

RESOLUTION E1-20
REVIEW OF BUSINESS RISK MANAGEMENT PROGRAMS

WHEREAS: Current Business Risk Management Programs do not currently reflect the rising cost of agriculture;

WHEREAS: Western Canadian agricultural producers are in dire straits following this past year's cropping issues and marketing issues, both of which are from forces beyond their control;

WHEREAS: The current suite of programs available to farmers are insufficient to address the crisis facing many agricultural producers; either new programs need to be developed or increased competition in existing programs needs to occur;

THEREFORE BE IT RESOLVED

THAT ALBERTA'S AGRICULTURAL SERVICE BOARDS REQUEST

that Agriculture and Agri-Food Canada immediately begin a review of all Business Risk Management Programs involving all stakeholders, including producers, to explore potential new programs or amendments to current programs.

FURTHER THEREFORE BE IT RESOLVED

THAT ALBERTA'S AGRICULTURAL SERVICE BOARDS REQUEST

that Agriculture and Agri-Food Canada look to increase competition by allowing private industry access to cost shared subsidies through programs like AgriInsurance to prevent certain companies from having a monopoly on government subsidies.

SPONSORED BY: County of Northern Lights

MOVED BY: Terry Ungarian, County of Northern Lights

SECONDED BY: Bob Marshall, County of Grande Prairie

CARRIED: 80%

DEFEATED: _____

STATUS: Provincial

Agriculture and Agri-Food Canada, Alberta

Agriculture and Forestry

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.

We further believe that Canada lags behind the world in farm support programs and this request urgently needs to ahead of the 2020 review, a resolution coming forward in January 2021 will be too late.

BACKGROUND

AgrilInsurance is a federal-provincial-producer cost-shared program that stabilizes a producer's income by minimizing the economic effects of primarily production losses caused by severe but uncontrollable natural hazards. Some examples of possible eligible perils are drought, flood, wind, frost, excessive rain, heat, snow, uncontrolled disease, insect infestations and wildlife. Producers get a payment when they experience a production loss during the year. We contribute a portion of total premiums and administrative costs to this provincially delivered program.

Each province currently has either a Crown Corporation or a branch of the provincial agriculture department responsible for administering the AgrilInsurance program. The federal government's role is to provide program oversight by ensuring that the obligations under *Farm Income Protection Act*, the *Canada Production Insurance Regulations* and the Federal-Provincial-Territorial Framework Agreement (currently the *Canadian Agricultural Partnership*) are respected.

<https://www5.agr.gc.ca/eng/programs-and-services/agriinsurance-program/?id=1284665357886>

New world ag order forces feds' hand on farm support

Reading Time: 2 minutes

Published: December 6, 2019

Federal Agriculture Minister Marie-Claude Bibeau must consider the changing agricultural landscape when her ministry reviews business risk management programs, as she promised to do during the election campaign.

The agricultural world order is moving from a market-oriented, supply and demand function in search of an equilibrium to a politically directed landscape that is teeming with subsidies and policies aimed at protecting domestic markets and extracting political retribution.

So the massive agricultural subsidies in the European Union, and to a lesser degree in the United States, means Canadian producers face a playing field that is permanently tilted.

A recent New York Times expose of the European Union's agricultural support program and the corruption it foments is a devastating indictment of EU policies. Agricultural supports, which comprise about 40 percent of the EU's budget, provide payouts of about \$65 billion per year.

The Times story shows that supports are so lucrative in the EU that officials in some countries — particularly in central and eastern Europe where governments owned large tracts of land — use access to farmland as payoffs to supporters. In some cases, owning farmland pays more in subsidies than actually farming it.

In the U.S., where farm subsidies are expected to top US\$22 billion this year, nearly one-third of projected U.S. net farm income in 2019 will come from government aid and taxpayer-subsidized insurance payments, Reuters reports.

The U.S. Department of Agriculture says that without those payments, U.S. net farm income this year would have dropped by nearly eight percent.

The level of Canada's farm subsidies are debated, since the Organization of Economic Development considers the supply management system subsidized through consumer spending. The Canadian Agricultural Partnership, negotiated in 2018, is shared in a 60-40 split between the federal government and the provinces. The program will cost about \$3 billion over five years, though there are also many other government subsidies.

Still, the OECD estimates that government support of agriculture in Canada represents about of 8.3 percent of gross farm receipts. The EU subsidizes as much as 19.22 percent of gross farm receipts and U.S. subsidies equal about 12.2 percent.

When it comes to support of farmers, Canada is out of touch with the big players. Canada needs to embrace the new reality when it comes to structuring its business risk management programs.

Producers are not asking for handouts. They seek the opportunity to buy into programs as insurance to help mitigate the risk of operating in an increasingly unstable world market that is no longer simply about supply and demand, but one that is skewed by geo-politics.

There is a solid argument for encouraging agricultural sector supports, not the least of which is that farmers could sell their land, cash in, and make more money investing elsewhere without buying and maintaining expensive equipment. Business risk management programs help ensure there is an affordable and stable food supply in the face of unpredictable crop markets and increasingly unstable weather patterns.

Tinkering with those programs is not enough, especially if the federal government wants to encourage farmers to take more risks by investing in land and equipment necessary to meet the objectives of \$140 billion in domestic sales by 2025, up from \$110 billion in 2017, and \$85 billion in exports by 2025, up from \$64.6 billion in 2017.

As a major exporter of agri-foods, Canada must not let support of the agricultural industry lag while major competitors become more aggressive.

<https://www.producer.com/2019/12/new-world-ag-order-forces-feds-hand-on-farm-support/>