

Ministry of Agriculture and Food
BRIEFING NOTE FOR MINISTER FOR INFORMATION

Ref: 197463

Date: March 14, 2022

Title: Flood damaged homes owned by a corporation, and lack of residential Overland Flood Insurance (OLF).

Issue Farms or other businesses with a home held in the name of their corporation and no OLF do not meet the Disaster Financial Assistance (DFA) eligibility requirements for repair of their flood damaged residences

Background:

- Early estimates are that only 20-30 per cent of impacted residents have what is called overland flood (OLF) insurance. OLF insurance is a relatively new product that is not automatically included as part of residential home insurance.
- As of March 10, DFA confirmed there are 12 farms as having a primary residence held in the name of a corporation. The Ministry of Agriculture, Food and Fisheries (AFF) staff and contractors estimate that out of the 355 applicants to their agriculture recovery, about 35-40 homes are held in the name of a corporation, but perhaps only about 15-20 of those homes are damaged.
- If a farm corporation owns a farm operation which includes a parcel of farmland, the farmer's home which is on the farm parcel cannot be separated out from the farm operation.
- Farms or other businesses with a residence held in the name of the corporation will not meet the DFA eligibility requirements since corporations are not eligible for the Homeowners' Grant.
 - The DFA regulation uses eligibility for the Grant as the key criteria for support for flood damaged residences under DFA.
 - DFA does define an "eligible residence" as a structure owned by a claimant and occupied by the claimant as the claimant's principal residence.

First Nation Considerations:

The federal government has full jurisdiction for on recovery and, as such, the Province may not be informed as recovery work on reserve proceeds. However, as DFA applies to reserve lands any supplement to DFA would also, presumably apply to reserve lands.

Discussion:

- Homeowners often have limited understanding of their exposure to flood risks and consequently, they tend to not manage adequately for it through OLF insurance. Furthermore, OLF insurance, while available in low to medium-risk areas, is currently unavailable or unaffordable in medium to high-risk areas. Even when OLF is available, the claim limit might be very low (\$10,000 - \$30,000) in areas with an increased risk. IBC

anticipates that the average home insurance claim will be approximately \$33,000 from this event.

- The lack of availability of residential OLF insurance is a nation-wide problem, and the limited awareness by residents of its availability and of flood risks themselves are complex problems with no simple solutions. In November 2020, the federal government struck a Task Force on Flood Insurance and Relocation (the Task Force). The Task Force was established to create a new, low-cost national flood insurance program to protect homeowners at high risk of flooding and without adequate insurance protection. It is also considering options for potential relocation for structures at the highest risk of recurrent flooding. The Task Force is expected to report back in Spring 2022.
- The Canada-BC 2021 Flood Recovery Program for Food Security currently being administered by Agriculture and Food (AF) covers on-farm employee housing, but the program does not assist with farmers' residences on farm properties. Farmers are being referred to DFA for support in relation to their residences.
- Farm corporations own the house due to the inability to separate the home from the farmland held by the corp. If the shareholder family resides in the house, they will:
 - have to record a deemed benefit as income for tax purposes that is the equivalent of market rent;
 - not be able to deduct costs related to the maintenance and the upkeep of the house to the corporation; and
 - lose the principal residence exemption if they decide to sell the home.

There is little if any personal tax or expenditure advantages to be gained by a home being owned by the corporation. The corporation may try to treat the shareholder who reside at the home as employees (if they work on the farm) and would therefore then be able to deduct input costs. However, this situation is more difficult to justify and CRA generally treats it as a shareholder residing in the house as opposed to an employee.

- In BC currently only DFA provides assistance in relation to individuals' principal residences that are uninsurable.
- DFA does not offer assistance in relation to vacation homes, investment or holding properties, cabins, and the like. Several large farms also own multiple rental houses that were flooded and have no insurance of cover under DFA for these investments.
- In addition to requiring that a home be eligible for the Homeowners' Grant, DFA also restricts eligibility by:
 - using the term "individual," with no reference to corporations (or even "person") in defining principal residence. As such, farms with the home held in the name of the corporation will not meet the eligibility requirements for provincial DFA specified by the Regulation.
 - Most corporations will also be ineligible under DFA due to the 50% + minimum income from the farm and gross less than \$1M. DFAA has a \$2M gross max and requires the owner operator to only own 50%+1.
 - All DFA claims cannot exceed \$300K.
- The DFA regulation is quite clear and rigid around homeowner grant eligibility in defining principal residence.^{s.12; s.13}

s.12; s.13

Summary/ Conclusion/ Next Steps/ Suggested Response:

s.12; s.13

Contact: Byron Jonson, Executive Director BRMB, 250 826-8533

ED

ADM

AL

DM

PP

Ministry of Agriculture and Food
BRIEFING NOTE FOR MINISTER FOR INFORMATION

Ref: 197514

Date: March 29, 2022

Title: Minister to visit three farms in Sumas Prairie impacted by Fall 2021 flooding events

Issue: Additional information to identify any issues that may be associated with each operation prior to confirming scheduling.

Background: Three potential-farm visits by the Minister have been requested by producers that were heavily affected by the Fall 2021 flooding events that occurred in the Sumas Prairie area of Abbotsford, British Columbia. Each of the three farms were affected in different ways, and it is suspected that each request is related to aspects of their businesses that were damaged, lost, or delayed due to the event, but are not eligible for compensation under the Canada-BC Flood Recovery for Food Security Program ('Recovery Program'). Each producer has already been contacted by or is currently working with Ministry of Agriculture and Food staff. A summary of their farm-operations, claim-status, and issues follows below.

1. Van Eekelen Enterprises Limited ('VE Farms')

- The principal operator of VE Farms is ^{s.22} and the major commodities they farm are Belgian Endive and Leeks.
- VE Farms consists of both a large greenhouse, as well as outdoor plantings. Heavy infrastructure damage and crop loss impacted their farming operation due to the Fall flooding events.
- On February 23, 2022, ^{s.22} of VE Farms emailed Minister Popham, citing the loss of income they incurred through losing both unharvested and harvested crops due to flood damage, and asking why these losses were not covered through the Recovery Program.
- A Minister's response letter (197378 ^{s.22} attached) was sent to ^{s.22} in March, with rationale detailing why costs to transplant and replant crops were not covered by The Recovery Program, and further directed ^{s.22} to enroll in the Ministry's Agri-Stability program to cover such costs in the future, and that they are still eligible to apply for losses incurred in 2021.
- BRMB staff are still working with ^{s.22} and VE Farms, although they are still upset that some of their losses were not immediately covered through the Recovery Program.

2. Ramsar Berry Farm

- Ramsar Berry Farm is a 25-acre berry farm located in the Sumas Prairie operated by Avtar Dhillon and his brother Jagtar Dhillon.
- The farm had recently diversified and added Saffron production to its portfolio.
- Mr. Dhillon was featured in this [CBC article](#) that highlighted his enthusiasm for trialing the first commercial Saffron crop in the province just prior to the flooding event.

- CBC reached out to the Ministry of Agriculture and Food for comments on the article, and high-level information regarding both the positive, and potential risks of experimenting with niche agricultural markets in B.C. were provided.
- Mr. Dhillon was featured in a second CBC article that reported the entire destruction of his Saffron crop, and financial losses he now faced after the flooding event.

• s.22

- Ministry staff reached out to Mr. Dhillon both through BRMB, and Extension and Supports Services Branch for support during, and after the flooding event.

s.22

3. Dockum Poultry & Dairy Farms

- Wayne and Marlene Dejong own and operate two dairy farms, as well as a poultry farm located on the Sumas Prairie and were heavily impacted by the Fall flooding event.

s.22

- On their home farm they are currently milking 120 cows, with an estimated 130-140 replacement animals. Every animal was moved off site during the November flood. This relocation off the farm and return has negatively impacted individual cow production.
- There was heavy damage to infrastructure, farm-buildings, and residences on this site due to the flooding. There were also damages to cover crops and perennials used for forage.
- On their second farm, they are milking approximately 150 cows. The immediate facilities there were kept dry, however there was some damage to forage fields and cover crops. BRMB staff visited their home-farm on February 21, 2022 and helped them fill out all of the forms and applications for applicable support programs.
- Their operation has incurred heavy costs, mostly related to flood clean up, building repairs, feed costs, and veterinary expenses; all of which will be supported to varying degrees.

s.22

- BRMB staff spoke with Marlene Dejong on March 21, 2022, to explain the breakdown of their payments as she was asking for further clarification.
- Wayne and Marlene Dejong are still extremely upset that some of their expenses related to damages to infrastructure and repair-costs to primary residences are not covered by the Federal Disaster Financial Assistance program, nor the Recovery Program.
- BRMB staff are still working closely with these clients.

Suggested Response: It is recommended by staff that Minister Popham not conduct a site-visit of any of the above farms at this time. BRMB staff are still working closely with each operator to find them at least some compensation, or to further inform them that some of their losses are not eligible within the current Federal or Provincial support programs being offered.

s.22

Contact: Rajiv Dasanjh, Horticulture Team Lead, IDU, Rajiv.Dasanjh@gov.bc.ca
Timothy Pigg, General Manager, Production Insurance, Timothy.Pigg@gov.bc.ca
Terri Giacomazzi, Livestock Team Lead, IDU, Terri.Giacomoazzi@gov.bc.ca

ED MR ADM AL DM

Ministry of Agriculture, Food and Fisheries
BRIEFING NOTE FOR MINISTER / PREMIER FOR INFORMATION FOR FRASER VALLEY FARM
TOUR

Ref: 197545

Date: March 21, 2022

Title: Premier John Horgan & Minister Lana Popham Fraser Valley Farm Tour

Issue: Opportunity for Premier John Horgan and Minister Lana Popham to meeting with Fraser Valley agricultural producers impacted by the 2021 Atmospheric River Flooding.

Background:

B.C. Blueberry Industry:

- Blueberries are B.C.'s largest fruit industry, with a farm gate value of \$146M and export value of \$236M in 2020 (Fast Stats 2020).
- There are over 600 blueberry growers and 26,000 acres planted to blueberries in B.C. The blueberry industry is concentrated in the Fraser Valley.
- There are approximately 13 large scale blueberry producer-packers that each receive between 5-20 million pounds of blueberries annually. Most facilities have fresh and frozen packing lines, optical sorting equipment and Individual Quick Freeze tunnels. An additional 10-20 smaller scale packers each receive 0-5 million pounds annually and pack fresh or freeze blueberries with less sophisticated equipment.
- Key issues for the B.C. blueberry industry include
 - **Labour availability and cost.** The B.C. blueberry industry will be impacted by the increases to minimum wage. Blueberry producers and packer-processors are price takers in their current markets and cannot recover the increased costs of labour or inputs. The shortage of labour for hand harvesting has resulted in a transition to mechanical harvesting. Workers on mechanical harvesters are paid minimum wage rather than piece rate. Blueberries harvested by machine typically often have a shorter shelf life due to bruising, which impacts their marketability.
 - **Packing processing infrastructure and expansion on ALR land.** Packing-processing capacity is strained during peak harvest from mid-July to early August. Many of the packing facilities are owned by vertically-integrated producers and are situated on ALR land, which limits their expansion. They are seeking protection for on-farm processing, as many do not meet the requirement for 50% of the volume they pack and process to be sourced from their own farms. There are only a few blueberry processors located on non-ALR lands, and these companies focus solely on processing frozen blueberries.
 - Yield-limiting factors, including **limited availability of honeybees colonies** to rent for pollination and concerning **spread of Blueberry Scorch Virus** which causes plant death (Ref: 196298 B.C. Ag Days).

- **Fruit quality and competitiveness of the B.C. blueberry industry in light of increasing global production.** Global production has increased significantly over the last decade and there are concerns that supply may outpace demand. Fruit quality is critical to maintaining market share. Washington and Oregon are direct competitors during B.C.'s harvest season and Peru is now producing and exporting blueberries in late summer which was previously a niche window for B.C. blueberries. Season extension methods such as use of high tunnels and substrate (soil-less production) have not been widely adopted in B.C.

Westberry Farms – Blueberry:

- Westberry Farms is a large blueberry farm located on the Matsqui flats of Abbotsford.
- Their blueberry fields, house and some storage buildings were flooded for a number of days in November as a result of the heavy rainfall.
- Westberry Farms is also a packer-processor of blueberries. They pack and process their own blueberries and receive blueberries from other farms. They have colour and soft sorting equipment and an Individual Quick Freeze (IQF) tunnel. They pack fresh and process (freeze) around 9-10 million pounds of blueberries annually, which represents 5-7% of the annual B.C. blueberry crop. Westberry Farms sells fresh, frozen and other blueberry products in both local and export markets.
- During peak season, Westberry farms employs over 100 workers in their fields and packing-processing plant.
- Parm and Satwinder own and operate Westberry Farms and Parsat Farms with their

s.22

Parm has

been involved in B.C. Blueberry Council activities for many years.

s.22

- They have both organic and non-organic blueberry's – approximately 40 Acres.
- Parsat Enterprises have been participants in AgriStability and are still able sign up for 2021 and 2022.
- Parsat Enterprises purchased Production Insurance for 2022 crop year, and has bought 70% coverage (30% deductible).
- Parsat Enterprises (Westberry Farms – same address) has applied to the Flood Recovery Program.
 - Program representatives have been out to their farm to review their losses.
 - Flood losses are expected to include clean up, infrastructure and crop loss – the Flood Recovery Program team will continue to work hand in hand with them on their application.
 - The value of their recovery ask will depend on the scope of what they plan to rebuild and/or replace (e.g. how many blueberry plants). They have yet to provide AFF with a detailed schedule request.

Roundtable Discussion with Berry Growers - Background Information

- **Key Areas of Interest in relation to flood recovery include:**
 - Discrepancy for bigger growers - those who have revenue over \$2 million receive 70% coverage, versus growers who have revenue under \$2 million receive 90% coverage. This is a shortfall of 30% for these larger operations. Income losses – we understand the losses will be covered under AgriStability to a certain degree, but producers generally lack confidence in the program. Particularly, some producers may not be in production for a while.
 - House repair – the cap remains at \$300K under DFA, but in some cases the estimated cost of repairs is much higher. We understand this is not under your purview, but it's a factor in the impacts of flooding on producers.
 - Cash flow – the claims are receipt based and growers might not have enough cash available to pay for expenses upfront. We acknowledge there is some flexibility. For example, as per section 6.9.6 of the Flood Recovery Program terms and conditions – “Payments will be made in advance of replanting.”

Producer Background Information:

- s.22 - Runs Fraser Valley Packers and Small berry farmer
s.22
 - No info on whether he has had flood losses. Hasn't signed up for recovery program
 - s.22s.22
- **Anju Gill** - B.C. Blueberry Council
 - Primary advocate to maximize support for Blueberry industry
 - Anju and the Council were consulted and contributed to design of Flood Recovery development
- **Jason Smith** -Chairman of B.C. Blueberry council
 - 75 acre blueberry grower
 - Heavily involved with the industry
 - Has been on calls numerous calls with the Program staff / Blueberry Councils.22
s.22
s.22
- s.22 - Large blueberry farmer
s.22
s.22

s.22

s.22

s.22

○ s.22

- s.22 -large blueberry farmer
 - Has 350+ acres of blueberry's spread out from Delta, Surrey, Vancouver and Abbotsford
 - Very high level production – good grower

s.22

s.22

- Very business minded

- s.22 – farmer and packer
 - Processor called A & P
 - 200+ acre blueberry

s.22

Bosma - Vedderlea Farm – Dairy:

- Vedderlea Farms is owned and operated by Richard and Judy Bosma, Abbotsford and is among several dairies impacted by catastrophic flooding in November 2021.
- Vedderlea is a purebred Holstein herd with superior genetics that ranks it in the top 10% of B.C. dairy herds. Many animals are valued far above industry average prices.
- Richard Bosma served several years in Executive positions including President on the B.C. Branch of the Holstein Association of Canada.
- Vedderlea Farms was issued an Evacuation Order on November 16th, 2021.
- The farm was inundated with about five (5) feet of water that flooded farm buildings and three homes on the property.
- They relocated 75 lactating and dry cows and 100 heifers and calves to host farms outside the impacted area with heifers returning 30 days later and cows 32 days later.
- One dairy provided housing for their cows while seven (7) different dairies housed their heifers.
- On their first day back on the farm, they had 35 volunteers helping with the clean-up.
- No animals were lost due to flooding; however, a couple animals later succumbed to injuries.
- 500 large round bales of hay and some bunkered corn silage were lost.
- A big challenge facing the dairy until this year's crop is harvested is securing forage since it is in short supply and very expensive as a result of severe droughts throughout western Canada in 2021.

- Vedderlea Farms applied for financial assistance to relocate and house their animals through EMB.C.'s Provincial Support for Livestock Relocation During an Emergency Program.
- Vedderlea Farms has recently applied to B.C.'s Flood Recovery Program with the general application just received on March 14th.
 - Application is for Flood Clean-up, Repair of Uninsurable Structures, and Perennial Crop supports.
 - Flood Recovery Program has not yet received any Loss Schedules from the Bosmas.
 - Flood Recovery staff have attempted to touch base with the Bosmas and will be assisting them with the application process.
 - Further attempts to touch base with the Bosmas will take place in the current week.

Key Messages:

- **What about the blueberry farmers who won't have income for 3 years?**
 - Supports are available for that situation through AgriStability.
 - AgriStability is a continuous program that provides assistance against severe drops in income and increases in expenses, based on individual farm's income and expenses in previous years for both livestock and crop producers.
 - The B.C. government is also allowing late participation in the AgriStability program for 2021, which provides support to farmers who have experienced income declines due to crop or livestock losses.
 - This means B.C. farmers that are not currently enrolled for the 2021 program year can now apply to enroll up until Dec 31, 2022.
 - Interim payments are often possible within a few weeks of application.
 - We're going to be working together to recover from this disaster for some time. We're going to keep monitoring needs as we get through this together.
- **How will this help blueberry growers or other farmers replace damaged or dead plants?**
 - The ministry has other programs in place for blue berry crop losses including Agri-Insurance which provides coverage for many fruit, vegetable and forage crop harvests, often with a minimum coverage premium of a few hundred dollars a year.
 - For example, a 60-acre blueberry farm can obtain plant loss insurance coverage worth about \$325,000 for about \$300 in premiums a year.
 - The funding will only cover expenses related to re-establishment of tame forage and perennial plants, not grown for resale, damaged by flooding, as well as costs required to return to normal crop production such as soil evaluation and remediation.
- **What about damages to farmers houses, will that be covered too?**
 - This package is solely for farming expenses that are not covered through other programs or private insurance.

- Farmer's residences are covered by private insurance and/or disaster residential funding through EMB.C. – and I know EMB.C. is working to process those applications and get money out to people as soon as possible.
- The Ministry will not be assessing damages to homes, and other components beyond the agricultural scope of this program but will work with provincial DFA colleagues to make sure applicants are aware and up to date on the status of their claims.

General Key Messages:

- British Columbia (B.C.) farmers who suffered extraordinary damages during November 2021's devastating floods have access to up to \$228 million in federal-provincial government support to help their farms return to production and support British Columbia's food security and agricultural communities in the years ahead.
- The 2021 Canada-British Columbia Flood Recovery Program for Food Security will leverage the federal government's AgriRecovery Framework and Disaster Financial Assistance Arrangements (DFAA).
 - The response maximizes the support we can provide to B.C. farmers and federal cost sharing under existing disaster recovery agreements with Canada and uses one application that will be processed under two rates and government agreements.
 - Farms with annual gross revenues up to \$2 million will receive up to 90 percent compensation for their expenses.
 - Larger, more resilient farms with annual sales of over \$2 million will receive 70 percent compensation.
- The November flooding was the most impactful agricultural disaster ever in our province, resulting in profound losses for many B.C. farmers, and we responded with a program that delivers the greatest amount of support of its kind in B.C.'s history.
- We have worked closely with farmers and farming organizations to make sure we have a comprehensive response that will support their recovery.
- The Canada-British Columbia Flood Recovery Program for Food Security will help farmers who have incurred extraordinary expenses from uninsurable damages, such as:
 - Cleanup, repair and restoration of land, barns and animal shelters, water, and waste systems; returning flood-impacted land and buildings to a safe environment for agricultural production.
 - Repair of uninsurable essential farm infrastructure, reasonable repair of on-farm structures such as livestock containment fences, and the rental of temporary production facilities drainage ditches and riprap.
 - Animal welfare; replacement feed as well as livestock transportation, veterinary care, and mortality disposal.
 - Loss of perennial plants not raised for resale.
- Build Back Better is important but given the importance of the affected region to the province's food security and economic stability, the priority for the program is to return farms to production.

Contact: Tom Droppo – Dairy Industry Specialist
Carolyn Teasdale – Berry Industry Specialist
Timothy Pigg – General Manager, Production Insurance & AWP

DIR _____ ADM _____ DM _____

Ministry of Agriculture and Food
BRIEFING NOTE FOR MINISTER FOR INFORMATION FOR MEETING MAY 2, 2022, WITH
PEACE RIVER REGIONAL DISTRICT

Ref: 197449

Date: April 26, 2022

Title: Meet with some members of Peace River Regional District Board.

Issue: Discuss groundwater licences, AgriStability program review, and increasing costs of production.

Background:

The Peace River Regional District (PRRD) board have identified that they would specifically like to discuss groundwater licencing for dugouts used to water livestock, the AgriStability program review, and increased production costs. The PRRD has also reached out to the Ministry recently to discuss the Farmer Information Service (FIS) and the 2021 Wildfire and Drought AgriRecovery Initiative, and these additional two issues may be raised at the meeting. Information on those initiatives are included in Appendix A.

Groundwater Licensing Requirements for Livestock Operations

In 2016, B.C. modernized the *Water Sustainability Act* (WSA) to better manage and protect water supplies and increase water security for businesses and livelihoods. Under the WSA, the use of groundwater for a non-domestic purpose, such as irrigation or to support industrial and commercial activities, including livestock, must be licensed. Licensing ensures that B.C. understands the provincial water requirements to effectively manage groundwater resources.

A policy proposal was developed jointly by the Ministry, working with the Ministry of Forests, Lands, Natural Resource Operations and Rural Development and the Ministry of Environment and Climate Change Strategy to recognize historical water use by the livestock sector. The policy included three authorization tiers based on water volumes and exempting low volume use. The Province engaged with the BC Cattlemen's Association (BCCA) and developed a proposal that was responsive to their requests. BCCA members did not unanimously support the proposal, as a segment is opposed to government regulation.

AgriStability Review

As part of the negotiation of the next Canadian Agricultural Partnership (CAP), Canada and the Provinces and Territories have done a review of the AgriStability program and are recommending improvements to the program. The goal of this review is to improve program equity, timeliness and predictability, and decrease program complexity. B.C. is also looking at how to increase the quality of AgriStability customer service, and how to improve farmer understanding and perception of the program.

Increased Production Costs

Fertilizer prices have increased due to strong demand driven by higher crop prices, supply disruptions due to COVID-19 and geopolitical sanctions, and a higher cost of natural gas used

to produce nitrogen fertilizers. Fuel prices have also increased due to geopolitical sanctions.

Discussion:

Groundwater Licensing Requirements for Livestock Operations

A water licence is required for the commercial use of water, including livestock watering dugouts, whether the water is sourced from a natural watercourse or groundwater. However, if a dugout is filled entirely from precipitation or runoff that has been prevented from going into the ground or entering a stream, then a licence is not required.

March 1, 2022 was the deadline for existing non-domestic groundwater users to apply for a water licence and have historical groundwater rights recognized. Any current non-domestic groundwater use without a licence or application under the existing use transition period is now non-compliant with the WSA, and potentially subject to penalties or fines.

s.12; s.13

AgriStability Review

The Federal-Provincial-Territorial AgriStability review is looking at: moving program deadlines earlier in the year; simplifying the fee calculation; providing farmers with program coverage information at the start of the farming year (not the end); simplifying the program margin calculation; and facilitating farmers providing their information directly to B.C.

B.C. is also exploring the development of a loss notice process to ensure that farmers receive program help when they experience a loss, as well as developing a “one window” approach to Business Risk Management (BRM) programs to assist clients with navigating and understanding BRM programs.

Increased Production Costs

Although some input costs have increased, farmers may not experience a net margin loss this year. The reason is commodity prices are increasing significantly, especially wheat and canola; wheat futures are currently 300 percent higher than 2021 values. The issue also needs to be considered in the context of the existing financing and business risk management programs.

The Federal Advance Payments Program (APP) provides farmer access to additional cash flow at the start of the production cycle to ensure farmers can purchase important inputs such as fuel, fertilizer, and seed to maintain full production this growing season. APP provides access to affordable credit through cash advances of up to \$1 million based on the expected value of their agricultural product, of which the first \$100,000 in each crop year is interest free. In response to the higher input costs, Canada is waiving for the 2022 requirement for pre-production advances to be issued in two installments, 60 per cent upfront and 40 per cent after seeding is confirmed. This change will allow producers to receive 100 per cent of their 2022 advance immediately when they apply.

Additionally, Farmers may also secure a commercial line of credit from Farm Credit Canada (FCC). Given the significant increase to input costs, in December 2021, FCC proactively offered credit limit increases of 30 percent for crop input financing to customers that met specific pre-approval criteria, ensuring they have access to the capital they need for the upcoming growing season.

APP and FCC require farmers to enroll in AgriStability and AgriInsurance as security on loans. AgriStability is a low-cost business risk management program that helps farmers manage large declines in net farming income due to increased costs of production, including increased costs of fuel and fertilizer (Appendix B). Enrolment is currently open and is expected to be extended to June 30, 2022. Farmers that have experienced significant loss may apply for an Interim Benefit payment during the farming season anytime until March 31, 2023. Interim Benefits pay out up to 75 percent of a farmer's estimated final benefit payment and generally take two weeks to process.

Suggested Response:

Groundwater Licensing Requirements for Livestock Operations

- I recognize how important groundwater is to livestock producers. I encourage groundwater users to apply for licences as early as possible to ensure they can meet their groundwater needs. FrontCounter BC staff would be pleased to assist livestock farmers apply for a licence and can be reached at 1 877 855-3222 or FrontCounterBC@gov.bc.ca.

AgriStability Review

- I support the review of the AgriStability program to improve program equity, timeliness, and predictability, decrease program complexity, and improve customer service. Program details are being reviewed and developed by staff. I hope to see implementation of some or all of the program changes for the 2023 farming season, and I believe these improvements will benefit all B.C. farmers.

Increased Production Costs

- APP cash advances and FCC line of credit continue to be an effect source of cash to ensure farmers can purchase important inputs for this production year. The changes that Canada has made to both programs underscore the role these programs have in assistance with cash flow.
- AgriStability is a low-cost business risk management program that can help farms manage costs of production, including increased costs of fuel and fertilizer, leading to large declines in net farming income. I encourage farmers to apply to the AgriStability program. AgriStability staff can be reached at 1 877 343-2767 or AgriStability@gov.bc.ca.

Contact: Lisa Payne, Director, Policy, and Product Review, 250 215-1622

ED BJ ADM AL DM PP

Appendix A: Farmer Information Service and 2021 Wildfire and Drought AgriRecovery Initiative

The Peace River Regional District (PRRD) specifically requested to discuss the groundwater licencing for dugouts used to water livestock, the AgriStability program review, and increased production costs. However, the PRRD has reached out to the Ministry in the past to discuss the Farmer Information Service (FIS) and the 2021 Wildfire and Drought AgriRecovery Initiative.

Farmer Information Service

The FIS is available to help farmers and landowners in the PRRD navigate their interactions with the oil and gas industry, with the objective of a positive outcome for all parties. PRRD has been an active partner in the FIS for the past year as the service was rebranded from the Farmer Advocate Office.

PRRD has chosen not to participate as a funding partner for FIS in the upcoming year. The Ministry of Agriculture and Food and the Ministry of Energy, Mines and Low Carbon Initiatives will continue funding FIS at a reduced model.

Suggested Response

- The Ministry hopes that the PRRD will become a FIS funding partner and rejoin the management committee if the oil and gas sector rebounds and the services provided by FIS grows.

2021 Wildfire and Drought AgriRecovery Initiative

The Wildfire and Drought AgriRecovery Initiative assists livestock, crop, and bee farmers with extraordinary expenses necessary to expediently recover from 2021's wildfire and drought events. This Initiative does not compensate for farm income losses and does not reduce the need for commercial insurance for farm assets or infrastructure.

The 2021 Wildfire and Drought AgriRecovery Initiative has paid out \$9 million in total to 243 clients. The Feeder-Breeder Association had concerns that the feeder-breeder producers did not receive drought coverage under AgriRecovery. This is because cows in feeder-breeder operations are sellable assets, compared with cows used for building a herd.

Suggested Response

- The 2021 Wildfire and Drought AgriRecovery Initiative has paid out \$9 million in total to 243 clients. Feeder-breeder operations were not covered due to those cows being sellable assets.

Appendix B: Agristability Program Response Example

Example:

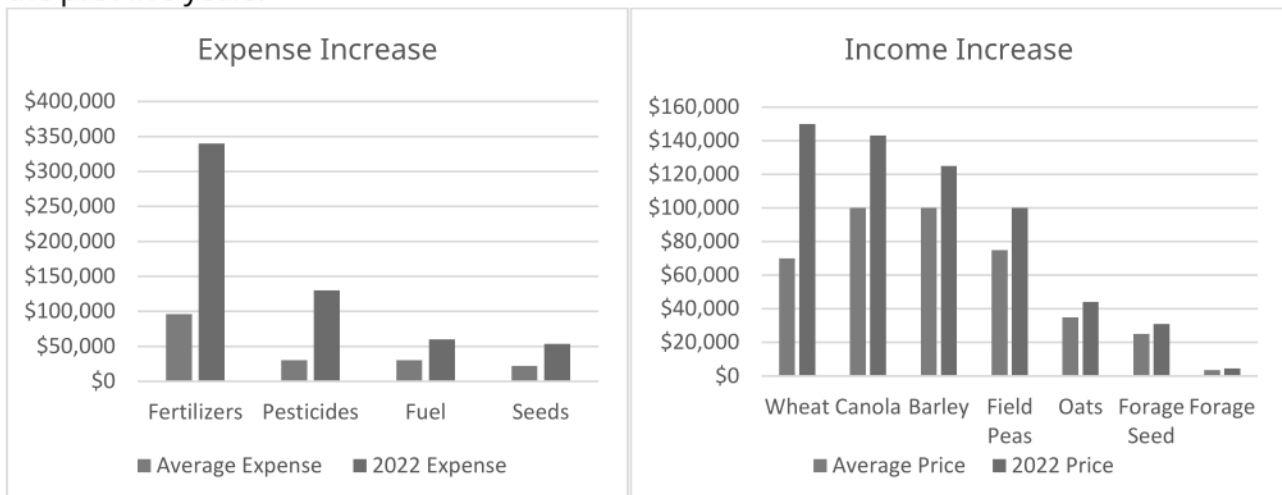
- Peace River grain and oilseeds operation
- Assume eligible expenses have increased, except crop insurance premiums
- 43% increase canola income
- 212% increase wheat income
- 25% increase in other commodity income
- No change to acres planted for any commodities

Reference Year Margin:

Program Year	2017	2018	2019	2020	2021	Reference Margin
Annual Margin	\$300,000	100,000	350,000	250,000	400,000	\$300,000
Used in Reference Margin?	Yes	No (lowest)	Yes	Yes	No (highest)	

The farmer's reference margin for 2022 is \$300,000. If farmer's 2022 program margin (eligible income minus eligible expenses) falls below \$210,000 ($\$300,000 \times 70\%$), they may receive an AgriStability benefit payment.

Estimated changes to income and expenses for 2022, compared with average expenses over the past five years:



The farmer's eligible expenses income for 2022 program year have increased compared to their five-year average, due to increased costs of fertilizer, pesticide, fuel and seeds. Their eligible expenses for 2022 are \$590,000. The farmer's eligible income for the 2022 program year have increased compared to their five-year average, due to increased commodity prices. Their eligible income for 2022 is \$600,000.

The farmer's program margin for the 2022 program year is \$10,000 ($\$600,000 - \$590,000$), which is well below the \$210,000 reference margin. The farmer would likely receive an AgriStability benefit payment of \$140,000 [$(\$210,000 - \$10,000) \times 70\%$].

Ministry of Agriculture and Food
BRIEFING NOTE FOR MINISTER FOR MEETING

Ref: 195909

Date: April 7, 2022

Title: Agricultural Land Reserve and the real estate and development sector

Issue: Request for meeting to share information between the B.C. Real Estate Association (BCREA) and Ministry of Agriculture and Food (the Ministry) as it relates to regional real estate board concerns and updates or impending changes to the Agricultural Land Reserve (ALR).

Background:

- The BCREA has shared that a regional real estate board has expressed concerns around ALR policy and plans to publicly pressure government to change ALR legislation by using housing affordability and business development as grounds for the request. Ministry staff reached out to the BCREA to obtain further information on the regional real estate board's concerns but received no response.
- In response to concerns with the *Agricultural Land Commission Amendment Act* (Bill 52 – see Appendix A), regulatory changes to increase residential flexibility in the ALR were introduced in 2021, permitting secondary residences with size restrictions based on parcel size. Local and First Nations governments continue to be able to restrict residential use of the ALR to align with their community planning needs and priorities.
- From the outset, the goal has been to balance protection of farmland for agricultural use now and in the future, with flexible housing options for ALR landowners and families.
- The ALR is a provincial land use zone for which farming is the priority use. ALR landowners may use the ALR for non-farming activities if these activities are outlined in the Agricultural Land Reserve Use Regulation (ALRUR) or through a non-farm use approval by the Agricultural Land Commission (ALC), which must be approved by the local or First Nation government before the ALC may consider it.

Discussion:

Increasing residential flexibility and housing supply on the ALR

The 2021 changes to the ALRUR allow ALR landowners to build a secondary residence on their property, without approval of the ALC so long as they have appropriate local government permits. The new rules provide ALR landowners with flexibility, as the secondary residence can be used for many purposes including housing for farm labor, a rental property, or an agritourism accommodation. There is no longer a requirement that the secondary residence be used by the landowner or a member of their immediate family, and the secondary residence can be any construction style including stick built, factory built (e.g., manufactured home) or above a building (e.g., carriage suite or above a detached garage). The changes to the ALRUR increase residential flexibility and create an opportunity to increase the supply of available housing which may help address affordability.

If a farmer requires a larger residence, or more than one secondary residence, a non-farm use application to the ALC can be made if these residences are needed to support farming. The approval rate for these applications is 80 percent. Moreover, the ALC has also approved residences for agritourism accommodation.

Business Development on the ALR

Farming is a business, and structures necessary for farm use are permitted on the ALR without approval of the ALC (e.g., greenhouses, barns, etc.).

Further business development permitted on the ALR by the ALRUR is focused on farm-type businesses and some home-type businesses as these activities generally help support farming activities and farmers. These activities include but are not limited to:

- commercial horse riding,
- processing farm products,
- agritourism, and
- home occupation businesses such as hairdressing, and mechanic/machine shops.

Retail sales are also permitted on the ALR under certain conditions as outlined in the ALRUR. Most recently, the ALRUR was amended to clarify that vertical farming is allowed on the ALR.

ALR landowners may also make non-farm use applications to the ALC for business opportunities not outlined in the ALRUR. The ALC may consider these applications if a local government or First Nations government supports them.

Soil/Fill Use

Bill 52 further restricted soil removal and fill placement on the ALR to address the use of it as a dumping ground for construction and demolition waste. These restrictions apply regardless of whether the soil/fill use is related to a farm use or a use allowed by the ALRUR. This means that unless the soil and fill use falls under the permitted soil/fill rules outlined in the ALRUR (see Appendix B), a Notice of Intent (NOI) for soil or fill use must be filed with the ALC. There has been criticism that the ALC has been using its authority over soil and fill use to restrict farm use and permitted uses outlined in the ALRUR.

Preserving the contiguous nature of the ALR

The ALR comprises less than five percent of B.C.'s land base due to the challenging geography of the province. The ALC is mandated to preserve the ALR, promote the farming of the ALR by farmers, and encourage local and First Nations governments to accommodate farming and uses compatible with agriculture in their plans, bylaws, and policies. As such, the ALC prioritizes a contiguous ALR for farm use when making decisions on applications.

ALR lands with lower agricultural capability are valuable as they act as a buffer to support a contiguous ALR. The preservation of a contiguous ALR is important as agricultural activity becomes more vulnerable when it is next to land that used for other purposes. For example, potential conflict can arise between non-farming residents and farms as residents may be

unfamiliar with farming vehicles on the road and farming itself can create unpleasant odours and noise. The buffer created by the lands with the lower agricultural capability help add stability within the farming community and may help reduce the pressure for subdivision of ALR land.

The ALC considers many factors when reviewing applications, including agricultural capability and suitability, attempted agricultural improvements to the land, neighbouring uses, congruence with local government plans, and more. As the ALC is an independent tribunal, the Ministry is unable to comment on or interfere with any of their decisions.

Understanding ALR Land Use

The Ministry is initiating work to improve its understanding of land use in the ALR to better inform policies and actions around the management of the ALR. These efforts include analyzing BC Assessment data on ALR parcels and exploring ways that local government permitting information could be collected and used by the Ministry. Information on the current Agricultural Land Use Inventory (ALUI) is in Appendix C.

There is also work within government to better understand land use, particularly as it relates to industrial land in the Lower Mainland. The Lower Mainland is a growing region with a limited land base that is increasingly under pressure to balance competing needs for land. Currently, there is a strong focus on the state and availability of industrial use lands in the region. Vacant industrial land in Metro Vancouver and the Fraser Valley is at reduced availability, with most of the vacant land either being held for future up-zoning for housing, or its steep, gravel and rock quarrying lands.

Ministry staff have engaged in ALUI analysis of industrial land use in the lower mainland and taken part in Metro Vancouver's Regional Industrial Land Strategy and discussions regarding the Province's role in next steps.

Suggested Response:

- The primary purpose of the ALR is to preserve farmland for farming.
- Residential flexibility may help address affordability as ALR landowners will have the opportunity to build a secondary residence on their property and increase the supply of available housing.
- In general, business development on the ALR is limited to farm business and some home-type businesses as these activities support farming as well as the farmer.
- ALR lands with lower agricultural capability are valuable as they act as a buffer to support a contiguous ALR and therefore reduce conflict that may emerge when farm and non-farm uses (e.g., residential or non-farm business) are next to each other.
- The Ministry is continuing work to better understand land use in the ALR and on industrial lands in the Province.
- The BCREA may wish to provide property owners in and adjacent to farming areas a copy of The Countryside and You as it provides information regarding what to expect when living near farming activity.

Contact: Sandra Cavallin, Senior Policy Analyst, 778-698-9869 and Sarah Edmunds, Senior Policy Analyst, 236-478-4030

ED

AT

ADM

JLM

DM

PP

Appendix A

Background on Residential Flexibility on the ALR

On February 22, 2019, the Agricultural Land Reserve Use Regulation was approved by B.C.'s Lieutenant Governor in Council, bringing into force changes to the *Agricultural Land Commission Act* under Bill 52 – 2018, *Agricultural Land Commission Amendment Act, 2018*.

When Bill 52 came into force, some felt that the changes were too restrictive, and through consultation the Ministry heard that more residential flexibility was needed in the ALR. In response, a policy intentions paper, *Residential Flexibility in the ALR*, was published in January 2020 to outline ways to increase residential flexibility through secondary residence options in the ALR. Feedback received from stakeholders was used to inform decision making.

Residential flexibility changes (amendments to the Agricultural Land Reserve Use Regulation) were announced on July 12, 2021, and took effect on December 31, 2021. The new rules provide that a secondary residence of 90 m² or less can be built on a parcel that is 40 ha or smaller and has an existing residence that is 500 m² or less and a secondary residence of 186 m² or less can be built on a parcel that is larger than 40 ha.

Appendix B

Permitted soil or fill uses

35 Subject to section 36 [*prohibited fill*], the removal of soil from, or the placement of fill on, agricultural land for one or more of the following purposes is permitted if all applicable conditions are met:

- (a) constructing or maintaining a structure for farm use or for a principal residence if both of the following conditions are met:
 - (i) the total area from which soil is removed or on which fill is placed is 1 000 m² or less;
 - (ii) if the area from which the soil is removed or on which the fill is placed is in a floodplain, the resulting elevation level is consistent with the minimum elevation level established under all applicable local government enactments and first nation government laws, if any, respecting flood protection in the floodplain;
- (b) constructing or maintaining berms for producing cranberries, if any fill placed on the area is
 - (i) no higher than 2 m above the natural grade, and
 - (ii) no wider than 10 m at the base;
- (c) constructing or maintaining flood protection dikes, drainage, irrigation and livestock watering works for farm use, if the total annual volume of soil removed or fill placed is 320 m³/16 ha or less;
- (d) maintaining an existing farm road, if the total annual volume of soil removed or fill placed is equal to or less than the ratio of 50 m³ of soil or fill to 100 m of existing road length;
- (e) using clean sand as a top-dress for berry production, if the total annual volume of soil removed or fill placed is 100 m³/ha or less;
- (f) applying soil amendments, if incorporated into the soil to a depth of 30 cm or less;
- (g) conducting soil research and testing, if the soil removed or fill placed is limited to the amount necessary for the research or testing.

Appendix C

Agricultural Land Use Inventory

The Agricultural Land Use Inventory (ALUI) is an account of land covers (crops, buildings, trees etc.), activities (farm methods, livestock, farm stands), and land use (farming, availability/potential for farming, residential, commercial/industrial/institutional etc.) on farmland parcels which are identified by their location within the ALR, having farm status, or where a surveyor is able to observe farming. Some key points are as follows:

- Since 2007, Agricultural Land Use Inventories (ALUIs) have been measuring farmland utilization and non-agricultural uses in the Agricultural Land Reserve (ALR) and changes in land use patterns and practices over time.
- ALUI projects are conducted in different areas of the province each year.
- ALUIs capture a snapshot in time; 'baseline' ALUIs are an initial snapshot while 'update' ALUIs are subsequent snapshots to measure change.
- Baseline ALUIs are complete for 76 percent of the ALR and underway for 16 percent of the ALR (Cariboo, Kitimat Stikine, Central Coast, and Northern Rockies). Completion of these regions was delayed due to Covid-19 restrictions.
- An update was completed for Abbotsford in 2020, and Chilliwack in 2021.
- A Metro Vancouver update will begin in 2022 to survey Metro Vancouver south of the Fraser River (Richmond, Delta, Surrey, Langley, Langley Township). The aim is to provide opportunity to analyze change since 2016 when the survey was last conducted in this area.
- Updates have only been completed on 15 percent of the ALR and staff are developing strategies to increase the rate of updates while completing baseline ALUIs for the province.

Ministry of Agriculture and Food
BRIEFING NOTE FOR MLA SANDHU FOR INFORMATION FOR MEETING WITH JEET DUKHIA
(VICE PRESIDENT OF BC FRUIT GROWERS ASSOCIATION) AND 10-15 GROWER MEMBERS

Ref: 197615

Date: April 4, 2022

Title: MLA SANDHU FOR INFORMATION FOR MEETING WITH JEET DUKHIA (VICE PRESIDENT OF BC FRUIT GROWERS ASSOCIATION) AND 10-15 GROWER MEMBERS

Issue: BC Fruit Growers Association (BCFGA) would like to discuss their concerns on low grower returns and high labour costs.

Background:

- The BCFGA is an industry association (in existence since 1889), representing B.C. fruit growers' interests through activities which include lobbying, providing services and products to growers of apples, cherries, and other stone and pomme fruits.
- The BCFGA is governed by a Board of Directors elected by their members for multi-year terms. Members elect the President, Vice President, and Board members. The current appointments are:
 - Peter Simonsen (President) – elected Feb. 2022
 - Jeet Dukhia (Vice President)
 - Ravinder Bains (director)
 - Joginder Dhand (director)
 - Annelise Simonsen (director) – elected by acclimation Feb. 2022
 - Sukhdeep Brar (director) – re-elected by acclimation Feb. 2022
 - Avi Gill (director) - re-elected by acclimation Feb. 2022
 - Mani Gill (director)
- The BCFGA has roughly 320 members (as of January 2022). There are an estimated 800 tree fruit producers in BC.
- Despite dwindling support and membership, the BCFGA is well financed. Despite investments made by the Governments of B.C. and Canada, the BCFGA asserts ownership of the Summerland Varieties Corporation (SVC) and uses dividends from SVC to support its efforts.
- 2018-2020 had regular declines in the average financial return to apple growers (grower return) well below the industry estimated \$0.30/lb Cost of Production (CoP). 2019 marked the lowest price in recent history of \$0.12/lb for apples.
- The planted apple acreage has dropped from 8,781 acres in 2018 to 6,677 acres in 2020. Much of this land is being converted to cherry and wine grape crops.
- Over 75 percent of the apples produced in B.C. are sold within western Canada however this only supplies a fraction of B.C.'s retail demand. Imports, primarily from Washington State and New Zealand fill the gap.
- Building on this success, the Ministry formed the Tree Fruit Advisory Group made up of key industry stakeholders to form a workplan for developing a plan to stabilize and revitalize B.C.'s tree fruit sector.

- The internal project team consists of two FTE Ministry staff with strong ties to the tree fruit sector, senior Ministry management, and support from staff in several Ministry branches.
- Working with the internal project team, Derek Sturko of Inner Harbour Consulting has been retained as a contractor to support industry engagement, lead development of the Stabilization Plan, and implementation strategies.
- The work plan included:
 - Extensive consultation with all parts of the industry (growers, packers, etc.)
 - Analysis of current and past industry studies, organization roles and responsibilities, cross-jurisdictional review of other apple and cherry industries, and data.
 - Audit and assessment of the government funded Tree Fruit Replant Program and Competitive Fund.
- The engagement sessions in 2021 with tree fruit industry stakeholders highlighted many factors contributing to the current financial challenges faced by the B.C. apple industry.
 - In contrast to Washington, there has been a notable fragmentation of the tree fruit packers within the Okanagan and Similkameen Valleys leading to increased internal competition for buyers in the rapidly consolidating retail sector, resulting in downward pricing pressures that are passed onto growers.
 - Fragmentation has been the result of ongoing leadership and governance challenges in the tree fruit industry with no clear long term strategic plan.
 - Structural rigidity and outdated long-standing approaches of some organizations have made it difficult for industry to respond efficiently to challenges and work cooperatively and collaboratively.
 - Lack of industry data for making informed decisions and strategies.
 - Loss of extension services and industry wide focus on fruit quality to meet increasing premium market demands.
 - Labour shortages, training, and associated costs (such as housing, transportation, administration).
 - Restrictions to agricultural land use needs by producers imposed by local governments and Agricultural Land Reserve legislation.

Discussion:

- In November 2021, the Ministry released the Tree Fruit Industry Stabilization Plan (titled: *A Path Forward: A Blueprint for B.C.'s Tree Fruit Industry*).
- It was based on extensive analysis, consultation, and engagement of industry.
- A Steering Committee composed of agencies and organizations in the sector informed the development of the Stabilization Plan.
- Industry members unanimously endorsed the Plan and the 19 recommendations in it.
- Since that time, and in just past three months, my Ministry had led a comprehensive process of implementation. This includes:

- Membership in the steering committee has been expanded to support implementation. It now includes packing houses and staff in key industry leadership positions (see Appendix A for membership).
- The Steering Committee has identified the critical foundational recommendations which must be undertaken first.
- Implementation has started, focussing first on those foundational activities.
- The work is being undertaken by sub-committees for each activity which report regularly to the main steering committee.
- Each group has a strategy and workplan, confirmed key deliverable and timelines, and a chair to ensure progress.
- In addition, the Ministry is rethinking how it supports the sector financially and through program support.
- We want to ensure that growers who have a strong business approach (business plan, Environmental Farm plan, participate in risk management programs) are the primary beneficiary of government support.
- The Steering Committee have already been making great progress in support of our iconic tree fruit industry, after only three months.
- They have begun work on many of the recommendations in the Stabilization Plan.
- Work on the rest will be initiated later this year.
- There is a lot to do but my Ministry is committed to work collaboratively with the industry do the hard work that is necessary

Labour Supply and Housing

- This is the most significant issue facing the tree fruit sector (and some of the other agriculture commodities).
- This is a special challenge for cherry producers with such a short picking season.
- While the BCFGA continues to provide support for some of the long-standing labour programs, the Steering Committee unanimously endorsed the need for a more focussed effort to address the immediate labour crisis.
- Further, the Ministry has reached out to the federal government to share the sector's concerns and seek their cooperation in facilitating faster access to labour.

Suggested Response:

- Industry has voiced concerns regarding declining returns over the last 5 years, particularly apple growers.
- Financial hardships have been compounded recently because of increased supply chain issues and labour costs due to COVID-19 and unprecedented weather events.
- The Ministry shares the concerns about the circumstances facing apple producers and the potential loss of apple production on ALR land if the situation does not improve.
- By stabilizing the tree fruit sector, we can improve food security and local economic growth, aligning with the priorities in my Mandate Letter.
- It took many years for B.C.'s tree fruit sector to get into the current difficult financial circumstances. Recovery will not be easy, but the Ministry is committed to helping this iconic B.C. industry do just that.

Contact: STAFF, TITLE, PHONE

DIR _____ ADM _____ DM _____