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Chair: Mr. Pat Finnigan





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Wednesday, June 17, 2020

• (1700)

[*Translation*]

**The Chair (Mr. Pat Finnigan (Miramichi—Grand Lake, Lib.)):** Good afternoon, everyone. Welcome to the 18th meeting of the Standing Committee on Agriculture and Agri-Food.

[*English*]

We will spend the first hour of the meeting on our business risk management program study, and we'll spend the second hour in camera considering the draft letter prepared by the committee's analysts.

I would like to outline a few rules to follow. Most of you have heard them before, but I think it's important to repeat them.

Interpretation in this video conference will work very much like in a regular committee meeting. You have the choice at the bottom of your screen of floor, English or French. When you intervene, please make sure that your language channel is set to the language that you intend to speak, not to the floor channel. This is very important. It will reduce the number of times we need to stop because the interpretation is inaudible for our participants. It will also maximize the amount of time we spend exchanging with each other.

I believe that all of our witnesses understand that. If you could just give me a good nod that you know how it works.... Thank you.

Also, before speaking, please wait until I recognize you by name. When you're ready to speak, you can click on the microphone icon to activate your mike. That's at the bottom left-hand side of your screen.

[*Translation*]

Make sure that your microphone is off when you are not talking.

We are now ready to begin.

I want to welcome today's witnesses.

We are hearing from Léopold Bourgeois, from the Agricultural Alliance of New Brunswick. He is the president of the New Brunswick Agricultural Insurance Commission.

We also have Peter Slade appearing as an individual.

[*English*]

He is an assistant professor and the Canadian Canola Growers chair in agricultural policy at the University of Saskatchewan.

We also have Ms. Erin Gowriluk, executive director of Grain Growers of Canada, and Andre Harpe, director.

With that, we will start with opening statements of up to seven minutes each.

[*Translation*]

Mr. Bourgeois, you have seven minutes to make your presentation.

**Mr. Léopold Bourgeois (President, New Brunswick Agricultural Insurance Commission, Agricultural Alliance of New Brunswick):** Thank you, Mr. Chair.

The comments I will make today are general and concern eastern Canada.

I would first like to say that, although we currently live in a somewhat poor province, New Brunswick, we are Canadians first. As farmers, we compete on the same markets—either domestic or international—as producers from other provinces.

All producers in New Brunswick are currently dissatisfied with the farm income programs. That has actually been the case for two or three years. I will talk about it more and in further detail. The coverage provided by the AgriInsurance program has decreased because of a few bad years, and primes have gone up. So the program's contribution has dropped a lot.

In New Brunswick, 80% of potato producers, for example, were participating in the program. However, in 2019, only 48% of producers participated in it. The same goes for other insurable commodities such as strawberries, apples, wild blueberries, and so on.

The participation rate has decreased owing to the conditions we have been facing over the past few years. For a few years, we have been trying everything. Even now, we are trying to improve our plans.

The federal framework we operate within is very restrictive. If New Brunswick gave us more funding, we could do more. But New Brunswick does not have the budget needed at this time.

About a year ago, Nova Scotia invested \$4 million to prevent potato producers' primes from going up after two very difficult years—there was the freezing weather in 2018 and Hurricane Dorian in 2019.

Producers in New Brunswick are not satisfied with the AgriStability program, as the margin has to drop below 70%. What is more, no one is satisfied with the AgriInvestment program, as 1% is too low.

The AgriRecovery program has been worse in New Brunswick. As the province has been unable to pay its 40% share, producers have ended up losing everything. In addition, they have received no assistance in this area, especially potato producers. Bordering provinces have received assistance to the tune of 100%. Our producers are not very happy, especially since some of them have had to pay an accountant between \$3,000 and \$4,000 to prepare the requests. They have received no money through the program.

In 2019, members of the New Brunswick Agricultural Insurance Commission, which I preside over, even thought about not offering the crop insurance program in New Brunswick because they did not think that program was good enough for our producers. The program was ultimately made available, but there was some reticence.

This year, a few changes have been made, but we still don't know what the participation rate is. In a month or two, we will have a better idea of the number of people who think that the changes are good ones.

We are open to anything, or nearly anything. We are wondering what would need to be done and whether a single program would not be preferable to four that the producers do not like. The management of all those programs is expensive. It does not benefit producers.

We feel that an open mind must be kept and new possibilities must be examined. We also talked about a number of solutions, such as improvements made to the AgriInvestment program and support for new farmers and those who have run out of money. The AgriStability program could also be provided with more flexibility.

• (1705)

On its own, AgriInsurance does not protect from years of low price commodities, and it is insufficient. We have even discussed the possibility of connecting everything to our tax refunds.

In any case, we want a simpler program that may offer less choice, but that would be easier to understand for producers, as that would in turn enable them to predict what it will bring them and would be easier to manage.

Those are only a few ideas, but we feel that change is needed and would be preferable to the status quo.

Thank you.

• (1710)

**The Chair:** Thank you for your testimony, Mr. Bourgeois. We will put some questions to you later.

[English]

Now we'll go to Mr. Peter Slade, Canadian Canola Growers chair.

Go ahead for up to seven minutes, please.

For some reason we're not hearing any sound. Try again, Mr. Slade.

Does anybody hear anything?

We'll get a technician to work with you, Mr. Slade.

We'll go to the Grain Growers of Canada, Mr. Harpe or Ms. Gowriluk, for up to seven minutes.

Go ahead.

**Mr. Andre Harpe (Director, Grain Growers of Canada):** Thank you very much, Mr. Chair, for this opportunity to appear today.

My name is Andre Harpe. I am the chair of the Grain Growers' business risk management program. I farm in the Peace region of northern Alberta. Our farm has been in the family for just about a hundred years now, so we've been around for quite a while.

Personally, I have been enrolled in the AgriStability program for many years and have seen its evolution first-hand. Perhaps most important, though, I have felt the impact of the 2013 changes on me and on my neighbours. Since funding to the program was reduced, I have not once triggered a payment from this program. This is not because I haven't had bad years. In fact, the last few have been quite difficult.

Last year, we saw what we call the "harvest from hell", as well as complications from rail blockades, trade disruptions and market access loss. Given that in my region there is no processing capacity and almost all the canola I grow is sent straight to international markets, price decreases and market access challenges have been particularly impactful.

This year, I just barely got my seeding done in time because I was busy finishing up my last year's harvest. Now it looks like we're going to have more rain that we don't need in the next couple of weeks, which means that we will be looking at possibly drying grain again, which, as you know, adds a significant cost. We are hoping and praying for a good summer and harvest this year, but hoping doesn't always work. That's why we need programs in place to stabilize income during challenging times.

I believe strongly in the theory of the AgriStability program. It should do exactly that and offer us some stability amidst all the unknowns involved with farming, but it is getting harder and harder to find value in it as it is currently set up.

Given the way the coverage amounts are calculated, we are always looking back towards historical averages, which have been decreasing over the last few years. As it gets lower, my coverage also gets lower, meaning that triggering that 70% rate now means that it is a full-blown disaster. It seems that the program is becoming less about stability and more about disaster compensation at the 70% rate, especially following lower averages in the past few years, and this is exactly why the program needs to change.

When I ask my neighbours why they are not enrolled, they tell me two things. First, the program at a 70% trigger is simply too low. Stability support to that level would be insignificant even if they did receive it. The online calculator that has been promoted still requires a lot of data just to use, and often a few calls to the accountant. Second, the program is just too complicated and unpredictable. It is well known amongst farmers that this program is only understood by accountants, so we have to pay to enter the program and then pay our accountants to help us navigate through it. Usually at the end of that, we find out that we're actually not eligible for a payment. It's not exactly appealing to the average farmer.

Finally, our operations aren't as black and white as accountants and government officials want them to be. If I were to claim that I initially had 10,000 bushels in a bin full of canola but later find out I only have 8,000 bushels because I've lost 2,000 to heating or something and I'm unable to sell it, the administrators seem to struggle to understand how that is possible.

This program needs to be simplified and to be more timely, more predictable and more responsive. If the government actually wants increased enrolment, we have to do changes.

Thank you for your time today. I'll let Erin take over from here.

• (1715)

**Ms. Erin Gowriluk (Executive Director, Grain Growers of Canada):** Thank you, Andre.

Thank you, committee members.

I will quote a very recent research paper from Kerri Holland at the University of Calgary's Simpson Centre for Agriculture and Food Innovation. In her report entitled "Canada's Food Security During the COVID-19 Pandemic", she states:

As the foundation of the food supply chain, Canadian farmers are key to its stability. As many farms were experiencing severe economic hardship prior to the pandemic, the challenges of market uncertainty and increased production costs put these operations at greater financial risk. Policy action will be key to ensure the short and long-term viability of our primary industry and maintain the capacity to meet domestic and export market demands.

We could not agree more. This is why immediate action to reform Canada's business risk management programs is so critical and why we, along with many other industry associations that have appeared before the committee, are calling for immediate changes to AgriStability. Losses must be covered starting at 85%, and the reference margin limits should be removed.

Our friends at the Canadian Canola Growers Association have worked with Meyers Norris Penny to create a model farm in Saskatchewan, which is based on actual prices and yield averages, to analyze the impact of triggering AgriStability under the current scenario and under the model that we are proposing. I will quickly

summarize the findings to help you better understand why the difference between 70% and 85% is so important.

Under the model, this farm lost just under \$130,000 in 2019. Under the current system, AgriStability would be triggered and there would be a payment of \$31,000, meaning a loss of nearly \$100,000 for this farm. Under the changes that we are proposing, there would be a payment of \$111,000, meaning a loss of only \$20,000. This is on top of over \$76,000 in 2018 under the existing 70% coverage.

I'm highlighting this to show you why that 15% difference in coverage means that income is actually stabilized. It still results in a loss of \$20,000 in 2019, which of course isn't ideal, but it's manageable. Losses of \$100,000 year over year are simply not sustainable.

A functional AgriStability program keeps farms afloat during difficult times, whereas the current system does not. That needs to change.

In closing, I know that members of the committee want to support Canadian agriculture. They can do this by making these simple changes to the AgriStability program, which will not only support our entire industry and value chain but also strengthen the Canadian economy. The federal government needs to take a leadership role in this area, not just to work with the provinces but also to take decisive action to achieve immediate results. If governments do not want to be responsible for letting any Canadian farms fail, especially when many sectors have aligned to tell governments exactly what our industry needs right now in terms of support, this is the best opportunity that we have.

We are counting on your support to achieve these necessary policy changes for this growing season.

Thank you.

**The Chair:** Thank you, Ms. Gowriluk.

Mr. Slade, can you try it again, to see if we have sound?

No, we're not hearing anything.

**Mr. Peter Slade (Assistant Professor and Canadian Canola Growers Chair in Agricultural Policy, University of Saskatchewan, As an Individual):** Can you hear me now?

**The Chair:** We can.

**Mr. Peter Slade:** I guess I'll try it without the headset, then, if I'm coming through clearly enough.

**The Chair:** Is that okay with the interpreters?

**A voice:** This is Émilie, the interpreter. The issue is that there's a lot of echo when you don't wear the headset. The sound is muffled and seems distant. That's why we usually really prefer that you wear a headset.

**Mr. Peter Slade:** I feel as if it's the same. I've just unplugged it in here.

Honestly, I'm not sure what's changed. It's the same set-up as it was during the test. I have no idea why it was working during the test but not now. I'm open to any suggestions.

• (1720)

**The Chair:** Perhaps I could suspend.

We'll give them a few minutes to see if they can solve the problem. We'll suspend for now.

• (1720)

(Pause)

• (1730)

**The Chair:** We'll resume the meeting. I'll call the meeting back to order.

Mr. Slade, you can make your statement.

**Mr. Peter Slade:** Thank you for the opportunity to speak before the committee. I hope it was worth the wait.

In my remarks, I'd like to focus on AgriStability, which, as the previous witnesses have alluded to, is perhaps the most contentious of the programs in the Canadian agricultural partnership.

As an economist, in theory I find that there is much to like about AgriStability, particularly the fact that it ensures against losses due to changes in input prices, output prices and production. However, in practice, AgriStability has proven to be complex, unpredictable and slow.

A major reason for these issues is that the program relies on a detailed accounting of farms' revenues and expenses, which can only happen at the end of the year. I do note that producers can apply for an interim payment, but few actually do.

Currently, AgriStability offers a payment to farmers when their net margin, calculated as their revenues less their operating expenses, falls below 70% of their historical average. Of course, between 2008 and 2013, the program was more generous, offering farmers a payment when their margins fell below 85% of their average. As we've heard from previous witnesses, many producer groups have argued to reinstate this 85% threshold.

In my remaining time, I would like to speak to three issues. First, I would like to speak a bit about why participation in AgriStability has been declining. Second, I'd like to speak to whether this 85% threshold should be reinstated. Third, I'd like to offer one recommendation for changing AgriStability to allow it to cover revenue as opposed to margins.

While I haven't seen enrolment numbers for recent years, between 2008 and 2017, we saw participation in AgriStability decline precipitously. No doubt one reason for this decline is the fact the threshold was reduced to 70% from 85%. Other reasons include the aforementioned issues of program complexities, timeliness and predictability.

Another potential reason for declining participation rates is relatively strong farm incomes and the ability of producers to otherwise hedge their risks. I'm going to put us in the position of a crop farmer who's deciding whether to enrol in AgriStability around the April 30 application deadline—

• (1735)

**The Chair:** Mr. Slade, I'm sorry to interrupt. Can you bring your mike a little closer? Give it a try.

**Mr. Peter Slade:** Okay.

Let's think of ourselves as a crop farmer around April 30 when they're deciding whether or not to apply for AgriStability. This farmer has already likely purchased a large share of their inputs and they also may have forward contracted or hedged a significant amount of their production. Hopefully, they're also enrolled in crop insurance. The producer is shielded against price risk because they've already bought a lot of their input and they've already pre-sold or hedged a lot of their output. They're protected against production risk by crop insurance. If output prices are level or trending upwards from previous years, then there's going to be very little chance that this producer would receive an AgriStability payment.

In some of my work, which perhaps is somewhat similar to some of the work that the previous witnesses have alluded to, I found that in many circumstances it simply isn't optimal for producers to enrol in AgriStability even though the cost of participation is typically seen as quite low.

To be clear, this isn't necessarily a flaw in the program. If incomes are high and producers are hedged against risk through other instruments, then perhaps they don't need to enrol in margin insurance. On the other hand, if low enrolment persists as farm incomes decline, which is what we're seeing in the livestock sector and other sectors recently, then low enrolment would be indicative of program failure.

I'd like to speak now to restoring the 85% threshold. In principle, I'm certainly not opposed to restoring this threshold; however, I am concerned that calls to restore the 85% threshold might be based on a historical attachment or a belief that this change is politically achievable, rather than a thorough examination of all policy options. I'd like to explain that a little further.

Minister Bibeau has suggested that restoring the 85% threshold would cost around \$300 million annually, and that seems about right to me, based on the AAFC budget. I think producers would certainly support an extra \$300 million of spending going to agricultural programs; however, it isn't clear to me whether the majority of producers would prefer this money to be spent on AgriStability or some other program.

On the one hand, restoring the 85% threshold might increase confidence and participation in AgriStability. I'm sure it would. On the other hand, given the other issues that producers have with the design and the timing of AgriStability, they might prefer that this \$300 million be spent in other ways. For example, the money could be used to increase AgriInvest limits, a program that enjoys more producer support and higher enrolment rates.

I have a few recommendations on the future of AgriStability, which I'd be happy to share during questioning, but I think my time permits me to share just one, which is to allow producers to insure their revenue instead of their margin. This would be a fairly significant change that probably would have to be put into place in a new policy framework.

As mentioned, AgriStability requires the detailed reporting of accrual expenses. Revenue insurance would not require that producers report their expenses and, therefore, would be a much simpler and a more straightforward program. For crop producers, their revenues are mostly derived from crop sales and receipts from crop insurance, and this information is already provided to provincial crop insurance agencies. Revenue insurance claims could therefore be adjudicated immediately after a harvest, in the same way that crop insurance claims are.

Of course, under revenue insurance, producers would not be covered against increases in input costs. However, given the issues of program complexities that some of the previous witnesses have spoken to, I think many producers would welcome a simpler program that is somewhat less comprehensive.

However, certain producers, perhaps those in the livestock sector who face greater input price risk, might prefer a margin insurance, so I would imagine that the government could create a program where producers would choose revenue insurance versus margin insurance.

I thank the committee for waiting, and I thank them for hearing my testimony. I'm happy to answer questions.

• (1740)

**The Chair:** Thank you very much, Mr. Slade. We're very happy that we were able to get your input.

We'll now go to the question portion of this hour.

We'll start with you, Mr. Barlow. I believe you're going to split your time with Mr. Lehoux.

Go ahead.

**Mr. John Barlow (Foothills, CPC):** Thank you very much, Mr. Chair.

Yes, I want to certainly thank Mr. Slade for his patience. His insight and testimony were excellent, as they were for all of our witnesses.

I would like to start with you, Mr. Bourgeois. You bring a really unique skill set to this committee.

I'm just curious. You didn't mention it in your testimony, but there has been a lot of discussion in terms of expanding the western livestock price insurance program to include eastern and Atlantic Canada, and that is obviously specifically for cattle and pork. Is this something that you have some knowledge of?

There are a couple of reasons why I think this is a program that would be a benefit if we were to nationalize this across Canada. It's a price insurance program, but it's also for new farmers who are getting into the pork or cattle industries. When you can go to your financial institution and tell them that you're backed by an insurance program, it's much easier for you to get loans to grow your business or get assets or even to start.

I'll ask for any insights from you on expanding the livestock price insurance program to Atlantic Canada as a business risk management program.

**Mr. Léopold Bourgeois:** We don't actually have insurance on either beef or pork in the area, but I think the concept could be interesting. It could maybe even apply to crops also.

Our biggest crop, of course, is potatoes. We've seen a drastic diminution, a decline in participation, and that's our major problem.

However, we would be open to seeing how that would apply to our area too. Price is certainly one thing. Anything that would simplify and make things easier and more predictable and understandable for producers would be welcome.

**Mr. John Barlow:** It is not offered in Atlantic Canada right now. It's only in western Canada. Our idea is to expand it nationally.

Cattle producers and pork producers don't enrol in AgriStability because it just doesn't work for their business structure. However, this price insurance program works extremely well if the premiums are manageable, which they are not right now because of COVID.

You have a growing cattle industry, especially in Nova Scotia and New Brunswick, but these operations are very much at risk because of what's going on right now.

**Mr. Léopold Bourgeois:** Yes. It makes sense.

We've been asked by cattle producers and pork producers to try to have an insurance program available for them, so it would be a good thing to discuss and investigate, for sure. It's a good idea.

**Mr. John Barlow:** Thank you.

Erin, I'm really glad that you brought up the Simpson centre's study that was released a couple of weeks ago. We're really excited, obviously, to have that school of public policy at the University of Calgary.

In reading through that—you kind of touched on it and I think Peter touched on it a bit—a couple of the things it mentioned were that there is a really big difference between when AgriStability reference margins were changed in 2013 to the landscape around agriculture now, from the 85% margin to the 70% margin.

How has the landscape facing agriculture right now made an impact on the desirability for AgriStability and AgriInvest?

**Ms. Erin Gowriluk:** I'm going to invite my director Andre Harpe to speak to this as well, in terms of how that has shifted.

Certainly from hearing from our members, I know there was an acceptance when the changes were made that the changes at the time were appropriate, in 2013. That acceptance no longer exists. There have been significant changes since 2013.

I'll invite my chair, Andre, to speak to that.

• (1745)

**Mr. Andre Harpe:** Thank you very much.

I think if you're looking at changes between 2013 and 2020 right now, basically we are looking at crop prices that have not really changed a lot. Our inputs have changed tremendously. The capitalization has changed tremendously. Also, I think if you look at even the trade component, when was the last time we could talk about having a major trader that basically doesn't want to deal with us anymore?

We face a whole lot of uncertainty right now. In 2013, times were fairly good. Across western Canada, the crops were good and the pricing was probably the same as it is now. If you go back, a bushel of barley then went a lot further than it does now.

Basically, we're faced with a lot more uncertainty right now.

**Mr. John Barlow:** Andre, would it be better, as Peter was mentioning, for more of an insurance program that is based on margin than revenue? Would AgriInvest be a better program than fiddling with AgriStability, which doesn't seem to be bankable or timely?

What would be the preference, in your opinion?

**Mr. Andre Harpe:** It's really interesting, and that's going to be a tough one to answer.

There's a suite of programs right now, and each program fits very well at different times. If you look at what we have right now with AgriStability, it's obviously not working. If you look at AgriInvest, basically you are asking producers to put some money in and you will match that money. So I—

**The Chair:** Thank you, Mr. Harpe. Unfortunately, we've run out of time.

Thank you, Mr. Barlow.

Now we'll go to Mr. Louis, for up to six minutes.

**Mr. Tim Louis (Kitchener—Conestoga, Lib.):** I would like to split my time with Mr. Finnigan.

I want to thank everyone for being here. A few minutes is not enough, as you are all so full of knowledge. It's wonderful to hear from you.

I appreciate your patience, Mr. Slade, in getting the IT stuff worked on and out of the way.

Maybe I could start by talking to Mr. Harpe and Ms. Gowriluk from the Grain Growers of Canada.

I've had meetings with the Ontario grain growers and a number of farmers in my region. There are numerous sectors and numerous groups. We all want to help out these sectors to the best of our abilities in both the short term and the long term, as we've mentioned.

Just hearing the story of your farm, Mr. Harpe, how long it's been around and its resilience.... I know that different sectors are affected in different ways. We're trying to get a feel for who's being affected more and who's doing better. I'm wondering if you could compare the grains sector with other sectors and say which sectors might be doing better or be harder hit.

**Mr. Andre Harpe:** Erin, do you have a better feel for that?

**Ms. Erin Gowriluk:** With respect to the committee's study on business risk management, I think one of the reasons you're hearing consistently from a variety of different associations and different stakeholders and commodities around this one particular ask for AgriStability is that it provides targeted support to the farmers and commodities that need it most. Any form of ad hoc support....

We saw this with the government announcement for the \$252 million about three weeks ago. Inevitably, it picks winners and losers. That's why I think AgriStability, despite a lot of its flaws, provides that targeted support to the farmers who, regardless of what they grow and what they raise, most need the support. With these changes, it will provide more meaningful support.

**Mr. Tim Louis:** Thank you. I appreciate it.

Here's a quick question for you, Mr. Slade, in the same vein. Provinces are stepping up in different ways as well. We know that this is a cost-sharing program. Can you say whether certain provinces are stepping up, more and less? Is there a bit of a scale there as well?

**Mr. Peter Slade:** Obviously, we'll be seeing certain provinces... In terms of AgriRecovery, most western provinces are stepping up to match the federal government's spending on that. There seems to be a fairly wide degree of buy-in from all provinces.

Mr. Bourgeois has perhaps a different perspective on that. I'm not too familiar with the Atlantic provinces. In western Canada, certainly, I think there's broad provincial support.

• (1750)

**Mr. Tim Louis:** Thank you. I appreciate it.

I'd like to share my time with you, Mr. Chair.

**The Chair:** Thank you, Tim. Thanks for the opportunity.

[*Translation*]

I would like to put my questions to Léopold.

May I call you Léopold? We have known each other for a long time, and you know me by my first name.

As you said, the Atlantic provinces are not really treated like the rest of the country. All sorts of programs miss the boat, as we say. As a producer and the owner of an apple orchard, can you tell us what a predictable program would look like, which would offer protection and support to producers to enable them to have stability and grow their production, especially local production?

Can you give us an example of a dream program? I am not talking about a Cadillac, but a program that would work.

**Mr. Léopold Bourgeois:** That is a broad question.

I give you the example of our farm. We have been producing apples for 40 years and we have participated in all the available programs, or almost all of them, including AgriInsurance, AgriStability and AgriInvestment. We have never been able to benefit from the AgriRecovery initiatives because that required the province's participation. However, I think that potato producers have been able to use it in the past.

The crop insurance program helped us a few times at the Fleur du pommier, our old farm. Now I work more as a consultant for other farms. What has benefited us the most is AgriInvestment, which twice helped us get through a difficult year. One of the years was when prices were very low, even though we had a solid production. Thanks to AgriInvestment, where we had money, we overcame the crisis.

I would like AgriInvestment to work better and more easily. The issue always affects newcomers and those who have dried out their accounts after two or three difficult years in a row, which sometimes happens, but not often. That is what has been happening over the past two years in the Atlantic provinces. A way must be found to rebuild those accounts. It could be very easy I think and would help save a great deal on administration fees.

When it comes to crop insurance, things have been difficult for us. As you are saying, there are all sorts of crops in the province. In the Atlantic region, there are a few large crops, such as apples and potatoes, but the production of most other products is done on a small scale. Producers would still like to have the option to be covered. Small vegetable producers are covered to an extent, as there is

a program that insures various vegetables. However, that program is not easy to access or to measure. It protects to a certain level, but that protection is not very high.

As a result, I think that the AgriInvestment program would be the best option to help newcomers start their business if there is a way to enhance it.

**The Chair:** Thank you, Léopold.

I will not go over my time, but I want to remind you of the old net income stabilizing account, which was a Cadillac-type program. It would be good if we could find something similar.

Let's now go to the next member.

Mr. Perron, you have six minutes.

**Mr. Yves Perron (Berthier—Maskinongé, BQ):** Mr. Chair, thank you for chairing the committee, even when you are the one asking the questions.

I also want to thank our guests for being with us and for their patience with our technical difficulties.

I will start with you, Mr. Bourgeois, by following up on the idea brought up by the chair, in terms of what an ideal program would be. You talked about AgriStability and its current program margin of 70% of the reference margin. You want that margin to be brought back up to 80%, but most of the people who have spoken to us were aiming for 85%. If AgriStability provided a program margin of 85% and the reference margin was done away with, would that solve a good portion of your problems?

**Mr. Léopold Bourgeois:** It would definitely help us a lot. People from the west made the same comment at the meeting and the same things are being said in our neck of the woods.

I talked about 80%, but 85% would definitely be better. People have used this program in the past, but they no longer use it now. We lack data in this respect, but we are sure that the participation rate has dropped a great deal.

• (1755)

**Mr. Yves Perron:** You talked about AgriInvestment as a program that could be ideal, at the end of the day. We don't have much time and are trying to come to conclusions. So correct me if I'm wrong in understanding that you want a much more generous AgriInvestment program to replace the other programs. Did I understand you correctly?

**Mr. Léopold Bourgeois:** You did understand me correctly.

That could be one of the options. We feel that four programs are too many. I know that each has its own role to play to a point, but their coexistence makes things extremely complicated.

**Mr. Yves Perron:** If AgriStability was simplified a great deal by being moved toward income insurance, as Mr. Slade was proposing, could that simplify the situation?

**Mr. Léopold Bourgeois:** Yes, I agree with that.

**Mr. Yves Perron:** In your industry, have you looked into a different type of support upstream in agriculture, such as amounts allocated for shoreline protection or for dynamic territory settlement, among others?

**Mr. Léopold Bourgeois:** We have thought about it, but we have not had many discussions on it. That could be interesting.

**Mr. Yves Perron:** Okay. Thank you very much.

Ms. Gowriluk, we have talked to each other a few times already, and I'm starting to understand you better. I understand very well that you want an immediate measure when it comes to AgriStability. You have talked about a threshold that should be raised back up to 85%, and most people agree with that. I have two questions for you.

If income rather than the margin was insured, as Mr. Slade was proposing, would that be a worthwhile measure to simplify the process?

[English]

**Ms. Erin Gowriluk:** You're asking me a more technical question about the program, and I'm going to defer to my expert, Mr. Harpe, who has used the program in the past.

[Translation]

**Mr. Yves Perron:** Okay.

[English]

**Mr. Andre Harpe:** On the revenue side of things, it would be really interesting to see what shape that would take. With the right shape, it would probably work really well. Basically, for ease of use on the producer side and on the government side, going back to the way it was would be a really easy transition for everybody.

[Translation]

**Mr. Yves Perron:** Okay, I understand what you're saying. Thank you.

Have you already considered more upstream type of protection, similar to what I was saying to Mr. Bourgeois, which would not necessarily be related to losses?

It would rather be amounts you would be allocated, for example, to settle territory and for your efforts in environmental protection, among other areas.

[English]

**Mr. Andre Harpe:** I think I indicated in my opening remarks that our family has owned this farm for close to 100 years.

First of all, producers are stewards of the land. We make our living off of this land, so we are already protecting it to the best ability we can. If we wreck the land, we can no longer make money off of it or live off of it.

[Translation]

**Mr. Yves Perron:** So my understanding is that your industry could find that option worthwhile. It would like to have more upstream support.

[English]

**Mr. Andre Harpe:** Yes, very possibly, but what I'm saying is that it goes back to being stewards of the land. We're trying to be as environmentally friendly as we can. We've been incorporating changes throughout the years. In the time that I've been farming, we have gone from working the land several times a year to basically not working it anymore.

[Translation]

**Mr. Yves Perron:** Rest assured, Mr. Harpe, all committee members are aware of that. I was just giving an example of the type of support that could be provided upstream.

I will take the time I have left to put a question to Mr. Slade. It's unfortunate, as I would have liked to hear you speak for much longer. I really liked your idea of insured income.

I would start by putting the same question to you that I have put to the other guests: among your potential solutions, have you considered more upstream support?

[English]

**Mr. Peter Slade:** A lot of what we're hearing from farmers on those types of solutions is that they want to be paid for things they are already doing. As Mr. Harpe said, over the past decade, farmers have been capturing a lot of carbon in soil. Their farming practices are trying to preserve the land. Certainly what we're hearing from farmers is that since they're doing all this good stuff, we should be paying them for that because they are capturing a lot of carbon.

• (1800)

**The Chair:** Thank you, Mr. Slade. Unfortunately, we're out of time.

[Translation]

Thank you, Mr. Perron.

[English]

Go ahead, Mr. MacGregor, for six minutes. Are you here?

**Mr. Francis Drouin (Glengarry—Prescott—Russell, Lib.):** He locked himself out.

**The Chair:** He was here a little while ago.

Go ahead, Mr. Barlow.

**Mr. John Barlow:** We'd be happy to take his time if he doesn't want it.

**Mr. Kody Blois:** I was going to suggest the same thing, Mr. Chair. Let's just keep moving on, perhaps, with the next round.

[Translation]

**Mr. Yves Perron:** The speaking time should be shared by all the parties in attendance, which would have two minutes each.

[English]

**The Chair:** Why don't we each ask a question. We might as well make use of this time.

Go ahead, Mr. Barlow, ask a short question with a short answer. We'll go around.

**Mr. John Barlow:** I'll let Mr. Lehoux go.

**The Chair:** Mr. Lehoux.

[*Translation*]

**Mr. Richard Lehoux (Beauce, CPC):** Thank you, Mr. Chair. My question is for Mr. Bourgeois.

My colleagues have brought this issue up a few times, but you hesitated when it came to certain aspects of AgriInvestment. It was said that the program should perhaps be revised to simplify it, and that it may be preferable for there to be only one program.

Do you feel that the overhaul could be the best targeted within AgriInvestment and that many programs could be simplified significantly which are currently very complicated?

**Mr. Léopold Bourgeois:** I think so. That is sort of what we have said in answering other questions. I have always thought that this was the simplest and the most profitable program. Of course, the percentage would have to be higher than 1%. That would help us gather funding pretty quickly to protect ourselves.

**Mr. Richard Lehoux:** Have you already thought about what the percentage should be? Would it be a matter of 3%, 4% or 8%? Have you already thought about that?

**Mr. Léopold Bourgeois:** Anything would be good, but 3% or 4% would be practically the required minimum to gather funding quickly enough to protect ourselves.

**The Chair:** Thank you, Mr. Lehoux and Mr. Bourgeois.

[*English*]

Mr. Blois, did you want to ask a question?

**Mr. Kody Blois:** Thank you, Mr. Chair.

I have a long list of questions in front of me. I'm not going to get to all of them. Perhaps I could quickly ask them and they could either get addressed, or maybe I could follow up with each of the witnesses.

To the Grain Growers of Canada, thank you so much for your presentation. Ms. Gowriluk, I really liked your example. It was very helpful. In Nova Scotia, I've spoken to many of our producers. Our Olympic averages are down in the five-year threshold. I assume that's the same for you. Maybe that's a question you could answer at some point. I would also be interested in hearing your perspective on revenues versus decline as what was suggested by Mr. Slade.

Mr. Bourgeois, you mentioned enrolment and BRM. It seems like it had been at 48% and then 24%. Can you speak to that program, beyond that one commodity group?

Lastly, Mr. Slade, you mentioned \$300 million of an annual increase to get us back up to 85% reference margin. Is that going to be higher as a result of this year, because of all the uncertainty as a result of COVID?

Back to your point, it may be more complex with AgriStability. Are we better off to go with enhanced crop insurance and actually enhance the amount of crops that are covered, and then double down on AgriInvest as a simpler way to support farmers?

**The Chair:** We do not have a lot of time, so could you try to answer that in 30 seconds?

Go ahead, Mr. Bourgeois.

• (1805)

**Mr. Léopold Bourgeois:** I'll let Mr. Slade because there's more.... I think my statistics were misunderstood a bit, but they are in the same direction. I'm good.

**The Chair:** Mr. Slade.

**Mr. Peter Slade:** I was trying to tackle whether we would want to boost crop insurance as opposed to do anything with AgriStability. As a farmer, I would be a little wary if there was no program protecting me against price risk at all.

[*Translation*]

**Mr. Yves Perron:** Could Mr. Slade get closer to the microphone? The interpretation is not working.

[*English*]

**Mr. Peter Slade:** Yes. As a farmer I would want some program to protect me against price risk, which crop insurance doesn't. Whether that's a form of margin insurance or revenue insurance, I would want to have some sort of price protection.

**The Chair:** Thank you, Mr. Slade.

[*Translation*]

Mr. Perron, could you keep your question fairly short?

**Mr. Yves Perron:** Yes, it will be short so that Mr. Slade would have as much time as possible.

You talked about a series of recommendations, the first of which was to insure the income instead of the margin. Could you quickly tell us what your other recommendations are? I am very interested in that.

[*English*]

**Mr. Peter Slade:** One would be to allow for more private insurance in agriculture. One way of doing that is to change the AgriStability formula. As of now, when you receive payments from a private agricultural insurer, your AgriStability payments are going to be reduced. If we want private insurers to come in and top up AgriStability, then we would need to change that so that the private insurance indemnities that you receive wouldn't reduce what you are receiving from AgriStability. That could be true whether we have an 85% threshold or not.

**The Chair:** Thank you, Mr. Slade.

Sorry for the technical issues, but it was a very interesting conversation. I really appreciate that everyone took the time to join us today. That will be the end of the witness part of the meeting. I thank you all.

For the MPs, we have to disconnect and reconnect with the new link in order to proceed with our business portion, which is basically to guide the analysts on the letter we're going to submit to the minister.

I'll suspend the meeting and we'll see you all in 15 minutes.

*[Proceedings continue in camera]*

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