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Standing Committee on Agriculture and Agri-Food

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• (1100)

[English]

The Chair (Michael Coteau (Scarborough—Woburn, Lib.)): Good morning, everyone. I'd like to call this meeting to order.

Welcome to meeting number 36 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 I continue, I would 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 and feedback incidents and to protect the health and safety of all participants, including our interpreters. You will also notice a QR code on the card, which links to a short awareness video.

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

Before speaking, please wait until I recognize you by name or you're asked a question directly by a member. For those participating by video conference, click on the microphone icon to activate your microphone, 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 remind witnesses that committee members may ask questions in either French or English. If you need interpretation, please take a moment now to prepare your earpiece and select in advance the listening channel you need in order to take full advantage of the time allotted for questions and answers. As a reminder, 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, and we appreciate your patience and understanding in this regard.

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 agriculture sector.

I'd like to welcome the witnesses who are joining us here today. Thank you for taking time to be here.

With us we have, from the Conseil pour le développement de l'agriculture du Québec, Sarah Delisle; from MNP LLP, Marvin Slingerland, vice-president, and Akaljot Singh Gill, director; and from the Ontario Federation of Agriculture, Ben LeFort, senior economist.

You will have up to five minutes for speaking, and then we'll go into questions. We'll start with the members from MNP LLP.

You have five minutes.

• (1105)

Marvin Slingerland (Senior Vice-President, Agriculture, MNP LLP): Good morning, Chair and members of the committee. Thank you for the opportunity to appear before you today to speak about the committee's study on Canada's business risk management programs.

My name is Marvin Slingerland. Alongside me is AJ Gill. We are pleased to be here on behalf of MNP, one of Canada's largest advisers to Canada's agriculture sector.

MNP has served as a trusted adviser to agriculture operations since our founding in Brandon, Manitoba. Over the past 68 years, MNP has built a comprehensive agriculture practice, where today we work directly with over 30,000 clients across Canada. We serve these clients across our 178 offices from coast to coast. This work includes supporting producers each year in navigating BRM programs, filing thousands of applications and managing risk at the farm level.

Over the years, we have developed a deep understanding of what is working well within Canada's BRM framework and where targeted reforms are needed. This understanding has been documented in a paper outlining our observations and recommendations moving forward, which we are happy to provide to the committee.

Let me begin with a fundamental point.

Canada's BRM programs remain a cornerstone of agricultural policy, designed to support producers facing income volatility from external shocks. In our view, the core architecture of the system is sound, with the programs playing a critical role in supporting the long-term viability of farm operations across the country. Further, this strength lies in its margin-based foundation, particularly through AgriStability, creating an effective and responsive tool for producers.

However, what we have heard from producers, along with our advisers, is that the system has not kept pace with the realities of modern agriculture, and that is where reform is needed.

Producers frequently experience long processing timelines, sometimes receiving payments well beyond the point when they are useful for cash flow. There is also limited visibility into how payments are calculated, which creates uncertainty and contributes to the perception of the program as a black box.

More importantly, the sector has evolved. Farm operations have become larger, more capital-intensive and more complex, yet key program parameters have not kept pace, reducing the effectiveness of the support in some cases. In short, while the intent of the programs remains strong, their practical effectiveness has been constrained by outdated parameters and delivery challenges.

Akaljot Singh Gill (Director, Agriculture Risk Management Resources, MNP LLP): Good morning.

This leads us to our recommendations on how to improve Canada's BRM suite. These recommendations focus on strengthening, not replacing, the existing systems we have in place.

First, at a high level, we recommend maintaining a strong margin-based core program, with AgriStability remaining central to the BRM suite.

Second, modernize program delivery, including improving administrative efficiencies and accelerating payments.

Third, strengthen transparency and communication so that producers better understand program rules and outcomes and the policy's intent.

Fourth, ensure greater policy stability, moving beyond short-term adjustments in order to provide multi-year certainty.

Lastly, expand financial literacy supports so producers can fully understand and utilize available tools.

Taken together, these reforms are aimed at restoring producers' confidence, improving program uptake and ensuring that public investments are delivering meaningful impact.

To conclude, Canada's BRM programs are at a critical juncture. Producers are facing increased volatility driven by market uncertainty, climate pressures and rising costs. With targeted, evidence-based reforms, Canada can ensure that its BRM systems continue to support a resilient, competitive and sustainable agriculture sector for years to come.

Thank you again for the opportunity to appear. We will be pleased to answer any of your questions.

The Chair: Thank you very much.

Next, we'll go to the Conseil pour le développement de l'agriculture du Québec for five minutes.

[*Translation*]

Sarah Delisle (General Director, Conseil pour le développement de l'agriculture du Québec): Good morning, Mr. Chair and members of the committee.

First of all, thank you for inviting the Conseil pour le développement de l'agriculture du Québec to take part in your discussions. Allow me to provide a brief introduction about our organization.

Founded in 1996 at the Canadian government's request to compensate for the termination of financial assistance for transporting grain from west to east, the Conseil pour le développement de l'agriculture du Québec is a non-profit organization that's been supporting the agricultural community for 30 years now.

Between 1996 and 2016, the council undertook over 20 federal programs and monitored 4,000 projects, thereby making a major contribution to the productivity of Quebec's farms, the adoption of sustainable agriculture, as well as research and marketing of agricultural products.

In 2017, the council refocused its work and is now directly involved in climate change mitigation in agriculture. Best known for its flagship Agriculimat project, the council has developed leading-edge expertise to address two key aspects of climate change mitigation: climate risk analysis and the reduction of greenhouse gas emissions on farms.

Since 2026, the council's team has been leading and supporting over 20 projects to assist with the implementation of on-farm measures and innovations aimed specifically at adopting these practices, thereby generating \$3 million in revenue.

I'd also like to add that one of the unique advantages the council enjoys in Quebec is the presence of two major driving forces within the agricultural community: the regional federations of the Union des producteurs agricoles and its affiliated specialized production groups, as well as Via Pôle d'expertise en services-conseils agricoles, a provincial organization offering non-input-related services, particularly in the agro-environmental field.

Since 2017, the council has conducted in-depth work to identify risks and opportunities arising from climate change with agricultural producers from all regions and major production sectors, along with advisers and researchers. More than 100 discussion meetings have guided the council toward the importance of facilitating the adoption of practices through collective projects and toward the development of an integrated approach for the benefit of producers, namely the on-farm climate plan.

This plan allows producers to access climate information specific to the exact location of their operation, notably through close collaboration between the council and Ouranos. With the support of an adviser certified for this tool, producers analyze the risks their operation might face and prioritize the measures they need to implement. Next, their carbon budget is calculated using a methodology that accounts for greenhouse gas emissions over a given year as well as the carbon sequestered in their soils and agroforestry systems. Producers evaluate the levers for reducing their carbon footprint through specific on-farm actions. They receive a comprehensive action plan tailored to their operation that enables them to combat climate change.

Here are some results we've obtained through our work at the Conseil pour le développement de l'agriculture du Québec: we've raised awareness among more than 7,000 producers through the Agriculmat project; we've greatly contributed to the Racine d'Avenir and Lait carboneutre living labs; we've rolled out the Agrisolutions climat program; we've developed the on-farm climate plan and Agriculmat platform; we've supported 80 certified agricultural advisers in developing on-farm climate plans; we're carrying out on-going innovation projects in dairy, beef, sheep and egg production, as well as those in cranberry, strawberry, raspberry, processing vegetable, field crop, forage crop production, and more; we've established the Agriculmat network, where 500 produce growers and stakeholders share a common interest to accelerate climate change mitigation; and we've provided agronomic training on combatting climate change in cattle, swine and forage production.

Based on close to 10 years of experience developing and carrying out climate change mitigation projects, the council would like to offer two broad observations.

The first is that agricultural producers are more concerned with measures they need to take to adapt to climate change than those focused solely on reducing greenhouse gas emissions, particularly due to economic considerations, the sustainability of their operations and the resulting co-benefits.

The second is that the factors facilitating climate adaptation are access to cutting-edge agronomic support, the presence of a knowledge transfer network, participation in collective projects and financial assistance allocated for adopting practices, all provided that an operation is in a favourable position financially, in terms of human resources and structurally.

Given the quality of past discussions regarding risk management programs, as well as the work of the Conseil pour le développement de l'agriculture du Québec, I propose that we focus our discussion on the measures to be taken prior to these programs.

Thank you.

• (1110)

[English]

The Chair: Thank you very much.

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

Ben LeFort (Senior Economist, Ontario Federation of Agriculture): Thank you.

Good morning, Mr. Chair and members of the committee. Thank you for the invitation to address the study on business risk management programs in Canada's agricultural sector. My name is Ben LeFort. I am a senior economist at the Ontario Federation of Agriculture.

OFA proudly represents more than 38,000 farm family members across Ontario. Our members produce over 200 commodities, and OFA advocates for an agri-food sector that drives over \$50 billion in provincial GDP and sustains over 750,000 jobs.

The primary message we bring to the committee today is that the risks Canadian farmers face have increased dramatically both in the

severity of the risks and in the types of risks, and that these risks are unlikely to go away anytime soon, which means that we need new investments in our risk management programs to help farmers navigate this increased risk.

Historically, agricultural risk was viewed through a more narrow lens of more episodic, isolated events. Today, producers are battling the compounding impacts of climate change, and severe weather events are much more routine rather than rare. Farmers are highly exposed to uncertain trade policies, restricted market access, increased volatility and geopolitical shocks. Because agriculture is a deeply interconnected global industry, any international instability—whether it's the Russian invasion of Ukraine or the conflict in Iran—always hits the agricultural sector.

We are living through this right now and navigating through energy and fertilizer price spikes. When you combine these elevated input costs with elevated interest rates and mounting farm debt loads, the result is a squeeze on producer margins. Farmers are price-takers. They have no ability to pass these costs along to the consumer. Every single external shock is a direct hit to farm profitability.

Our latest farm business confidence survey paints a stark picture of this reality. When we look at the producers who rank “improving risk management programs” as a top policy priority, their economic outlook is overwhelmingly categorized as “not so confident”. The compounding risks they face have frozen investment, with the majority of respondents telling us that their growth plans are simply to maintain the status quo rather than expand their operation. They tell us every day that they are being weighed down by rising input costs, escalating insurance premiums, heavy tax burdens and commodity price volatility.

The modern risk environment and the margin squeeze that farmers face require enhanced public investment. In light of the financial squeeze farmers face, further investments on key risk management programs, such as AgriStability, are necessary for farmers to have the confidence to make further investments in their business and to help the sector and the country reach their full economic potential. While we applaud many of the recent improvements to the AgriStability program—such as the removal of the reference margin limitation provision and increased compensation rates—we hear consistently from our members that their number one priority within that program is to restore the payment trigger of the AgriStability program to 85% of historical reference margins.

Furthermore, we greatly appreciate the government's flexibility in adjusting the interest-free limit under the advance payments program over the past number of years. However, as we all know, the geopolitical risks and the increasing input costs farmers face are likely a permanent new reality. This is why OFA continues to advocate to change the program guidelines to permanently increase the interest-free portion of the advance payments program to \$350,000.

To truly help farmers navigate this period of uncertainty and financial pressure requires a whole-of-government approach that links policy tools across the entire Government of Canada, not within just one ministry or department. The Canadian agri-food system, encompassing both primary agriculture and value-added food processing, is an undeniable economic powerhouse for Canada. It contributes over \$150 billion to our national GDP, and it helps sustain over 2.3 million jobs. In fact, food processing now stands as Canada's largest manufacturing sector in both GDP and employment.

As we approach the next policy framework, we ask that the government recognize agri-food as a core strategic industry of national importance to our economy. Supplementing increased NPF funding with further infrastructure programming to help get agri-food goods to market, growth-oriented tax policies and a focus on expanding our domestic processing capacity will ensure that we value-add our raw commodities here at home, insulating Canadian farmers from international volatility and securing Canada's food sovereignty.

• (1115)

Thank you. I look forward to your questions.

The Chair: Thank you very much. That was perfect timing.

We'll go to the Conservatives for six minutes.

Mr. Epp.

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

Thank you to the witnesses for being here today.

I'll begin with a short question and ask for a quick response, please. The present APF has five pillars. Obviously, this study deals with business risk management. The last APF introduced the concept of cross-compliance between one of the elements of BRM and other programming in the other pillars.

Mr. LeFort, have your OFA members been lobbying you for increased cross-compliance in the next APF?

• (1120)

Ben LeFort: No. That is not an issue our members have wanted us to pursue. In fact, it's the opposite. We have heard feedback on the cross-compliance issue of linking AgriInvest to an AgriRisk assessment, but in our members' view, that is an unnecessary step. Any additional cross-compliance in that way would not be viewed positively but rather as more red tape and difficulty in accessing the programs.

Dave Epp: Thank you.

To the clients of MNP, I'll ask a similar question.

Marvin Slingerland: Our comments would be similar. If the number one goal of the program is to get people enrolled in the BRM suite of programs, cross-compliance just adds a further complication to enrolment. Let's keep it easy to enrol and address other issues via other means.

Dave Epp: Thank you.

In your testimony, Mr. LeFort, you referenced that the risks were climbing. You're not the first witness who has come to this committee identifying that as agriculture and agri-food processing goes forward. With that, and with the BRM programs being cost-shared, the logical outcome of that is increased costs for both producers and governments. We heard testimony today that AgriStability, the margin-based program, should remain front and centre as a way to address increased volatility, particularly in costs.

It will come as a surprise to no one that I'm going to introduce the concept of reinsurance as a potential tool to address, especially, the volatility and the increased costs, going forward.

Do you have any comments, Mr. LeFort?

Ben LeFort: Our members are certainly open to any additional tools outside the core program to reduce risk and reduce the costs of these programs while increasing the efficiency of them. They do maintain, though, that those further investments in the core programs are critical.

You're right to raise that the increased risks that the industry faces are an additional cost to the industry and potentially increased spending through both levels of government, as they are cost-shared programs. Anything we can do to support producers while reducing the cost is worth looking into, absolutely, but we would maintain that those increased costs within the program are a worthwhile investment, given the magnitude of the economic impact the entire sector has on the Ontario and federal economies.

Dave Epp: Thank you.

The same question goes to MNP.

Marvin Slingerland: There are over 300 published commodities in Canada. We believe AgriStability is the best program to react, whether it's to a drop in revenue, an increase in production costs or a loss of production. We've seen AgriStability help clients with trade issues, avian influenza, floods in B.C. and widespread drought in the Prairies. Our opinion is that it reacts fairly to widespread perils. We have seen issues with reinsurance in some regions where programs have been rolled out, and after a year the programs have disappeared due to the cost of reinsurance via private insurance companies. AgriStability provides a long-term solution for producers with stability.

Dave Epp: Thank you.

I'll stay with MNP and AgriStability for the moment. In your testimony, you said it is the "core" program and that it needs to remain so going forward, yet over time the participation has gone down and down and down. You addressed some of those concerns.

Let me go to the concept of a national framework of AgriStability as a plug-and-play model, where regional programs plug into it and either producers have more choice, be it private or public, or they choose to participate and the costs and revenues from those other programs are taken into account or imputed in a national framework. Obviously, for reinsurance to work in that program, the program would have to be morphed into an insurance-type program as opposed to a purely margin-based, virtually government only, cost-responsive program.

Can you comment?

Akaljot Singh Gill: I would say there's room for the reinsurance programs to play a role, obviously, but they cannot be the main sector. The rationale behind it is that the number of different commodities we can protect through the AgriStability program is just not feasible for the insurance programs or the crop—

• (1125)

Dave Epp: I want to separate reinsurance from AgriInsurance. Reinsurance operates in the background. It is not a—

Akaljot Singh Gill: When you say reinsurance, do you mean through private insurance, or are you talking about the whole farm insurance of the federal government?

Dave Epp: Just like the AgriInsurance programs at the provincial level are using reinsurance, there's the possibility of it being used in federally and provincially delivered programs in the background, so it's not client-facing.

The Chair: Give a very short answer. You have 10 seconds.

Akaljot Singh Gill: There are two concerns with that.

One is that the coverage level obviously decreases, because your perils are going to be covered right on the farm, whereas AgriStability covers your perils all the way until your product is sold. Given the current circumstances—geopolitically and all that kind of stuff—it's not just the risk on the field that you're trying to cover, but also what happens after you've taken the product off and put it into your bins and all of that.

The Chair: Thank you very much.

We'll go to the Liberals for six minutes.

Go ahead, MP Mingarelli.

Giovanna Mingarelli (Prescott—Russell—Cumberland, Lib.): Thank you, Mr. Chair.

Thank you to all of the witnesses for being here today.

[*Translation*]

Mr. Lefort, my questions will be for you.

Many farmers in my riding of Prescott—Russell—Cumberland are members of the Ontario Federation of Agriculture. I would first like to address the issue of business risk management programs.

You're asking that the payment trigger for AgriStability be restored to 85%. In practice, why is the current threshold insufficient?

[*English*]

Ben LeFort: Thank you very much for the question. It's a good question, and it is critical to one of the main points we're making here.

We have heard from members over the years that the AgriStability program payment trigger moving from 85% of historical reference margins to 70% has essentially moved it from a program that was intended, as indicated by its name, to stabilize farm incomes to more of a disaster-level program. If your program margins are falling by 30%, you are in a financial emergency, essentially. That is a fundamental shift of the program. It is really no longer a stabilization of income. It is an emergency-level program.

We have heard from members since that payment trigger has been changed. Once it was changed, year over year, we were hearing consistently that members—farmers in Ontario and throughout Canada—no longer knew when they were going to receive a payment. That was introduced at the same time as the reference margin limitation and other provisions. It made it more complex, it made it less likely to get a payment and it meant that payments were smaller when they were received.

That change is really the single factor that has driven a lot of producers in Ontario out of the program since its implementation, just to recap, because producers no longer felt confident that they would get a payment, they didn't understand how the payments worked and the payments they received were much smaller than they expected.

[Translation]

Giovanna Mingarelli: Furthermore, when it comes to AgriInvest, you have advocated for 100% tax-free withdrawals. What specific obstacles do current tax rules create for farmers?

[English]

Ben LeFort: Essentially, when a producer deposits into AgriInvest and there's the government match going into the account, there are two separate funds within the account for each producer. The current rules are that they must withdraw the government match before they withdraw their own contributions, and that triggers a tax liability.

We have heard from members directly that they are hesitant to do that and create a new tax liability. It has contributed to many members leaving funds in the program when they would like to take them out to invest proactively in their operations, whether it's to increase efficiency, reduce risks they face or when they're in a difficult financial situation. Reducing that barrier of the tax liability that's created when withdrawing from the account removes another obstacle for producers to access those funds and be much more proactive in managing their risks and increasing the efficiency of their operations.

• (1130)

[Translation]

Giovanna Mingarelli: Can you provide specific examples where AgriInvest's lack of flexibility has delayed or prevented significant investments on farms?

[English]

Ben LeFort: What we see is more at the macro level. The funds within the AgriInvest account have been growing over the years and have not been accessed. It is more of a macro-level issue than one caused by specific events.

The intention of that fund was to invest in the operation. It's not the only reason. One of the reasons is that it creates a tax liability. Farmers are more likely to keep the funds sitting on the sidelines when they would like to be investing in new machinery or new ways to mitigate climate change risks or other risks they may face. The more friction we can remove from a program like that, the faster their money moves.

Farmers invest tremendously in their businesses every year. It's a very capital-intensive and input-cost-intensive business. Any friction we can remove to make it easier for farmers to reinvest in their businesses is going to help the farmer at the individual level. We know, given the size, scope and interconnectedness of the industry, it will help Canada and Ontario economically, as well, if we make it easier for farmers to invest.

[Translation]

Giovanna Mingarelli: Thank you very much.

[English]

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

The Chair: You have 32 seconds.

[Translation]

Giovanna Mingarelli: Okay. I'll ask another question, then.

Mr. Lefort, how would tax-free withdrawals enable producers to react more quickly to sudden shocks, such as rising input costs or extreme weather events?

[English]

Be super fast.

Ben LeFort: I'll be super fast.

The idea is that you would have, for example, \$20,000 sitting in your AgriInvest account and you're not sure what your tax liability is going to be. All things being equal, if I know I'm not going to pay taxes by pulling that \$20,000 out right away, I'm much more likely to take the money quickly and invest it to mitigate those risks and costs that I'm facing.

The Chair: Thank you.

Next, we'll go to the Bloc and Monsieur Lemire for six minutes.

[Translation]

Sébastien Lemire (Abitibi—Témiscamingue, BQ): Thank you, Mr. Chair.

My question is for you first, Ms. Delisle. Thank you very much for being with us today and for accepting my invitation.

Few studies have made as much of an impression on me as those by Agriclimat, particularly the one conducted in my region, Abitibi—Témiscamingue. About 10 years ago, I was with the Union des producteurs agricoles, and when that study was published, it came as a major shock to me. Basically, it stated that, under a realistic scenario, Abitibi—Témiscamingue, a northern region, would potentially have the climate of Montérégie or the northeastern United States. Of course, there are pessimist scenarios and optimistic scenarios. We agree that, in the past decade, no government decision has been made to slow down the achievement of those targets. So, by 2050, we could end up with a very different climate in Abitibi—Témiscamingue.

My first question is simple: Do you feel that winter is under threat in Quebec and Canada?

Sarah Delisle: Yes, but I must say that I am neither a meteorologist nor a climate scientist; I'm an agronomist by training.

As you say, we've had the opportunity to work closely with Ouranos and, yes, we have strangely observed that the benefits associated with snow cover will diminish over time, which will further threaten the survival of forage plants, among others, during the winter.

There will also be major weather fluctuations during the winter. The more time passes, the more we observe this. Frequent changes make winters much more difficult in terms of livestock production, specifically regarding environmental management in barns, for example.

Sébastien Lemire: Winter plays a key role. More specifically, snow acts as insulation that will protect crops and seedlings, so what impact can this have? Three years ago, particularly in Abitibi-Ouest, we experienced that perfect storm we talked about here on the committee, during which there were both winter frost and the absence of that snow cover in some regions. It affected the crops.

Tell me about the solutions you're putting in place to help our farms become more resilient.

Sarah Delisle: One of the things I mentioned in my opening remarks is the development of a practical tool with and for producers, as well as with advisers and researchers. It's unique to Quebec. This type of tool doesn't exist anywhere else in the world. We were able to develop it thanks to Quebec and federal funding.

It's one of the most effective tools. We've observed that most producers who create their climate plan, that is, who review their climate history and anticipate future climate conditions, can work with a certified adviser trained in the subject to identify the main risks and prioritize them to define adaptation strategies and measures for their operations, which are often completely different from those of their neighbours.

With most producers who take this approach, within two years we've found that 55% of the targeted actions have been implemented. A certain percentage of these actions were postponed or revised, and a number of them were withdrawn.

Therefore, we're also conducting studies to see the impact of this tool at the producer level. I think that, for producers, these are important avenues for working proactively on programs to protect themselves against certain risks. It's important to understand that there are risks we can address, and others we can't prevent, that is to say major climate hazards and extreme situations like severe droughts or heat waves. You've experienced these in Abitibi on several occasions. No matter how we adapt, we cannot adapt to completely extreme situations.

• (1135)

Sébastien Lemire: You've kind of anticipated my next question, but I'm going to ask it anyway.

In recent years, agricultural producers have experienced major shocks due to the increasing frequency of natural disasters and geopolitical risks. Business risk management programs do not respond to shocks when they occur. They take time to be implemented. They lack predictability.

In your opinion, how can we ensure that authorities place more trust in the farmers on the ground to recognize actual losses when they occur, so that the programs can compensate for those losses? How can you support them in this regard, and what are your observations regarding the effectiveness of our programs?

Sarah Delisle: As I mentioned in my opening remarks, personally, I don't wish to comment on the effectiveness of the programs. However, the few times we've had such discussions with producers, we've observed that it's truly important for programs to be flexible and innovative.

Some programs are rigid and don't allow for innovation. Others aren't even adapted yet to new planting dates, for example. It's not necessary to make major changes to adjust the programs so that they align with reality in light of climate change in Quebec, particularly in the north. We know that the further north we go, the faster the climate changes. So, yes, the programs need to adapt to these more frequent and rapid changes.

Producers' responsiveness is also linked to the support they receive from trained advisers. We can even consider university and technical curricula, which need to be revised to ensure that the agronomists and technicians who support producers have better training and a better understanding.

In Quebec, we're fortunate to have a number of projects that are strong and inspiring for Canada as a whole. Perhaps we should draw a little more inspiration from them to accelerate the adoption of climate change adaptation and emissions reduction practices—of course if we also want to contribute to reducing emissions.

Sébastien Lemire: I'm going to use the last 10 seconds I have left to emphasize something you just mentioned. Planting dates are changing, and the programs are not adapting to that change. In Abitibi-Ouest, it rained on May 1, which meant that no program was triggered. This is very problematic.

Thank you very much. We'll come back to this when it's my turn to speak again.

[English]

The Chair: Next, we'll go to the Conservatives for five minutes.

Go ahead, Mr. Gourde.

[Translation]

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

Thank you to all the witnesses for being here.

Ms. Delisle, you spoke about climate change in northern regions, such as Abitibi-Témiscamingue. Heat units have undoubtedly increased, and this has changed the types of crops we can plant, whether forage or grain. We need research on this. Unfortunately, however, the government has cut funding to research centres that could have helped the northern regions. Do you have any comments on that?

Sarah Delisle: I probably have the same opinion as you, which is that without research, without testing, without on-farm trials, we can't adapt as quickly. So one of the major drivers is acquiring new knowledge, particularly on plant species, particularly on forage crops, but also on other types of species for other crops.

We've not yet conducted many trials to get new practices adopted even more quickly, because it takes several years of on-farm trials. We're fortunate to have programs that are about to end, such as the living labs, whose specific objective is to test practices for adapting to climate change and reducing greenhouse gases on farms.

So, yes, without research, we can't adapt.

Jacques Gourde: Your organization has worked closely with researchers on the topics you just mentioned. Have any research or studies been completed? Could this delay the development of certain crops?

• (1140)

Sarah Delisle: We're on the verge of obtaining new results, including those from the two living labs I mentioned. In Quebec, we're fortunate to have two of them. There has to be follow-up. This is the beginning of something. If there's no follow-up, Quebec and Canada will miss an opportunity to be proactive, to be responsible in land use and to seize other opportunities. We must not forget that Canada is a northern country. There are opportunities and threats, but if we don't adapt and conduct research, producers won't be able to keep up.

Jacques Gourde: Thank you, Ms. Delisle.

Mr. Lefort, we're currently conducting a study on business risk management programs in Canada's agricultural sector. We're looking at improving and updating the programs that were put in place about 25 years ago.

We want to update them, but I think it's a trap. Agriculture is evolving relatively quickly, and I think we should plan these programs for the next 10 to 15 years. If the programs are changed, they won't be changed again for another 25 or 30 years. If they're designed with 2026 in mind, they'll already be lagging behind. Maybe they should be designed with 2035 in mind.

What are your thoughts on that?

[*English*]

Ben LeFort: Certainly, you are very correct. It is something that I touched on in my statements as well: the evolving risks the sector faces. I think the industry is always open for improvements to the programs, in whatever form they take.

You hear a lot of emphasis today on AgriStability because it can catch many different types of risks. It's the only risk management program we have that can trigger a payment for just about any reason, whether it be spiking input costs, commodity prices dropping or a weather event.

Look at AgriInsurance or "production insurance", as many Ontario producers refer to it. That will cover very specific impacts to your yields if you're producing an eligible commodity. If you look at AgriInvest, that's a relatively small pot of money to make specific investments and mitigate risk, but if we look at a program that can potentially catch different types of risk—even ones we haven't even foreseen yet but we'll be facing—we need that whole farm margin coverage to capture risk no matter where it's coming from.

That's why we emphasize an increased return to the 85% payment trigger. It's why we applaud the recent changes to remove the

reference margin limitation and the increases in compensation rate under the program. I think there can be more to increase advance payments in the program to ensure they're more timely, but this is a key program that needs reinvestment because it can capture those risks we haven't anticipated yet.

[*Translation*]

Jacques Gourde: Risk management programs are designed for farms with a well-established revenue stream. These are active farms. Some very large farms can't apply because their revenue is too low, and some new farms, the next generation, run into a lot of problems when they apply for these programs. It's a well-known fact that 40 years—

[*English*]

The Chair: Unfortunately, we've run out of time. I'm sorry. Maybe there will be time in the next round.

MP Chatel, you have five minutes.

[*Translation*]

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

I have two questions. The first will be for Ms. Delisle and the second will be for Mr. Lefort. If I have any time left, I'll share it with Mr. MacDonald.

Ms. Delisle, you were just talking about prevention. You're not the only witness who's told us that we need to protect and help farmers in times of crisis as well as focus on prevention. In your opinion, how can we plan programs that will encourage farms to adopt adaptation practices?

Sarah Delisle: There was a discussion about research earlier, so I won't repeat what was said. Having said that, obviously there has to be research, and it can't be confined to the laboratory. Applied research must also be done on the farm.

In Quebec, there are a lot of projects that get something started, but at this point, only a very small number of farmers have the opportunity to take part in such projects and test these practices.

Quebec's Agrisolutions climat initiative is funded by the federal government. It has huge impacts and absorbs some of the risk associated with adopting a new practice and everything that may entail. Sometimes things fail. It takes a few years to become proficient in a new practice. These programs are essential. Otherwise, producers will have to incur the risk and may suffer losses when they try to adapt or try new practices, such as changing crops or rotations, without support.

We rely heavily on knowledge and research, but also on producers' knowledge, knowledge transfer between producers and advisers, participation in initiatives or trials and financial support to adopt these practices. So much happens upstream before programs are launched, and I think that's essential.

• (1145)

Sophie Chatel: Excellent. Thank you very much.

Mr. Lefort, you and other witnesses have said the agri-food sector needs review and support in the next policy framework. The current policy framework focuses largely on primary agriculture.

How do you see the programs functioning in the sector?

The goal is to avoid red tape. One of the measures announced in last year's federal budget is an investment credit, a superdeduction to modernize both the equipment and the buildings in our processing plants.

Personally, I prefer tax credits because they involve less red tape and there are no programs to manage and no conditions to meet. All people have to do is go to their accountant, who figures out whether they're entitled to it or not.

How do you think the provinces and the federal government should support the agri-food sector in the policy framework?

[English]

Ben LeFort: Certainly, there is the core program we have through the NPF itself. That has other strategic initiative programs, as well as the core risk management programs, which we're discussing here today.

Part of my testimony earlier touched on how, given the significance of the agri-food sector as a whole, we feel there needs to be an increased emphasis on it beyond further reinvestments in those programs within the NPF to also that whole-of-government approach.

You mentioned things like the superdeduction tax piece for capital deduction, which we were very happy to see. It would apply to food manufacturers when they're building a new factory. We are also encouraged to see a reintroduction of the accelerated deductions across the board. That's an area, as you mentioned, where we feel a whole-of-government approach makes sense, and that can be expanded even beyond the processing and manufacturing sector to primary agriculture as well.

Farming is an incredibly capital-intensive business. If those same superdeduction rules were to apply to farm buildings and particularly farm machinery—the majority of farm capital expenses are in farm machinery—that would make a tremendous difference in farmers' confidence to invest.

Another piece that I hinted at was that in our farm business confidence survey of our membership that we run each year, we do see a decline in confidence and investment in those capital purchases over the past few years, given all of the uncertainties. Those types of tax policies can help regitalize that confidence in farmers to make \$100,000 or \$1-million investments in machinery that has—

The Chair: I'm sorry. I'm going to have to stop you there. Thank you so much.

Mr. Lemire, you have two and a half minutes.

[Translation]

Sébastien Lemire: Thank you, Mr. Chair.

Ms. Delisle, Quebec agricultural producers have access to your services, which are often subsidized. Can Canada make a bigger contribution?

I'm asking you this because your expertise makes it possible to implement concrete solutions on the ground right now.

Are you satisfied with the federal government's support? How could it be expanded or customized so that it can be applied on the ground and farms in Quebec and Canada can reap the benefits of your expertise?

Sarah Delisle: Thank you for your question.

It's important to remember that the two living laboratories in Quebec that we participate in and the Agrisolutions climat program are two major initiatives for Quebec. However, we obviously don't know what the future holds. The living labs program is already slated to end, but we don't know about the rest.

I get the impression that the expertise we've developed could be built upon. I would note that some 500,000 farms are part of the research program. About 15,000 of them are in Quebec and should benefit from that knowledge. The agronomic expertise, the tool and the training programs we've developed could very well be adapted for the rest of Canada if they could be disseminated more broadly. I believe it would save a lot of time and money for other provinces.

• (1150)

Sébastien Lemire: Several federal programs designed to support improvements aimed at reducing the carbon footprint of agricultural production will have their funding reduced or be cut altogether. As you noted, this committee has had a lot of conversations about cuts to science and research programs.

At this very moment, major investments are being made in the oil industry and pipelines, which will have an impact on agricultural production. As such, do you think the federal government is making wise decisions? Do you think it's heading in the right direction?

Sarah Delisle: Agricultural producers are actually examining their own impact and showing an interest in reducing it as best they can because they themselves are suffering the consequences of climate change. The agriculture sector has opportunities to reduce emissions. This is well documented and well known.

Sometimes, just developing a climate plan enables most of the producers we work with to reduce their emissions by about 10% without investing a penny. Knowledge and understanding of reduction practices is all it takes.

However, if they want to take emissions reduction to the next level, to 20% or more, that typically requires support that costs money, research or major changes within the business, meaning specific and technical investments on the farm.

Sébastien Lemire: Thank you very much, Ms. Delisle.

[English]

The Chair: Mr. Epp, you have five minutes.

Dave Epp: Thank you, Mr. Chair.

I'll return to Mr. LeFort, please.

You stated that over time the AgriStability program has morphed from a stabilization program to far more of a disaster program. We've seen the participation rates fall because of that. I think we've heard witnesses across the study identify three factors. One is that if growers are diversified at the farm level—that is, if they're self-insuring—they don't see as much value in the program. You mentioned the coverage levels dropping, which again has added to that program's morphing and timeliness.

I'm wondering if you could comment on this. I know there are U.S. programs that have developed actuarially sound formulas for pro-rating or discounting—whatever term you want to use—program premium rates on the basis of farm-level diversification. Are you aware of that?

Do you think it could be incorporated and would drive increased participation rates in AgriStability, if there were some sort of recognition of on-farm diversification for program participants?

Ben LeFort: Thank you. That's an excellent question. It is something we've looked at.

I'll say what we at OFA have looked at. I'm not quite sure of the specific study for the U.S.

There are ways that AgriStability could be amended, without requiring a major overhaul of the program, to recognize diversified farms. You are right to mention this as an issue. We have heard from our members on it. Ontario has some of the most diversified farm operations in the country. Ontario agriculture at the macro level has an extremely diversified split of livestock, crop production and specialized greenhouses. It is extremely diversified at the macro level, but even at the individual farm level, we have producers who have multiple commodities.

As you rightly mentioned, when you are in that situation, it can blunt the possibility of a payment from AgriStability compared with a more specialized farm. If you have 1,000 acres growing corn, it's much more likely, possibly, if the price of corn drops, to

trigger a payment than if you have some crops, some livestock and some other different commodities that may offset each other.

We have looked at this and put forward a position in the past that the AgriStability program can be amended to recognize those diversified operations and to treat each commodity grown by an operation as eligible for its own separate payment, if you will, under the program. If you're growing three different commodities and one commodity would trigger a payment but the other two would not, you could still get a smaller payment when looking just at that specific commodity that would have triggered it, compared with the situation now where the other two might offset it and you're very unlikely to get a payment.

To sum that up, we have looked at this. There are ways we can amend the program, and we would very much like to see that idea pursued as we move to the next policy framework.

● (1155)

Dave Epp: I have a follow-up question.

For over 20 years already, we've collected margin data for the vast majority of the farms in existence. Obviously, we need to create something for new farms or new entrants. Do you think that would be enough data to actually create and have an actuarially sound basis for making some of those differentiations by enterprise or by commodity, as you would say?

Let me add one other layer to that.

You've advocated for 85% coverage levels. Some larger, more established farms might not need quite the 85% if there were a discounted premium. Would that 20 years of data be enough to be actuarially sound and create a matrix of premiums that would take into account both diversification and individually selected producer coverage levels?

Ben LeFort: Yes, I do believe that we have enough data to pursue this. Again, the devil is always in the details when we get to the final straws of such a program amendment, but I believe that we do.

Dave Epp: Thank you.

I have a question for MNP. Would you support simplification of the AgriStability program, incorporating that matrix of premiums?

Marvin Slingerland: There are definitely ways to simplify the program and ways to streamline getting money to producers quicker. We definitely would be in support of anything to make it simple, with the understanding that there is a basic level of information needed to file for any application for any program in this country, which would likely not change.

Dave Epp: As a quick follow-up on tax filing because you're also a tax accounting firm, it's been alleged that there could be improvements made, particularly in corporate farm filing, that would categorize revenue streams more specifically, which would actually add to the timeliness of the program response, particularly for AgriStability. Would you agree?

The Chair: We're out of time. I apologize.

We're going to go to the Liberals now for the last five minutes.

Emma Harrison (Peterborough, Lib.): Thank you, Mr. Chair.

Thank you to the witnesses for being here.

To MNP, you mentioned in your opening statement about needing better communication and, I think, better education for the producers who would like to access these programs. Would you like to further elaborate on what that might look like?

Marvin Slingerland: We're a big believer that there is a gap in financial fluency among producers in this country. Where we see producers taking an interest in understanding basic business risk management and basic business fundamentals, they become stronger producers and are more business sound, and they reduce their reliance on the programs because they address risk before the year starts. They'll sit down, like some of the other witnesses who testified, and look at ways to mitigate any risk that's coming at them, whether it's price or whether it's climate. They'll use programs that look at those risks, and that actually reduces reliance on these programs.

Emma Harrison: Thank you for that.

At this table, we have a few farmers, with farms of varying sizes. I have a small farm, and we have some pretty big landowners.

I don't know if we touched on this. We've had a lot of witnesses and a lot of questions around how we can do this better. We've heard the same thing over and over again about how the programs need to be adjusted.

To OFA and MNP, do you believe the programs and how they're currently designed are equitable to small, medium and larger producers.

Akaljot Singh Gill: Yes, we do believe that. The way the current programs are designed is very equitable. The basis of the programs is whether you're a viable farm or a profitable farm. They cover that. It's not whether your size is small, large or whatever. They respond accordingly.

The current programs are designed in such a manner that they would protect the viability of the farm. If you're not a viable farm to begin with, then it doesn't protect it. That is the beauty of these programs. They do not mask the market signals. They do not keep you profitable if you're not a profitable business. They look at any size of any profitable business, and they protect them accordingly.

Emma Harrison: Thank you.

To the OFA, I have the same question.

Ben LeFort: Speaking as an economist, I would say yes. I would agree with what MNP has said as well, but there's also a perception at the farm level. One thing we heard from members is that to even participate in the program, they need to hire an accountant or an ad-

viser because navigating the paperwork was often complex, particularly when we had issues like the reference margin limitation within the AgriStability program.

Anything we can do to increase simplicity of the program will make it more equitable for smaller farms, which may not have the resources to hire advisers to help them through the program.

Emma Harrison: Thank you.

Mr. Chair, how much time do I have?

• (1200)

The Chair: You have two minutes and 10 seconds.

Emma Harrison: I want to give my time to Mr. Epp, if possible. I'd like him to finish that question.

The Chair: That's very kind of you.

Mr. Epp, you have one minute and 57 seconds.

Dave Epp: I'll continue with MNP on the simplification aspects.

What ideas would you have to simplify the program, yet also address the diversification issues at the farm level?

Mr. LeFort just mentioned the reference margin limitation. There's also the whole structural adjustment mechanism, which is sometimes hard to understand.

Are there any specific ideas that you would put forward to the committee?

Marvin Slingerland: There are a few.

First, on things like, say, the structural change, they don't publicize how that's calculated. More communication and more transparency are needed on where these numbers come from. Give producers the ability to look at doing their own calculations on some of these.

On the second one you talked about, there are approved tax filers in Canada. If we file a tax return, CRA receives it and administers the refund. I think AgriStability can go through a program where, if there are approved filers in the country and proper information is filed, you should be able to issue the payment to producers immediately, instead of having a process where it goes through administration levels to double-check it. I think there are ways to get money to producers faster.

AJ, is there anything you want to add to that?

Akaljot Singh Gill: I would add that a project has been put forward by Farm Management Canada on how to file a simplified filing through CRA. That would be something we would be supportive of. You can look at that.

There are a lot of efficiencies you can look at through the current process, which are in place to streamline and cut costs both to the farmers and to the administrators. One of the key examples would be that most farmers right now have gone away from the legacy farming, where there weren't a lot of loans and stuff. The farms were family-run and handed down. Now, most farmers have loans against their farms, and all financial institutions require you to get

accrual financial statements. If there were a mechanism whereby farmers could keep their cash filing as is but submit their accrual financial statements, that would simplify things for intake and for processors.

The Chair: Thank you very much.

I'd like to thank our witnesses, both online and in person, for being here.

We will suspend now for five minutes and come back in camera.

[Proceedings continue in camera]

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