanism for produce sellers and farmers.
>
> Ron Lemaire, President, Canadian Produce Marketing Association

In 2016 and 2018, the House of Commons Standing Committee on Finance recommended that the government establish a limited statutory deemed trust to protect market garden vendors and growers when they go bankrupt and to provide financial protection for produce sellers in Canada in a manner that is equivalent to the

---

146 House of Commons, AGRI, *Evidence*, 1st Session, 43rd Parliament, 17 June 2020, 1735 (Peter Slade, Assistant Professor and Canadian Canola Growers Chair in Agricultural Policy, University of Saskatchewan, As an Individual).

147 Ibid.

148 House of Commons, AGRI, *Evidence*, 1st Session, 43rd Parliament, 19 June 2020, 1520 (Jenneth Johanson).

149 Ibid.

150 Ibid., 1540 (Jan VanderHout).

U.S. *Perishable Agricultural Commodities Act*.[151] The Standing Committee on Agriculture and Agri-Food had also conducted a study on "Canada's Preferential Status under the U.*S. Perishable Agricultural Commodities Act* (PACA)" which explored the appropriateness of implementing a protection for Canadian produce farmers and sellers similar to that of their U.S. counterparts.[152]

Recommendation 15

The Committee recommends that the Government of Canada implement a statutory deemed trust to provide financial protection for produce farmers and sellers in the event of buyer insolvency or bankruptcies.

Several stakeholders suggested that BRM programs should help support sustainable farming practices. In its brief to the Committee, Équiterre explains that the development of a more sustainable agricultural sector would promote its resilience and proposes the implementation of programs encouraging producers to adopt practices that promote soil health.[153] Peter Slade indicated that "over the past decade, farmers have been capturing a lot of carbon in soil" and that they should be paid for the beneficial measures they take.[154] According to Chris van den Heuvel, the role of farmers in the fight against climate change should be taken into account in BRM programs:

> With regard to recognition of what farmers and the agricultural industry do from a climate change perspective, there is a lot of information out there right now that shows that the agricultural industry is in fact a carbon sink for that. Recognition for the work that we do and have been doing in the past, such as different tillage methods, and so on and so forth, would be key.
>
> I guess payment for ecological goods and services is how we would refer to that. It's definitely one way to help mitigate our risk moving forward, so we would certainly appreciate any movement in that area.[155]

---

151 House of Commons, Standing Committee on Finance (FINA), *Creating the Conditions for Economic Growth: Tools for People, Businesses and Communities*. Report 11, 1st Session, 43rd Parliament, 7 December 2016; House of Commons, FINA, *Cultivating Competitiveness: Helping Canadians Succeed*. Report 27, 1st Session, 43rd Parliament, 10 December 2018.

152 House of Commons, AGRI, *Canada's Preferential Status Under the United States Perishable Agricultural Commodities Act (PACA)* .

153 Équiterre, *Agricultural Business Risk Management: Toward the Creation of an AgriResilience Program*, 23 July 2020.

154 House of Commons, AGRI, *Evidence*, 1st Session, 43rd Parliament, 17 June 2020, 1755 (Peter Slade).

155 House of Commons, AGRI, *Evidence*, 1st Session, 43rd Parliament, 10 March 2020, 1610 (Chris van den Heuvel).

CONCLUSION

BRM programs are at the core of government support for the Canadian agriculture and agri-food sector. This support is necessary, given how many risks agriculture and agri-food businesses face. The Committee met with many stakeholders who acknowledged the important role these programs play in their business management, while also calling for updates to be made to these programs. Because changes to cost-shared programs under the CAP require consent from both the federal government and participating provinces and territories, some changes may be more difficult to implement. However, this study revealed that simple fixes to some programs, such as AgriStability, could significantly improve both program effectiveness and producers' confidence in these programs. The study also identified substantive changes that should be made to ensure that BRM programs are adapted to the challenges of the 21st century. The Committee hopes that the upcoming 2020 annual conference of Federal, Provincial and Territorial Ministers of Agriculture will bring these awaited changes while at the same time offering flexibility to the provinces and territories in terms of their participation in the programs.

APPENDIX A
LIST OF WITNESSES

The following table lists the witnesses who appeared before the committee at its meetings related to this report. Transcripts of all public meetings related to this report are available on the committee's webpage for this study.

43rd Parliament – 1st Session

Organizations and Individuals	Date	Meeting
Department of Agriculture and Agri-Food	2020/02/27	4
Francesco Del Bianco, Director General Business Risk Management Directorate, Programs Branch		
Paul Samson, Assistant Deputy Minister Programs Branch		
Canadian Federation of Agriculture	2020/03/10	5
Chris van den Heuvel, Second Vice-President		
Scott Ross, Assistant Executive Director		
Catalyst LLP	2020/03/10	5
Candace Roberts, Manager		
Farm Management Canada	2020/03/10	5
Mathieu Lipari, Program Manager		
Keystone Agricultural Producers	2020/03/10	5
Patty Rosher, General Manager		
National Farmers Union	2020/03/10	5
Katie Ward, President		
Union des producteurs agricoles	2020/03/10	5
Martin Caron, First Vice-President		
David Tougas, Coordinator Business Economics		
Agricultural Producers Association of Saskatchewan	2020/06/12	17
Todd Lewis, President		

Organizations and Individuals	Date	Meeting
As an individual	2020/06/12	17
Alan Ker, Ontario Agricultural College Research Chair in Agricultural Risk and Policy, Professor, Department of Food, Agricultural and Resource Economics and Managing		
Grain Farmers of Ontario	2020/06/12	17
Markus Haerle, Chair		
Ontario Ministry of Agriculture, Food and Rural Affairs	2020/06/12	17
Mark Brock, Co-Chair National Program Advisory Committee		
Producteurs de grains du Québec	2020/06/12	17
Benoit Legault, Chief Executive Officer		
Agricultural Alliance of New Brunswick	2020/06/17	18
Léopold Bourgeois, President New Brunswick Agricultural Insurance Commission		
As an individual	2020/06/17	18
Peter Slade, Assistant Professor and Canadian Canola Growers Chair in Agricultural Policy, University of Saskatchewan		
Grain Growers of Canada	2020/06/17	18
Erin Gowriluk, Executive Director		
Andre Harpe, Director		
Agri-Food Management Excellence Inc.	2020/06/19	19
Larry Martin, Partner		
Canadian Canola Growers Association	2020/06/19	19
Dave Carey, Vice-President Government and Industry Relations		
Bernie McClean, Chair		
Canadian Horticultural Council	2020/06/19	19
Brian Gilroy, President		
Jan VanderHout, Vice-President		
Canadian Ornamental Horticulture Alliance	2020/06/19	19
Andy Kuyvenhoven, Past President		

Organizations and Individuals	Date	Meeting
Canadian Pork Council	2020/06/19	19
Doug Ahrens, Chair of the Business Risk Management Committee		
Rick Bergmann, Chair of the Board of Directors		
Prairie Oat Growers Association	2020/06/19	19
Jenneth Johanson, President		
Chris Rundel, Director		
As an individual	2020/06/23	20
Justin Jenner, Beef and Grain Producer		
Canadian Cattlemen's Association	2020/06/23	20
Charlie Christie, Co-Chair Domestic Agriculture Policy and Regulations Committee		
Brady Stadnicki, Manager Policy and Programs		
Les Éleveurs de porcs du Québec	2020/06/23	20
Mario Rodrigue, Acting Director General		
René Roy, Administrator		
MNP LLP	2020/06/23	20
Steve Funk, Director Ag Risk Management Resources		
Stuart Person, Senior Vice-President Agriculture		
Quebec Produce Growers Association	2020/06/23	20
Jocelyn St-Denis, Director General		
Sylvain Terrault, President		
Southern Seed Ltd.	2020/06/23	20
Jake Ayre, Farmer		
Beef Farmers of Ontario	2020/07/08	21
Rob Lipsett, President		
Richard Horne, Executive Director		

Organizations and Individuals	Date	Meeting
Canadian Young Farmers' Forum	2020/07/08	21
Julie Bissonnette, Regional Representative, Ontario-Quebec		
Paul Glenn, Past Chair		
National Cattle Feeders' Association	2020/07/08	21
Michel Daigle, Chair of the Board of Directors		
Janice Tranberg, President and Chief Executive Officer		

APPENDIX B
LIST OF BRIEFS

The following is an alphabetical list of organizations and individuals who submitted briefs to the committee related to this report. For more information, please consult the committee's webpage for this study.

43rd Parliament – 1st Session

Agri-Food Management Excellence Inc.

Beef Farmers of Ontario

Bourgeois, Léopold

Canadian Cattlemen's Association

Canadian Horticultural Council

Canadian Pork Council

Canadian Produce Marketing Association

Équiterre

HAMS Marketing Co-op Inc.

Ker, Alan

MNP LLP

National Sheep Network

Prairie Oat Growers Association

Rude, James

Union des producteurs agricoles

REQUEST FOR GOVERNMENT RESPONSE

Pursuant to Standing Order 109, the committee requests that the government table a comprehensive response to this Report.

A copy of the relevant *Minutes of Proceedings* (Meetings Nos. 4, 5, 17, 18, 19, 20, 21) from the 43rd Parliament, 1st Session and (Meetings Nos. 2, 3, 4, 5) from the 43rd Parliament, 2nd Session is tabled.

Respectfully submitted,

Pat Finnigan
Chair