

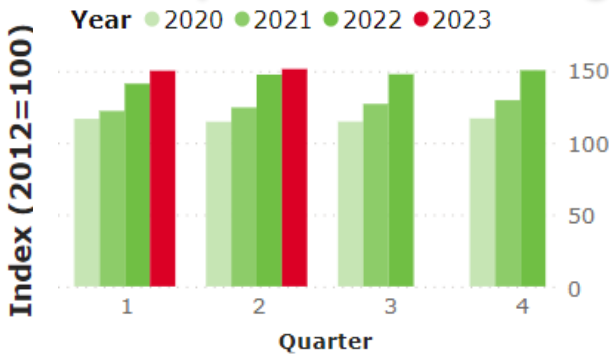
FARM FINANCIAL HEALTH REPORT

2023-2024

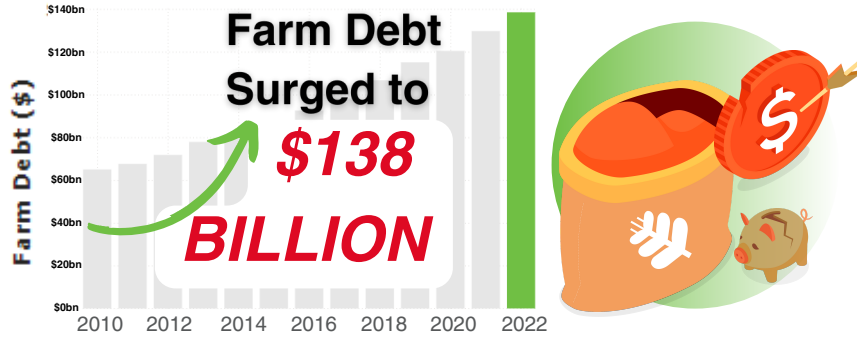


The cost of production is higher than it has ever been

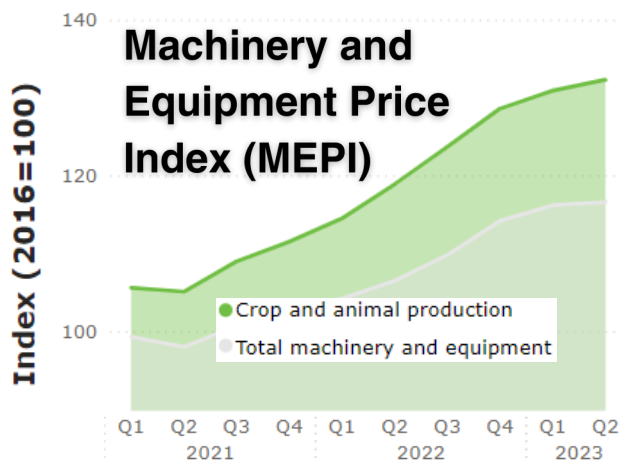
Farm Input Prices are Rising



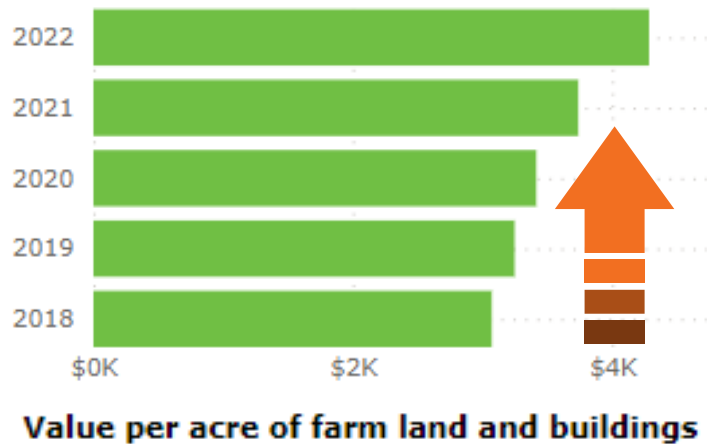
Income Tax amendments are needed to facilitate better farm succession and support young farmers



Higher borrowing costs are impacting investment decisions and will have long term consequences for productivity



The Capital Gains Exemption threshold lags behind today's farmland market values, hindering the next generation of farmers



Risk management programs must be recalibrated to respond to increasing threats from the impacts of climate change



Canadian agriculture's ambitions as a climate solutions provider can only be realized through equally ambitious policies that support economic, environmental, and social sustainability

Extreme weather events are impacting Canadian producers like never before

Priority Recommendations for Action

1

Make the interest-free limit for advances under the Advance Payments Program (APP) permanent beyond the 2023 program, alongside other administrative program adjustments, to make the APP more accessible and responsive to higher production costs.

2

Make Accelerated Capital Cost Allowance permanent across all classes of farm equipment, allowing producers to depreciate 100% of their capital allocated to purchases of farm equipment in the first year.

3

Improve resilience against extreme weather events for all agricultural commodities, including aquaculture, by ensuring business risk management programs are responsive, predictable, and accessible. An immediate example would be using Agriculture and Agri-Food Canada's Drought Monitor to trigger an AgriRecovery assessment.

4

Ensure the launch of the Sustainable Agriculture Strategy is inclusive of all agricultural commodities and is accompanied with an ambitious funding envelope commensurate with the incentives, research, and knowledge transfer activities required to address the inter-related demands of environmental, economic and social sustainability.

5

Increase the capital gains exemption threshold above \$1M to be more in line with current market farmland values.

6

Build on the Budget 2023 legislative amendments to the Income Tax Act which expanded the definition of a "child" to also allow sibling shareholders to pass a non-controlling share of their ownership to the next generation.

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