



August 22, 2023

Jasper Munro
President, Bruce County Beef Farmers

Dear Jasper,

The following resolution was passed at the Beef Farmers of Ontario (BFO) annual general meeting in February and was recently discussed by the BFO Board of Directors:

WHEREAS, the Advanced Payments Program (APP) is a Federal Government program to assist agricultural producers with marketing flexibility with low interest cash advances,
WHEREAS, the Advanced Payment Program for beef cattle is available in Ontario thru the Ontario Feeder Cattle Loan program or the Agriculture Credit Corporation,
WHEREAS, the Advanced Payment Program is very valuable with the interest free portion and attractive interest rates, and
WHEREAS, in June of 2022 the interest free limit changed from \$100,000 to \$250,000 for the 2022 and 2023 program years,
THEREFORE, BE IT RESOLVED THAT work with CCA to ensure the higher interest free limits are maintained and to work to improve and enhance the Advanced Payment Program.

On behalf of the BFO Board of Directors, I would like to thank the Bruce County Beef Farmers for putting forward this resolution. The Board fully supports your request to increase the interest-free portion of the Advanced Payments Program (APP).

During the past year, BFO has put forward motions and raised this request with the Canadian Cattle Association's (CCA) Board of Directors, the CCA Officers and Executive committees, and the Domestic Agriculture, Policy and Regulations Committee. Our staff have also promoted this request with the national management group that meets monthly and includes CCA management and the provincial cattle association general managers.

In April, BFO and Ontario's CCA directors held meetings in Ottawa with Senators and Members of Parliament, including MP Francis Drouin, the Parliamentary Secretary to the Minister of Agriculture and Agri-Food. During these meetings we prioritized the APP program and our concerns regarding the interest-free portion.

We were pleased that the 2023 Canadian Federal Budget included a commitment to increase the interest-free portion of APP from \$250,000 to \$350,000 in the wake of higher interest rates and production costs. In response, BFO sent a letter, which has been appended to this response, to the

federal agriculture minister thanking the minister and his government for the commitment to increase the interest-free portion of APP and to ensure that commitment is extended.

Ensuring that the industry has access to predictable, timely, and effective BRM programs continues to be a critical pillar of BFO's government relations priorities. With respect to the APP, we can commit to continuing to press this issue with CCA and the federal government, and will update the membership should there be any further progress to report.

Thank you for serving the beef farmers in Bruce County.

Sincerely,

A handwritten signature in black ink, appearing to read "Jack Chaffe". The signature is fluid and cursive, with a long, sweeping underline that extends to the left.

Jack Chaffe
President

cc: Steve Eby (Mover)
Harold Zettler (Seconder)
Jarrett Johnson (Advisory Councillor)
Jennifer Isber-Legge (Secretary)



August 22, 2023

The Honorable Lawrence MacAulay
Minister of Agriculture and Agri-Food Canada
House of Commons
Ottawa, Ontario K1A 0A6
Email: lawernce.macaulay@parl.gc.ca

Re: Request for Permanent Increase to the Advance Payment Program

Dear Minister MacAulay,

On behalf the Beef Farmers of Ontario (BFO) and our 19,000 members, we would like to congratulate you on your new role and extend our thanks to your government for increasing the interest-free portion of the Advance Payments Program (APP) from \$250,000 to \$350,000. This decision has been met with great praise and appreciation across our sector.

APP is a critically important tool that beef farmers have come to increasingly rely on to help manage business cash flow needs, which has become even more important with the increased market volatility, interest rate hikes, and debt servicing costs that farmers must attempt to manage. The recent increase in funding to APP has really helped in this regard.

The movement of the prime rate in Canada from 2.7% in March of 2022 to 7.20% in July of 2023, underscores the importance and need for programs like APP to help alleviate the strain that rising interest rates have on farm operations. The additional \$100,000 that was committed to in the 2023 budget has the potential to save producers up to \$7,200. If a person utilizes the full interest-free portion, it can save them up to \$25,200 in interest fees, which for the average farmer is significant.

While interest rates may eventually go down, the need to maintain elevated support for APP in the wake of the new operating realities and risks that farmers face is critical. The cost to produce food in Canada today is simply no longer aligned with the APP limits that were initially established, which is why associations like BFO are requesting that the government maintain the temporary increase that farmers are benefitting from today. By extending the increase to the interest-free portion of APP, we can ensure that our farmers

have access to financial resources throughout the year, enabling them to plan ahead, invest in their operations, and make informed business decisions.

The increase in APP enrollment across the beef and broader agri-food sector demonstrates the value that farmers see in this program. As an example, from 2021 to 2022, Ontario saw the number of beef farmers in Ontario using APP increase by 129, which is a 28.23% increase bringing the total number of beef farmers in the province using APP to 586. During the same period, we saw the value of advances increase by \$46,660,814, which is a 107.64% increase year over year, bringing the total value advanced to \$90,008,498. Increased enrollment in APP also has created an incentive to stay or enroll in the AgriStability program, which provides mutual benefits to the government, farmers, and the broader farm sector.

In conclusion, we urge you to consider extending the recent increase in the interest-free portion of the Advance Payment Program. This would provide much-needed stability, support, and confidence to our farmers, enabling them to contribute to Canada's food security and economic prosperity.

We have appreciated your dedication and leadership to the agriculture sector during your tenure as Minister, and we thank you for your due consideration of our request. We would be happy to provide any additional information or engage in further discussions regarding this important issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Jack Chaffe", with a long, sweeping underline.

Jack Chaffe
President

cc: Francis Drouin, Parliamentary Secretary to the Minister of Agriculture and Agri-Food
The Honourable Marie-Claude Bibeau, Former Minister of Agriculture and Agri-Food