

February 15, 2024

The Honourable Chrystia Freeland
Deputy Prime Minister and Minister of Finance
Office of the Deputy Prime Minister
80 Wellington Street
Ottawa, ON K1A 0A2

Sent via Email: Chrystia.Freeland@parl.gc.ca

Subject: BCAC on the Interest-Free Limit Under the Advance Payments Program

Dear Deputy Prime Minister Freeland,

On behalf of British Columbia's farmers and ranchers, I am writing to thank you and your government for recognizing the financial challenges facing farm families across Canada by facilitating the interest-free cash advances through the Advance Payments Program (APP).

In June 2022, then Minister of Agriculture and Agri-Food, the Honourable Marie-Claude Bibeau, acknowledged the pressing cash flow needs of farmers by announcing a temporary increase in the interest-free limit under the APP from \$100,000 to \$250,000 for the 2022 program year and \$350,000 for 2023. This decision was a welcome recognition of the agricultural sector's challenges and the government's commitment to support Canadian farm families.

Specifically, the increase in the interest-free limit from \$100,000 to \$350,000 in 2023 allowed farmers to access much needed cash flow to purchase critical inputs like feed and fertilizer in the spring and the time necessary to carry these costs through to the marketing of a wide variety of agricultural products, including crops and livestock.

Now, as farmers prepare for the 2024 production year and unprecedented input cost increases, the interest-free limit under the APP has reverted to \$100,000. The challenges that led to the increase in 2022 have only been further exacerbated by disruptions to global supply chains. Farmers are still facing cashflow challenges from high input costs, such as for crop protection products and fuel as well as rising interest rates. Cash flow, profitability, and financial sustainability remain serious concerns for farmers across British Columbia and Canada.

Amid these ongoing pressures, we ask that you consider **making permanent the increase to the interest-free limit under the APP from \$100,000 to \$350,000**. This increase provides agricultural producers with much-needed financial relief and the confidence needed to make crucial investments in their operations for the 2024 production year. We recognize and appreciate the government's role in providing a guarantee to the administrators of the program, and for paying the interest cost on a portion of the advances on behalf of producers.

BC Agriculture Council (BCAC) is the lead industry advocate for key sector-wide priorities in our province. Our mission is to grow a strong, sustainable, and competitive agriculture sector through building industry consensus and advancing public policy. We achieve this by delivering a unified voice for the sector to government through the 28 unique commodity associations we

represent. In turn, the approximately 20,000 farm families who hold membership in these associations generate 96% of provincial farm gate sales in B.C.

I would be happy to meet with you or relevant staff from your Ministry to further discuss the importance of the APP and the interest-free limit, as well as to provide feedback on other programs that support farmers and ranchers in B.C. I understand that other farm organizations like the Canadian Federation of Agriculture, of which BCAC is a member, may also have written to you in recent weeks regarding the interest-free limit under the APP.

Thank you for your kind attention to this matter! I look forward to any opportunity to collaborate with you in the future to ensure the sustainability of agriculture in British Columbia and across Canada.

Sincerely,

A handwritten signature in dark ink, appearing to read 'J. Woike', with a large, stylized loop at the end.

Jennifer Woike, President
BC Agriculture Council