

Report prepared for Peace River Agricultural Development Fund

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Objectives:

The objective of this project was to listen to concerns of the producers regarding risk management tools, voice their concerns to appropriate governments and to be actively involved in improving risk management programs and report results back to producers. Our chair, Jim Smolik, has been very dedicated in ensuring these objectives have been met. The following is an overview of his accomplishments over this past year. .

ACCOMPLISHMENTS:

CAIS Program:

The current CAIS program has undergone some changes this past year, with the most significant one addressing the inventory valuation. In preparation to move to this permanent change, the Federal government initiated a CAIS Inventory Transition Initiative. (CITI) This was done to smooth the transition, and insure that calculations done to the current year use the same methodology as in the historic years. The CITI program has a \$900 Million budget, and each producer's 2003 - 2005 CAIS forms will be recalculated automatically by the CAIS administration to determine if you will receive an indemnity. Almost all (BC) 2003 forms are complete, with work started on 2004 forms. Any indemnities already received in those previous years will not be affected by the recalculation, using a no claw back rule. The one condition for no or partial payment will be if a producer is in an overpayment position. Last May the decision was that CAIS overpayments be deferred with no interest until Jan 1, 2007. With the recognition that repayment may be a challenge for some producers, no interest will be charged until Jan 1, 2008. Another new feature this year is the disaster area designation, which we unfortunately found ourselves in. Simplified forms were mailed directly to producers within the defined area, with the ability to quickly receive 50% of an expected CAIS payout, with final upon completion of CAIS form

Talks are currently underway on the next generation of Business Risk Management (BRM) programs, as the current agreement expires in March 2008. These thematic sessions are being held in three separate rounds, with the results feeding into the federal and provincial agriculture ministers meeting in June. The discussions are centered on the idea of continuing with a whole farm, margin based program

Production Insurance:

This past year saw the introduction of the "grain basket" option. The commodity to commodity offsetting feature allowed producers to guarantee a level of coverage at a lower cost than crop by crop coverage. Both options will be available for 2007, with the ministry doing some preliminary work on determining if they can offer a 90% option for the grain basket. Work continues on probable yields for the coming year, with preliminary rough estimates around the 5% impact. BCGP A will continue to work with ministry staff on changes to the current program, as well as possible new features.

Peace River Grains and Oilseed Economic Impact Document:

After the less than favorable weather event of 2006, the board of directors met with Minister Bell to discuss the economic impact to the region.

We felt it was appropriate to first understand under maximum coverage levels, what support CAIS and Production Insurance would offer in context of an agreed upon cost per acre. The Minister appointed Marc Yawney from the ministry to work with directors of the BCGPA to develop a cost versus support scenario to determine an "approximate" average impact per acre. At the time of writing this, the estimate shows a shortfall of approximately \$40 per acre. The ministry is however revisiting the estimated CAIS indemnity, to determine accuracy. Once a final and agreed upon loss is determined, we will engage with Minister Bell, and our local MLA's.

The board also met with Minister Strahl when he was in the region. He was informed of the impact study and the estimated \$40 per acre shortfall. He indicated that the Peace region is one of three severe drought areas in the country, and that he has been in contact with Minister Bell in regard to it. We also raised the issue that the Grains and Oilseed Payment Program (GOPP) should be considered as "other" income, so as to not offset CAIS payments, and create equity amongst producers.

We have received confirmation (Feb, 6th) that the Grain and Oilseeds Payment Program will be considered as government support under CAIS. As background, when the Conservatives were elected they had not initially committed to the past practices of the Liberals where government's ad hoc support reduced a producers CAIS indemnity. This payment does not increase reference margins in future years, and as CAIS is a shared responsibility, the provinces supported this approach. AAFC estimates that the 2006 CAIS payments will be reduced by approximately \$150 M across the country, with about \$1 M of that in BC. In reality the \$755 M the Conservatives announced after being elected, has just turned into \$600 M or a 20% reduction, and the hardest hit producers will receive the least amount of government support. This will be now added to our discussions with Minister Bell, for his explanation of their commitment to target funds where it's needed most.

Affiliations with Grain Growers of Canada:

We continue to maintain direct affiliation and communication with the GGC and specific to Business Risk Management. Our association with the GGC allows the BCGPA directors to have input into submissions to the Federal Minister of Agriculture, Select Standing Committees on Agriculture and the BRM Technical Working Group. Ross Ravelli is currently the president of

for the Grain Growers of Canada and he sits on the Canadian Canola Growers Association. Jim Smolik, Chair of this committee, is currently the vice president of the GGC. We are very fortunate to have two representatives on these committees representing the BCGPA. This representation is truly invaluable.

Extension and demonstration:

1. Circulation of information as it becomes available to BCGPA directors, via e-mail or faxes
2. Relevant information posted on our website, reports or news releases by other sources as they become available.
3. Participate in Provincial stakeholder info sessions, consultation of industry
4. Presentations at the BCGPA, AGM Irmi Critcher, Chair. Interviews with media (paper\radio) to update on Risk Management Strategies and Production Insurance.

Summary:

We are pleased, one again, to have a very committed and dedicated chair representing the BCGPA on the Provincial Business Risk Management Committee, National Safety Nets Advisory Committee and BC Grains and Oilseed Production Insurance Advisory Committee. This representation provides an opportunity for input into the development of new Business Risk Management strategies for the grain farmer under the new Agriculture Policy Framework. The funding we receive from PRAD provides us the unique opportunity to be involved at both the provincial and national level with policy and decision making on behalf of the grain producers in the Peace Region.

Attachments:

Budget vs. Actual Financial statement attached
Meeting Summary for "in Kind" contribution