

Ontario Ministry of Agriculture, Food and Rural Affairs

Federal/Provincial/Territorial Business Risk Management (BRM) Program Discussion

August 2021

Purpose

- To provide an overview of the Federal-Provincial-Territorial (FPT) discussions on the development of Next Policy Framework (NPF) Business Risk Management (BRM) programs
- Present changes to date on AgriStability
- Outline COVID-19 related responses and activities within the BRM suite.
- Outline dry weather responses and activities within the BRM suite

Context

- In December 2019, Ministers asked officials to develop options to augment or replace the existing suite of BRM programs
- Ministers recognized that the risks facing producers have changed, and that current programs may need to evolve to meet their needs
- Ministers asked officials to develop options to make the programs more effective, agile, timely, and equitable for producers
- Through the national BRM Working Group, officials have been exploring potential alternatives for future BRM programs
- To date, two approaches have been prioritized for further analysis and discussion
 - **Individual Margin-based Approach:** Re-engineering AgriStability, including margin calculations and its service model, to be more equitable, timely, and transparent
 - **Insurance-based Approach:** Replacing AgriStability with a whole-farm revenue or margin insurance product based on AgrilInsurance predictability and timeliness strengths

Individualized Margin Reform

Individual Margin-based Approach: would re-engineer AgriStability, including margin calculations and its service model, to be more equitable, timely, and transparent

This shift would consist of two main elements:

- Margin and Trigger Calculations:
 - Revising how a producer's margin is calculated could improve equity and ensure farms with similar rates of income declines trigger similar AgriStability payments
- Client Service:
 - Changing program deadlines, using non-tax data for processing, and reviewing outreach approaches could make the program more transparent and timely

Insurance-based Approach

Insurance-based Approach: Replacing AgriStability with a whole-farm revenue or margin insurance product based on AgriInsurance predictability and timeliness strengths

- Several jurisdictions have expressed an interest in exploring the feasibility of transforming AgriStability margin based programming into a more predictable and easy to understand program like AgriInsurance
- At this time, the design explored mitigates volatility from the expected prices, costs, etc.
- Cost shares, coverage levels are significant details that would require assessment
- The Prairie provinces are also working with contractors to assess design elements of an insurance program with historical benchmarks
- Different perils (forward looking vs historical benchmark) would result in different program responses

AgriStability Changes

- In November 2020, the federal minister proposed changes to AgriStability to all provinces. They were to:
 - Remove the Reference Margin Limit.
 - Increase the compensation rate from 70 to 80 per cent.
- On March 25th, 2021 Federal-Provincial-Territorial Ministers met and agreed on removing the Reference Margin Limit as short-term improvement to AgriStability, starting with the 2020 program year.
 - The federal government had also proposed increasing the compensation rate to 80%.
- On June 25, 2021, Ontario announced the province would move ahead with providing the provincial portion of the compensation rate increase, retroactive to the 2020 growing season.
- Changes are in effect as of 2020, through to end of CAP (2020, 2021, 2022 program years).

COVID-19 BRM Program Responses

Program	Action(s)	Status
AgriStability	<ul style="list-style-type: none"> - Extended 2020 & 2021 program deadlines - Increased 2020 interim payment rate - Short-term improvements (removed RML & increased provincial compensation rate) 	<ul style="list-style-type: none"> - Completed - Completed - Completed
AgriInsurance	<ul style="list-style-type: none"> - Added coverage for on-farm labour disruptions caused by COVID-19 for 2020. This has also been extended for 2021. - 2020 Deadlines to enroll and pay premiums (due in May) extended and 2021 enrolment date also extended 	<ul style="list-style-type: none"> - Completed - Completed
AgriRecovery	<ul style="list-style-type: none"> - Hog and cattle initiatives to manage surplus animals and the increased cost of feeding due to COVID-19 related processing delays. - Authorities extended into 2021-22 should disruptions occur 	<ul style="list-style-type: none"> - Completed (hogs) - In progress (cattle) clean up of 20-21 programming
RMP/SDRM	<ul style="list-style-type: none"> - Additional \$50 million in funding per year starting in 2020. 	<ul style="list-style-type: none"> - Implemented for 2020, 2021

Dry Weather BRM Program Responses

Program	Action(s)	Program/Delivery
Emergency Feed and Transportation of Livestock	<ul style="list-style-type: none"> - Trucks of feed for emergency use delivered to Northwest Ontario - ~100 applicants - Provides 25% of one month's feed - Up to \$0.08/head/km to transport livestock to feed 	<ul style="list-style-type: none"> - Beef Farmers of Ontario
Emergency Water and Temporary Fencing	<ul style="list-style-type: none"> - Support for projects of; <ul style="list-style-type: none"> o installation of temporary fencing to allow for the grazing on alternative premises o delivery of water to livestock - 70/30 government/producer cost shared basis up to \$7,000 	<ul style="list-style-type: none"> - AgriCorp
AgriRecovery (under development)	<ul style="list-style-type: none"> - Support for transported feed 	<ul style="list-style-type: none"> - AgriRecovery - AgriCorp
AgriStability	<ul style="list-style-type: none"> - Increased interim rate to 75% for impacted districts 	<ul style="list-style-type: none"> - AgriStability - AgriCorp