

Safety Nets Policy Committee
OCPA Annual Meeting Report
March 9, 2009

Provincial

This Spring we are heading into year three of our three-year pilot program for the Risk Management Program (RMP). Four coverage levels are available for each grain and oilseed crop: 100, 95, 90, or 85 percent of the cost of production. Participant coverage levels will be rolled over based on the previous year's coverage level for that crop.

RMP target prices for 2009 (top levels) are: \$4.48/bu for corn, \$9.67/bu for soybeans and \$4.67/bu for winter wheat. Prices have been hovering below those targets in the early months of 2009.

88% of producers re-enrolled in RMP from 2007 to 2008. For enrollment in the final year of the pilot program producers have the following deadlines: April 1, 2009 is the deadline to opt out of the program. May 1, 2009 is the application deadline for new participants, and the deadline to adjust coverage levels. August 7, 2009 is the payment deadline.

The lobby effort for a permanent RMP continues. Ontario Grains & Oilseeds (which includes the seven producer organizations for Ontario corn, soybean, wheat, seed corn, canola, white and coloured beans) has organized meetings with MPPs across the Province. Ontario G&O also recently hosted a Rural Caucus outreach breakfast where we expressed our appreciation for the RMP pilot and stressed the importance of a long-term program for 2010 and beyond.

MPP representatives stressed the importance of having the federal government come to the table with its 60% share of the funding to make RMP a fully-funded program that will work the way it was designed. At this point the Province has made no commitment to RMP for 2010 or beyond. The next provincial election is scheduled for October 2011.

Producers need to be talking to their MPPs in the coming months. When you talk to them we have three messages:

- 1) Thank them for RMP
- 2) Tell them how RMP made a difference on your farm in 2008 and 2009
- 3) Stress the importance of a long-term program at the provincial level.

AgriFlex

Ontario Grains & Oilseeds is a member of the Canadian Federation of Agriculture (CFA) through the Ontario-Quebec Grain Farmers' Coalition (OQGFC). CFA has lobbied for AgriFlex.

During the 2008 federal election campaign the Liberals, Conservatives, and the Bloc committed to AgriFlex. In the 2009 federal budget, the Conservatives announced an “agricultural flexibility fund.”

However, the details on AgriFlex turned out to be disappointing. The fund was for \$500 million over five years (not four, as originally promised). Also, there’s only \$190 million of new money. The rest will come from cuts at Agriculture Canada. Minister Ritz claims AgriFlex is for “proactive” not “reactive” programs. Minister Ritz has explicitly stated that AgriFlex may not be used for Business Risk Management (BRM) programs like RMP in Ontario or ASRA in Quebec. The AgriFlex Minister Ritz announced is AgriFlex in name only. It is not the AgriFlex we lobbied for. The program represents approximately \$19 million per year for all of Ontario. The program does nothing to help the farm families who need it most. We still need a federal funding envelope that will address current gaps in federal BRM programs.

Emergency Advance

Producers with corn still in the fields had the opportunity in February to apply for an emergency advance payment to a maximum of \$25,000.

With support from OCPA, the Emergency Advance was co-ordinated by ACC Farmers' Financial and is intended to help farmers who still have unharvested acres in the field.

Poor weather conditions in the tail end of the 2008 growing season made it impossible for some farmers to complete harvest of their 2008 corn crop.

Applications were due by Feb 28 and payments will be issued by March 31, 2009.

Production Insurance and Agricorp

OCPA has an action team which is specifically dedicated to this area of importance to the membership. These directors meet regularly with Agricorp to discuss existing programs such as Production Insurance and the Risk Management Program, as well as the implementation plan resulting from the Agricorp audit, and new ideas that could be developed to better serve corn producers.

Most producers are aware of the economic crisis and the resulting impact. The record high commodity prices of last year have forced Agricorp to perform some risk assessments of their own, to ensure the viability of these valued programs moving forward. One such study is looking at all aspects of Production Insurance and trying to understand if we are entering a new era of markets that needs to be considered by the program. Agricorp has committed to keeping OCPA involved as the work plan evolves. We expect the 2009 Production Insurance program will continue to offer the same comprehensive options and features corn producers have come to count on.

AgrilInvest

In early February, the Ministers announced a transition measure for the 2007 AgrilInvest program year. The federal, provincial and territorial governments are waiving the producer deposit, which will be a requirement beginning in 2008. It is calculated based on a percentage of a producer's allowable net sales, with the matching component cost-shared on a 60/40 basis by federal and provincial governments.

For clarity, AgrilInvest has been implemented in the following stages:

AgrilInvest Kickstart – In December 2007, \$600 million in federal funding started flowing to producers to get their AgrilInvest accounts up and running. These monies are not tied to any particular year.

2007 AgrilInvest – Producers do not need to make a deposit to receive matching government funding. This is a transition measure while the federal government works toward having the accounts held in financial institutions. Producers can expect to receive information by mail in March, and have the option to either leave the funds on account or make a withdrawal as there are no triggers.

2008 AgrilInvest – Producers will have to make a deposit to their AgrilInvest account in order to receive a matching government contribution. The deadline to apply without penalty is September 30, 2009 and the final deadline with penalty is December 31, 2009. Most producers will receive this information by direct mail.