



Honourable Marie-Claude Bibeau
Minister of Agriculture and Agri-Food Canada
1341 Baseline Road
Ottawa Ontario K1A 0C5

Sent via email: aaaf.minister-ministre.aac@canada.ca

July 30, 2020

Dear Minister Bibeau:

The Agricultural Producers Association of Saskatchewan (APAS) is writing to address the federal policy response to the 2021 drought, specifically to provide input on program options that our members need to manage the extreme weather conditions.

Agricultural producers and farm families across Saskatchewan, especially those in livestock sectors, are in urgent need of support. AgriRecovery is the fastest and most direct program option to offer this assistance and we are encouraged that a federal and provincial assessment process is underway. APAS urges the speedy development of an AgriRecovery framework that provides immediate relief to affected producers at compensation levels that are adequate to offset extraordinary costs related to water development, transportation, high feed prices, and the development of alternative feed sources.

Timely and decisive action is required to protect the long-term viability of our industry. Canada is at risk of a herd dispersal that will have significant impacts on the Canadian economy. Producers are facing many uncertainties as they begin planning for the fall grazing and winter-feeding seasons. Immediate financial assistance is needed to help these producers preserve the country's breeding stock. We would also like to see some program consideration given to those who have made the difficult decision to temporarily downsize their operations. These producers will require financial support to help them rebuild their herd as conditions improve.

The Livestock Tax Deferral Program is an existing program that is intended to provide tax flexibility to producers who are selling their stock due to drought. APAS was disappointed to see the 2021 Initial Designation determined using existing program criteria, which resulted in only 53% of Saskatchewan RMs added to the eligibility list. We are concerned that the anticipated herd dispersal will result in significant tax liabilities that will hinder re-investment and growth in the industry. For the 2021 program, we would like to see Agriculture and Agri-Food Canada institute province-wide designations, extend the deferral period from one to five years, and allow other classes of cattle, such as yearlings, to become eligible for a deferral.



Tax deferrals are an option of last resort and it is important that Canadian producers have access to predictable Business Risk Management coverage for these disaster events. APAS welcomed the recent removal of the Reference Margin Limit from AgriStability calculations, and we continue to support your proposal to increase the compensation rate and extend enrolment eligibility. These enhancements will improve the program for producers, but they fall short of providing the immediate financial assistance that is currently needed. We also note the disaster programs currently available to US producers which include direct cash assistance for forage and grazing shortfalls as well as transportation subsidies for feed and water into designated areas. The 2021 budget allocation for the USDA's Livestock Forage Disaster Program alone is \$480 million USD.

Advance Payment Program (APP) and other federal loan programs are another area where federal policy can provide additional support to affected producers. APAS is encouraging members who are anticipating revenue shortfalls to speak with their financial lenders early to set up alternative payment schedules and make other arrangements as necessary. We are hearing from both grain and livestock producers that repayment flexibility and extended deadlines for both APP and Canadian Emergency Business Account (CEBA) loans would alleviate some of the financial pressure that producers will be facing this fall. We ask the federal government to work closely with Finance Canada and APP administrators to provide this flexibility to producers.

We recognize the current drought situation is high priority for government departments, and we look forward to your response. Thank you for your consideration.

Sincerely,

Todd Lewis, President

Cc:

Honourable David Marit, Saskatchewan Minister of Agriculture