

Federal and provincial governments reach partial agreement on AgriStability program

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On Thursday, March 25, 2021, federal Agriculture Minister Marie-Claude Bibeau announced that all provincial and territorial governments have agreed to certain proposed amendments to the AgriStability program under the Canadian Agricultural Partnership (the CAP).

Background

The CAP is a \$3 billion investment by the federal, provincial and territorial governments over the years of 2018-2023 that aims to strengthen and grow Canada's agriculture and agri-food sectors. One of the programs under the CAP, AgriStability, is a business risk management program, similar to insurance coverage, which helps protect Canadian agricultural producers from large declines in their farming income that threaten the viability of their farms and are beyond their capacity to manage. Through AgriStability, producers are eligible to receive payments if they experience greater than 30% declines in their "reference margin" (being the historical difference between allowable income and allowable expenses under the program) for reasons such as adverse market conditions, production loss, increased costs and trade disruptions.

Agricultural producers are eligible to participate in AgriStability if they

- farm in Canada;
- file an income tax return reporting farming income or loss to the Canada Revenue Agency by the final filing deadline for the program year;
- complete a minimum of six consecutive months of farming activity and a production cycle, unless the farm experienced a disaster; and
- meet certain administrative timelines and requirements for enrolment, including payment of a fee.

Updates to AgriStability could increase payments by \$95 million annually

Under the partial agreement reached on March 25, certain limitations related to expenses will be removed, meaning more producers will be eligible for payments under AgriStability.

The key change announced on March 25 is to eliminate the "reference margin limit" (the RML) under AgriStability, which tied compensation available under the program to a producer's average allowable expenses, as adjusted. This change will allow producers in

agricultural sectors with limited allowable expenses under the program, such as livestock, to receive greater payments in years of significant decline. The removal of the RML has been made retroactive to the 2020 program year, and the deadline for producers to enroll in the 2021 program year has been extended to June 30, 2021.

The Government of Canada noted in a [news release](#) that this change could increase payments to Canadian producers by approximately \$95 million each year. Costs for the removal of the RML will be funded 60% by the federal government and 40% by provincial and territorial governments, in line with the overall cost-sharing arrangement for the AgriStability program.

As of the date of this publication, a further proposed change to AgriStability remains outstanding. A proposed increase to the compensation rate available under the program for losses suffered from 70% to 80%, which could result in approximately \$170 million in additional payments to eligible farmers, is currently outstanding as cost sharing for this increased compensation rate has not been agreed to by the governments of Alberta, Saskatchewan and Manitoba.

The foregoing is not intended to be a comprehensive overview of the AgriStability program. For further information regarding the changes to the AgriStability program or other questions relating to agriculture in Canada, please contact the members of Osler's [AgriBusiness](#) and [AgTech](#) teams.