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# Standing Committee on Agriculture and Agri-Food

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Chair: Michael Coteau





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Tuesday, April 28, 2026

• (1105)

[*English*]

**The Chair (Michael Coteau (Scarborough—Woburn, Lib.)):** I'd like to call the meeting to order.

Welcome to meeting number 32 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'd like to ask all in-person participants to consult the guidelines written on the cards on the table. These measures are in place to help prevent audio feedback incidents and to protect the health and safety of all participants, including our interpreters. You'll also notice a QR code on the card, which links to a short awareness video.

I'd like to make a few comments for the benefit of witnesses and members.

Please wait until I recognize you by name before speaking. For those participating by video conference, click on the microphone icon to activate your mic, and please mute yourself when you are not speaking. For those on Zoom, at the bottom of your screen, select the appropriate channel for interpretation: floor, English or French. For those in the room, you can use the earpiece and select the desired channel.

I remind you that all comments should be addressed through the chair. For members in the room, if you wish to speak, please raise your hand. For members on Zoom, please use the "raise hand" function. The clerk and I will manage the speaking order as best we can. We appreciate your patience and understanding in this regard. Thank you.

Before I jump to the witnesses, I'd like to welcome our two new members to the committee.

I also want to take this opportunity to thank all members of this committee. I think we've worked very well together on these issues. I just want to say thank you to all members, especially our folks on the left side here and, of course, on the right, for working together to champion these issues. Agriculture, as we know, represents a large percentage of our GDP. It employs many people across this country and has helped build this country.

I just want to say thank you for your hard work and dedication.

Yes, sir, go ahead.

**Steven Bonk (Souris—Moose Mountain, CPC):** Thank you for that, but never again say that I'm on the left side, please.

**Some hon. members:** Oh, oh!

**Steven Bonk:** I just want that on the record.

**The Chair:** Okay.

Now I'll go to the right. Then everyone will be angry at me.

MP Chatel.

[*Translation*]

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

I would like to acknowledge my colleagues and thank them for their valuable collaboration over the past few months. I hope it will remain the same, exactly as it was. We've conducted extremely important studies, and we are now in the midst of a very important and relevant study.

For my part, and I can also speak on behalf of my colleagues, I would like to thank my colleagues and welcome our new colleagues. This is a wonderful committee, and I am very proud of it. We work extremely well together, and it will remain that way.

**Sébastien Lemire (Abitibi—Témiscamingue, BQ):** Mrs. Chatel, I just want to say thank you. Obviously, this raises certain concerns, and we'll see how it plays out. That said, I thought your statement was so tactful. Thank you very much.

[*English*]

**The Chair:** Thank you very much.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on Thursday, September 18, 2025, the committee is resuming its study on business risk management programs in Canada's agriculture sector.

I'd like to welcome our witnesses.

We have the Canadian Federation of Agriculture. You made it just in time. I know you had a bit of a delay downstairs. Thank you so much for being here.

We have Mr. Huber from the Saskatchewan Association of Rural Municipalities.

Online, we have, from Keystone Agricultural Producers, Colin Hornby, general manager.

Welcome to each and every one of you. Thank you for being here.

You'll have up to five minutes each. Then we'll open it up for questions from the members.

We'll start with Mr. Huber for five minutes.

**William Huber (President, Saskatchewan Association of Rural Municipalities):** Good morning and thank you, Mr. Chair and committee members, for the invitation to join you today. It's a privilege to be here on behalf of the Saskatchewan Association of Rural Municipalities, representing 296 rural municipalities and the thousands of producers who make up the backbone of our province's economy.

Saskatchewan's producers have built a reputation as some of the most resilient and innovative farmers in the world, but that resilience has been tested by extreme weather events, market volatility and rising input costs. Business risk management programs are intended to provide stability and confidence in times of uncertainty. Unfortunately, what we hear from producers across this province is that many of the programs, structures and eligibility requirements are failing to meet that goal.

Our members consistently raise concerns about how eligible expenses are defined within programs such as AgriStability, AgriInvest and AgriInsurance. The issue isn't only the complexity, but the disconnect between what is considered eligible under the program and what producers actually spend to operate their farms today. The costs of fuel, fertilizer, freight and interest have grown dramatically, yet these real, unavoidable expenses are often capped, limited or excluded in ways that erode the effectiveness of the BRM support.

As a result, the very producers these programs are meant to help are too often left without meaningful assistance when they need it the most. Many have found themselves paying into programs that simply don't respond when their margins collapse or unforeseen costs cut deeply into their operations. The intention behind BRM programs is sound, but the way eligibility criteria are applied, particularly around input costs and depreciation, means that the calculation of support does not reflect the true cost structure of modern farming in Saskatchewan.

I also want to stress the importance of flexibility and timeliness. In agriculture, decisions are made in real time. When support programs take months to deliver assistance or require complex reconciliations that push payments well past the period of need, that delay can make the difference between staying afloat and leaving the industry for good.

That's why SARM supports calls for program modernization, clearer definitions of eligible expenses, faster mechanisms for payment and improved regional adaptability so that the program design will recognize the unique cost pressures and production realities of prairie agriculture.

Producers' confidence in BRM programs has declined because the rules have fallen out of step with the realities on the ground. Our goal is not to increase dependency, but to ensure fairness, so that the programs producers pay into actually cover the risks and costs they face. Saskatchewan producers are proud to manage risk

responsibly, but that management must be matched by federal programs that offer real relevance and value.

Mr. Chair and members of the committee, SARM appreciates your commitment to reviewing these programs and to hearing directly from those affected. The future competitiveness and sustainability of our agriculture sector depends on ensuring that the safety net fits the modern farm business.

I look forward to discussing ways to strengthen BRM programs so that they serve producers as they are—not as they were a generation ago.

Thank you.

• (1110)

**The Chair:** Thank you very much, sir.

Next, we'll go to the Canadian Federation of Agriculture, for five minutes.

**Scott Ross (Executive Director, Canadian Federation of Agriculture):** Thank you, Chair.

We apologize for our lateness. We did have some issues at security. We appreciate everyone's patience here.

**The Chair:** No, that's beyond your control.

**Scott Ross:** Thank you for the opportunity to speak today. My name is Scott Ross. I am the executive director of the Canadian Federation of Agriculture.

The CFA is Canada's largest general farm organization, representing more than 190,000 farmers and farm families across the country.

Canada's agricultural sector is operating in a risk environment that has changed fundamentally and continues to change faster than our current BRM tools were designed to handle. Producers today are facing climate volatility, extreme and recurring weather events, geopolitical instability, input cost spikes, animal and plant disease pressures and ongoing market uncertainty. Events that were once viewed as rare or extraordinary are now increasingly routine, yet many of our core BRM programs were built for a different risk profile, grounded in more traditional production and market-based risks without the underlying context of ever-increasing climate volatility.

As a result, we are seeing growing misalignment between the risks producers face and the tools available to manage them. Programs have become increasingly fragmented and understood as stand-alone instruments rather than as a coordinated tool box, which creates gaps, inconsistent incentives and uneven coverage across commodities.

The result at the farm level is declining resilience, tighter margins and rising stress, highlighting that a uniform, one-size-fits-all BRM approach is ill-suited to managing increasingly diverse and evolving risks. Industry's message is not simply that BRM needs fixing; it's that BRM must be reimagined as part of a broader Government of Canada approach that cuts across all government departments to leverage the full breadth of programs and incentives available.

Our vision is for agriculture to be treated as a national growth engine, one that strengthens food security, supports innovation and sustainability, creates value across the supply chain and expands domestic and global market opportunities. To do that, we are recommending that the next policy framework support four strategic priorities.

First, it should be designed to support growth across the sector by enabling investment and expansion rather than discouraging it. This will require federal investments focused on high-impact areas supported by policies across government to remove barriers and unlock scale. In other words, we will need to look beyond the borders of Agriculture and Agri-Food Canada at how we can support a sector development approach to growth that includes coordinated investment and attention across the Government of Canada.

Second, it needs to drive innovation by improving coordination and investment in new technologies from research to commercialization and adoption.

Third, it needs to support resilience through flexibility by creating more choice in risk management programs, including greater focus on prevention and adaptation versus solely ad hoc responses. Practically speaking, this means exploring innovative approaches and alternative service delivery models to supplement core risk management programs like AgriInsurance and AgriStability with more targeted program offerings.

Canada's agricultural sector is diverse. A one-size-fits-all BRM approach no longer works for all producers. Some sectors still lack effective insurance tools, including areas like forage and livestock price insurance. Tailored solutions are needed that are better adapted to the unique risk profile of Canada's diverse commodities.

Finally, the next policy framework needs to be anchored to the goal of efficiency by simplifying programs and embedding accountability to tangible, strategic outcomes. Producers are navigating multiple portals, reporting requirements and program rules across governments. Industry is calling for a single federal portal, streamlined delivery and a shift toward outcome-based performance measurement focused on productivity and competitiveness rather than participation numbers or administrative metrics.

In closing, we believe that the core question for this committee is not whether BRM should cost more or less but whether it is fit for purpose in the risk environment Canadian farmers now face. A modern BRM framework must work with, not against, growth and innovation, reduce reliance on ad hoc crisis responses, provide real choice and flexibility for producers, deliver better value for taxpayers and strengthen resilience across the entire agri-food system.

Thank you for the opportunity to speak today. We appreciate the committee's attention to this issue and look forward to your questions.

• (1115)

**The Chair:** Thank you very much.

We'll go online now with Keystone Agricultural Producers.

You have five minutes, sir.

**Colin Hornby (General Manager, Keystone Agricultural Producers):** Thank you, Mr. Chair.

Thank you, committee members, for the invitation to speak today on the topic of BRM programs within the context of the next policy framework.

My name is Colin Hornby. I'm the general manager of Keystone Agricultural Producers. We are Manitoba's general farm policy organization, providing a unified voice for all farmers on issues that affect agriculture, whether it be livestock, crops or specialty products, and everything else in between. We are also members of the Canadian Federation of Agriculture, and I'm glad to be here with some other prairie folks, as well, from SARM.

Manitoba farmers grow what the world needs. With the majority of our products destined for export markets, it's critical that any discussion around programs that aim to support ag production in Canada is focused on one theme: competitiveness. The majority of farmers sell into a global market and in many commodities are at its mercy. As mentioned previously, one in eight jobs in Canada is attributed to the agriculture sector, representing 7% of the GDP, so the direction of the next policy framework matters not only to farmers, but to the millions of Canadians whose livelihoods rely on this industry.

Before I give some recommendations on BRM programs, I want to talk quickly about the next policy framework and the six main areas of focus that we believe will make for a more proactive and effective framework.

The first is growth. Sustained growth in Canadian agriculture depends on expanding market opportunities, supporting value-added activity and enabling producers and processors to invest with confidence. The next policy framework must reinforce market development and diversification, both domestically and abroad, and support value chain approaches for processing. The government must also invest in their international presence in-market with trading partners to deal with non-tariff barriers to trade.

The second theme is competitiveness. Both cost pressures and structural barriers must be addressed to strengthen Canada's position as a reliable, innovative and sustainable supplier of goods. Prioritizing productivity enhancement, efficiency and value addition in eligibility criteria in any FPT programming is critical. This also includes ensuring that research investments maintain and focus on public good research, while supporting public-private partnerships for mutual benefit.

The third is resilience. This is to maintain a foundational objective of the next policy framework, and evolving business risk management programming to reflect today's risk profile, as discussed by the other witnesses, should be a part of it. Focusing on equity of outcomes rather than uniformity of programs will help farmers have options to tailor their risk management support.

The fourth is innovation. This must be elevated as a core pillar of the framework, including improved coordination between FPT governments and the private sector around a common vision for Canada's innovation continuum from research to adoption. Innovation outcomes should be based on collective, measurable goals.

Two other ones to highlight are red tape reduction and outcome-based policy design. Regulatory burden, as the committee well knows, is consistently identified as a barrier to innovation and is something you have put forward in a report recently, in December. Prioritizing high-impact regulatory bottlenecks, rather than incremental changes, and reducing the administrative burden in funding programs should be a priority, including many of those recommendations you put forward in December.

When it comes to BRM programs, there are some specific recommendations I would also highlight.

On the advance payments program, we would like to see a permanent extension of the \$350,000 interest-free portion and indexing of all future increases to inflation. Maintaining the payment cap of \$6 million per program year as well is something we would like to see.

On AgriStability, we would like to see increasing the compensation rate to 90% permanently, as the recent increase is just for the one program year; increasing early payments from 50% to 75% to ensure better cash flow in challenging years; and increasing the trigger rate from 70% to 85% of reference margin.

On AgriInvest, we would like to see the agri-environmental risk assessment requirement, or cross-compliance, removed, which I can discuss more in depth.

We would like to see the establishment of an accreditation program for farm income tax preparers to reduce verification costs on BRM claims, and have all levels of government increase investment in extension and research to help prevent losses and reduce reliance on reactive BRM tools.

We would also like to see an impact analysis for the return on investment for BRM programs, specifically with AgriStability. Having robust data illustrating Canada's investment return for tax dollars spent on BRM programs would help reassure governments that farm support ends up increasing agriculture's contribution to the GDP and helps the Canadian economy at large. It would also com-

plement the concept of unleashing agriculture, as referred to in the Barton report.

Thank you for your attention. I'm happy to answer any questions you may have.

• (1120)

**The Chair:** Thank you very much.

We'll go to the Conservatives for six minutes.

Mr. Bonk.

**Steven Bonk:** Thank you.

I'd like to start off by asking Mr. Huber some questions.

We're equidistant or we live about the same distance from the Indian Head research centre. It has been announced that's been closed. We're both well aware of the good work they've done there when it comes to things like zero till, with Guy Lafond and Jim Halford, who did that good work. It has basically had more impact, when it comes to environmental protection of agriculture or sustainability or carbon sequestration, than just about anything else that's been developed in agriculture, especially in Canada.

I was just wondering, since you represent a large organization made up primarily of farmers who are on the ground every day working in this field, how many of your members have reached out to you and told you they're happy that this research centre is closing.

**William Huber:** Not one of them has reached out.

**Steven Bonk:** I thought that might be the answer.

You mentioned AgriStability and AgriInsurance, and some of the ineligible expenses that producers aren't able to claim. Could you expand on that? We haven't heard that yet in this committee.

**William Huber:** We all know the rising inflationary costs that have been incurred by producers in the last number of years, especially in the last four or five. It's not all due to tariffs on aluminum and steel. Land rent, which was \$25 to possibly \$50 an acre five or six years ago, has risen to well over \$100 per acre now. Those expenses aren't eligible. Some of our machinery repairs, like tires and engine overhauls, cost thousands of dollars. We can't use those as expenses for AgriStability.

It takes too long for these programs to react, too. We have producers in the west and west-central part of the province, as you're familiar with, Mr. Bonk, who have suffered through anywhere from five to nine years of drought. A lot of them are enrolled in some of these business risk management programs, like AgriStability, and haven't collected a dollar. We've since heard, in the last month, that Saskatchewan Crop Insurance is still working on 2024 claims. I mentioned in my comments that sometimes, before farmers would be eligible to collect some of this money or be entitled to it, the auction sale would be over and they would have left the industry.

I think it's important at this time in Saskatchewan agriculture, which has 44% of the arable land, that we make sure we can retain as many farm families as possible on that land. Without some kind of business risk management tool to sustain agriculture, it also reflects on food sustainability worldwide.

• (1125)

**Steven Bonk:** Could you elaborate on what you mentioned in your answer? We'll use the Palliser Triangle as an example. I believe they're in their seventh year when they would have triggered claims, but a lot of the people can't. Maybe talk about the reference margin.

**William Huber:** One of my colleagues here in one of the industry groups mentioned something about moving the margins up to 90%. I think that's important. Our provincial government in Saskatchewan has announced some of those things—a few more eligible expenses to reflect on the livestock industry—but we need those as permanent fixtures. Last summer, they increased it from 70% to 80% for some things, but those things need to be permanent. When you start losing 20% to 30% of your revenue, that's huge, especially in agriculture, where your profit margin is very slim. It's not like some other industry components that have 15% to 20% return on investment. Agriculture very seldom sees a return that big. I think those things have to be changed permanently.

**Steven Bonk:** We've had some talk here about AgriInvest. Currently, it's at 1% of sales. There's been some talk about increasing it to 3%. Do you have any thoughts on that?

**William Huber:** I think it should definitely be increased, because the point to collect is a maximum of \$10,000, with \$1-million equity in it. That has to be increased, too. If we take the price of farmland and our input costs, it's not even relevant to where it should really be.

**Steven Bonk:** My next question is for you and Mr. Hornby. It's about cross-compliance.

A lot of farmers are quite concerned. As you know, farmers are probably the most green-minded people you'll ever find, because they rely on the soil health for their livelihood. They are worried about cross-compliance when it comes to regulations made in Ottawa, which don't reflect the realities on the ground. Can you expand on that?

**William Huber:** We have some of the best production land in Canada, and it's the newest land. Some of our farmland is only a little over 100 years old. That's when our ancestors settled there and broke the land. We have to make sure that the land is farmed properly.

We can talk about the research stations in Indian Head and Scott, where along with Jim Halford from Indian Head, they've developed programs on direct seeding and soil conservation. Those things are valuable in preserving our soil. We've almost eliminated soil erosion by wind and water from past years, from the 1930s and 1940s. We have to recognize some of the producers' achievements and innovations—people like Jim Halford.

**The Chair:** Thank you very much.

We'll go to the Liberals for six minutes.

MP Harrison.

**Emma Harrison (Peterborough, Lib.):** Thank you very much.

To the CFA, are there any countries or any of our allies who have gotten it right and modernized in a way that our producers are asking for in Canada? Do you have any examples?

Actually, any of the witnesses can answer.

**Scott Ross:** Every context is different in agriculture globally. I don't think there's one foreign jurisdiction that says it has the mix exactly right so we can lift that for Canada's purposes.

When we look at some of our major trading partners.... The U.S., for example, has adopted a much more tailored approach to its management that targets individualized needs and focuses on developing products that are more tailored to the individual needs of some of the diverse segments of their industry. While I wouldn't suggest that the whole model is something we would lift, certainly there are elements of the responsiveness at the heart of that programming model that I think we would like to see adopted to a greater extent in Canada.

**Emma Harrison:** In the European Union, with their cap, they have a stable baseline income for their producers. Do you think that's something that producers in Canada would be interested in?

• (1130)

**Scott Ross:** Again, I would say the context is so wholly different in the EU relative to Canada that it's hard to lift one isolated element of their programming mix and suggest that it would fit in the Canadian context. From our perspective, where we see a concern there is the relative net spend of the EU in their agricultural sector relative to Canada, where we are at a significant disadvantage. Saying that, I do think we are very focused on ensuring that we have programming that is focused on risk management rather than baseline income, but at the same time ensuring that it is looking at it from the stance of what risks farmers are currently facing, and whether the tools are currently responsive to those.

I think it is a very different context. We see a very different regulatory environment in general in the EU, but certainly the net spending is significantly different between Canada and the EU, and we do see that as a concern from a competitiveness standpoint.

**Emma Harrison:** Mr. Huber, I'm a big fan of Saskatchewan. I think it's one of the most beautiful provinces I've ever been in. I drove across Canada after university, and I'd never spent any time in Saskatchewan. I have a tremendous respect for the province as a whole, and for the producers there.

Do you know what the current enrolment is among your producers in any BRM programs, more specifically AgriStability?

**William Huber:** We've asked that question several times, and the number we get is that probably 20% of the producers are in it, but they don't base it on the numbers of actual farmers. They base it on the amount of dollars, or their eligible sales, so it's a different formula. However, we're losing participants, and every year there are fewer and fewer people signing up.

I know this from my farming operation. I have two sons who have basically taken over. I continually tell them to stay enrolled, keep paying their fees and make sure they're doing their books right, because someday we may get a payment if we're fortunate enough to get some changes made to this program. I say it would be pretty disappointing if they pulled out and the next year we see these changes, when it would have been beneficial to their operation.

The number is certainly declining.

**Emma Harrison:** Thank you for that.

I farm, and I've never enrolled in AgriStability, because my dad didn't. We did for a little bit, but never qualified, so it became this burden. As you've spoken to, the margins are so incredibly slim.

We talk about this in the committee, and I did last week as well. People are so far removed from the world of agriculture and its lifestyle. They see the beauty of it, the commercials, and all these pieces about how their food comes to be, but they don't know the tremendous amount of loss and just how slim the margins are, and how some people are just holding on.

When we talk about modernization—and this can be for any of the witnesses—specifically what would the producers like to see? I know you spoke a little bit about one single system moving through. Is there anything else you'd like to elaborate on that would be helpful for the producers to be able to access these programs?

**Scott Ross:** I think it's important to note that we're not suggesting throwing the baby out with the bathwater here and getting rid of programs like AgriStability. I think they do work for some producers, and they work quite well. There's certainly room for improvement on eligibility of expenses, on timeliness and on understanding of the program, which is quite complex.

Saying that, I think what we would like to see as a sort of evolution of these programs is a movement to start crowding in other options and allowing farmers to have more choice and flexibility in terms of what suite of tools will serve their individual operation better. That can be in AgriStability or AgriInvest—the current tools—or it can be an opportunity, a missed opportunity currently, to advance innovative program solutions that are either public sector in nature or public-private partnerships with farmers to look at some of the targeted risk exposure areas where we are not seeing equitable support.

Price insurance was one point we referenced at the front end. Certainly we are seeing rising concerns around access to farm business insurance, for example, and accessibility concerns there. I think that, more than anything, creating a space that allows the private sector to see a role in supplementing what we have is critically important. That requires supports like catastrophic risk coverage, because that is often a point of concern for private sector entrants. The cost of systemic risk is just so great that it puts them out of the market altogether.

Just creating that space for innovation and more options for farmers to pick and choose is really at the heart of what we think needs to happen over time in this programming suite.

**Emma Harrison:** Mr. Huber, would you like to comment?

**William Huber:** Yes, I would.

We have a program in Saskatchewan that's available in Alberta and some of the other provinces that are involved. It's at Saskatchewan Crop Insurance. That program works very well. It's time-sensitive. If you have a yield loss on a certain crop or variety of crops, you put in a claim. Your claim is reviewed within days and you have a cheque in the mail. Those things are so important.

I'm not saying that we should get rid of AgriStability or AgriInvest. I'm saying that we can make them better. There's an old saying, "If it's not broke, don't fix it." This program needs some repair. It's not totally collapsed, but we need to make changes to it so it's more time-sensitive and more expense is allowed, so that producers have an opportunity to get some support to help them maintain this.

We have to realize that family farms in the province of Saskatchewan are so important to our industry and to the growth of productivity. They contribute to our GDP. We really have to be cognizant of those things.

● (1135)

**The Chair:** Thank you.

We'll go to the Bloc for six minutes.

[*Translation*]

**Sébastien Lemire:** Thank you, Mr. Chair.

I'd like to thank all the witnesses.

I will begin with the representatives of the Canadian Federation of Agriculture.

Last week, the Union des producteurs agricoles, or UPA, told us that, all things considered, risk management programs were generally working well, but that the problem was clearly a lack of funding. Canada has invested very little in agriculture, unlike many other OECD countries. The UPA suggested that Canada allocate 2% of its budget to agriculture. Do you think that 2% should be subject to a measure like what we see, for example, on military spending?

I had a meeting at my office this morning, and we were even discussing a recognized national strategic pillar that is identified and part of the Canadian conversation.

What do you think of the notion that the government has an obligation to invest a percentage of its budget in agriculture?

[English]

**Scott Ross:** Thank you for the question.

As a starting point, I would say that one of the critical elements we want to see in the next policy framework is the setting of ambitious targets for our sector. This includes focusing on our sector as a national growth engine. In doing so, we have to talk about the relative level of investment we need. As I flagged in my earlier response, there is no question that Canada is facing an uphill battle in competing globally in the agri-food sector, due to the level of support we see some of our major trading partners providing.

At the end of the day, for business risk management specifically... These are statutory programs, so the focus is on getting the program mix right. The budget will follow, because it will be responsive. It's that responsiveness we see at the very heart of the BRM conversation, specifically.

I don't know, Brodie, whether there is anything you would like to add to this.

**Brodie Berrigan (Senior Director, Government Relations and Farm Policy, Canadian Federation of Agriculture):** One of the main points we're trying to get across in our advice around the next policy framework, as Scott mentioned in his opening remarks, is that it needs to be looked at from a whole-of-government approach, not just Agriculture and Agri-Food Canada. That means really leveraging some of the investment tools that exist in other portfolios across this government. Infrastructure funding, for example, would support more proactive investments in water management, which would go a long way in preventing a repeat occurrence of certain types of negative effects on farms related to drought, etc. I think we also need to be looking at tax incentives to support growth and investment in this sector, and at streamlining regulatory burden to support investment in value-added processing.

All these things need to be looked at in a coordinated fashion as part of a whole-of-government lift toward supporting the agriculture sector and Canada's food security, in particular.

[Translation]

**Sébastien Lemire:** You partly answered my next question, but I'll ask it anyway.

For several years now, extreme events such as forest fires, droughts and floods have been on the rise. On top of those, we are currently experiencing global uncertainty because of conflicts such as those in Ukraine or the Middle East. We often get the impression

that each event requires a special program, when insurance programs should already be addressing these needs. All of this contributes to the uncertainty.

In your opinion, which agricultural programs should be expanded to respond to these new challenges? Should we instead create an agricultural program that allows for nimble and rapid responses in the event of disasters or global uncertainties—which are becoming increasingly frequent and therefore predictable?

[English]

**Scott Ross:** Again, thank you for the question.

I would say that, at the front end, we do need to take a very close look at our disaster response framework, AgriRecovery, and look at how we can make that a more timely, consistent program for farmers who are operating in times of great duress, when they require this support and are uncertain about what kind of data is required, when a commitment will be made as to programming and who will be eligible for support.

The case I cite regularly is the drought in 2021. We saw the U.S. administration provide very timely support quickly. In many respects, we were behind the eight ball. What we saw as a result of that were significant feed shortages in western Canada competing with farmers in the United States who already had guaranteed consistent support available to them. We very much need to look at how we can adopt a more off-the-shelf, timely response in those very dramatic situations.

By extension, that goes back to the question of an integrated suite of programs. If that is the case, what do we have in that space? How can we then look at ensuring that products like AgriStability are better understood and have the buy-in so that they are there and are more timely, through increases to interim payments and the like? I would suggest that at the heart of it, the concern is around making sure that we can respond quickly and appropriately to ensure that farmers have the confidence that support will be there when it's needed.

To Brodie's earlier point, I think the critical element in this is also that we see, between these extreme weather events, that whole-of-government approach to mitigation. It's not entirely in the agri-food budget or space that those measures are needed. We need infrastructure investments. We need a long-term vision around research and innovation that can support us in those same spaces. It really is a conversation that starts in the disaster framework but extends to a much broader whole-of-government approach around how we build in more resilience up and down our value chains.

• (1140)

[*Translation*]

**Sébastien Lemire:** In my region, transportation costs are a barrier to agriculture. Shipping a load can easily cost \$3,500, whereas in a region closer to major urban centres, it's around \$700.

Should transportation costs get more recognition for our producers in remote regions?

[*English*]

**Scott Ross:** In general, yes, I think that in every respect what we want to see is programming that is more responsive to the actual realities lived by farmers and that is responding to those concerns. Whether that's one program that exists already or a more tailored new approach, we just want to make sure there's space for those conversations and a continued review and evolution of the programs to continue responding as we see certain areas such as transportation and freight costs rise as a point of concern for farmers.

**The Chair:** Thank you.

We'll go to the Conservatives for five minutes.

Go ahead, Mr. Epp.

**Dave Epp (Chatham-Kent—Leamington, CPC):** I'll deal with the CFA.

The present APF has five pillars in it. Obviously, we don't know exactly how many pillars will be in the next BRM, which is the subject of this debate.

Cross-compliance has come up. The CFA represents a number of organizations. Do you have a firm stand on cross-compliance between BRM and some of the other initiatives of government?

**Scott Ross:** Yes, we do. In simple terms, we are struggling to maintain participation in critical programs for farmers who need these tools when situations arise. They require them. Any barrier to entry, whether through cross-compliance or other measures, just creates an uphill battle for programs that are already struggling to get producers engaged. We are opposed to cross-compliance.

**Dave Epp:** Thank you.

We've heard testimony at this meeting today that AgriInsurance is well supported and works well, etc., and AgriStability does not. Would you agree with the following two statements? Over time, AgriStability has moved from a stabilization program, its original intent, to more of a disaster response and, quite frankly, it's not working there. Also, what your producers are saying—what I'm hearing from your testimony—is that they're not looking for tweaks. They're looking for a major overhaul.

**Scott Ross:** On the first point, there's no question. There was an explicit change made roughly after 2013 to move away from income stabilization to disaster programming, but in saying that, I think there's still an immense misunderstanding and lack of clarity. One of the things we see as central in moving forward is a common understanding about what these programs are doing. There is no question right now that this does not exist at the grassroots.

On your second point, could you repeat the question? I didn't quite capture it properly.

**Dave Epp:** Basically, we're not necessarily looking at tweaks to try to fix AgriStability. We're looking at a major rewrite. I heard that in your opening testimony.

**Scott Ross:** Yes, there's no question. In our view, the landscape has shifted dramatically, and we have a lot of inertia behind the existing framework, which has carried through largely unevolved for almost 20 years now. From our perspective, now is the moment. It's a pivotal time for our sector to really seize our growth potential, and it requires a transformative approach to how we change these programs.

**Dave Epp:** A structure that has worked over time—over the decades—since its inception with AgriInsurance and that remains well supported has been the insurance model. With the stabilization approach, from a margin perspective, be it either margin or gross revenue, both areas that are being looked at, why not take a look at an insurance model as a broad framework? Is that a possibility or is that out the window for a complete overhaul of AgriStability?

• (1145)

**Scott Ross:** Our premise, starting where we are today, is that we need to be looking down those paths of whole-farm revenue insurance and these tools that could work very well for some farmers who feel underserved currently by the existing AgriStability program. I will say that, at the current moment, we would advise against throwing AgriStability out and replacing it, but certainly there's a need to explore these programs, pilot them and test them out in real time so that we can see where they work, where they don't and where there may be gaps that persist in that regard.

**Dave Epp:** I heard the call for diversified programming because of our very diverse agriculture scene across the country. Could you envision an AgriStability program that is an insurance-based model where there is plug and play to feed into that broad framework from the different regions and different sectors that work in those specific sectors?

**Scott Ross:** It's certainly possible. I think the devil is in the details for all these programs. The question at the end of the day is this: Do we have the right mix of programming? If you move to an insurance-based model, what new exposures and concerns does it create?

I think that's at the heart of why we see the need for transformation, as you asked about earlier. When these programs were initially designed, they were integrated. There was a sense of how AgriInvest supported AgriStability. Over time, as those programs have been cut and have evolved, that integration has been lost. I think it's that fundamental integration we need to see at the heart of all these conversations.

**Dave Epp:** In your testimony, you called for greater involvement of the private sector, potentially. Again, in the one program in the suite that works, AgriInsurance, the private sector is involved. Many people don't realize it, but it's involved in the background, with the reinsurance industry providing stability to the producers and premium rates over time and also to government so that there aren't unexpected hits to their budgets due to the catastrophes we're hearing about.

Again, going back to an insurance-based model with plug and play, is there the potential for the reinsurance industry to benefit both producers and governments in setting up a broad framework?

**Scott Ross:** Unquestionably, given the extremity of climate volatility, coupled with the geopolitical instability we see right now, we do need to be looking at every tool on the table. That includes what role the private sector can play in building predictability and resilience in the system. There's no question.

**Dave Epp:** One of the big knocks against AgriStability has been the lack of acknowledgement of diversification on the farm for diversified risk. There are models in the U.S. that have actuarially mapped that out from a discount matrix for that. Again, could you see that as a possibility?

**Scott Ross:** Yes. I think it's one of the areas we hear about most frequently from our members as a point of concern with AgriStability. Highly diversified operations feel underserved by the program. I think you can look at models like the whole-farm revenue insurance pilot adopted in the United States. It actually had a sliding scale of higher coverage rates if you could demonstrate a higher level of diversification.

I think measures like that can really see those gaps addressed with more attractive programming that will actually bring people in so that we have programming in place when issues arise, instead of requiring that whole reliance on ad hoc programming in those spaces.

**The Chair:** Thank you very much.

MP Connors, you have five minutes.

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

Thank you to all the witnesses for coming out.

It's nice to see you again, Mr. Ross.

You mentioned in your opening statement that the BRM tools were designed for a different risk profile, and there is "growing misalignment". Can you elaborate on that a bit for me?

**Scott Ross:** Yes. I would say that we have seen in recent years, and very acutely in the last five years or so, this mounting increase in geopolitical instability, creating a new set of risks for farmers, whether it's due to market closures, lost market access or non-tariff barriers to trade that create a new set of dynamics that were not there at the time. When these programs were designed, trade compliance at the WTO and countervail risk loomed very large. I think we have seen, in some respects, a move away from rules-based trade, which creates increased risk but also increased opportunity to potentially explore programs that can respond to that in a way that wasn't the case 20 years ago.

Similarly, the extremity and frequency of climate events have fundamentally changed. The idea that we now have 100-year events happening subsequently, year after year, is the new norm. I think programs like AgriStability, where you see a reference margin erode over that period and lose the ability to get support, highlight some of the reasons we need to take a closer look at the current risk landscape.

**Paul Connors:** Thanks.

Mr. Huber, you mentioned Saskatchewan Crop Insurance. Is that whole-farm or is it based on an individual crop?

**William Huber:** That's based on an individual crop. You may have a suite of different crops that you seed, such as oilseeds, pulses and cereal grains. Those are all insured separately under the one program. The problem with that is that the premiums have increased over the years. The coverage has gone up also, but not in line with the actual cost of production. We're getting our fixed costs kind of covered, but when you put the fixed and variable costs together, the payouts generally aren't enough to really sustain that operation to make it profitable. It's sort of like long-term pain for short-term gain.

I think a gentleman over here talked a little bit about some of the programs out there. There's Global Ag Risk Solutions, and some of those things. They work very well, but to get that funding in your pocket soon, it's based on an accrual system in your accounting. It takes 16 to 18 months until that finalized return is evaluated and you get any funding.

Some of those things have their problems too.

• (1150)

**Paul Connors:** For confirmation, under the BRM suite of programs, it's whole-farm insurance, not individual crops. Is that right?

**William Huber:** Yes, certainly it is.

When you diversify it into, say, a grain and a livestock operation, that's where it puts it off balance. I think Scott mentioned a little bit about that. You try to diversify to make your farm more viable and adaptable to some of these severe...whether it's trade, tariffs, drought or certain things like that. They're still not responsive enough.

**Paul Connors:** Scott, do you want to elaborate on that?

**Scott Ross:** I think he covered the issue quite well.

This speaks to that question around diversification again. There's certainly a concern out there that when you adopt solely whole-farm programming, there is an underappreciation of some of the costs involved in self-insuring, as you might say, through diversification and the reality of very tight margins not being reflected adequately.

This is why we want to see more focus on some of those areas where there are sectors that feel underserved and do not have access to equitable levels of support. In some instances, we may need to move away from that whole-farm modality for certain programming needs. There's no question.

**Paul Connors:** Mr. Hornby, in your opening remarks you mentioned that one of your recommendations was about AgriInvest, and you said you could discuss it in more detail. Do you want to elaborate on that a bit for me?

**Colin Hornby:** What I was referring to was the cross-compliance with AgriInvest if you have over \$1 million in net sales.

We administer the environmental farm plan in Manitoba, which is one of the qualifying environmental risk programs that you can use in order to get that contribution from the government to qualify for the program. We're very strong supporters of the EFP program; however, we do believe that the cross-compliance component is a bit misguided. We're trying to achieve two separate policy outcomes in requiring farms to opt into a program that perhaps doesn't fit their operation or it's not something they have the capacity to do at this time.

While we do encourage farmers to adopt and use the EFP program, we don't believe it should necessarily be tied to the financial components and the AgriInvest program.

**The Chair:** Thank you very much.

Mr. Lemire, go ahead for two and a half minutes.

[*Translation*]

**Sébastien Lemire:** Thank you, Mr. Chair.

Mr. Huber, I come from a rural region with many municipalities. In these small communities, producers are often the village's largest businesses.

In your opinion, how important is it to support producers in regions farther from major urban centres?

[*English*]

**William Huber:** That's a tough question. I'm certainly not familiar with your area of the country. Your agriculture community is probably a little different from ours.

One big thing we really have to recognize is that we have a product in Canada, no matter whether it's produced in western Canada or eastern Canada, that's valued all over the world. We're proud to say that we have the safest, most reliable exports, but we have to make sure that our customers get those exports and their sales in a timely manner.

Infrastructure is very important. Labour disruption is a huge thing we have to be seriously taking a look at, whether it's port fa-

cility workers, postal workers or some of the rail services. Those are so essential.

Even in eastern Canada, you have commodities that need to get to tidewater, get on a ship and be exported. The happier you can keep your customers, the better off it's going to be.

[*Translation*]

**Sébastien Lemire:** On that note, I'd like to hear you speak about the importance of shorter supply routes. I believe we need to ensure that products—both from Saskatchewan and Quebec—end up in our grocery stores, convenience stores and restaurants; in short, local consumers must have real access to our products.

Are those aspects sufficiently supported in current agricultural programs? I see a great deal of energy devoted to international marketing or sales, but not enough is being done to help our local producers develop their brands and their relationship with consumers.

Is it the same in your region? Should programs focus even more on local markets?

● (1155)

[*English*]

**William Huber:** I think some of these programs should focus on local markets, but at the same time, we can't ignore the bigger picture. It's sometimes the responsibility of our local municipalities and community leaders to enhance some of those initiatives and develop some of the programs. Both of them have to work together.

In Saskatchewan, we have 44% of the arable land, so it's a little different landscape from what we have in other parts of Canada. We concentrate more on the bigger picture, where we're exporting large amounts to other countries. These are some of the other places where we have to maintain food stability, not only worldwide but in our own country and our own jurisdictions.

**The Chair:** Thank you.

We're going to go to the Conservatives for three minutes, and the Liberals for three minutes.

We'll go to Mr. Bragdon.

**Richard Bragdon (Tobique—Mactaquac, CPC):** Thank you, Mr. Chair.

Thank you to the witnesses for being here today.

I have a couple of things. Obviously, there's been a lot of talk about potential disruptions, ruptures and whatnot regarding our biggest and most valued trading partner to the south. I know that in agriculture the relationship we have north and south of the border is particularly vital and important. With the efforts to diversify trade, which everyone thinks is great and wonderful, I think there are some concerns—and I'm hearing from producers in my area as well—that this relationship be prioritized and that any friction points be addressed.

One of the things we've heard is that, in the push to maybe move more of our products over to the EU, there's a big concern being raised about how the EU has a food and feed bill that will ban crops using some crop protections and will severely limit our ability to export into those markets or even not allow access for Canadian crops. There are already non-tariff trade barriers in place for beef and pork.

I'd like to know from your vantage point, Mr. Ross—and Mr. Huber can follow up—the concerns that you're hearing from your producers as they relate to the paramount importance of a relationship for agriculture and the trade going back and forth between Canada and the U.S., and the potential huge barriers that we face in gaining further access into European markets.

I'll start with you, Mr. Ross.

**Scott Ross:** That's a great question. I will defer to my colleague, Mr. Berrigan. He can answer on behalf of the CFA here.

**Brodie Berrigan:** First, with regard to Canada-U.S. trade, there's no doubt that the U.S. is Canada's largest market, and it very likely always will be. It's a very important market, our most important trading market. There are very practical reasons why we cannot diversify away from that market entirely. A lot of the perishable fruits and vegetables that we ship to the U.S. market simply cannot be shipped around the world in the same way. It's the same thing with a lot of cattle and livestock. We're so deeply integrated with the U.S. market that we cannot take our eye off the ball of just how important that market is, and it needs to continue to be a priority.

We do support diversification of trade. I mean, there are a lot of opportunities out there, both in expanding existing markets and in potentially breaking into new ones. The EU is a tricky one, for a lot of the reasons you just mentioned. In fact, we have been unable to fully utilize the market access that was negotiated through the Canada-European Union free trade agreement. Last I checked, I think we've utilized 0% of our pork access and a very minor proportion—a single-digit percentage—of our beef access to that market, which is largely due to non-tariff barriers to trade. It is probably one of the most significant barriers to actually taking advantage of the existing markets that we already have in place.

**The Chair:** Thank you very much.

We'll go to the Liberals for three minutes.

[*Translation*]

**Sophie Chatel:** Thank you very much, Mr. Chair.

I'd like to thank the witnesses for joining us.

Mr. Ross, I'm quite interested in the four points you raised in your remarks. Mr. Hornby, I'd say the same about the six points you

raised. I don't have much speaking time, but I would like more details on those. I would therefore ask you to provide this information in writing.

We often hear that we need a risk management system that factors in new risks—especially on the international market, such as the significant costs that wars impose on producers. Another aspect is processing. How can we further innovate while supporting the entire supply chain, as was so aptly said?

I leave it to you to provide us with further details. I only have three minutes, but please feel free to submit your ideas to the clerk. They will be very helpful when we start drafting our recommendations, making them very relevant.

I'll start with you, Mr. Ross, but I'd also like to hear Mr. Hornby's thoughts.

• (1200)

[*English*]

**Scott Ross:** Thank you for the question.

I think that, when we look at value added in agriculture, it is unquestionably one of the opportunities we think we most need to seize here. Looking at that as a tool for building out both domestic markets and global markets is a critical through line we see across the board.

There's no question that right now we have challenges in fully realizing our potential in that space. This again speaks to the need for an integrated whole-of-government approach to this issue, in that we really need to look at not only resilience in our sector with BRM as a primary focal point but growth and what conditions we need to advance there. This is why not just the framework itself but what goes around that is so vitally important. We need to see red tape reduction and continued regulatory modernization. In speaking with processors, more than anything we hear that our regulatory environment is the biggest impediment to growth and increases in that space.

Simultaneously, as Mr. Berrigan referenced earlier, tax incentives and other tools to incentivize investment in capital modernization are critically needed to create conditions for growth in that space. That has the potential to lift all boats and support farmers with more sustained diversified revenue, while at the same time creating an opportunity to innovate and to create tools and products that better serve global markets.

We can certainly provide more detail in writing, but from our perspective that is, for us, one of the fundamental pillars on which we need to focus.

[Translation]

**Sophie Chatel:** Thank you, Mr. Ross.

Mr. Hornby, you have 20 seconds left, but I would also like you to send us a written response.

**Colin Hornby:** Thank you for the question.

[English]

Yes, we're definitely happy to provide more in writing.

I think the big thing is to understand that agriculture has changed, and that any business doesn't do the same thing for 20 years. We need to look at all of the programs we're offering. We need to look at the risks—they've changed, as was discussed in detail today—to make sure that the programs we have are being proactive and supporting producers. What are the goals? What do we want to achieve? What are the outcomes we want to achieve? We want to grow Canada's footprint on the global market. We want to strengthen our relationships in markets like the United States, which will always be our biggest trading partner.

I'm definitely happy to provide more detail to the committee.

**The Chair:** Thank you very much.

I'd like to thank all of our witnesses for joining us here today.

We will suspend for about five minutes. Thank you.

• (1200) \_\_\_\_\_ (Pause) \_\_\_\_\_

• (1210)

**The Chair:** I call the meeting back to order.

I would like to make a few comments for the benefit of the new witnesses.

Before speaking, please wait until I recognize you by name or until you're asked a question directly by a member. For those participating by teleconference, click the microphone icon to activate your mic, and please mute yourself when you are not speaking. For those on Zoom, at the bottom of your screen, you can select the appropriate channel for interpretation: floor, English or French. For those in the room, you can use the earpiece and select the desired channel.

I'd like to ask that all in-person participants consult the guidelines written on the cards on the table to help prevent audio feedback incidents, and to protect the health and safety of all participants, including our interpreters. This is a reminder that all comments should be addressed through the chair.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on Thursday, September 18, 2025, the committee is resuming its study of business risk management programs in Canada's agricultural sector.

I'd like to welcome our witnesses.

In person, we have Mr. Fagan, farmer and butcher from Beothuk Land & Cattle Company.

By video conference, we have Mr. Hebert, president of the Hebert Group.

Also by video conference, we have Mr. Lafontaine, farmer from Ferme Lafontaine-Noël.

You each have up to five minutes, and then we'll open it up for questions.

Perhaps we can start with you, Mr. Fagan, for five minutes.

**Nelson Fagan (Farmer and Butcher, Beothuk Land & Cattle Company, As an Individual):** Good afternoon.

My name is Nelson Fagan, Jr. I own and operate a beef cattle farm, Beothuk Land & Cattle Company. I am also a butcher and operate under N. Fagan Meats in Conception Bay South, Newfoundland and Labrador. I also grow root crops. I am the first and currently the only registered pedigree Charolais cattle breeder in my province, which I'm quite proud of. They are my passion.

I sat as a chair of the Newfoundland and Labrador cattlemen's association for five consecutive years. I am a relatively small farm compared to others Canada-wide, but in our small province, I am among the biggest beef cattle producers in my area. I am a fifth-generation farmer and butcher, and I grew up on a family farm. I raise my animals from start to finish. I have an abattoir where I process my own animals, as well as prepare them for consumers. My operation truly is start to finish.

When I think of business risk management, I think about livestock insurance, forage production and natural disasters. Under the current provincial livestock insurance program, livestock is only covered for death or injury due to dogs or predators. As a beef cattle producer, I can say that dogs or predators like coyotes have yet to be an issue in the province. Therefore, this type of insurance does not benefit any beef producer in the province.

We need livestock insurance that will cover disease outbreak resulting in a major loss of the herd. We also need livestock insurance that would cover natural disasters, like wildfires, which have been more common in our province. For example, last summer, we had a forest fire break out on the opposite side of the highway, adjacent to one of our summer pastures, only six kilometres away. It was only by the grace of God that the wind never shifted and caused the fire to move in the direction of our pasture. Had that happened, it would have wiped out my entire herd and livelihood, with no protection. With the scale of my farm, there is no way to recoup the loss.

With regard to payouts for our current livestock insurance under the provincial government, I reviewed the numbers and the payouts for beef cattle in 2026-27. For grade and registered bulls and cows, it ranges from \$400 to \$650 per head. For grade and registered heifers and steers, it is from \$200 to \$400 per head. For grade and registered calves, it ranges from \$70 to just \$100 per head. Even if this insurance policy were to cover things outside predators and dog attacks, it would not be worthwhile for me to invest my time and money into this, with today's cattle markets. For example, AgriInsurance would give me \$650 to buy a breeding bull, but a breeding bull at today's price is \$7,500.

With regard to forage production, my situation is a unique one for my area. I do not grow my own forage. I rely on purchasing the surplus hay from a network of my fellow producers. When it comes to climate risks, like droughts, which much of Atlantic Canada experienced last year, hay production is halted. This winter, under SCAP, the province introduced the AgriRecovery forage assistance initiative. I was unable to apply to this program. It was announced a few days before the deadline for the hay to be purchased. With so many producers searching at the same time, it was scarce to find. The biggest issue with living on an island is the transport cost. It was going to cost me more to transport the hay than the purchase price of the hay.

I'm sure that our issues may differ from the rest of the country, but in our province, we are all facing the same challenges in the beef industry.

Thank you for having me speak. I greatly appreciate the opportunity, and I hope that you will take these topics into serious consideration.

• (1215)

**The Chair:** Thank you very much, sir. We appreciate your time.

Next, we'll go to Mr. Lafontaine for five minutes.

[*Translation*]

**Éric Lafontaine (Farmer, Ferme Lafontaine-Noël, As an Individual):** Good morning, Mr. Chair and members of the committee.

My name is Éric Lafontaine, and I am a cattle producer in Dupuy, Abitibi-Ouest, on the Lafontaine-Noël farm—a family farm that has operated for over 100 years. My spouse and I have been co-owners since 1993, and we own a herd of approximately 300 cows. Our daughter now wants to carry on the work that my family has developed for generations.

I am here today to tell you about a catastrophic situation that occurred in 2023 and which, three years later, continues to profoundly affect my farm and many producers in my region.

First, in 2023, we had an abnormal winter: there was little snow and a lot of ice very early in the season. That weakened our pastures. Then, the forest fires in Abitibi and Northern Quebec forced the urgent evacuation of our herd of about 800 head. Finally, there was a historic drought, which resulted in a water deficit of 220 mm—a level never seen before. Even the region's most long-standing producers had never seen anything like it.

The consequences were devastating for every producer in the region. After an initial hay cut that was already very poor, it was impossible to harvest a second crop of hay. To adequately feed our livestock, we were forced to use our hay reserves to feed the cows on pasture and then to purchase enormous quantities of hay from other regions at exorbitant costs.

Producers estimate their yield loss at approximately 70%. However, the Financière agricole du Québec, as part of the crop insurance program, assessed losses at 36% on average, which means a compensation shortfall of approximately 34%.

I want to make this clear: The system could have done better. This is not a technical issue; it is a matter of choice.

When the gap between the actual situation and the recognized data exceeds the established framework by over 15%, the Financière agricole has a duty to compensate insured producers. Three years later, the impact on our business is still being felt, because the entire income protection system failed to meet our needs. With our current resources, it will take us at least six to eight years to return to the levels we had before 2023. We may never be able to make up for this lost growth, which could affect the next generation of farmers. I want to make it clear that our situation is far from unique. Indeed, many of Abitibi's producers find themselves in the same boat.

One essential point must be understood: hay is the foundation of our production. In our business, more than two-thirds of our expenses go toward forage crops. We are just as much forage crop producers as we are beef producers—if not more so. Yet it is precisely these crops that are the least protected by the insurance program, especially when compared to grains, which are often fully covered.

Climate change is increasing our risks. There is more at stake than just a bad year; it is the very survival of our farms. In practical terms, one-size-fits-all solutions in farm risk management programs must end. We need greater flexibility and we need to provide for genuine exceptional measures. Programs must be adapted to regional realities and ensure fairness on a national scale. Finally, in exceptional situations, more on-site inspections are needed, because, all too often, the way data is interpreted does not reflect the reality faced by producers. That is the crux of the problem.

The beef industry needs breathing room. The average age of producers is high, and if we want to attract the next generation, the industry must become attractive again. Current prices are good, but we cannot fully take advantage of the cycle. The catastrophic situation in 2023 meant we missed out on a favourable economic cycle, and this setback continues to hinder the development of our businesses today.

Finally, I want to remind everyone that providing adequate compensation to farmers is not an expense; it is an investment that will be recouped, in the medium term, through tax revenue, but above all through stable and sustainable economic benefits in rural areas that, very often, rely heavily on their agricultural production.

• (1220)

In closing, I ask one simple thing of you: give us tools that match the risks we take. That is how we will be able to protect our farms, support the next generation, and keep rural areas vibrant.

Thank you.

[English]

**The Chair:** Thank you very much.

Next, we'll go to Mr. Hebert for five minutes.

**Kristjan Hebert (President, The Hebert Group of Companies Ltd., As an Individual):** Thank you, Chair and committee members, for the invitation to discuss BRM. I appreciate your patience with virtual attendance, as my seeders are literally driving by my office window right now, starting to plant our farm.

I'm here representing the Hebert Group, which includes a family farm called Hebert Grain Ventures. The first crop of 320 acres was planted by my father Louis and my mother Karen in 1978. This spring, in 2026, we'll crop 42,000 acres. We also have an agriculture risk finance company called Maverick Ag, which deals directly in BRM and finance management. One of our favourite offerings is executive education for farmers through a program called "Farmer Coach", which helps with farm management learning.

I like to joke that I'm a recovering accountant. I'm a CPA by trade, so I'm addicted to numbers and data. I spent quite a bit of time in BRM, and I am a former chair of Global Ag Risk, one of the few private crop insurance options in Canada.

I'll focus on grain farms, as that's what I understand best.

The average cost of production on a grain farm in Canada has increased from around \$250 or \$300 an acre 10 years ago to between \$550 and \$600 an acre in 2026. On top of the doubling of the risk farms take every year, we can see that policy risk in the last five to seven years has been one of the biggest challenges. For example, canola tariffs dropped revenue by between \$120 and \$150 an acre in a three- to four-month period this winter. That's just easy math: three dollars a bushel times 40 to 50 bushels an acre. Considering that the average grain farm is targeting a profit of around \$50 an acre, a trade policy can thrust them into a loss, with no management option for the farmer.

Diesel fuel, obviously because of the Strait of Hormuz and our neighbours to the south, has varied in the last three months from as low as 81¢ a litre to \$1.50 a litre. Depending on cash flow, storage and the timing of planting, farms can be fairly handcuffed on their costs. I could give the same example with fertilizer. Timing and cash flow have become of the utmost criticality when managing the farms specifically with these policy risks.

I would urge government not to focus on just food security at this point in time. Instead, look at a national agri-food strategy that focuses on economic impact, global food security, national food sovereignty and, most importantly, productivity and resilience. It really is agriculture and food's time to shine and be a solution to our lagging productivity and economic growth compared with some of our global partners.

Obviously, a key part of this strategy will be BRM. FPT discussions are starting this summer on new BRM programs, so I'll provide a few high-level comments on each program and welcome any questions afterwards.

AgriInsurance crop insurance is one of our staples. We need to look pretty strongly at interprovincial consistency, how some of the rules are applied and the separate rules in different provinces, such as separate contracts for locations and grandfathering in previously paid premiums. It's probably about time to look at the subsidy, realize what it's actually costing the Canadian taxpayer and ask whether we're getting the results we want from the program.

This is not a welcome opinion among some of my farm peers, but I think we should get rid of the \$10,000 matching and turn AgriInvest into a tax-deferred, income-smoothing account so that when farmers put money in the account, it's a writeoff, no different from what we do now for buying fertilizer or cattle. When we take money out, it's income. That could help farms manage their taxes and let government know how the industry is performing. It would also help reserves and banks.

I'm a huge fan of AgriStability. I think it's the best program the government offers. I realize that's not a widely held opinion. The accounting industry has not helped the government's ability to implement AgriStability. The accounting industry tends to cause issues of timing and slowness of payments. There are a number of things I would change in AgriStability, such as eliminating caps and allowing enterprise accounting.

I have a transformative-change idea: a private-public voucher system.

For BRM, I would strongly urge you to look at the Canadian Agricultural Loans Act program, which has government-backed loans to 95% on a \$500,000 max. This should be adjusted and tied to new BRM talks.

I truly believe we have a succession and transition opportunity, not a problem. However, a number of tax things put in over the last decade have made it very tough. We need to look at capital gains, the 21-year trust rule, taxable capital, corporate partnerships and section 85 expansion.

Thanks for your time today.

• (1225)

**The Chair:** Thank you very much to all of our witnesses.

I'll go to the Conservatives for six minutes.

Mr. Gourde.

[*Translation*]

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

My question is for Mr. Lafontaine.

If I understand correctly, during past events—namely the drought in 2023, the fires, and the loss of forage—the risk management program did not work for you. You suffered a massive loss of forage, given the size of your herd. To feed 300 cows, you probably need around 2,000 tonnes of forage per year.

Please explain your strategy. Indirectly, your strategy may have actually worked against you. The program is so broad that you have to suffer a significant loss of income for it to apply. On the other hand, according to the program, a loss of forage isn't considered a loss of income, because you still sold animals—and you may even have sold more due to the lack of forage.

Please explain what happened on your farm so we can fully understand.

**Éric Lafontaine:** Actually, the drought occurred at the beginning of the season. In Abitibi, we're used to having more water, and at the start of the season, we had no water at all. We thought it would rain at some point, but there was no rain. We had to use the hay we were harvesting to feed the pasture animals. In the end, we still had to buy quite a lot of it. We managed to find some in Témiscamingue. What we needed was money to buy hay during the summer, during the harvest, because we knew that everyone in the region, everyone in Abitibi, needed to buy hay. At that point, we did pressure the Financière agricole du Québec to try to get advance payments, but there was a long wait. We received the first payment in August. When you know that everyone wants hay, you have to act quickly.

As for the decrease in our herd, we had 350 cows; we sold about 50 of them to make it through the winter with the forage stocks we had and managed to secure. However, that's catching up with us now, because we have 50 fewer calves to sell, which is another loss of income. We haven't received much compensation. At the same time, selling off the herd means that today we have even less income.

I hope that answers your question, Mr. Gourde.

• (1230)

**Jacques Gourde:** We understand that transportation costs are not necessarily included in the compensation for hay. You mentioned Quebec's hay crop insurance. I'm quite familiar with this program, as I am also enrolled in it.

When it comes to risk management, the federal program factors in the average financial viability of the farm. However, it does not factor in the weather-related issues your region experienced in 2023. Would there be a way to determine a specific amount at the regional level? As you say, the fact that it was impossible to buy hay from a neighbour—because they needed it just as much as you did—must be taken into account. You had to go further afield to

buy it. The price of hay had gone up somewhat, and transportation costs were very high. It would be even worse this year. Could there be a way to consider this a regional climate-related issue?

**Éric Lafontaine:** Actually, there is the AgriRecovery program, but it often comes into play a bit too late in the process.

We met with Minister MacAulay at the time, and he told us he couldn't do much about it. All he could do was talk to Minister Lamontagne, who could provide compensation through the Financière agricole du Québec. I feel like I'm paying a hefty premium for crop insurance. We really wanted the crop insurance to compensate us, but we were never compensated for the full extent of our losses.

**Jacques Gourde:** When you met with the minister, he told you he couldn't do anything. Perhaps he hadn't turned to the right person. I recall that in 1984, under Brian Mulroney's Conservative government, there was a widespread drought in Quebec and the government took action. It provided financial assistance to all producers to compensate for the lack of forage, both those who were insured and those who were not. So it was possible for the government to do something. You received a negative response, but I find it hard to accept that the current government did not want to help you. The programs exist. It doesn't want to change them. It would have been possible to create an ad hoc program to help the region, to help you, but that wasn't done. What you're telling us is that the current government, unfortunately, didn't do anything.

**Éric Lafontaine:** That's exactly right. I can't say otherwise.

**Jacques Gourde:** Thank you.

How much time do I have left, Mr. Chair?

[*English*]

**The Chair:** You have 24 seconds.

[*Translation*]

**Jacques Gourde:** In that case, I'll leave it there, Mr. Chair.

[*English*]

**The Chair:** We'll go to the Liberals, with MP Dandurand, for six minutes.

[*Translation*]

**Marianne Dandurand (Compton—Stanstead, Lib.):** Thank you, Mr. Chair.

Thank you to the witnesses for being with us. I also want to thank them for sharing their experiences with the business risk management programs and talking about the other challenges they face in agriculture.

This is for Mr. Hebert.

We rarely hear ideas like yours. I was quite surprised by a number of your recommendations, but I'm very intrigued. This is the first time I've come across a similar recommendation for the AgriInvest program.

Could you elaborate on it? How do you see the government improving AgriInvest, to help farmers become more resilient?

• (1235)

[English]

**Kristjan Hebert:** I'm not going to disagree with you. My ideas aren't always that wide-stream. The reason I struggle with AgriInvest is that currently, as I said, it's a \$10,000 matching the minute you qualify for that, so it's implemented differently on every size of farm. Really, it's 100% return on the farmers' money given to them by the government, for which then a lot of times we hear complaints because they have to pay tax on free money when they take it out. My personal opinion is, let's take it away.

One of the greatest advantages agriculture has is cash-to-accrual accounting. We can file tax on a cash basis, so in a lot of good years for farms, they buy cattle or fertilizer before the end of the year to reduce their tax bill. It's deferred income smoothing. We're allowed to do it. I think we should be able to use AgriInvest so that instead of giving the money to a different farmer or retail, we put money in AgriInvest, which is deductible. We can invest it. Let's not just have it invest at 1%. Let's call it a 3% or a 5% guaranteed investment and let the government and the banks work together. Therefore, we'd get our win by the tax savings over the years when we do that. When we take that money out, it's taxable, so we can manage when we're going to pay tax on that when we have a weaker year. I would argue that is what AgriInvest is meant to be, which is to build up a self-insurance fund to help us in a bad year.

I also think it's a bit of a win for the government. If you have billions of dollars in AgriInvest that have been put there by farmers to pay less tax, to save money for poorer years, that's a pretty good indicator that the industry is in a good spot, specifically if they have to say whether they're a grain farmer, a cattle farmer or a dairy farmer. If there's no money in AgriInvest, because it has all been pulled out and they've been willing to pay tax on it in order to help their situation in a bad year, you guys will know the industry is not in a good spot.

I think it's a win for farmers. I think it's a win for the government. Lastly, I'm sure it's a win for banks, because they seem to love billions of dollars of our money in it, both the government's and mine.

[Translation]

**Marianne Dandurand:** That's a really interesting perspective. I'd ask that you submit all of your proposals to the committee in writing so we can consider them. You covered a number of recommendations in your opening remarks, but I don't think five minutes was enough time. You seem to have a lot of ideas that you've given a lot of thought. If you could submit them to us in writing, it would be particularly helpful and relevant when we're drafting our report.

Now I'd like to talk about AgriRecovery. There are still questions about the timeliness of the support. It was tested in British Columbia, among other places. Following a disaster, a certain percentage, based on a preliminary assessment, was provided to help roll out the support quickly. Afterwards, a full assessment was done and adjustments were made.

Do you think that approach could be applied more widely, to all the situations covered by AgriRecovery?

[English]

**Kristjan Hebert:** For sure, I think AgriRecovery could be adapted. My perfect world is one where we have two or three programs that are good already and we don't have to do AgriRecovery. AgriRecovery means that we're having to do it ad hoc, which means something is wrong, or something has come up that we haven't thought about.

For instance, if an AgriStability program is built correctly and allows enterprise accounting so that operations that have separate units aren't being penalized and you have early payments allowed in AgriStability.... Today's world of bookkeeping is significantly different. We do the books on a 40,000-acre farm in fewer hours than we used to on a 1,000-acre farm. Now farms need to step up and do a better job of having books done correctly, but I think technology would allow government to do interim payments very rapidly through a well-run AgriStability program, with some changes that, to be honest, have a potential to no longer require AgriRecovery. You're going to have the odd one because of a major event or an industry that has four or five bad years back to back, because their margins would be gone, but as I said, in a perfect world, we should adjust our current programs so that AgriRecovery is not needed as often.

[Translation]

**Marianne Dandurand:** That leads me to ask you a more general question.

My sense is that, over the years, the business risk management programs were designed to address fairly exceptional circumstances that are increasingly becoming structural risks—in other words, more and more extreme weather events happening at more and more frequent intervals.

Do you agree with me that one of the issues with the business risk management programs is that they aren't suited to the new reality facing farmers when it comes to climate risks?

• (1240)

[English]

**Kristjan Hebert:** I think the crop insurance, or the AgriInsurance program, is set up for climate risk. I mean, for us in Saskatchewan and western Canada, that is mainly drought or too wet. I'm pretty lucky; I farm in an area where I've been affected by drought only once. I own way too many \$1,000 tow straps to pull my equipment out, because we're too wet. Those are the climate events we deal with.

Personally, I think the biggest issue with the programs is that they haven't adapted to the rapid increase in the cost of production. For instance, in AgriStability specifically, a cap of \$3 million is one of the craziest ideas I've ever heard of. There's no cap on—

**The Chair:** I'll have to stop you there. We're over time. I'm sorry about that.

We'll go to the Bloc for six minutes.

[Translation]

**Sébastien Lemire:** Thank you, Mr. Chair.

Mr. Lafontaine, I'm especially proud to be hearing from you today. A few years ago in our region, the winter frost, drought and wildfires—which, I would remind everyone, hit Abitibi-Ouest especially hard—all came together to create the perfect storm. It led to dire situations, such as people having to move herds immediately, to say nothing of the mental toll on farmers' and the consequences for their well-being.

You led an important effort, alongside Maxime Fontaine, Mathieu Dumont and Alexandre Bégin. I'm talking about the red letter, which I have with me here. It starts with a petition signed by every, or just about, farmer in Abitibi-Ouest. In the letter, you were sounding the alarm. You were trying to make your voice heard. You were trying to put Abitibi-Ouest on the map, because you weren't on the radar. The programs weren't being deployed in a timely way, which had major consequences.

I'd like to know the consequences you're still living with today. You talked about it in your opening remarks.

Further to my colleague Mr. Gourde's questions about your pastures or grazing, I'd like you to tell us about the consequences of that situation.

**Éric Lafontaine:** The drought was actually so serious that our oldest pastures died completely. Currently, there's no forage there, but we still have to feed our herd. We can't renew all our pastures in the same year. It's also very expensive. It costs almost \$200 an acre to replant a pasture, and we have at least 1,200 acres. What's more, it takes five or six years to do all that, as I said.

We now have additional expenses because we have to replant the pastures, on top of having to buy hay. Our pastures can't provide what we need. We now have 50 fewer cattle, and with the current calf price, that's nearly \$200,000 in revenue we don't have.

**Sébastien Lemire:** At the time, we met with Minister MacAulay together. Overall, the minister was receptive and listened to your concerns, as you said earlier. Obviously, the federal government contributes 60% of program funding, with the provinces and territo-

ries providing 40%. The department officials following these proceedings know they have a responsibility.

We were basically told that the federal government sets out the guidelines but that it was up to the other government to implement them, in this case, the Quebec government. As you mentioned, Quebec's response was about the same, saying that it couldn't do anything under the framework it had been given. At the end of the day, farmers are the ones who suffer the consequences. Still, some changes were made. I remember going to see you and you showing me the numbers.

How did the governments adjust the programs, and what effect did it have on your business?

• (1245)

**Éric Lafontaine:** When we met with the minister, we showed him the numbers, but everything the government did ultimately produced little.

The government ended up providing what it considered to be fair compensation. Quebec ended up compensating us through a ministerial initiative, because it couldn't find a way to resolve the matter and it didn't want to open the crop insurance program. However, it had the ability to do so, since we were above the 15% difference with the weather station data.

Personally, I expect my insurance provider to cover me if I'm paying for insurance. If my house burns down, I expect the insurance company to pay for the damage. I don't expect the insurance provider to pay for just half the damage and then have to find another program.

**Sébastien Lemire:** You're saying that you would have needed double or triple the amount. You were given up to \$50,000 or \$135 per head, which was nowhere near how much you needed.

Adjustments were then made. I'd like to highlight how ridiculous the situation was. It rained on May 1 or June 1, if I recall correctly, so that meant farmers weren't short of water, even though the effects of the drought were visible. Almost the entire field was grey.

How were the programs, the indicators, adjusted in subsequent years? What was the financial impact on your profitability?

**Éric Lafontaine:** They adjusted the program midstream, but they cut the compensation grid by almost half.

In the end, the program still isn't responsive. It's worse than it was before, I think.

**Sébastien Lemire:** When it comes to farmers' needs, communication between the governments has been impacted. That's what I'm hearing today.

Thank you.

**Éric Lafontaine:** Yes.

[English]

**The Chair:** Thank you very much.

We'll go to the Conservatives for five minutes.

**John Barlow (Foothills, CPC):** Thanks, Mr. Chair.

I want to start with Mr. Fagan.

You were talking about the importance of programs like a live-stock insurance program. Conservatives have been pushing for a national insurance program for quite some time. It's good to hear that it may be implemented as early as tomorrow.

I would assume that market certainty would also be very important to you as a producer. The current government allowed the United Kingdom accession to the CPTPP. Beef imports from the United Kingdom are up by 150% over one year, with zero Canadian beef going to the United Kingdom. Over the next few months, the government is looking at signing a trade deal with Mercosur, which includes Brazil and Argentina. Imports of low-quality, cheap Argentinian and Brazilian beef into Canada are up by 300%, despite a 26% tariff. I think it could be devastating to the Canadian cattle industry if the government signed a free trade agreement that would eliminate that tariff. We would see a massive influx of low-quality South American beef into Canada, which would displace Canadian products that are produced at a much higher standard.

Would this raise some concerns with you as a cattle producer about the impact this could have on your business?

**Nelson Fagan:** With regard to marketing, there is no federal slaughterhouse at home. We're all provincially regulated, so we sell within our province. I have my market secured. I travel around rural Newfoundland. I have 21 stores, and counting, that carry my products. Keeping the animals on the island and attaining them at a fair price is the problem.

As for the rest of the country, the boys are going to be in trouble if that happens.

**John Barlow:** They would be bringing Brazilian beef into slaughterhouses here—or trim—mixing it with Canadian beef and selling it across the country. There's not a part of the country that would be safe from this.

Thank you very much for that answer.

I'm going to pass the rest of my time to my colleague, Mr. Bonk.

**Steven Bonk:** I have a question for Kristjan Hebert.

A few years ago, we were chatting, and I remember that you mentioned at the time that the biggest risk to your farming operation was government policy. Then we sat down and we talked a lot about private insurance, as opposed to government-funded insurance. I'm just wondering if you could tell us a bit about your experience,

because you've dealt with a lot in that industry and you understand it very well.

Could you compare the two, what we currently have with our BRM products that are funded by the government and those that are private?

• (1250)

**Kristjan Hebert:** The main private product that most people understand is hail insurance, but there's Global AG Risk Solutions, and another one called Agi3. They are variations of AgriStability or revenue insurance. They work quite well at building around the current government programs. The detriment to private products, if we wanted to take away a bunch of the liability and operational risk, is that the subsidy for crop insurance that the federal and provincial governments pay is so astronomical.

If I were to give you what I would do for transformative change, I would go to a voucher type of system. I would make the provincial crop insurance companies run as subsidiaries, no different than SaskTel having to run as a subsidiary in the province of Saskatchewan and competing against Bell and Rogers. As a farmer, as I decide which insurance works best for me, I buy it. I submit my receipt, and I get the exact same subsidy whether I buy private crop insurance or whether I buy AgriStability. They wouldn't replace government insurance, but they would build products that work very well for different types of operations and different regional changes all around the government programs, and they would remove liability and improve timeliness on some of the stuff.

On top of that, I think you could really look at reinsurance diversification. The federal government could look at taking on catastrophic risk, from a reinsurance standpoint, for all of the products combined, and through that diversification would probably get significantly better reinsurance rates, for both the private companies and themselves.

**Steven Bonk:** Could you maybe expand on the reinsurance side of it? We had that in the first round. We talked a little bit about it. Can you expand on that and how you think that could help us with minimizing our risk?

**Kristjan Hebert:** In the world of private insurance, most companies wouldn't be large enough to take on all that risk. They sell that reinsurance risk to reinsurers around the world. You get a better reinsurance rate based on your client book claiming less and on spread of risk. If you only have a very concentrated group of farms in southeast Saskatchewan, you're going to pay more reinsurance. If you have farmers all the way across the country—B.C., Manitoba, Saskatchewan, Alberta and out east—you can see better reinsurance rates, because the total claim across the whole country will be less than for a specific region.

I think it's a critical piece for the catastrophic risk—the one-in-50, one-in-100, one-in-200 risk—for both the government and the private sector.

**The Chair:** Thank you very much.

We're going to go to Mr. Connors for five minutes.

**Paul Connors:** Thank you to all the witnesses for coming out, especially to Mr. Fagan for coming up to us to present some thoughts on the BRM programs.

Mr. Fagan, from your experience as president of the cattlemen's association and your experience with the Newfoundland and Labrador Federation of Agriculture, is there a large participation rate in the BRM suite of programs in Newfoundland and Labrador?

**Nelson Fagan:** I would say no. There aren't a lot of people who would be aware of this whole thing and the finer details of it, to take advantage of it.

**Paul Connors:** Do you think it's cost-prohibitive, or do the programs not suit the smaller farms in Newfoundland and Labrador?

**Nelson Fagan:** Smaller farms, no.... They would have to have capital to put into it first.

**Paul Connors:** Going back to the livestock insurance, you briefly spoke about this. Can you elaborate a little bit more on the challenges you have with the livestock insurance?

**Nelson Fagan:** The livestock insurance challenges, for me, would be that the only thing they cover is the hunter or predator. We have climate change. We had three forest fires in the last two years, right next to my barn. I have farm insurance on my barn. If a fire broke out in my barn, the animals in the barn are covered. To be honest with you, I feel there is a higher probability of losing my animals to a forest fire on one of the community pastures.

**Paul Connors:** Have you investigated any insurance that would cover that? Does the BRM suite of programs cover that?

**Nelson Fagan:** Not through you guys, but privately, I have. I did call one. In 2021, I reached out to an insurance company. I forget their name, but they were in Saskatchewan. I was purchasing a pedigreed Charolais bull and bringing him home. I asked about animal insurance in general, and the only thing they would cover, in my area, was the transport to get him to my farm. After that, I was on my own. They didn't have any programs for me.

• (1255)

**Paul Connors:** You mentioned the climate change issues and the forest fires. I'll ask a question about the forest fires. If your cattle had been affected by the forest fires last year, that would have wiped your business out.

**Nelson Fagan:** If that happens, I'm done.

In today's markets, a feeder calf now goes for \$3,800 at seven or eight months of age. I cannot afford to retain him and feed him for the next eight months and get a carcass out of that in my market. I'd be better off just shipping him. At the same time, the breeding stock is just as much, and then there's the transport to Newfoundland.

**Paul Connors:** I want to go to the forage issue that was in Newfoundland and Labrador last year—in most of Atlantic Canada, probably, or in all of Canada. AgriRecovery kicked in to allow people to participate after the fact. I don't know if it was in your opening statement or in answer to a previous question. Did you benefit from that, or do you know farmers who benefited from it? What would be the reasons that you never benefited from it?

**Nelson Fagan:** Well, the reason I never benefited from it was that I got the email at four o'clock on a Tuesday afternoon, and I had to have hay sourced, transportation arranged, and the invoice by the end of the day on Friday. When you have no one to go to in order to start sourcing it, three days is not a lot of time to source

hay, arrange transportation and have it paid for, so that was one reason.

I am aware of one beef producer in my area who did take advantage of it, and there is another one, I believe, who did also. I have not spoken to him directly, but I heard he did. I don't know everyone, but there are up to two beef people.

**Paul Connors:** Do you think climate change is going to impact your businesses?

**Nelson Fagan:** Absolutely.

I didn't mention.... As you know, I am the chair and vice-chair of two community pastures in my area that we use. I micromanage them with several other beef producers. I've been using one pasture since my childhood, and I now run it. This past July, I walked that pasture in my tennis shoes, and the grass crunched like maple leaves on your lawn in the fall. I've never seen the pasture like that. We thought we were done, that it wasn't going to recuperate. It did come back, although poorly. We've thought about doing different things, but Newfoundland is rocky and hilly. However, we did, this past March, take advantage of doing some frost seeding. We're interested to see where that goes.

We took over these pastures from people who had them for 30 years, and nothing was done with them, so we're trying to build them up. Hopefully things will change. The fertilizer—

**The Chair:** Thank you. I'm sorry to cut you off.

We'll go to the Bloc for the last two and a half minutes.

[*Translation*]

**Sébastien Lemire:** Thank you, Mr. Chair.

Mr. Lafontaine, I'd like you to talk more about the insurance program.

Currently, we're talking a 40% premium, a \$100,000 deductible and 15% of insurable value. The farmer, then, pays the first 15%. The farmer has to have lost at least \$100,000 to access any protection under the program. You pay \$18,000 a year to be insured, whether you're paid or not.

Does that system work well for you? What would the ideal system look like?

**Éric Lafontaine:** What's missing is that the system fails to take into account the actual circumstances on the ground. That doesn't happen now. The system relies on weather station data, without factoring in field visits. If the grids for analyzing the weather station data are wrong, the system can't work. At the very least, the system has to allow for field monitoring.

We've seen 10% premiums in the past. Crop insurance payments have been made, which increases premiums. The risk is still there. We know the risks are growing because of climate change, so there has to be a way to protect farmers without making them fork out the first \$100,000. We can't move forward like that.

**Sébastien Lemire:** Your farm is north of Dupuy. As the crow flies, how many kilometres away is the closest weather station?

• (1300)

**Éric Lafontaine:** The weather station is right there, on the farm. Weather station data should really reflect—

**Sébastien Lemire:** The data aren't reliable.

**Éric Lafontaine:** The data are reliable, but the analysis grids aren't when it comes to yield. It's as simple as that.

**Sébastien Lemire:** That's very interesting.

You know as well as I do that many farms in Abitibi and Témiscamingue are some 50 kilometres away from the weather station.

I have one last quick question.

Does not having a federal or provincial slaughterhouse in Abitibi-Témiscamingue affect your business? What impact does it have?

**Éric Lafontaine:** The big problem is animal welfare because of all the transportation required. We talked about local distribution channels and the ability to sell products locally. Now, the animals have to travel 800 kilometres to the slaughterhouse, and then the meat has to be brought back. Today, there's a lot of focus on animal welfare and local distribution channels. It's a real issue.

**Sébastien Lemire:** Thank you very much.

[*English*]

**The Chair:** Thank you very much.

I'd like to thank all of our witnesses for joining us here today, virtually or in person. We appreciate your insights and your advice for the committee.

Is it the will of the committee to adjourn the meeting?

**Some hon. members:** Agreed.

**The Chair:** Thank you so much. The meeting is adjourned.







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