RESOLUTION E3-20
AGRIINVEST AND AGRISTABILITY CHANGES

WHEREAS: Business Risk Management Programs such as AgriInvest are administered federally by Agriculture and Agri-Food Canada;

WHEREAS: AgriInvest lowered the percentage of allowable net sales and does not keep up with the rising cost of farms production;

WHEREAS: Business Risk Management Programs such as AgriStability are administered through Agriculture Financial Services Corporation in Alberta;

WHEREAS: AgriStability recently lowered the reference margin and added reference margin limits;

WHEREAS: The purpose of AgriStability is to provide support for a large margin decline and the purpose of AgriInvest is to help manage small income declines;

THEREFORE BE IT RESOLVED
THAT ALBERTA’S AGRICULTURAL SERVICE BOARDS REQUEST
that Agriculture and Agri-Food Canada, Alberta Agriculture and Forestry, and Agriculture Financial Services Corporation (AFSC) work collaboratively to adjust AgriStability to increase covered losses starting at 85 per cent of reference margins and for the removal of Reference Margin Limits.

FURTHER THEREFORE BE IT RESOLVED
THAT ALBERTA’S AGRICULTURAL SERVICE BOARDS REQUEST
that Agriculture and Agri-Food Canada, Alberta Agriculture and Forestry and Canada Revenue Agency adjust AgriInvest to move the Allowable Net Sales under AgriInvest to 3 percent with maximum Allowable Net Sales of $500,000.00.

SPONSORED BY: County of Northern Lights

MOVED BY: Terry Ungarian, County of Northern Lights

SECONDED BY: Simon Lavoie, Northern Sunrise County

CARRIED: 89%

DEFEATED: 

STATUS: Provincial
Agriculture and Agri-Food Canada
Alberta Agriculture and Forestry
Canada Revenue Agency

DEPARTMENT: Agriculture Financial Services Corporation
EMERGENT RESOLUTION STATUS: the County of Northern Lights opines that this resolution is Emergent due to the new information that has surfaced since our Regional meetings regarding the Federal and Provincial Ministers currently discussing a review of the Agricultural BRMP and it is imperative that our producers voices are heard, it is our duty as ASB’s.

Also, at the time of Regional Resolution Conference 60% of crops were still left unharvested and we were told to wait and see what the numbers from AFSC looked like and if the adjustments would help. To our knowledge these adjustments will not be made in time for this year and a review of these programs will be conducted in 2020. We are requesting these changes be adopted to ease future disasters and better programs for all producers across Canada.

BACKGROUND

AgriStability provides support when you experience a large margin decline. You may be able to receive an AgriStability payment when your current year program margin falls below 70% of your reference margin.

AgriInvest is a self-managed producer-government savings account designed to help you manage small income declines and make investments to manage risk and improve market income. Each year, you can deposit up to 100% of your Allowable Net Sales to your AgriInvest account and receive a matching government contribution on 1% of your Allowable Net Sales.

AgriInvest Program History:

- Growing Forward (2008-2012) - Max deposit of $22,500 or 1.5% of Allowable Net Sales (ANS) to a maximum ANS of $1,500,000
- Growing Forward 2 (2013-2017) - Max deposit of $15,000 or 1.0% of Allowable Net Sales (ANS) to a maximum ANS of $1,500,000
- Canadian Agriculture Partnership (2018-2022) - Max deposit of $10,000 or 1.0% of Allowable Net Sales (ANS) to a maximum ANS of $1,000,000
- Resolutions Ask would equate to a Max deposit of $15,000 or 3.0% of Allowable Net Sales (ANS) to a maximum ANS of $500,000. This ask would help all farmers, but greatly improve contributions acquired by farms smaller than 5,000 acres.

AgriStability: https://www5.agr.gc.ca/eng/?id=1291990433266
AgriInvest: https://www5.agr.gc.ca/eng/programs-and-services/agriinvest/?id=1291828779399

AgriStability under review as feds, provinces make minor tweaks to program

By D.C. Fraser
Published: December 17, 2019

OTTAWA – Minor changes are coming to AgriStability following a meeting of Federal Agriculture Minister Marie-Claude Bibeau and her provincial counterparts.

Major changes will have to wait. A full review of federal Business Risk Management (BRM) will be completed in April, with the findings discussed when the federal, provincial and territorial ministers meet again in July.

The one-day meeting in Ottawa on Dec. 17 resulted in a decision by the ministers to change the way private insurance is treated under the AgriStability program for the 2020 year.
Private insurance will be able to complement AgriStability, being used as a “top up” according to Bibeau, if producers choose to use it. The federal government will also pilot a project that will use tax return information for those applying to AgStability in hopes it will make it easier to apply to the program, which has long described as complicated by producers.

Bibeau didn’t entirely reject the idea of changing reference price margins under AgriStability, saying she wants to first see a review of all the BRM. Farm groups are calling for the margins to be returned to 85 per cent from the current 70 per cent.

“Changing the limit to AgriStability would impact both the federal and provincial and territorial governments. And we thought that it would be more appropriate to start by doing a review of the programs and making sure that when we’re ready to put more money on the table, we would do it towards the right program,” she said.

The cost of increasing the limit back to 85 percent is estimated to be around $300 million.

Currently, around $1.5 billion each year is dedicated to BRM programs, with AgriStability and Agrilnvest being the core ones available to producers needing help covering losses due to revenue declines or falling prices.

Bibeau said agriculture ministers want to move fast on addressing the issue and raising the reference price margin is “always an option, but we were not ready at this stage to go forward with such a significant increase.”

For now, provinces and federal officials will evaluate the impact of changes to the reference margin limit and changes to eligible expenses under AgriStability.

Agriculture ministers from prairie provinces also had a chance to discuss the issue of carbon pricing with Bibeau. There are continuous complaints from producers and prairie governments that the cost of carbon is having a significant and costly impact on farmers drying their crop this year.

“I asked them to provide data, and help me gather more information on the situation, if I want to evaluate properly the impact on the sector,” she said, adding later that, “We recognize that the agriculture sector may face other types of challenges.”

Bibeau said she is open to evaluating getting more carbon pricing relief from producers, but reiterated that she needs more data in order to make a strong case to her colleagues at the federal cabinet table.

Already the federal government has announced it will be reviewing the impact of carbon pricing on the agriculture sector early in 2020.

The ministers also discussed trade challenges facing the agriculture industry and the African swine flu.

Alberta farmers urge government to change farm support programs
By Jeremy Simes
Published: November 21, 2019

Alberta Agriculture Minister Devin Dreeshen tells delegates at the Rural Municipalities of Alberta convention on Nov. 15 that the province will be pushing the federal government to immediately change business risk management programs. | Jeremy Simes photo

Municipal leaders and farming organizations in Alberta are urging the provincial and federal governments to take action on business risk management programs after facing what many describe as a harvest from hell.

A group called Team Alberta, which represents the province’s major crop commissions, said in a news release that programs are ill-equipped to mitigate the challenges of harvest this year.

As well, it said, trade disruptions and the looming federal carbon tax are compounding the problem.

“Farmers are facing the perfect storm of devastating harvest conditions, trade uncertainty and a lack of support through programs that should be mitigating these challenges,” said Dave Bishop, chair of the Alberta Barley Commission, in the release.

The province’s latest crop report, which captured conditions as of Nov. 12, said recent snowfall largely halted harvest.

 Alberta’s Peace Region has been hampered most, with only 65 percent of all crops combined. The rest of the province has harvested 87 to 97 percent of crops.

The value of unharvested acres is pegged at $778 million, Team Alberta said.

Urgency to help producers was echoed during the Rural Municipalities of Alberta convention in Edmonton on Nov. 15.

County reeves and councillors asked the province if any new programs are in the works to address the awful harvest.

“People are hurting,” said Brent Reese, a councillor with the County of Northern Lights, speaking to the panel of ministers.

“This year has been disastrous for agricultural producers and our county has declared a state of agricultural disaster, along with many others in our region,” he said.

In response to concerns, Agriculture Minister Devin Dreeshen said the province is going to push the federal government to make immediate changes to programming, noting it goes up for renewal in two years.

As well, he’s also seeing if there are ways efficiencies can be made at Agriculture Financial Services Corp. so producers could see payments sooner.

“Lots of the farm groups say it’s been a harvest from hell, but as farmers, we’ve been through hell before and we want to make sure we’re there as a government to provide support programs that work at the end of the day,” he said.

He said AFSC has estimated it will have to pay out $700 million this year because of the bad harvest.
With business risk programming, Team Alberta is asking for immediate adjustments to AgriStability.

It wants the program to increase covered losses starting at 85 percent of reference margins and for the removal of the reference margin limits in time for the 2020 harvest.

As well, Team Alberta is pressing the federal government to exempt farmers from paying the carbon tax on fuel used for farming, which includes fuel used to operate grain dryers and irrigation.

“Many of those in the worst hit areas won’t be able to get their crop off until the spring, which could push this year’s delays well into next year’s growing season,” said John Guelly, chair of the Alberta Canola Producers Commission, in the news release.

“Aggressive action from our governments on trade, business risk management programs and the carbon tax is a must,” he said.

AFSC has said it is ready to help producers.

In a news release, it said eligible clients can take advantage of a post-harvest advance or a preliminary payment. It would allow them to receive a portion of their estimated claim as an early payment within days of submitting their harvested production report.

As well, it said it will consider deferring loan payments on a case-by-case basis for farmers facing financial strain.

It will extend production insurance coverage to unharvested crops until the crop can be combined in the spring or managed by other means, it added.


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**Fraser: Bibeau buying time, BRM not a federal priority**

*Posted Dec. 20th, 2019 by [D.C. Fraser](mailto:D.C. Fraser)*

The federal government is buying time when it comes to making drastic improvements to AgriStability and other business risk management (BRM) programs.

Federal Agriculture Minister Marie-Claude Bibeau recently announced minor, cost-free tweaks to AgriStability, during the same week the public was given an updated look at Canada’s fiscal situation.

That update shows the Liberal government’s expected budgetary deficit has continued to grow. It is now billions of dollars more than what was expected when the budget was released in March — and the figures provided don’t account for the billions more in spending promised by the Liberals in the 2019 election.

The Liberals pledged to improve BRM programs during the campaign, and since her reappointment to cabinet, Bibeau has made a point of stating publicly — more than once — that she wants to improve Agristability.

That is why, rather than making changes now, Bibeau announced — alongside her provincial counterparts — a full review of BRM programs will be completed by April, then addressed when the country’s agriculture ministers meet again in July.
This suggests there won’t be a significant increase in funding in the budget when released (typically, this happens in March).

Bibeau knows BRM improvements are going to cost money (especially if there is to be a return to the long-called for 85 per cent reference price margin), telling reporters this week it was appropriate to do a review, to make sure, “that when we’re ready to put more money on the table, we would do it towards the right program.”

Her words combined with the overarching federal fiscal picture suggest the federal government isn’t ready to put more money on the table right now. Time will tell if it will be ready in July.

Farm groups are right to raise concern about significant improvements being ready for the 2020 season. They also have the right to be frustrated by slow or inadequate action.

Reviewing BRM programs before making changes is a necessary step, sure, but it’s not as if the problems with AgriStability are a mystery. The Liberals – in their own recent reports – have noted some of the issues.

They are aware that despite the number and value of AgriStability payments going down, the administrative cost of the program has stayed flat since 2013, when the program last experienced a major overhaul.

(Administrative costs as a percentage of the payments to producers increased from 15 per cent in 2010-11 to 21 per cent in 2014-15, for example).

They know – again, because it’s in a publicly available report — to address this issue, a major change in the program’s design is needed.

The Liberals are aware participation rates in AgriStability have consistently declined – something the minor tweaks looked to address but won’t, according to groups such as Grain Growers of Canada.

And of course they know about the longstanding ask for the reference price margin to increase and complaints of the program being cumbersome and complicated.

But improving upon all of that costs money. And while the Liberals have demonstrated a clear desire to spend, they clearly have not made improving BRM programs a priority.

If it was, Bibeau wouldn’t be buying time the way she is now.

— D.C. Fraser writes for Glacier FarmMedia from Ottawa.

Tagged AgriStability, Bibeau, BRM, budget, federal, funding, ministers, programs, reference margin, review, update