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Standing Committee on Agriculture and Agri-Food

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• (1100)

[*Translation*]

The Vice-Chair (Sébastien Lemire (Abitibi—Témiscamingue, BQ)): I call this meeting to order.

Good morning, everyone.

Welcome to meeting number 28 of the House of Commons Standing Committee on Agriculture and Agri-food.

Today's meeting is taking place in a hybrid format, pursuant to the Standing Orders. Members are attending in person in the room and remotely using the Zoom application.

Before we continue, I would ask all in-person participants to consult the guidelines written on the cards on the table. I'll remind you that you must keep the earpiece away from the microphone, avoid touching the shaft and the microphones when they're on, keep a safe distance from the microphone when speaking and avoid increasing the volume to the maximum, in order to preserve the hearing health of our interpreters.

Participants in the room who wish to speak can raise their hand, and we can give them a chance to speak. The same goes for those joining us on Zoom: they can use the “raise hand” feature.

Today is a very important meeting for us: We're beginning a new study on the business risk management programs in Canada's agriculture sector.

With us today are two officials from the Department of Agriculture and Agri-Food, Francesco Del Bianco, director general, business risk management directorate, and Steven Jurgutis, director general, policy, planning and integration directorate.

We will start with you, Mr. Jurgutis. You have the floor for five minutes.

[*English*]

Steven Jurgutis (Director General, Policy, Planning and Integration Directorate, Department of Agriculture and Agri-Food): Thank you, Mr. Chair, for the invitation to appear today to speak about business risk management programs and the development of Canada's next agricultural policy framework.

Canadian producers and the agri-food sector operate in a complex and rapidly evolving environment. They face the pressures of global trade disruptions, extreme weather, market volatility, rising input costs and growing consumer expectations.

As you are aware, agriculture and agri-food is an area of shared jurisdiction in Canada. Agricultural frameworks represent decades of collaboration among federal, provincial and territorial governments. They set shared goals and align investments across key areas, helping to shape Canadian agricultural policy and provide the sector with programs that are responsive to both national priorities and regional realities.

The current framework, the sustainable Canadian agricultural partnership, runs until 2028. It is organized across five pillars: climate change and the environment; science, research and innovation; market development and trade; building sector capacity, competitiveness and growth; and resiliency and public trust.

It includes two complementary sets of initiatives. First, strategic initiatives are delivered through both federal-only programs and FPT cost-shared programs that are designed and delivered by provinces and territories. Second, we have a suite of demand-driven business risk management programs. These include AgriInsurance, AgriStability, AgriInvest and AgriRecovery, which are cost-shared among federal, provincial and territorial governments, and the advance payments program, which is federal only.

BRM programs provide agricultural producers with protection against income and production losses, helping them manage risks that threaten the viability of their farms. They provide an array of complementary solutions for producers to select the approach that best helps them manage their specific risks. Improvements and changes to the BRM suite happen on an ongoing basis to respond to current context and priorities and, in the case of cost-shared programs, must be agreed upon by a minimum percentage of participating provinces and territories.

Recent enhancements to BRM programming include temporarily raising the AgriStability compensation rate and payment cap, making pasture-related feed costs an allowable expense under AgriStability, and temporarily increasing the advance payments program's interest-free limit to \$250,000 for all producers for the 2025 program year and to \$500,000 for canola for the 2025 and 2026 program years.

● (1105)

[Translation]

In line with the committee's interest, the long-term impacts of climate change on BRM and the integration of climate risk management and climate readiness into BRM programs has also been a priority.

BRM programs are statutory, demand-based programs, and do not automatically expire when the policy frameworks end. However, FPT discussions about BRM do occur as part of the development for each new framework.

As the next framework will run from 2028 to 2033, it will be important that it reflect and respond to current and emerging opportunities.

Factors such as global economic uncertainty and trade disruptions play a significant role in determining where our focus needs to be. We also have to be mindful that the agriculture and agri-food sector in Canada is diverse, with a wide range of interests that reflect regional and sectoral differences.

Collaboration with our provincial and territorial partners is foundational to the framework development process. Ministers and officials have been, and will be, meeting to advance the work, align priorities and build consensus on key decisions.

The first anticipated milestone for FPT ministers is to publish a policy statement to communicate their intentions for the next policy framework, or NPF.

Engagement is under way to inform the vision, priorities and objectives of the NPF. Minister MacDonald is hosting round tables across the country to hear from regional associations, producers and processors, and officials are engaging both in-person and through our online survey, and will be hosting a series of national sessions next month.

[English]

AAFC has a clear plan that includes meaningful engagement with stakeholders and a continued strong partnership with provinces and territories. We are committed to developing a framework that meets the challenges of the moment and positions Canada's agriculture sector for long-term growth, resiliency and success.

We look forward to your questions.

[Translation]

The Vice-Chair (Sébastien Lemire): Thank you very much.

For the first round, I'll give the floor to Mr. Gourde for six minutes.

Jacques Gourde (Lévis—Lotbinière, CPC): Thank you, Mr. Chair.

I'm pleased to break the ice for this important study.

As an introduction, can you tell us how long the business risk management program has existed in Canada?

Francesco Del Bianco (Director General, Business Risk Management Directorate, Department of Agriculture and Agri-

Food): AgriStability and AgriInvest have existed since 2008. They've since evolved. I can provide more details if you like.

Jacques Gourde: That's perfect.

It is a financial risk management program that doesn't necessarily take production costs into account, but it does consider the business's financial evolution and financial risks, regardless of the sector. That's pretty complex.

This program was implemented so that we'd comply with the World Trade Organization's standards, correct?

● (1110)

Francesco Del Bianco: Yes, that's correct. In 2013, some changes were made in order to make us compliant. This is in accordance with our obligations under free trade agreements, as you mentioned.

Jacques Gourde: Under international agreements, there are certain things that can be subsidized in agriculture, and there are other areas that require caution, particularly in the context of trade and related matters. Canada was keen to have a financial risk management program.

Was this program specially designed by the department for Canadians or was inspiration drawn from what other countries were doing?

Francesco Del Bianco: It's pretty unique to Canada. It's pretty unique because it's based on taxes paid by producers and farms. The United States has a program too, but it's not the same. This program is truly unique to Canada.

Jacques Gourde: I'm going to ask another more technical question on the advance payments program, or APP, which is part of the risk management programs.

The APP is managed by a third party. Producers are entitled to receive a certain amount, determined based on their livestock and acreage. The amount isn't necessarily the same for every producer. However, rather than the money coming directly from their financial institution, it's managed by an association, depending on the province.

The problem here is that many producers in my riding do not have access to the APP because they have issues with their collateral. When a producer takes out a line of credit from a financial institution for their business, they must provide collateral—most often their livestock. However, under the APP, exactly the same collateral is required: the livestock. The producer is eligible for a certain amount. As a result, the APP may provide the producer with one third or 40% of the amount needed, because it's limited.

The APP is still worthwhile because the first portion of the advance is interest-free. Often, the average amount is so low that the entire amount is interest-free, but producers can't take advantage of this.

Why shouldn't producers be able to access this assistance through their financial institution? For example, let's say a producer is eligible for \$80,000. They would apply directly to their financial institution instead of receiving payment through a third party. The federal government could transfer the funds directly to the financial institution. That way, many more producers could benefit. It must be said that the program is not universal, and that shocks me. We have a very good program, but it isn't universal.

Would it be possible to explore this solution during the study or when preparing the new strategic framework?

Francesco Del Bianco: We're always looking at ways to improve programs.

In this case, the law requires collateral for the loan to be approved. The idea is to give producers an interest-free loan so that they can sell their livestock at the best possible price. However, to do what you're proposing, changes would have to be made to the act.

We are looking at all that to see how we can improve things to meet farmers' needs.

Jacques Gourde: Except it's more complicated than that. In reality, producers are stuck negotiating between the APP and their main creditor, which may be their bank or, in many cases, Farm Credit Canada. In Quebec, it's the Financière agricole du Québec or simply a line of credit from their financial institution. However, producers have to share their collateral. The first financial institution will not automatically want to give up its position in terms of collateral. APP administrators want to be first in line for collateral. They won't agree to be in second place for less than the amount the producer needs.

Take the example of a producer who has a \$200,000 line of credit from their main creditor. The APP offers them an \$80,000 interest-free loan, but they have to give up all their collateral to get the money. Since APP administrators don't want to take second place for the collateral, producers would lose their \$200,000 line of credit, which they need. Producers need their entire line of credit. As a result, they turn down the chance of getting an \$80,000 interest-free annual loan, which would represent considerable savings that they really need for their business.

You say that changes have to be made to the act. You can rest assured that we are ready to work with you on this. If you have any changes to propose to the act, I think we would be all ears. You could explain your proposals in writing and send them to the committee so that we can include them in our study report. That way, they would be properly noted and less likely to be forgotten by 2028. It's all very well to talk about things, but often they fall by the wayside or get neglected.

Please point our committee to the sticking point in the act. Tell us what changes you recommend to the act to allow producers with a line of credit with their bank to say that Agriculture and Agri-Food Canada is offering them a chance to get an \$80,000 interest-free loan and ask the bank to apply it to their line of credit.

• (1115)

The Vice-Chair (Sébastien Lemire): Give a short answer, please. If not, you can send a response in writing, as requested. What would you prefer?

Francesco Del Bianco: I could get back to you in writing, if that's okay. I can also answer you right now. It's up to you.

Jacques Gourde: It would be better to respond in writing. Written words stay; words fly away.

The Vice-Chair (Sébastien Lemire): Written responses are always welcome.

Thank you, Mr. Gourde.

We will now go to the Liberals. Mr. Connors, you have the floor.

[English]

Paul Connors (Avalon, Lib.): Thank you.

Thank you for coming out today to answer some of the questions about the BRM programs.

My first question is on AgriInsurance. I think that's the largest BRM program available. Who's responsible for the design and delivery of the insurance plans in the respective provinces?

Francesco Del Bianco: You're correct. AgriInsurance accounts for about two-thirds of the total spend of the collective federal, provincial and territorial contributions to the suite of BRM programs. AgriInsurance is delivered by the provincial Crown corporations. For example, some of the larger ones, such as the AFSC in Alberta and the SCIC in Saskatchewan, design and deliver the programs.

Actually, our department is the only department outside of OSFI that has a team of actuaries. We review the plan proposals to make sure they're actuarially sound. What that means is that we ensure that the premiums they're charging producers are sufficient to cover any future indemnities. Then we collectively subsidize the premium by 60%.

Paul Connors: Thank you.

In Newfoundland, I think it's the Newfoundland and Labrador government that actually designs and does that.

Francesco Del Bianco: That's correct.

Paul Connors: In 2024, the audit reported that the program's administration "was found to be efficient in only a few provinces"—I'm not so sure it was efficient in Newfoundland and Labrador—and recommended that the department "identify and address Program inefficiencies by facilitating collaboration between provinces to share promising design and delivery practices."

Has that been addressed in the various regions?

Francesco Del Bianco: Yes. I know that all the Crown corporations meet on a regular basis. There are also committees within federal and provincial governments. We have a committee where they meet to share best practices. They meet in person once a year.

The cost per contract varies largely by jurisdiction, but in part it's because there's a minimum cost to deliver these programs. As you know, Newfoundland and Labrador has fewer farmers than Alberta. If you look at it per farmer or per contract, there will be quite a large difference. The administrative costs can range from \$400 to \$7,000.

They are sharing best practices. They're also looking at how they can innovate. What we're seeing is that with all the data that's being generated on the farms and the use of satellite technology, they're starting to also explore how they can further improve the administration to reduce the cost for farmers and government.

Paul Connors: Last year in Newfoundland and Labrador, we had a drought and it was significant. It impacted almost all commodities in our province. It was caused by climate change, of course.

What action, if any, has the department taken to ensure that AgriRecovery can meet the increased demand for disasters caused by climate change?

Francesco Del Bianco: Actually, in Newfoundland and Labrador, we just recently announced an AgriRecovery response to help—

Paul Connors: Thank you very much for that.

Francesco Del Bianco: We worked very closely with our provincial colleagues to put an initiative in place to support the cattle sector, in particular. It was related to feed costs that increased significantly due to the drought. We moved very quickly to try to support them.

Obviously, we have the rest of the suite of programs—AgriStability, AgriInvest and AgriInsurance—for those times of need.

• (1120)

Paul Connors: Another issue in our province would be under AgriStability and the whole-of-farm reference margins. Most of our farms are smaller farms and multicrop farms. If they have a good year in one crop, but it's offset by a bad year in another crop, AgriStability won't be used.

Is there any thought to how we could address that for the smaller farms and multicrop farms?

Francesco Del Bianco: That's a very good question. You're correct that small farms are traditionally more diversified. They often have off-farm income. In a sense, they self-insure. Because they are diversified, they may trigger AgriStability payments less frequently. Their losses may be less deep, so the amount of compensation they receive might be less, given that they're diversified.

I think it speaks in part to what the intent of the program is. Is the intent to deal with events that significantly impact their operations and threaten their viability, or is it to provide them with some additional support on an annual basis? I think there are discussions ongoing on how we can continue to improve the suite. Small business is one area we're looking at.

Steven Jurgutis: If I might, Mr. Chair, I'll just add as well—

The Vice-Chair (Sébastien Lemire): You have 15 seconds.

Paul Connors: You mentioned that some of these farms have off-farm income. That's usually because they need that to subsidize

their farming income to survive. If they had the proper programs, they wouldn't have to have off-farm income.

Thank you very much.

[*Translation*]

The Vice-Chair (Sébastien Lemire): That's a good conclusion. Thank you.

I propose that the Bloc Québécois have its turn to speak only at the end, if that suits the committee, and that we move on. That way, if Mr. Barlow ever arrives, I'll be able to speak from my usual chair. Otherwise, I propose that I take my turn only at the end.

Everyone seems to be in agreement. That works.

Mr. Bonk, you have the floor for five minutes.

[*English*]

Steven Bonk (Souris—Moose Mountain, CPC): Thank you very much for being here.

I'm just going to start my questioning with strychnine because, as we know, there's a huge problem with the gopher—or Richardson's ground squirrel—population in Saskatchewan and Alberta. The population has exploded since strychnine was banned by the Liberal government.

I'm just wondering if you could tell the committee how much damage has been done, in dollar terms, by these gopher infestations.

Steven Jurgutis: I would say that the witnesses you have before you today wouldn't necessarily be the ones who would have the specific information related to what the potential costs might be, but it is something that we could look into and follow up with the committee on.

Steven Bonk: Okay. According to the government's communications department, the CBC, it's \$800 million of damage since the ban was put on. There's a real concern in Saskatchewan and Alberta that this could trigger payments through AgriStability and AgriRecovery if states of emergency are declared. This is something that's really of concern to farmers in our area, so we're hoping that the government will put due attention on this because we're running out of time. On my way to the airport to get here, I saw some gophers out. We have about a month left in which strychnine will be effective. This could be huge costs.

Right now, we know that the federal government subsidizes crop insurance by 60%. That is something that's being paid by all Canadians due to this government's ban on strychnine. Hopefully that message can get brought forward to the ministry.

I'm just wondering whether the closures of the scientific centres will be brought up at the FPT meeting in Halifax that's coming up.

Steven Jurgutis: As to whether or not provincial-territorial ministers would raise it, I wouldn't be able to anticipate that. What I can say is that, at the officials level, we have had discussions to explain what has happened in terms of the site closures. There is ongoing dialogue and conversations, particularly in the provinces where there are closures, to ensure that there's alignment. There are ongoing discussions about areas, particularly where there are shared facilities or areas of research that have been done in common, to make sure that there are discussions and a path forward on those things.

Steven Bonk: Do you know if there have been preliminary talks with the provinces?

• (1125)

Steven Jurgutis: There have been some initial conversations, the details of which I wouldn't be familiar with for each one. However, certainly any time there is, from the Government of Canada's position, a disposition of property, there's a very lengthy consultation and discussion process and a very specific order of things that need to happen over a period of time. I think it was indicated to this committee in the previous appearance by our deputy minister as well that we're making sure we are keeping all impacted parties well informed and are having discussions with them on an ongoing basis.

Steven Bonk: All right.

Thank you, Mr. Chair. I'm going to turn my time over to Mr. Epp.

Dave Epp (Chatham-Kent—Leamington, CPC): Thank you.

Welcome here. Thanks for coming.

Obviously, we're kicking off the study of the whole CAP renewal program. BRM is one of those components. There are four more to go. I have some stuff. We'll get to science and innovation but probably not today.

I want to start on the BRM. As has already been put on the record, crop insurance, AgriInsurance, is the largest component of that from the spending. It has probably been the most successful as well, given its longevity compared to the other programs. That's where I want to start, and very shortly we will get into the weeds as well.

AgriInsurance is one of the first that really addresses risk on the farm. It's used by producers to address their risk. Governments, when they also deliver those programs, take on risk. From an AAFC perspective, it's funded sixty-forty with the provinces. With most crop insurance plans, it's sixty-forty, government-to-producer, so it's 36:24:40, with the government picking up the admin.

For AAFC, is the risk split for delivering the programs...? In theory, we're dealing with weather risk, market risk and all sorts of other risks that impact the program design. Does AAFC feel that it also carries 60% of the risk of the delivery of the program?

Francesco Del Bianco: As I mentioned earlier, we ensure that the programs are actuarially sound. The idea is that the premium should cover the indemnities. In the past, the majority of provinces built up a surplus. The prairie provinces, in particular, in the last two drought years, got hit fairly hard. Some provinces purchased

reinsurance with third party multinational reinsurers, so they do either a stop-loss or a quota share. The federal government can also offer a backstop, so we can act as a reinsurer for the provinces.

Dave Epp: I know my time is up, but I will continue exactly on this theme in the next round.

[*Translation*]

The Vice-Chair (Sébastien Lemire): That works. It will be in five minutes, after the Liberal Party round.

You have the floor for five minutes.

[*English*]

Emma Harrison (Peterborough, Lib.): To touch on what my colleague Mr. Paul Connors said, I'm a small producer. I do this job so I don't lose my farm. My husband is a paramedic. In the history of my family, no one has ever been able to access AgriStability because we are small producers. One of those pieces may seem like a small loss, but it's tremendous when you own a small farm and go through a drought. We experienced one in Ontario last summer. We're still dealing with the consequences of that. We just purchased hay—really terrible hay—for an incredibly expensive price because we were about to run out. Who knows when we'll be able to start grazing again?

We say these things within the government and within the bureaucracy of the government, but it's one of those things that are hard to hear sometimes, because the reality on the ground is vastly different. It's challenging. The complexity I hear about from my neighbours, who don't even attempt to access AgriStability or any of those other programs.... It's becoming harder every day to remain a farm in Canada, especially on the smaller end of things, even though your biggest desire is to support the local food economy and the overall food system across Canada.

What support can we provide for the smaller farmers, so they're able to access these programs more easily? The complexity is a lot, and sometimes they just don't have the time and energy to put into applying to these programs. What could we do long term to save the viability of our agricultural system in Canada, which relies on small producers, just as it does on our larger producers?

Steven Jurgutis: Thank you for the question. I can start on an answer, then see if my colleague wants to jump in.

I think there is an understanding that—based on the diversity of sizes and operations across the country—realities are very different for different types and sizes of farms and operations. As mentioned in the opening comments, we're continually looking at things we should be thinking about and considering for improvement, going forward. We are actively having conversations. Of course, any potential changes to the business risk suite of programs, or anything within the cost-shared or the development of the next framework, is done in collaboration with provinces and territories. We have ongoing discussions with our colleagues, as well, to look at some of these things.

I would also say that it's important to consider the totality of the BRM suite. I know, oftentimes, there are issues raised about the effectiveness or applicability of AgriStability in particular. The important thing we want to make sure we're considering is how the whole suite operates together, and how it supports, in different ways, different types of operations and sizes of operations. That's one opportunity for us to look at.

The other thing I'd say is that the rest of the programs fall under the current sustainable CAP, which can also be things applied for by smaller producers. When we're trying to look at these things, we're looking at them with a very holistic point of view.

• (1130)

Francesco Del Bianco: Maybe I can quickly weigh in on that.

The programs have continued to evolve. In 2023, we increased the compensation rate from 70% to 80%. Then we subsequently announced that we were increasing it from 80% to 90% for the 2025 year. We've introduced a new model for AgriStability, so producers can file on a cash basis rather than on an accrual basis.

We're constantly looking at ways to try to evolve the suite to meet the needs of producers. As Mr. Jurgutis mentioned, we're going to have, again, discussions with the provinces up until 2028 in order to see how we can continue to meet the needs of producers.

Emma Harrison: Thank you.

During the 43rd Parliament, the committee recommended that the federal government address gaps in provincial AgriInsurance plans, particularly for the horticultural sector. The committee reiterated this recommendation in the 2024 report.

Why do some horticultural producers continue to find it difficult to access AgriInsurance in their province?

Francesco Del Bianco: The provinces are responsible for designing and delivering the programs. We work very closely with them, and we encourage them to broaden the product offerings to their farmers and ranchers. We ensure that the programs are sound, but it's the provinces that design the actual products that are available to producers.

[Translation]

The Vice-Chair (Sébastien Lemire): There are 20 seconds left.

[English]

Emma Harrison: When we compare our programs to the U.S. farm bill or the EU's common agricultural policy, where do we fall in line in terms of being competitive in the offerings that the U.S., Brazil and the European Union provide to their farmers? I know the U.S. does a lot of direct-to-producer, and it's very costly.

Could you explain where we stand in comparison to that, some things that we could learn and make adjustments for and the benefits and weaknesses of those programs?

[Translation]

The Vice-Chair (Sébastien Lemire): Give a short answer, please.

Francesco Del Bianco: There are statistics that show where we stand compared to other countries, but it depends on the products.

[English]

Every commodity differs. We'll have to find a way to provide a succinct answer, because that's a fairly significant undertaking.

[Translation]

The Vice-Chair (Sébastien Lemire): Again, if you have data, you can submit it in writing to the committee, particularly if you're saying that there is statistical data. Thank you.

Mr. Epp, you have the floor for five minutes.

[English]

Dave Epp: Thank you, Mr. Chair.

Before I get back to AgriInsurance and, in particular, reinsurance, going back to COVID and in response to some questions from the other side of the table, during COVID, the Liberal government removed the access to the advance payments program's interest-free limits for spouses who run a separate operation, and it obviously negatively impacts primarily women in agriculture the most.

Is the government considering reversing this policy at all?

Francesco Del Bianco: As a point of clarification, under the advance payments program, advances cannot be provided to related entities. If they're using the same home address, the same equipment, there's one advance—

Dave Epp: [Inaudible—Editor] separate operations?

Francesco Del Bianco: There's a test for relatedness. It was more a question of ensuring that the administrators were administering the program consistent with the existing rules.

Dave Epp: Let's go back to AgriInsurance and reinsurance. As has been put on the record, the federal government provides an oversight mechanism as a contingent of its 60% financing of a program, even though they're designed and delivered provincially. The hammer is at the federal level if the design is to be approved in order to attract the 60% copayment.

Is that correct?

• (1135)

Francesco Del Bianco: As long as it's actuarially sound, it gets approved.

Dave Epp: If it's been actuarially sound and obviously both parties have been.... Would it not follow that when things go somewhere in a handbasket, both the federal and the provincial governments carry some of the risk to the program itself?

Francesco Del Bianco: The provinces sit on the funds, and when those funds are drawn down, they can then borrow from the federal government.

Dave Epp: Right. I believe you'd characterize that as a reinsurance program, but I think what you just stated is more accurate. There's perhaps an interest rate reduced loan program.

Francesco Del Bianco: That's correct.

Dave Epp: The example of Alberta in the last couple of years is exactly the issue. They've gone through about \$5 billion in funds or \$5 billion in claims in a deficit position and now are forced to access the federal program, so it really is a loan program.

My point in all this is that the entire risk of the fund or of the outcome of the program lies with the provinces. Is that a fair statement?

Francesco Del Bianco: The risk is captured in their financial statements.

Dave Epp: That's correct. When the provinces go to address some of that risk through the use of private reinsurance programs, my understanding—here's where I'm open to being corrected—is that AAFC has been less than enthusiastic about using that tool at the provincial level to address the risk to provincial treasuries.

Francesco Del Bianco: There's a cost—

Dave Epp: Yes, I understand.

Francesco Del Bianco: —and it's in the tens of millions of dollars to reinsure. What we'd like to explore with the provinces is whether there are other ways to remove this from their financial statements. Quebec has an example where it's been able to do a set-aside. Manitoba was exploring that. There are other options in terms of maybe pooling all the resources at a national level.

We're attuned to that, but we'd like to find ways to support the provinces to reduce the financial risk to their statements while reducing costs to producers.

Dave Epp: To me, that's exactly what reinsurance does. Yes, obviously you're paying a premium. If the premium is paid sixty-forty when the province is enrolled, as I understand it is, in theory, it's to protect their treasuries. If the risk all remains in the provincial treasury, that is the federal government somewhat paying their share of premiums.

I'm all for having a discussion. Whether a national, private reinsurance program to address all the pools across the country is more efficient is, I think, part of the mandate of the study. What I'm trying to get at is whether the federal government is open to those discussions where we bring the private sector in and actually protect the treasuries of both the federal government and the provincial governments when it comes to the delivery of AgriInsurance.

Francesco Del Bianco: We're always looking for ways to improve the suite. It takes the agreement of both the provinces and the federal government. Anything that helps the provinces better manage their risk and reduce the costs to producers is something that we should all entertain.

Right now, the provinces can reinsure and they have been reinsuring. There's been no suggestion that this has changed at all.

Dave Epp: Is the federal government open to considering the use of private reinsurance for its own programs, to protect its own treasury?

Francesco Del Bianco: That would be a question to put to the Department of Finance.

Dave Epp: Okay. It's going to lead to a discussion of margin-based AgriStability in the future.

Thank you, Mr. Chair.

[*Translation*]

The Vice-Chair (Sébastien Lemire): Thank you, Mr. Epp. You'll get back to it in the next round.

Mr. MacDonald, you have the floor for five minutes.

[*English*]

Kent MacDonald (Cardigan, Lib.): Thank you, Mr. Chair.

Thank you to the witnesses for coming today.

I'm going to start off by asking about measures that may be in the next policy framework to deal with farm succession. It's quite obvious that as we look at an aging population of farmers, some of us have reinvented ourselves here on Parliament Hill, but we all can't do that. There has to be a transition of farms. There has to be generational renewal. It's probably more important now than ever as the farms get larger and the operations sometimes require several operators to be successful going forward.

I look at the next policy framework, from 2028 to 2033, and I just wonder: Are those considerations getting built in by the framers of this policy, in terms of succession planning? Provinces do things. They have new entry programs and they have new farmer programs, but they are kind of just at the tip of the iceberg. The actual requirements for young people to enter the industry have never required more capital or more investment.

Can you just speak to what's being done?

• (1140)

Steven Jurgutis: Thank you for the question.

There are maybe a few things to consider in this context. Recently, over maybe the last six months to a year, some changes have been made in terms of succession planning and capital gains that I think have been quite favourable for the farming sector. We're hopeful that those are going to be able to help as well.

Certainly, as we have conversations with provinces, territories and stakeholders, it is something that is raised quite often. As you rightly state, there are concerns about capital costs as well as the implications of being able to transfer to the next generation. I would say there are a few things that we want to be considering within the next framework.

One is that in the current framework, for example, a large portion of the funding that's the cost-shared part, which is the \$2.5 billion, is delivered by the provinces and territories. That fits inside a frame that we agreed to as part of the multilateral framework agreement, but then there's a lot of latitude for provinces and territories to decide exactly how they want to apportion it and what sorts of programs they want to have. They have a great deal of leeway. There seems to be more interest in considering that as part of the things we need to be thinking about going forward.

The other is that there are certain tax changes that have helped and have been more positive. The frameworks are only one part of what we, as the federal government, do within the agriculture space as well. It's the same thing for provinces—certainly the larger ones. It's not necessarily that it would be a deliberate, succinct thing within the framework, if that is an option. That will be something we'll discuss, but there are opportunities outside of that as well. For example, there's the work FCC is doing in this space and the ongoing considerations we have with them when we develop this framework.

I would say it's probably a multi-faceted issue to address. It's certainly something that's being raised and that we're looking at in the context of developing the next framework.

Kent MacDonald: For instance, when you look at the cost of acquiring acres of farmland, something that might work is new farmers getting more ITCs for buying up farmland, to allow for the intergenerational transfer. It would be a specific benefit to those individuals who are turning their farms over to a new generation of farmers. That's something that I would suggest you take a look at. It would help those retiring. It would help the new generation coming in.

I'll move on to something else. When we talk about the next policy framework, we know that innovation and technology adaption is probably going to be more important, again, than ever before, because we're vastly changing the way that we're operating our farms with AI adoption. Just with the way the equipment is set up today and the cost of the equipment, we have to be more productive.

I hope that the next policy framework will put more emphasis on innovation and adaption compared to.... We're getting there on climate. Farmers have been very quick to adapt climate resilience measures. We've been doing that for a couple of decades. My colleagues over there love these comments—but we have. We've been achieving things on that front, but what we need to do is help those farmers continue to be competitive. The only way they're going to do that is with more investment in technology and innovation on their farms.

[Translation]

The Vice-Chair (Sébastien Lemire): Please give a very short answer.

[English]

Steven Jurgutis: Thank you for the question. It is certainly something that we're looking at. More than half of the federal-only portion of the current framework goes towards science and innovation. The sector is very interested in having a continuation of that kind of work, recognizing that things continue to evolve and change and there might need to be more consideration put into that space.

Again, we're having conversations with provinces and territories in terms of the cost-shared portion that they have. The science and innovation coming forward is certainly a big theme.

[Translation]

The Vice-Chair (Sébastien Lemire): Thank you.

Mr. Epp, you have the floor.

[English]

Dave Epp: I'll move on to the next two soon, but let's diverge. You commented that over half of the federal APF is going towards science and innovation. In the actual results from 2024, you're actually showing a change of negative two in sector productivity when you've set a growth target of plus two. The sector's productivity is actually shrinking.

What plans are in the kettle right now to address that differential?

• (1145)

Steven Jurgutis: In terms of the complete science and innovation landscape within the country, a big portion of what we do within the AAFC, as the federal government, is through our current sustainable CAP, but that's only part of the picture.

It's true that in certain areas in terms of advancements for science and innovation, we haven't been, as a country, as advanced as we need to be. That's part of the reason why we're having conversations more actively with the private sector as well, to try to figure out where the places are that AAFC, in particular, and provinces and territories should come into play. What are the opportunities that exist for a greater degree of investment and advancement to be able to increase that productivity? I think it needs to be something that we consider in conjunction—not only as spending that's done amongst governments, but also as something that's done by the private sector and universities.

Dave Epp: One of the goals in the last APF was 1,100 peer-reviewed papers driving toward that productivity, yet only 129 were achieved. Now we're also talking about cuts in researchers and research stations. How do you reconcile that?

Steven Jurgutis: On the last comment, I know that you had the opportunity a number of weeks ago to speak with the deputy and others about some of those changes and cuts that were happening in terms of requirements under CER.

I would say that over time, the types of things that are measured—the metrics—also change. There's always consideration as we go into the multilateral framework agreements to, for example, how we are going to measure that we're reaching success. In previous instances, it might have been done for published papers. Things do evolve over time to try to figure out the most effective and efficient metrics to demonstrate progress in this space. Some of that does shift over time.

As per my earlier comments, science and innovation is emerging as a big theme in the early conversations that we're having about this next framework. I think a more coordinated approach that includes how we work with provinces and territories, as well as the private sector, is going to be key to that.

Dave Epp: I have one last question on science and tech for today. Again, on the transfer of innovations and science developed within AAFC, the target was 500 to transfer to the sector; 111 were successful. There was an 80% failure rate. Is that a change in metrics? Where's the disconnect there?

Steven Jurgutis: I wouldn't be in a position to speak specifically to those activities.

Dave Epp: Table it in writing.

Steven Jurgutis: It could be something that's tabled.

Dave Epp: I'm going to get back to BRM for a minute and pick up on a comment from my colleague from across the way.

In Newfoundland, as I understand it and if I heard you correctly, an AgriRecovery response was just tabled. That was in response largely to drought and a very dry situation. Is that correct?

Francesco Del Bianco: Yes.

Dave Epp: My understanding is that the AgriRecovery program's parameters were to address circumstances outside what would be covered under crop insurance or AgriInsurance—I still go back to the previous iterations—and AgriStability, or CAIS, if you want to go all the way back to 2003.

I understand the issue. Why are we now addressing through AgriRecovery things that, if programs worked well, would be addressed either through crop insurance or AgriStability? Why is there an AgriRecovery response?

Francesco Del Bianco: In the case of Newfoundland and Labrador, there was no forage insurance.

Dave Epp: If forage insurance and horticultural insurance—it came up earlier—have also been challenges in developing AgriInsurance programs, because of some of the very nature....

My understanding is that the next member of the suite to address that is AgriStability. AgriStability has worked well in operations that are singularly focused, or narrowly focused maybe. If you're highly in the beef sector or highly in the greenhouse sector, those variations.... Where it's really fallen down is in diversified operations, where the uptake has been much more reduced because, basically, producers are self-insuring to a certain level—or at least they view themselves as doing so.

Would you agree that this is a fairly accurate characterization?

Francesco Del Bianco: Yes, AgriStability is “whole farm”. In the case of Newfoundland and Labrador, for the AgriRecovery response.... As you know, AgriRecovery is a framework.

Dave Epp: Right.

Francesco Del Bianco: We looked at the situation with our colleagues in Newfoundland. We looked at all the program supports available to producers and then looked at whether they still had the capacity to manage that event. The conclusion was no, and that gave us the impetus to put forward a program.

As you mentioned, the more diversified a farm, the more there are offsets. In a sense, they're self-insuring, because they could have a significant loss in barley, but have a large cattle herd that offsets those losses. I think it speaks to the fundamental purpose of these programs. Are they—

Dave Epp: I know, Mr. Chair. I've been good.

I just want to say I'm not opposed to AgriRecovery in Newfoundland. I know there have been similar responses. If AgriStability worked better, it would probably reduce the need for the AgriRecovery program. That's the point I want to get on the record, and we'll come to that in subsequent meetings.

• (1150)

[Translation]

The Vice-Chair (Sébastien Lemire): Thank you, Mr. Epp.

Mrs. Chatel, you have the floor.

Sophie Chatel (Pontiac—Kitigan Zibi, Lib.): Thank you, Mr. Chair.

Thank you to the witnesses for being here.

I'm going to ask you three questions all at once. If you don't have time to answer them, please submit your answers in writing. I must say that you are the first witnesses the committee has heard from on this important study.

First, if you had three priorities for the next framework, what would they be?

Second, you've already started discussions, and I know you're constantly consulting with stakeholders. What shortcomings in the current framework have been identified by the department, but also by stakeholders?

Lastly, what would you suggest to improve risk management programs?

Steven Jurgutis: We've already had a number of discussions with stakeholders, as well as with the provinces and territories, and there are currently four priorities we can discuss.

The first one is markets, whether diversifying international markets or markets here in Canada.

The second one is the competitiveness of the sector. That's the number one priority. This is a point that has been raised by almost every stakeholder.

The third one is resilience, not only environmental, but also financial, so in connection with business risk management.

The last one is science and innovation. These are also themes that we often discuss in our department, but also alongside the other ones.

Regarding your second question about the shortcomings of the current policy framework, I don't know if there is one in particular. I know program participants often find it complicated. It's not always easy to know how to apply and how to take advantage of all the different programs. Therefore, that's something we have to consider.

We would also like to have a little more flexibility. In other words, we would like to have fewer programs that are better able to achieve all the objectives.

Those are the two points we could raise.

On the third question, I'm going to turn to Laura.

Francesco Del Bianco: Quite frankly, it depends on who you talk to, because every industry and every province has a different perspective. Everyone has suggestions for improving the programs. It's about setting priorities and looking at the big picture.

Sophie Chatel: Do you have a list of proposed suggestions for improving the programs? You must have collected a number of them over time. Could you share with the committee what you've heard from stakeholders, even though we're going to hear from them here?

Francesco Del Bianco: The consultations are in early stages, so we're starting to accumulate that information. Even with the provinces, discussions are just beginning. The ministers will be meeting this summer. We're starting to collect all this information with a view to making changes in 2028. I think the other witnesses you'll be hearing from will give you more information.

Sophie Chatel: We will share notes. Thank you.

Do I have a little time left, Mr. Chair?

The Vice-Chair (Sébastien Lemire): You have 52 seconds left.

Sophie Chatel: That's great.

I know that science and innovation are mentioned a lot. The witnesses told us about two models: the meat model, where the sector is very involved in innovation through the beef science cluster, and the Australian model.

Would that be something to bring up in the conversations around the next framework?

• (1155)

Steven Jurgutis: That is certainly part of the AgriScience program, which has two components: the cluster program and the project program. We have already started discussions with the various sectors currently participating in the cluster component of the program, because we know that it takes a long time to consider changes to be made in the future. It's an active discussion. Certainly—

Sophie Chatel: It's promising, then.

Steven Jurgutis: Yes. The idea is to address the problems and concerns of each sector and to work together to determine the type of clusters we need to have in the future.

The Vice-Chair (Sébastien Lemire): Thank you, Mrs. Chatel.

As agreed, I will in turn be able to ask questions as a representative of the Bloc Québécois. I have six minutes for the first round.

Many agricultural producers find that risk management programs do not meet their needs. They've been complaining about this for a number of years. On the ground, it's even referred to as a lottery. In Abitibi-Témiscamingue, producers located within a radius of several dozen kilometres are associated with the same weather station to determine whether or not they will ultimately be entitled to insurance benefits. It doesn't take into account their reality on the ground. However, the effects of a drought are clear: The hay doesn't grow.

Why is it so hard for them to get the help they need? In recent years, there has been an increase in events that affect agricultural

production, from climate events such as droughts and floods, as have occurred recently, to international conflicts.

With that in mind, why do agricultural producers have to resort to hoping that the government will create special programs without being able to benefit from regular agricultural support programs?

Francesco Del Bianco: You brought up the example of weather stations. There are several provinces, including Quebec, that continue to look at how they can modify their programs. For example, the Saskatchewan Crop Insurance Corporation has partnered with Planet, which is a satellite company that can provide much more accurate information than meteorological stations. That is a way that programs can meet farmers' needs.

In terms of the programs themselves, we are working with the provinces to continually improve them. Those discussions are ongoing for the next framework that will be established in 2028.

The Vice-Chair (Sébastien Lemire): Back home in Abitibi-Ouest, there have been droughts, winter frost and forest fires. It was a perfect storm, yet the programs were not triggered. When we met with Minister MacDonald at the time, he said that the federal government was setting the guidelines and that Quebec was the problem. However, when we went to Quebec City, we were told that Ottawa's guidelines were too restrictive.

This ping-pong game is not to the advantage of producers, who increasingly wonder whether it's worth investing in insurance programs. If they save that money, at the end of the day, they may have better security than if they rely on a program that works one year and doesn't work the next.

Government assistance is often emergency assistance, such as lines of credit or an increase in borrowing capacity. Here again, the government is putting the burden on the shoulders of producers rather than providing solutions to deal with new crises, caused by both climate events and international conflicts.

Do you have any response to that?

Francesco Del Bianco: I hear you.

The Vice-Chair (Sébastien Lemire): All the programs contain many mentions of the regions. I'd like to know what your definition of a region is. As I understand, they are located in provinces, including Quebec, that have to implement the programs. Is that correct?

Francesco Del Bianco: It depends on the program. Quebec, for example, administers all the programs: AgriStability, AgriInvest and AgriInsurance. In the case of other provinces, AgriInvest is administered by the federal government. In Manitoba and the maritime provinces, with the exception of Prince Edward Island, AgriStability is administered by the federal government. AgriInsurance is administered by all the provinces.

• (1200)

The Vice-Chair (Sébastien Lemire): Thank you for respecting the role of the provinces, but do you also look at problems at the local level? How can we ensure that we have a fair and equitable picture of local realities, particularly at a time when there are more and more budget cuts affecting the production of scientific data?

Francesco Del Bianco: In terms of programs like AgriInsurance, provinces continue to develop approaches to collecting data so that programs can increasingly meet the specific needs of producers. As for insurance products, everyone is focusing on ways to use all available data to better serve farmers.

The Vice-Chair (Sébastien Lemire): What are the provincial limits? For example, if a province decided to top up the crop insurance plan, the federal government would follow suit as long as the province provided its 40% share. However, if the provinces want to be more generous, is there a limit on the federal side? Obviously, we want to be fair, but we can't be more generous if a province won't allow it.

Francesco Del Bianco: The costs of AgriRecovery are shared, 60% by the federal government and 40% by the provinces.

All the provinces, particularly Quebec, Ontario and sometimes British Columbia, occasionally top up their programs, which they fund themselves.

In the case of AgriRecovery, the federal government provides 60%, the provinces provide 40% and the provinces are allowed to do other things if they choose to do so.

The Vice-Chair (Sébastien Lemire): I have one last question.

The government increased the interest-free limit on the advance payments program to \$250,000 in 2025. There was no indication that the program was going to continue. Can you tell us whether it will continue? Agricultural producers have been asking for this for a long time. Otherwise, as a result, will the limit be restored to \$100,000 soon, while even this committee recommended that it be set at \$350,000?

Producers need predictability. What will happen with the advance payments program?

Francesco Del Bianco: You're right, it's currently set at \$250,000. In the regulations, it's supposed to be \$100,000, and then—

The Vice-Chair (Sébastien Lemire): I understand that I'll have to ask the minister.

[*English*]

Dave Epp: I have a point of order, Mr. Chair.

[*Translation*]

The Vice-Chair (Sébastien Lemire): Go ahead, Mr. Epp.

[*English*]

Dave Epp: You, sir, asked an excellent question in our last study, and we followed up as a committee with a letter to the officials asking whether they were in the process of tabling some of the information that we're looking for. This would be specifically on the savings on the closure of the agricultural research stations broken down by each site. We asked for that report and for all the investments done by each site over the last 10 years.

I'm wondering if the officials would be able to indicate to us whether that's coming to us shortly.

[*Translation*]

The Vice-Chair (Sébastien Lemire): I don't consider that a point of order, but I still think the question is very relevant. We would be very grateful to the witnesses if they could send their answers to the committee at the end of this meeting.

[*English*]

Steven Jurgutis: I don't have any additional information. I know that it has been something that's been brought forward to the department, and the department is working on a response. However, in terms of the timing of that, I don't have any other specifics to share.

[*Translation*]

The Vice-Chair (Sébastien Lemire): Thank you.

Mr. Jurgutis and Mr. Del Bianco, thank you for your very informative input today.

I also want to thank the interpreters and the technical team.

We will now suspend for about five minutes before we go in camera. People online will receive a new link, and we'll be able to complete the study on reference prices for beef and pork.

[*Proceedings continue in camera*]

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