



December 10, 2020

Honourable Jason Kenney
Office of the Premier
307 Legislature Building
10800 - 97 Avenue
Edmonton, AB T5K 2B6

Re: Federal Proposal on Improvement to the AgriStability Program

Dear Premier Kenney,

On behalf of the Alberta Federation of Agriculture and producers across Alberta, we are writing today asking the province to support the recent Federal proposal on improvement to the AgriStability program. While the proposal would see no change to the AgriStability trigger of 70%, it would increase the payment cap from 70% to 80% while removing the Reference Margin Limit (RML). We believe that skirting federal dollars when they could be of great relief to Alberta farmers would not be in the best interest of our industry or province, especially with this being the first concrete proposal to put new Federal money into the program since 2013.

While this proposal demonstrates that some progress is being made, it is more important than ever that all levels of government come together and finalize an agreement over the coming weeks. We are aware that Alberta has been hesitant to support changes to this program, instead looking for a total reform. We agree that AgriStability as it stands does not work for all sectors of agriculture. However, we are at least two years away from the creation of a new program and these changes would be both retroactive for 2020 and forward-looking to 2021 and 2022. This proposal, while not perfect, offers improvements that make the program more equitable.

With Alberta farm income impacted by many factors beyond the control of farmers, from weather, disease and transportation issues to trade and geopolitical considerations, the effectiveness of a program like AgriStability is critical. Few, if any, other industries face these unpredictable challenges. This is why AgriStability is a demand driven program. If farmers are relatively profitable, governments are not faced with a cost and farmers do not receive a payment. Only farmers who have experienced a significant decline in income due to factors outside their control are eligible for support.

While much of the agriculture industry in Alberta has had an average or above average year in 2020, there are some areas and sectors that desperately need support to bridge this year, including the pork sector, crop producers in the north-central region of the province, and cattle producers who faced

challenges associated with the lack of slaughter capacity spurred by the COVID-19 pandemic resulting in significant losses. These agricultural producers need support now – not from a revised program in 2023.

In 2018, Canada's government support to farmers was only 3.6% of farm income while farmers in the USA and EU received 10 times that level of support from their governments. This directly affects Canadian farmers' ability to compete in international markets, leaving farmers at a distinct competitive disadvantage. The improvements the Government of Canada has put on the table represent potentially a 40 cent/dollar cost to provinces – but more significantly, they represent a 60 cent/dollar federal injection into those provinces to help if there is hurt and losses. No other sector is leaving Federal money on the table and agriculture should be no different.

The Alberta Government has long touted the agriculture and agri-food industry as an economic bright spot, contributing \$8.5 billion in Gross Domestic Product (GDP) and employing close to 73,000 Albertans. While the industry plays an important role in Alberta's Recovery Plan it cannot reach maximum potential without effective safety net programs in place. As such, we urge you to support the Federal government's proposal without hesitation.

Sincerely,

A handwritten signature in black ink that reads "Lynn Jacobson". The signature is written in a cursive style with a clear, legible font.

(Mr.) Lynn Jacobson
President
Alberta Federation of Agriculture

cc. Hon. Devin Dreeshen, Minister of Agriculture and Forestry
cc. Hon. Travis Toews, President of Treasury Board and Minister of Finance