



**KEYSTONE
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Manitoba's Disaster Financial Assistance Modernization

Keystone Agricultural Producers (KAP) is Manitoba's general farm policy organization, providing a unified voice for producers on issues that affect agriculture. KAP represents and promotes the interests of all Manitoba producers and 19 commodity associations.

KAP is pleased to respond to the Department of Transportation and Infrastructure's consultation on modernizing the disaster financial assistance (DFA) program. When a large-scale natural disaster occurs, the DFA program plays an important role in ensuring compensation is provided to Manitoba producers. KAP recommends several improvements that will modernize and better suit the needs of Manitoba producers.

Maximum Yearly Gross Revenue

To qualify for DFA coverage, a producer must earn \$2 million or less as a yearly gross revenue. Prior to 2008, the federal DFA guidelines did not apply a yearly gross revenue maximum to small businesses. This changed after 2008. Now, Manitoba producers who earn more than \$2 million in yearly gross revenue are ineligible for compensation through DFA.

In the last number of decades, yearly gross revenue and farm size have been increasing in Manitoba. The rise of commodity prices and the use of economies of scale have resulted in more farms exceeding \$2 million in revenue.

A natural disaster causing widespread damage to farm property can significantly affect the financial health of a farm business even if the producer has insurance coverage for other losses (e.g., crop insurance). KAP recommends removing the \$2 million yearly gross revenue cap for farm businesses. Additionally, KAP recommends the department review the maximum DFA payment of \$300,000 to ensure this amount meets the needs of producers who submit large claims.

Farm Business Ownership

The federal DFA guidelines (5.3.1) define a small business as "an owner-operated enterprise where the individual owner-operator is acting as a day-to-day manager and owns at least 50% of the business." The inclusion of a 50 percent minimum is new since 2008. This change has presented challenges to some producers wishing to receive compensation but may not be eligible due to their business structure.

Farm business continue to change in structure, and it is not unheard-of for multiple producers to share ownership of their business but are below the 50 percent threshold. KAP recommends removing the 50 percent ownership requirement for farm businesses to qualify for DFA compensation.

Consistent Guidelines and Policies

There are two policies that cover the DFA program for producers: the provincial Disaster Financial Assistance Policies and Guidelines (Private Sector) Regulation and the federal Guidelines for the Disaster Financial Assistance Arrangements. The federal guideline was updated in 2008 while the provincial regulation has not been updated since 2000.

Producers require fairness and consistency when their DFA application is being reviewed. It is worth noting that not all aspects of the provincial regulation and federal guidelines align with one another. For example, the federal guidelines exclude compensation for livestock involving a disease outbreak since payment is covered under the Health of Animals Act. The provincial regulation neither excludes compensation for livestock disease outbreaks nor does it mention the Health of Animals Act.

The differences between the federal guidelines and provincial regulation may lead producers to ask, What policy applies to my application? Submitting a DFA claim is a time consuming—and at times—complex process. Simplifying this process by using plain language and ensuring consistency between the federal and provincial policies can improve the process for both producers and government. Therefore, KAP recommends the department review all publicly accessible DFA related documents to ensure that there is consistency and clarity throughout.

Additional Feedback

As the DFA program continues to modernize, the program must continue to meet the needs of producers. A common concern among producers who have applied for compensation is the time between application and compensation. In some cases, producers have waited a few years before their claim is approved or denied for compensation. Cash flow is important for the operation of farm businesses and timely processing of claims assists producers in managing their business.

Thank you for the opportunity to provide feedback on Manitoba's Disaster Financial Assistance Modernizations. If you have questions about this letter, please contact KAP policy manger, Neil Van Overloop, at neil.vanoverloop@kap.ca.

Sincerely,

A handwritten signature in cursive script that reads "Brenna Mahoney".

Brenna Mahoney

General Manager, Keystone Agricultural Producers Inc.