

## Domestic Agriculture and Regulations Committee

The Domestic Agriculture Policy and Regulations Committee deals with non-trade related regulatory issues, such as general government policy, safety nets and transportation regulations. It also makes representation to the government and works with other committees or groups on issues of mutual interest.

Over the past year with the emergence of the COVID-19 pandemic, the Domestic Ag committee has been focused on a number of important fronts in domestic agriculture policy in 2020. This includes lobbying for a Set-Aside programming through AgriRecovery to help manage reduced processing capacity and the subsequent backlog of cattle. Another priority has been working with western provinces to limit volatility under the WLPIP and expanding price insurance beyond western Canada, along with increasing support to provincial risk management programs. Finally, the committee spent considerable time analyzing the AgriStability program and lobbying federal and provincial governments to make improvements to the program.



### COVID-19 – Set-Aside Programs under AgriRecovery

At the onset of the COVID-19 pandemic, CCA lobbied for recommending the immediate reinstatement of a Set-Aside program that was implemented during the BSE era to address the challenges with beef processing capacity being created by COVID-19. On May 5, Minister of Agriculture and Agri-Food Marie-Claude Bibeau announced \$50 million in funding for a Set-Aside program through AgriRecovery, of which the Federal Government covers 60 per cent of costs and the provinces have the option to fund the remaining 40 per cent. Alberta, Saskatchewan, Ontario and Manitoba have implemented an AgriRecovery initiative in 2020.

On May 7, Alberta earmarked \$17.3 million under their AgriRecovery program, which had two components. First, the Fed Cattle Feed Assistance, a retroactive payment for cattle set aside from May 1 to June 30 and second, a bid Set-Aside process for cattle set aside starting June 29, 2020. On May 14, Saskatchewan announced up to \$5 million in additional funding under AgriRecovery for a bid Set-Aside program to help Saskatchewan livestock producers manage the impacts of COVID-19 related market disruptions.

On June 17, Ontario announced \$5 million in support for the creation of a beef cattle Set-Aside program for Ontario under AgriRecovery. With the COVID-19 related temporary shutdown of the Cargill plant in Guelph, Ontario implemented the Set-Aside program on December 21. On October 15, Manitoba and the federal government announced the Canada-Manitoba Finished Cattle Feed Assistance Program, which offered up to \$2.5 million for cattle producers impacted this spring and summer by closed processors and back-logged feedlots. This program utilized federally funding but was administered by the Manitoba government.

### Price Insurance and Ontario's Risk Management Program

CCA and its members have recognized the value of the livestock price insurance program as a risk management tool to cattle producers since its inception in 2009. CCA has supported price insurance going national and being available to all cattle producers across Canada. That started with the move to the Western Livestock Price Insurance Program (WLPIP) in 2012.

In early March when COVID-19 started to impact North America, extreme market volatility caused WLPIP premiums to increase significantly by about five times of the typical premium cost while insured indexes for calves also periodically dropped under \$2.00 per head. As a result, CCA spent considerable time working with AFSC, AAFC and western provinces on solutions to reduce premium costs in order for producers to utilize the program when they need it most. While there wasn't overarching program support announced, the Government of Saskatchewan did invest \$5 million to partially offset higher premium costs under the WLPIP and the Saskatchewan Cattlemen's Association (SCA) also contributed up to \$1 million. The Saskatchewan government covered 40 per cent of the increased premium costs, dating back to February 25, 2020, and the SCA

contribution offset an additional eight per cent of the COVID-19 impact on premiums. These premium rebates were scheduled to expire on December 31, 2020.

On May 14, an announcement was made to extend the deadline for obtaining calf price insurance across all WLPIP participating provinces from May 28, 2020 to June 18, 2020. Premium costs throughout the program did improve in the latter weeks of calf-contract availability which did help increase program uptake. CCA will continue to work with governments on improving the price insurance program design to ensure it can better handle the market volatility caused by events such as a global pandemic. CCA also remains vigilant in lobbying for price insurance to become a permanent program that is not dependent on renewal under each agriculture policy framework.



Considerable work continues on expanding the program beyond western Canada. A lack of risk management tools available in the maritime region, increases the price risk and limits the options for young producers in accessing financial support. Price Insurance, providing a floor price for a premium, would address some of the current challenges.

At CCA's 2019 semi-annual meeting, the Domestic Ag Committee passed a resolution that would support the development of a 5-year pilot of an Eastern Settlement Index that would be delivered in the Maritime provinces. The Eastern Settlement Index would consist of data from Ontario, Quebec and the Maritimes. CCA has advocated that administrative costs for the Eastern Settlement Index should be supported by governments and have the WLPIP federal backstop extended to include the eastern index.

In mid-June, the Beef Cattle Research Council approved funding for the Eastern Price Insurance project being completed by Kaastra Capital Corp. The project has two phases. The first phase will assess data availability for developing feeder and calf price indices utilizing data from Ontario and Quebec. The second phase will develop the feeder and price indices and complete a historical analysis. The goal of this project is to have everything in place for an administrator to take over in the spring of 2021. This will require the support of the Maritime provinces to proceed and be committed to delivering Eastern Price Insurance. CCA and Maritime provinces are continuing to work in parallel on those policy efforts.

The Government of Ontario also announced on July 16 that they would provide an additional \$50 million investment into the Ontario Risk Management Program (RMP). This has been welcomed news for Ontario beef producers who have been negatively impacted by processing capacity shortages along with volatility caused by COVID-19.

### Business Risk Management Review and AgriStability Reform

COVID-19 has presented significant challenges to Canadian cattle producers such as temporary processing plant shutdowns and extreme market volatility. As the year unfolded, mother nature has also created challenges for many producers ranging from significant flooding in some regions to drought like conditions in others. It is abundantly clear that access to well designed and sufficiently funded business risk management (BRM) tools has never been more critical for cattle producers and the Canadian food system.

Since 2018, federal and provincial governments have been conducting a comprehensive review of BRM programs. CCA has continued to advocate for enhancements to the AgriStability program, including the removal of the reference margin limit (RML), increasing the \$3 million payment cap, increasing the trigger to 85 per cent of the reference margin and increasing the program's compensation rate. Some of these enhancements have been enacted in individual provinces for the current program year including British Columbia and Prince Edward Island, but other provinces have not yet moved on program changes.

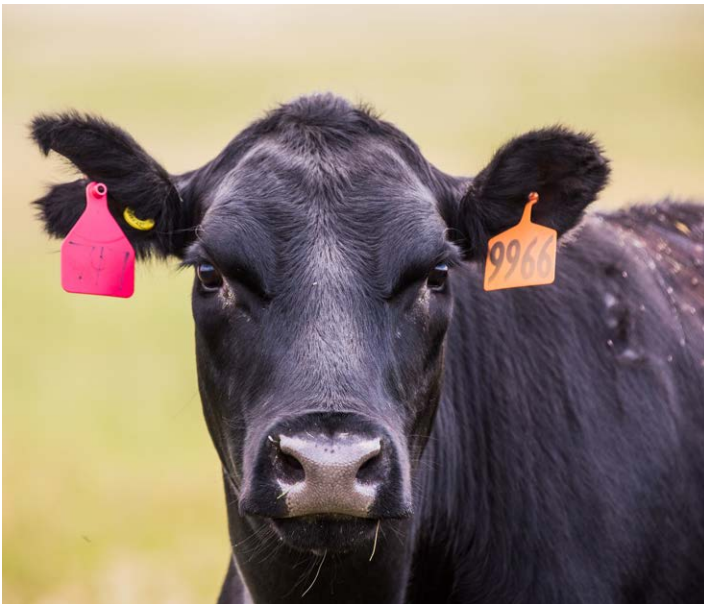
In order to bring more tangible evidence to federal and provincial governments that demonstrate why these program changes are needed, CCA partnered with the Alberta Cattle Feeders' Association, Beef Farmers of Ontario and Maritime Beef Council to develop a number of AgriStability models on western and eastern Canadian operations with Myers Norris Penny to show the impact of reference margin limiting, trigger percentages and payment caps.

The models clearly demonstrated that the RML unfairly limits many cow-calf producers reference margin under the program. These farms require a much deeper, if not devastating, drop in production before the program provides support. As a result, equity, predictability and fairness would be improved for the cow-calf sector if the RML is removed.

For larger feedlots, AgriStability payments cap out at \$3 million very quickly, leaving a feedlot of this size exposed to potential losses in the tens of millions of dollars when facing depressed markets as experienced during COVID-19. The current \$3 million cap on AgriStability payments has not changed in approximately 15 years. Yet, there has been a 47 per cent increase in the consumer price index, a 50 per cent increase in the average annual price for finished cattle, and a 70 per cent increase in feedlot input costs. The restoration of the payment trigger to 85 per cent of the reference margin or an increase to the compensation rate would also make the program more responsive to significant drops in farm margin and better support the viability of both cow calf operations and feedlots.

CCA had the opportunity to testify before the House of Commons Standing Committee on Agriculture and Agri-Food in June where Domestic Ag Co-Chairs Charlie Christie and Rob Lipsett presented key recommendations on BRM programs that will improve equity and effectiveness for beef cattle producers. The Agriculture Committee's released their BRM report in November and CCA was pleased to see a number of its recommendations on AgriStability, price insurance, Advance Payments Program and Livestock Tax Deferral adopted by the Committee.

Federal, Provincial and Territorial Ministers of Agriculture had their annual meeting at the end of November. As the meeting concluded, Federal Minister Marie-Claude Bibeau announced that the Government of Canada is prepared to make enhancements to the AgriStability program. In particular, the proposal tabled by Minister Bibeau to provinces and territories included the removal of the Reference Margin Limit (RML) and an increase to the compensation rate from 70 per cent to 80 per cent. Both are intended to apply retroactively to the 2020 program year.



The Minister also mentioned that the federal government is prepared to consider other program enhancement options.

Minister Bibeau acknowledged there was not national consensus among Ministers to agree upon and implement the AgriStability proposal as the provinces needed additional time to reflect and respond. While the proposal did not include everything CCA lobbied for, CCA supports the proposed enhancements and believes they will significantly improve the program for cattle producers. CCA will continue to engage with federal and provincial governments alongside our provincial members to seek national agreement on the AgriStability proposal.

### Agriculture Labour

Labour shortages at the farm level and in beef processing have significantly limited the growth opportunities and overall competitiveness of Canadian beef producers. A recent report from the Canadian Agricultural Human Resource Council (CAHRC) indicates the Canadian beef cattle sector reported \$334 million in lost sales due to unfilled vacancies on farms, ranches and feedlots. According to the CAHRC report, which examines workforce issues in the agricultural sector to 2029, current chronic workplace shortages in the beef sector compounded by high rates of retirement will result in beef producers experiencing the second largest decline in labour supply within agriculture over the forecast period.

CCA continues to work collaboratively with agriculture and food industry stakeholders on a number of fronts to increase the skills and labour supply of workers in agriculture and food processing.

On May 15 the Government of Canada launched its Agri-Food Immigration Pilot. This pilot is intended to provide pathways to permanent residency for workers employed in primary beef production today. CCA is hopeful that the Agri-Food Immigration Pilot program will help put the industry on the path to resolving the labour gap by helping to ensure we have more workers in beef processing plants and at the farm level, along with providing workers with the opportunity for a pathway to permanent residency. The pilot will include spots for 2,750 full time, non- agriculture and agri-food workers annually.

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**Committee Members:** Charlie Christie, **Co-Chair**, Rob Lipsett, **Co-Chair**, Ryan Scorgie, Jodi Flaig, Stuart Somerville, Pat Hayes, Lynn Grant, Tyler Fulton, Jack Chaffe, Nathan Phinney, John MacDonald, Philippe Alain, Rick Wright, **LMAC**, Carley Henniger, **YCC ex-officio**, Martin Clausen, **YCC ex-officio**. **CCA Staff:** Brady Stadnicki

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