



Canadian Pork Council  
Conseil canadien du porc

Rick Bergmann and Doug Ahrens's remarks for the CPC's appearance in front of the Standing Committee on Agriculture and Agri-Food about the Business Risk Management Study on Friday, June 19, 2020.

## **Intro**

Thank you for the invitation to appear before the Committee on this important topic. I am Rick Bergmann, Canadian Pork Council Chair and pork producer from Manitoba. Today I am joined by Doug Ahrens, executive member and chair of our Business Risk Committee and pork producer from Ontario.

## **Producers are hurting...**

In an ideal world, we could take the next two years to figure out a fix for AgriStability that would be included in the next agricultural policy framework. However, with producers teetering on disaster, governments need to move quickly to fix AgriStability. Federal leadership is required.

Here is how the Pork Council, and most other farm groups, want AgriStability fixed.

- First, increase the trigger to 85%.
- Second, remove the caps.
- Third, eliminate Reference Margin Limiting

We know that FPT governments are talking about these changes, but they can't agree who should pay.

Producers don't care if costs are split 60/40 as usual or, because of COVID crisis, covered 90% by the Federal Government over the next three years. What matters is that the changes are made.

And even with these changes' farmers are still going to bear the burden for most of the loss.

I want to take a minute to remind you of the challenges pork producers face as they work to feed families in Canada and around the world.

In 2018, the China-US trade war led to a 37% drop in prices from August to September. Canadian pig prices are based on those in the US market, and our producers experienced losses over \$40/pig in some regions.

Since 2015 the US hog herd has expanded rapidly, increasing the breeding herd by 6% and the overall inventory by 17% as of March 2020. This incredible increase in supply drove down prices both in the US and Canada.

In response, the US government gifted a \$16 billion farm lifeline in May 2019. Canadian farmers got ABSOLUTELY nothing.

And now the coronavirus has happened. The market price is incredibly volatile, and no one knows what the future holds.

The impact of the pandemic on the pork market is significant. The Canadian hog industry was projected to lose \$675 million. Quebec recently estimated their producers alone would lose \$150 million. The isowean segment of our industry continues to lose \$20–30 per piglet, with some being given away.

According to information from Ontario Ministry of Agriculture, Food and Rural Affairs, the market price for producers across Canada is forecasted to be well below the cost of production. Between now and the end of 2020 and well into 2021, producers are forecasted to lose \$35-\$65 per hog marketed.

Over and over again, Canadian pork producers are being hurt by factors outside their control and the current BRM suite isn't helping.

But despite all the hurt, BRM programs aren't doing much to help pork producers.

There is a misperception that because governments spend \$1.6 billion on BRM that the money is getting to the pork producers that need it.

If that were true, I wouldn't need to be here in front of you today.

First, 55% of that support is for crop insurance premiums which does nothing to help pork producers struggle through the COVID-19 crisis.

Second, AgriInvest pays farmers regardless of their need. Some farmers have positive balances while others, need to withdraw the money out as soon as it is available, leaving

nothing for times like this. The average pork producer's account balance represents less than 2% of farm cash expenses.

Third, AgriRecovery hasn't really worked. Governments call it a disaster program, but COVID-19 has been a disaster and AgriRecovery hasn't done much.

Finally, AgriStability is a broken program. Governments of all stripes have cut the program, turning it into a meaningless risk management tool. Producers do not have confidence in the program given its limited financial support and lack of predictability.

### **Fixing BRM**

None of this information is new. Trying to fix the BRM suite has turned farm groups into dogs chasing their tails. It's sad to think about how much time and energy we have all put into trying to fix this broken suite, only to see things keep getting worse.

### **Looking to the future**

Canadian producers have not forgotten about the necessity to prepare for an outbreak of African swine fever. The risk remains. As COVID has shown, the BRM suite has does not have the capacity to support producers during a market collapse. An ASF outbreak would be far worse for the pork sector. A new approach is required.

### **Conclusion**

At the end of the day our message is very simple.

- Farmers are hurting. COVID-19 is making a bad situation worse.
- The BRM Suite does little to help pork producers in their time of need.
- Targeted enhancements can quickly fix AgriStability.
- Long-term improvements to the entire BRM suite are required.

Thank you for your time, I am happy to take questions.