

Clear Hills County Request For Decision (RFD)

Meeting:	Agricultural Service Board
Meeting Date:	December 15, 2020
Originated By:	Greg Coon, Agricultural Fieldman
Title:	Add In - Proposed Federal Changes To The AgriStability Program
File:	63-10-02

DESCRIPTION:

The Board is presented with information regarding changes to the AgriStability Program proposed by the Federal Government to the Provincial Government.

BACKGROUND:

ATTACHMENTS:

- Western Producer Article
- Govt of British Columbia AgriStability Program information
- MD of Smoky River Letter to the Provincial Ag Minister

RECOMMENDED ACTION:

RESOLUTION by that this Agricultural Service Board draft a letter to the Provincial Agricultural Minister asking the Government of Alberta to adopt the changes to the AgriStability Program proposed by the Federal Agricultural Minister.

Initials show support - Reviewed by: Manager:

AgFieldman:

Margin-based insurance program gains traction

By Karen Briere

**Published: December 10, 2020
News**

Reading Time: 3 minutes

Canada's agriculture ministers are considering whether a margin-based income protection program could replace AgriStability in 2023.

As prairie agriculture ministers look at whether their governments can pay millions more on AgriStability changes before the next five-year agreement, Manitoba's Blaine Pedersen said margin-based insurance is gaining traction.

Speaking to reporters after the recent federal-provincial-territorial ministerial meeting, Pedersen said officials are working on a program concept and are to present it at the ministers' next meeting in July 2021.

"It's an insurance premium on income, very generally," Pedersen said when asked how it would work.

Producers could buy insurance to top up possible income shortfalls based on their budgets. How producers and governments would share the premium is yet to be determined.

But Pedersen said a key feature of the concept is that individuals insure themselves based on their own operations.

"The challenge with AgriStability right now is it's supposed to work for the blueberry farmer in New Brunswick, for the cow-calf operator in (Manitoba's) Interlake, for the canola producer in Saskatchewan," he said. "The operations are so different and yet we're trying to make one commodity-based program fit for all of these different commodities."

Pedersen said a new program is worth a look if it can be bankable, timely and affordable, which most say AgriStability is not.

Alberta minister Devin Dreeshen was also bullish on a new program.

"We want to get all our ducks in a row for this new margin-based insurance program, that would be actuarially sound, to get it in front of Ottawa and other provinces by this summer and then hopefully get a (federal-provincial-territorial government) signoff by 2022," he said in an interview.

Dreeshen said it would be a better use of time to develop a replacement that's ready to go for 2023 rather than tinker with the program as it is now.

Prairie ministers are under pressure after federal minister Marie-Claude Bibeau dropped a late proposal on them as their meeting wrapped up Nov. 27. She said Ottawa was willing to remove the reference margin limit from AgriStability and change the compensation level from 70 percent to 80 percent but the cost-share would remain 60 percent federal, 40 percent provincial.

Farm organizations had asked for these adjustments, but wanted the compensation level to go to 85 percent.

Officials are still crunching numbers on that proposal but Dreeshen said it will cost at least \$15 million per year in his province, where budget deficits are ballooning.

"Provinces committed to going to treasury board as soon as they could," he said. "But again it's something that we in Alberta believe that, even if you did make these changes, the two-year delay makes it 2023, which if we were to put our heads together and make a new program, would be in place at same time."

Pedersen said Manitoba spends about \$19 million per year on AgriStability and is looking at a \$15 million annual hit to accommodate the proposed changes.

Saskatchewan's minister, David Marit, has said just removing the reference margin limit would cost about \$20 million per year.

None of the prairie provinces has fiscal capacity to pay these costs, the ministers have suggested, but are under pressure because Ottawa has said if they don't kick in then farmers won't get the federal portion.

The ministers are also concerned that their projections will be off because participation rates might go up if farmers like the changes.

All three ministers said they are frustrated that the proposal came so late in the meeting.

"The timelines were just always set up to fail," said Dreeshen. "That, I think, was frustrating for a lot of farmers and farm groups as well as provincial governments."

Pedersen said the changes don't address the key challenges of AgriStability, such as timeliness. He said producers who experience a shortfall in 2021 can't apply until 2022 and won't see money until 2023. By then, a new Canadian Agricultural Partnership would be in place.

Meanwhile, Pedersen said he is also concerned about comments from Bibeau to the ministers as the meeting wrapped up.

He said she suggested changes are needed in the new CAP “to lessen support for AgriInvest and AgriInsurance because, and I’ll quote her, ‘payments are going to rich farms only,’ ” he said. “This is a concern.”

Pedersen said this seems to indicate that Ottawa wants to claw back money.

He said commodity organizations that are in favour of the AgriStability changes should consider that if they keep the program in the next agreement they may lose support in other areas.



2019-2020 British Columbia AgriStability Enhancement Program

The British Columbia government has established the **2019 and 2020 B.C. AgriStability Enhancement Program** which will help agricultural producers manage 2019 and 2020 income losses.

2020 Enrolment Deadline Extension

In an effort to help farmers manage the impact of current market disruptions and production challenges the Federal-Provincial-Territorial (FPT) governments have agreed to extend the 2020 AgriStability enrolment deadline.

What do the changes for 2020 include?

- The enrolment deadline for 2020 has been extended from April 30th, 2020 to July 3rd, 2020
- Enrolment fees can be paid without a penalty until July 3rd, 2020; whether you are new, already participating or have previously opted out
- If you choose to opt out for the 2020 AgriStability Program year, you now have up to July 3rd, 2020 to sign back up

The B.C. government is offering greater coverage to farmers who have lost income due to weather, trade challenges or natural disaster. The Program includes:

- Increasing the compensation rate, for all farms, from 70% to 80% on income margin losses greater than 30%. In other words, B.C. will be adding 14.3% to every AgriStability payment.
 - An AgriStability payment is triggered when a producer's current margin (allowable income less allowable expenses) drops more than 30% below their average historical margin (referred to as Reference Margin)
- Eliminating the Reference Margin Limit (RML) which reduced compensation for some farms.
 - Farms which have wide margins due to low eligible expenses will no longer have their compensation reduced due to the RML.

Application Process

If you are already participating in AgriStability for 2019 or 2020 or both and have suffered an income loss, you will automatically receive the increased protection that this BC program provides. There are no additional enrolment requirements other than you must be enrolled in AgriStability.

- New AgriStability participants can still enrol for 2020. **The enrolment deadline has been extended from April 30, 2020 to July 3, 2020 for the 2020 program year.**



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December 9th, 2020

Ministry of Agriculture and Forestry
229 Legislature Building
10800 – 97 Ave
Edmonton, AB
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RE: Changes to AgriStability

Honourable Minister Devin Dreesen,

The Federal, Provincial and Territorial Ministers of Agriculture met virtually recently and discussed the future of the Business Risk Management (BRM) programs. AgriStability, and some changes proposed by Minister Bibeau (as reported in a *Western Producer* article on November 27th, 2020) were of particular interest to the M.D. of Smoky River Council.

In our opinion the proposed changes to AgriStability, particularly increasing the compensation rate, for all farms, from 70% to 80% and eliminating the reference margin limit (RML) would significantly improve the program. Having these changes in effect for 2020 could mean the difference between survival, and decimation on some farms this year.

M.D. of Smoky River Council urges the Government of Alberta to follow the province of British Columbia's lead in adopting these changes.

Respectfully,

Robert Brochu, Chair
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Cc: Honourable Tracy Allard, Minister of Municipal Affairs, MLA Grande Prairie
Honourable Travis Toews, Minister of Finance, MLA Grande Prairie-Wapiti
Todd Loewen, MLA Central Peace-Notley
Dan Williams, MLA Peace River
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