



Alberni-Clayoquot Regional District

COMMITTEE-OF-THE-WHOLE MEETING
WEDNESDAY, MAY 26, 2021, 10:00 am

Due to COVID-19, the meeting will be held via Zoom Video Conferencing and will be livestreamed on the ACRD website at <https://www.acrd.bc.ca/>

Public Attendance: the public are welcome to attend the meeting via Zoom Webinar by registering at:

https://portalberni.zoom.us/webinar/register/WN_f9f5aq8ETxKlaZPdRq6bBg

AGENDA

PAGE #

1. **CALL TO ORDER**

Recognition of Territories.

Notice to attendees and delegates that this meeting is being recorded and livestreamed to YouTube on the Regional District Website.

Welcome members of the Agricultural Development Committee and Agricultural Advisory Committee.

2. **APPROVAL OF AGENDA**

(motion to approve, including late items required ALL VOTE 2/3 majority vote)

3. **PETITIONS, DELEGATIONS & PRESENTATIONS**

- a. **Heather Shobe, ACRD Agricultural Support Worker, Re: System Change Grant and Other Agricultural Initiatives**

4. **REQUEST FOR DECISIONS**

- a. **REQUEST FOR DECISION
Agricultural Strategic Plan Objectives**

3-12

THAT the Committee of the Whole support the presented focus areas for agricultural development included in the 2021-2025 Financial Plan as supported by the ACRD Strategic Plan section 1.4 (Enhance Agricultural Development)

5. **REPORTS**

Round Table Discussion – Agricultural Initiatives/Issues

6. **LATE BUSINESS**

7. QUESTION PERIOD

Questions/Comments from the public participating in the Zoom meeting.

Questions/Comments from the Public, respecting an agenda item, can be emailed to the ACRD at responses@acrd.bc.ca and will be read out by the Corporate Officer at the meeting.

8. ADJOURN



REQUEST FOR DECISION

To: Committee of the Whole
From: Mike Irg, GM of Planning and Development
Meeting Date: May 26, 2021
Subject: Agricultural Strategic Plan Objectives

Recommendation:

"That the Committee of the Whole support the presented focus areas for agricultural development included in the 2021-2025 Financial Plan as supported by the ACRD Strategic Plan section 1.4 (Enhance Agricultural Development)"

Desired Outcome:

That the Committee of the Whole confirm the following focus areas to support enhanced agricultural development:

1. The three-year "Expanding the Influence of Regional Agricultural Support" System Change project supported by \$300,000 in grant funding from the Vancouver Foundation. The project will expand upon the ACRD agricultural support program and develop a comprehensive Regional Agricultural Support network. The System Change project sets out to test a regional model for food system and agricultural planning that has a stronger connection with Provincial frameworks and a BC-wide network of Regional Agricultural Support organizations. The intent is to support change in the way our producers and diverse communities are supported within Provincial agricultural frameworks.
2. The two-year "Council for Agricultural Water Supply and Producer-Led Watershed Data Collection" project supported by \$40,000 in grant funding from the Real Estate Foundation of BC and Climate & Agricultural Initiative BC. The project will establish a collaborative, multi-sectoral stakeholder group that will engage with various watershed interests focused on achievable local policy solutions with an emphasis on agricultural benefits. The project will also develop a producer-led watershed monitoring framework to collect and compile watershed data throughout the Alberni Valley.
3. Continuation of ACRD agricultural support and food security initiatives including advancing west coast-focused initiatives of the Coastal Agricultural Roundtable, participating in the Fostering Collaboration Among Coastal Community Gardens project, coordinating the Army Worm monitoring project, participating in community food and farming events, and supporting emerging challenges and opportunities as directed by the ACRD Board, Agricultural Development Committee and Coastal Agricultural Roundtable.

Summary:

ACRD Regional Agricultural Support Coordinator, Heather Shobe will be providing a presentation on the ACRD System Change project and next steps for launching the program.

A letter from the Alberni Farmer’s Institute (AFI) to the Minister of Finance dated March 19, 2021 regarding rising farm insurance rates is provided for discussion by the Committee of the Whole. The ACRD Board received a similar letter dated February 28, 2021 from the AFI at the April 14, 2021 Board meeting. A response letter from the Office of the Minister of Finance to the AFI is also provided for discussion.

Time Requirements – Staff & Elected Officials:

Agricultural initiatives requires significant time from Directors, staff and agricultural support contractors.

Financial:

Agricultural initiatives are part of the Regional Planning Service and supported by tax requisition and grant funding.

Strategic Plan Implications:

Section 1.4 of the Strategic Plan is to enhance agricultural development and includes supporting agricultural initiatives such as water supply/irrigation, farm-gate programs and farmer’s markets.

Policy or Legislation:

The Financial Plan includes continuation of the agricultural support services and extending the implementation project to the coastal communities. The Agricultural Development Committee and the Coastal Agricultural Roundtable provide guidance to the ACRD in helping lead a number of agriculture and food security initiatives in the region.



Submitted by: _____
Mike Irg, MCIP, RPP, General Manager of Planning & Development



Approved by: _____
Douglas Holmes, BBA, CPA, CA, Chief Administrative Officer

March 19, 2021

Alberni Farmers' Institute (AFI)
albernifarmersinstitute@gmail.com
Port Alberni, British Columbia

Honourable Selina Robinson
Minister of Finance
FIN.Minister@gov.bc.ca

CC: Honourable Lana Popham (AGR.Minister@gov.bc.ca); Honourable Josie Osborne, Mid Island-Pacific Rim (josie.osborne.MLA@leg.bc.ca); Mr. Ian Paton, Liberal Ag Critic (Ian.Paton.MLA@leg.bc.ca); Premier John Horgan (John.Horgan.MLA@leg.bc.ca), District A Farmers' Institute (districtafarmers@gmail.com)

Re: Rising Insurance Rates for Farms

Dear Honourable Minister Robinson,

Farmers across the province are currently saddled with significant insurance costs – costs that cut into their net incomes, raise prices for consumers, and ultimately undermine the economic sustainability of their farming operations.

We see that it is the Ministry of Finance's stated mission to "*deliver responsible, consistent, and valued financial and fiscal services, leadership, and advice...*"¹. Therefore, we are asking the Minister of Finance to act on this province-wide issue immediately before many remaining small-medium sized farms are lost.

THE PROBLEM

During the Farmers' Institute AGM in 2018, the Ministry of Agriculture heard from farmers across the province. Many brought up the problem of farm insurance rates. Some requested the Ministry assist by intervening and negotiating on behalf of farmers. This type of insurance regulation or negotiation is not unheard-of and has precedents elsewhere in Canada and Europe.

During this meeting, the Ministry did not indicate interest in acting and has not acted in the subsequent years. At the same time, rates of insurance for small-medium size farms have continued to climb to ever-increasingly unsustainable levels.

The issue is ironically exacerbated in many cases. That is, when farmers want to provide more food to their communities, or more services, they are at concurrently punished with higher rates. Anything from adding a Class D slaughter license, to pasturing horses, having honeybees, opening

¹ British Columbia Ministry of Finance. 2020. *Estimates: Fiscal Year Ending March 31, 2021*. Government of British Columbia.

a farm stand, or allowing community visits is immediately monetarily penalized. In the end, the government cannot continue to mention the word ‘sustainable’ when speaking about BC’s food’s system with any semblance of integrity until such contradictions are resolved.

Over the last year, the province’s meat regulations have been under the microscope. Producers continue to explain that the lack of slaughter capacity in the province is forcing them to quit or scale back². The Alberni Farmers’ Institute worked to get our region Class D/E designation. However, now farmers are seeing that this comes with significant costs. For instance, it appears that commercial insurance is an additional \$1200 for a 25-animal unit D license. This adds about 30\$/lamb or 100\$/beef to the price of meat that then gets passed onto consumers.

This problem is becoming acute and garnering more and more attention.³ We have collected concerning anecdotes on this topic from current farmland owners (see Appendix A) that demonstrate the breadth of the problem. To be clear, the question is not only how this situation incentivizes farmers to grow more food or continue inter-generational learning around food production; the critical and urgent question is - if rates continue to climb, will they soon reach levels that forces farming operations to cease or never start at all?

POSSIBLE SOLUTIONS

In order to address this situation, we believe the government must negotiate fair and sustainable rates on farmers’ behalf. Fortunately, governments do intervene with rules related to insurance premiums in many countries. In the Netherlands, citizens are required to purchase private health insurance. However, insurers cannot legally refuse an application for health insurance or to impose special conditions. Private insurance companies must offer a universal insurance package to citizens and they must do so at a fixed price for all.

Farmers across the country have deemed these discussions necessary. The Ontario Federation of Agriculture has negotiated with an insurance company to provide their members exclusive coverage and savings⁴. The Alberta Federation of Agriculture has as well⁵ while the BC Association of Farmers Market provides a preferred group insurance rate on Commercial General Liability⁶. Clearly, there is a need for intervention and precedents exist for governments to use their authority to act on this issue.

² Vancouver Sun. January 30, 2021. The gap between field and fork: Lack of slaughter capacity causes some B.C. farmers to quit, others to scale back. <https://vancouversun.com/news/the-gap-between-field-and-fork-lack-of-slaughter-capacity-causes-some-b-c-farmers-to-quit-others-to-scale-back>

³ Goldstream News Gazette. Feb. 9, 2021. *Vancouver Island farmers facing massive insurance hikes: Industry says many factors causing dramatically increased premiums*. <https://www.goldstreamgazette.com/news/vancouver-island-farmers-facing-massive-insurance-hikes>

⁴ Ontario Federation of Agriculture. <https://ofa.on.ca/benefit/co-operators/>

⁵ Alberta Federation of Agriculture. <http://www.afaonline.ca/uploads/files/Co-operators%20Benefits%20-%20AFA.pdf>

⁶ BC Farmers’ Markets. Vendor Insurance. <https://bcfarmersmarket.org/vendor-insurance/>

OUR REQUEST

The insurance programs on the Ministry of Agriculture's website are largely irrelevant to the situation of many small-medium size farms in this province. Crop insurance is one thing – operating insurance is another.

We request that the Ministry of Finance take action on this issue and negotiate with insurance providers to arrange group insurance rates for farms with farm status in BC so that the cost of 'doing business' (i.e. providing food to local communities) does not increase to an extent that it dissolves the economic sustainability of farming on a small-medium scale.

Kind regards,

Alberni Farmers' Institute

Appendix A: Selection of Insurance Hurdles by Existing or Aspiring Farmers

- *I asked my home insurance to quote me on selling chicken eggs quite a few months ago. They refused to quote me until I had eggs to sell. I explained I wanted a quote before I invested in chickens, but they refused. Now I have a bunch of eggs, so I'll try to get insurance again, but I found the process infuriating. If it adds a couple thousand, even a thousand, I'm just going to fold as I've been doing the finances for the eggs, and I just can't see how I can even break even. The insurance company had no problem seeing that I'm also a clinical hypnotherapist and nutritionist and grilled me about it and wanted to make sure I had commercial insurance for that instead.*
- *At my old farm, about 5 years ago, I had hobby farm insurance as a rider on my house insurance. Came to about \$1400 a year. After 3 years on farm, I hit some magic number or the goal post changed, and this was never defined to me nor was I given a chance to make changes to fit parameters. My insurance was dropped last minute by my provider, 5 days before the policy was due. In order to keep my mortgage, I needed to keep insurance and of course the lovely agent notified my mortgage company. I eventually got a policy from Lloyd's of London for just shy of \$5000. All that covered was liability and house replacement, zero other benefits or riders.*
- *My insurance is running at \$4500. That is almost one third of the gross we made from sales of calves last year. It will go up if we add anything to it, or our Fire Department moves the firehall as is the plan.*
- *My total approximate insurance costs for 2 houses, the bees, horses, and orchard only selling my product off the property it would be just under \$6000. That was in October...After being denied by seven underwriters because of the bees and the horses. Insurance is more than my yearly revenue...Leasing to horses for pasture and honeybees has cost me an extra \$900 even though they have their own liability policies.*
- *Our farm is small - we cultivate approximately an acre in vegetables and run a market garden business. We spent \$820.00 in 2020 and \$1214.00 in 2019 for farm insurance. That was for vehicles, outbuildings, and farm liability for injuries. However, if we grew larger that would be a problem for us and we support the farms wishing to have a class D slaughter license.*
- *I've been reading my insurance may jump to \$10k with a Class D license, based on comments from other farmers. I don't make 10k. And of course, there are no goal posts that are defined, and once you state your intentions you can't go back and say, "I change my mind, I won't do slaughter". My provider this year must have asked me 20 times if I'm doing on farm slaughter. Yes, class D bumps me into commercial slaughter zone for insurance. Even though class D does not allow me enough volume to make a living doing slaughter.*

I think that is the hardest thing about insurance, the elusive goal post. Under class D, A farm is allowed 2000 chickens or 25 cattle. That is \$5 a bird for insurance for a chicken. That is \$400 per cow for insurance. And once I'm given the amount, there is no going back, as there are only 2 underwriters in BC who handle farm insurance.

Many people can't even get insurance if they have a farm. Most of us can't buy a farm without a mortgage, and you can't keep a mortgage without insurance.

- *Last year we made 3600. Before expenses since we both have had to work full time after the whole mad cow stupidity. Sold our cows in 2008. We paid 3400. For insurance and that only covers the house a garage and liability. Good luck. We do hay and eggs. This is farm insurance but excluding pretty much everything farm because of cost. We have tractors, balers, barns implement shed but it costs way too much to insure so we just insure the house.*

My husband and I are seriously thinking about not insuring since that is now an option without a mortgage, but our area was hit hard by wildfires in 2018 so it will be a very tough decision. Our home is 28×28. On two floors with a basement so definitely not a mega mansion.

- *I tried to reduce our premium by having a \$50,000 deductible, but the insurance provider refused. We would never claim in the insurance for anything other than catastrophic damage. Our insurance has risen by 50% over the last three years.*

I am not sure if we can even get insurance to sell our grass-fed beef at all. So, when we talk about buy local, buy BC, and the insurance is so exorbitant that it takes any small profit you do make it is so contraindicated.

A friend of ours was selling produce from their home gardens, and were making quite a decent income from it, being master gardeners. Their insurance agent absolutely refused to insure them if they kept doing it. Of course, the cost of insurance was exorbitant and cut any profit they had to nothing.

Another factor that is a problem is that the value of our property has also increased significantly over the last few years, which is fine if you are a developer, but if you are a family farm, wanting to continue to farm and have something to pass on to your children, it is another financial burden.

- *We had farm insurance to cover our hobby farm with wood as a primary and we were paying \$2600. Then out of no where they suddenly decided they didn't like our wood combined electric forced air furnace and the void us. Our new policy premiums doubled and were then paying over \$5000 per year. Little choice in companies when it comes to farm insurance. 4 months ago, we ripped out wood heat and got a heat pump installed and we are still waiting for them to change our policy... how nice for them to drag their heels.... ugh looking into new broker and insurance totally disappointed at service. We*

now have a licence E so scared how much that will jack up the insurance for on farm slaughter. Any advice anyone has for me I am all ears.

- *Our buildings / farm business insurance has risen dramatically in the last few years but the latest increase in 2020 was the worst! Our broker has had trouble finding a provider and as a result had to go with the only quote available. In 2019 we paid approx. \$2,500 with a \$2,000 deductible This last year it was increased to almost \$2,900 with a \$5,000 deductible. This after buying farm insurance for close to 40 years with not even one claim.*

We are considering not even having insurance as we feel that the risk /cost factor is out of balance. To reduce the liability risk and protect buildings from added fire risk etc. we would likely end all farm product production. Farm status advantages are being wiped out by added insurance cost etc., along with other negative factors.

We need a system similar to ICBC for farm and building insurance, possibly other types of homeowner property insurance should be included in this system.

- *I have decided to "under-insure" so that I can afford my annual insurance premium. My insurance is called "Hobby Farm Coverage", but it keeps going up, so I have taken a lot of the insurable activities and buildings out. I couldn't afford insurance on the farm buildings, so two of them are not insured and other buildings are under-insured, and I don't sell through my farm stand.*

Subject: RE: Letter from Ministry of Finance

From: albernifarmersinstitute <albernifarmersinstitute@gmail.com>

Subject: FW: Letter from Ministry of Finance

Date: April 22, 2021 at 6:20:24 PM PDT

To:

Good evening all,

Please see response from the Ministry of Finance with regards to our letter on insurance issues. We encourage all members to read and provide any feedback which will be given to directors for any further discussion.

Thanks
AFI

----- Original message -----

From: "Minister, FIN FIN:EX" <FIN.Minister@gov.bc.ca>

Date: 2021-04-22 2:47 PM (GMT-08:00)

To: albernifarmersinstitute@gmail.com

Subject: Letter from Ministry of Finance

Ref: 480928

Alberni Farmers' Institute
albernifarmersinstitute@gmail.com

Dear Alberni Farmers' Institute:

Thank you for your email regarding increases in insurance costs for farmers. We appreciate the important contributions that farmers make to the province and thank you for taking the time to share your ideas and feedback.

We understand the difficult impact that rising insurance costs are having on farmers in the province. Commercial insurance generally is seeing significant increases, not just in BC, but around the world. This increase is due to a number of global factors, including climate change and the increase and severity of weather-related disasters, as well as other factors, such as insurers leaving the market and low interest rates. As well, the insurance market is cyclical, fluctuating between "hard" and "soft" markets. During a soft market, many insurers are competing for business and prices are generally low. During a hard market, there is a high demand for insurance and reduced supply. Experts have noted that the industry is just emerging from an unusually long "soft" period, which had kept the price of insurance artificially low. Unfortunately, this means that insurance premiums are now rising significantly in some cases, to reflect changes in the market. This issue is made more apparent with the onset of COVID-19 and the additional financial pressures facing many people, including farmers.

As you have noted, provincial programs for agricultural insurance are focused on crop production guarantees and are not intended to offer coverage for other business operations.

You have also noted that there are industry associations that have chosen to approach the insurance market as a group to obtain better rates. The examples you have shared, specifically, the Ontario Federation of Agriculture and the Alberta Federation of Agriculture are not government organizations. Rather, these organizations are farmer led organizations that advocate for the local farming community. You may wish to reach out to similar organizations in BC to approach the insurance industry about obtaining better insurance rates.

As well, individuals having difficulty accessing insurance coverage may want to reach out to the Insurance Bureau of Canada (IBC), as IBC can provide additional information and assistance in obtaining insurance coverage. You can call IBC's Consumer Information Centre at: 1-844-2ask-IBC (1-844-227-5422) or you can find additional contact information online at: <http://www.ibc.ca/bc/>.

Thank you again for taking the time to write. We appreciate your support and input on how we can build a better BC.

Sincerely,

Office of the Minister