



# Recommendations to Government of Canada Financial Support for Beef Producers

March 24, 2020

To assist the Government of Canada in their approach to help producers in light of impacts from COVID-19, CCA put together recommendations to provide immediate stop-gap support for producers to keep their operations financially sustainable and ensure the health and welfare of producers, their cattle, and the Canadian Cattle Industry as we navigate through this global crisis.

Our recommendations are:

- CCA and industry stakeholders to work with the federal government to ensure Canada's entire food supply chain is designated 'Critical Infrastructure' as part of the National Strategy for Critical Infrastructure under the Emergency Management Framework and the Emergency Management Act – thereby ensuring our plants and borders remain open, operating at full capacity, and cattle and beef products are permitted to flow uninterrupted through the beef value chain domestically and internationally.
- Have COVID-19 pandemic deemed a 'Natural Disaster' under the AgriRecovery Program.
  - a) Agri-Recovery should be triggered immediately and be used as the vehicle to compensate producers in a timely matter. The Canadian beef industry stands ready to collaborate with government to estimate these real-time losses.
  - b) High producer participation in AgriInvest may be prove a useful mechanism to disseminate immediate relief to producers directly affected by the market down-turn, however the current allowable net sales (ANS) calculation does not work as a support mechanism for the cattle industry when compared to other agricultural sectors. We also emphasize that producers not enrolled in AgriInvest or other Business Risk Management programming be treated equitably in an AgriRecovery response.
- Eliminate immediately the \$3 million payment cap on AgriStability and invoke the Late Participation clause to help producers access needed support to deal with income losses. And further, enhance AgriStability to provide meaningful, long-term support to the beef industry by:
  - a) Removing Reference Margin Limiting;
  - b) Processing claims more quickly, including requests for interim payments; and
  - c) Increasing the AgriStability trigger to 85 per cent for 2019-20 program year and for remainder of Canadian Agricultural Partnership.
- Provide extension to producers to repay cash advances under the Advance Payments Program.
  - a) The Stay of Default will provide additional flexibility to repay advances for farmers that may be facing lower prices, reduced marketing opportunities, or a decrease in farm cash income.

- Modify cattle price insurance programs to include a cost-shared premium structure similar to crop insurance programs across Canada, as well as expedite the development and deployment of an Eastern Settlement Index.
- To provide financial institutions with the necessary backstop to expand Overdraft Operating Credit provisions for producers.
  - a) Federal Government to provide financial guarantees to the financial institutions to allow for “Temporary Overdraft Operating Credit Bulge” (Bulge) for a period of 200 days during this crisis, that would relieve a significant impediment to normal operations. The Bulge facilities would need to be supported by customers, through financial statements and projections, their plan and needs for the temporary measure. After the time period, the Bulge is removed, and the credit facility reverts to pre-existing terms and conditions.
- In preparation for a potential major beef supply chain disruption across Canada, establish the infrastructure and governance for a federal Fed-Cattle Set-Aside Program.
  - a) Feedlot producers would bid to extend the feeding period of cattle up to a maximum of \$2/head per day for up to 90 days. Bids could operate on a weekly or bi-weekly basis, as determined by an established governing committee. Program design would be similar to the model used in 2004 during BSE, which included a governing committee, calls for bids from cattle feeders, hold back of enrolled animals, etc. Governing committee appointments would include independent business and financial experts. The fundamental difference between this new iteration of a set-aside program from 2004 would be its permanence. The program would remain in place as a possible mechanism to address seasonal surpluses in Ontario, and in the event of any major disruption to the beef supply chain across Canada.

**For further information, please contact: [feedback@cattle.ca](mailto:feedback@cattle.ca)**