



Canadian Pork Council
Conseil canadien du porc

CPC address

Appearance in front of the House of Commons Standing Committee on Finance

April 23, 2020 – 4pm – 6pm

Topic: Government's response to the COVID-19 pandemic

Good afternoon,

I would like to thank you for the opportunity to appear before the standing committee and provide the perspectives of Canada's pork producers on the government's response to the COVID-19 pandemic.

My name is Rick Bergmann, I am a pork producer in Manitoba and Chair of the Canadian Pork Council. The Canadian Pork Council represents the views of Canada's 7,000 hog producers. Before I get any further into this, I have to tell you how much we are hurting. COVID-19 has made a bad situation worse for hog producers.

COVID-19 has put the pork sector in free fall by disrupting supply chains and driving down the prices of hogs. The risk of a major market failure increases as the pandemic drags on and that's a huge dark cloud over our heads. COVID-19 has quickly pushed many farmers into a cash crisis where they may not be able to cover the costs of operating their business. It's important to remember what that business is: We are feeding people. Plain and simple. We raise pigs to create a safe, high-quality protein Canadians can rely on to feed their bodies.

Hog markets in Canada and the US have seen significant volatility since the start of the crisis. While prices and futures quickly increased in the early days as consumers were panic buying in grocery stores, we have since seen some of the fastest, deepest declines on record as processors began to reduce processing capacity or close plants as a result of COVID-19.

The market impacts to date appear only to be the beginning. For example, Canadian prices have already dropped more than 30% in April for market hogs. The effect on weaned pigs has been even more drastic, with most weaner hogs worth almost nothing, if a buyer can be found at all. Prices are likely to continue to fall lower as the pandemic drags on.

As a result of the price decline, hog farmers are now losing money on every hog they market. On average, producers stand to lose \$25 to \$30 per pig they sell in 2020. As processing limitations continue, the likelihood of a farmer not being able to find a market at all is increasing, which renders a weaner or market hog worthless. The impact of this scenario on a farmers' financial and mental health cannot be understated.

I certainly appreciate the magnitude of this crisis and the number of issues the government has to deal with. On numerous occasions, the government has stated support to farmers and the food sector, but little has actually been done to help us weather this storm.

The increase in Farm Credit Canada's lending capacity is wholly inadequate to address the challenges faced by pork producers. This announcement initially made by the Liberal Party during the 2019 election campaign does not address the challenges producers are facing. Farmers are facing a cash crisis that is impacting the viability of their farm and is compounded by losses projected for the remainder of 2020 and possibly into 2021.

Farmers are currently struggling to respond. While farmers are using every tool at their disposal to limit the impact on their farm family, business and the food supply, they are running out of options. Some farmers have been put in a position where they have been forced to abort pregnant sows to reduce the piglet population. Some market hogs will have to be slaughtered and disposed of because the supply chain cannot process the meat.

Our producers need government to take immediate action so that they can continue to pay bills, feed pigs, keep their family business alive and continue producing food.

Farmers, food processors and governments have been telling Canadians their food supply is safe, but we are quickly getting to a point where that just isn't true anymore. Hog farmers, consumers, bureaucrats and politicians should all agree this is an unacceptable situation and that something must be done.

There are several ways to get the money to producers quickly.

A crisis payment can be delivered through a targeted advance payment through the AgriStability program, an injection into AgriInvest accounts or a crisis payment administered by the federal government. Any one of these measures will immediately help farmers so they can continue producing food during this crisis.

Unfortunately, these measures are only a short term solution. Farmers will continue to be exposed to significant risk until governments fix business risk management programs. We understand if this cannot be addressed immediately, but the AgriStability trigger needs to be increased to 85% and the process to get interim payments must be improved. These programs only pay out if farmers need them. If the situation improves there is no additional cost to government.

The meat industry is, by far, the largest component of this country's food processing sector. Our producers raise animals from coast to coast, with the largest pork production and processing facilities clustered in Quebec, Ontario and Manitoba. Direct farm gate sales of Canadian pork in 2016 totalled \$4.1 billion dollars and created over 31,000 farm jobs in rural Canada. The pork industry is a major contributor to Canada's GDP.

Additionally, food processing creates more jobs than any other segment of the Canadian manufacturing sector. Providing employment for 65,000 workers, meat packing and processing plants are often either the primary or a major employer in towns and cities located across Canada.

We cannot let this industry fall to the wayside because of government inaction. Canadians deserve better.

I would like to thank the committee for the invitation to appear before you today and for your attention.

I would be pleased to answer your questions.