

AgriStability Unpacked: What Every Canadian Farmer Should Know in 2025

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FARM MANAGEMENT CANADA
GESTION AGRICOLE DU CANADA

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Our Presenters



Mathieu Lipari

Risk Management Lead
Farm Management Canada

Mathieu Lipari has worked for Farm Management Canada since 2010, specializing in enterprise risk management for agriculture. He has led projects to develop risk management resources tailored for Canadian producers including the Comprehensive Guide to Managing Risk in Agriculture, risk management toolkits, and AgriShield[®], an online comprehensive risk assessment and planning platform tailored for Canadian farms.

Mathieu also teaches comprehensive risk management for agriculture, providing training to producers and farm advisors across Canada. He also gives guest lectures in Canadian universities and colleges, presents at various national and international events, and has published various reports, articles and papers on the topic of risk management.

Our Presenters



AJ Gill

National Leader, Ag Risk Management Resources
MNP LLP

AJ Gill is a Partner and MNP's Director, Agriculture Risk Management Resources, supporting the firm's agriculture advisors across Canada.

Based in Kelowna, AJ is a seasoned leader with a lifelong passion for helping farmers. He moved to Canada from India in 1988 and grew up in a farming family. His hands-on agricultural background has given him deep insights into farmers' issues, challenges, and opportunities.

With nearly two decades of experience in the federal and B.C. governments, AJ was instrumental in the transfer of the federal government's AgriStability program to the B.C. Ministry of Agriculture. He previously represented the Province of B.C. on the National Program Advisory Committee, providing advice to federal, provincial, and territorial governments on the delivery of the AgriStability and Agri Invest programs. His most recent role before joining MNP was General Manager, B.C. Ministry of Agriculture.

Thank You To Our Generous Sponsor!

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Technical Considerations

- ✓ This workshop is *interactive* and will contain polls
- ✓ Feel free to use the Chat or Q&A feature in Zoom to ask questions or interact with the speakers at any time
- ✓ There will be a Q&A at the end of the presentation
- ✓ Microphones and cameras are disabled for participants
- ✓ This webinar will be recorded and posted on **Agriwebinar.com**



What is AgriStability?

- ✓ What it's meant to do
- ✓ History and evolution
- ✓ How it works



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Question for the Audience

Have you participated in the AgriStability Program?

- A. I just started participating in AgriStability this year (2025 Program Year)
- B. I currently participate in AgriStability and have participated in the past
- C. I have participated in the past but no longer participate
- D. I am eligible for AgriStability but have never participated
- E. I am not eligible for AgriStability
- F. Not sure

Question for the Audience

Please complete the following sentence: *AgriStability is a Canadian program that is designed to...*

- A. Protect farms against large income declines caused production loss.
- B. Ensure that farms remain profitable.
- C. Protect farms against significant drops in market prices (affecting sales).
- D. Provide financial help to producers for extraordinary costs caused by natural disasters.
- E. Protect farms against large farm cost increases.
- F. None of the above

What the Program Covers

What are the risks covered by AgriStability?

- ✓ Large income declines causing production loss
- ✓ Significant drops in market prices
- ✓ Large farm cost increases

Note: Farms are protected by AgriStability from the moment production begins to the moment it is sold, including during transportation and storage.

Definition and Eligibility

What is the purpose of the Program?

AAFC Definition:

AgriStability protects Canadian producers against large declines in farming income for reasons such as production loss, increased costs and market conditions.

It is a margin-based program designed to help producers manage large income declines.

Who is eligible?

Almost all farms!

History & Evolution

Program	Policy Framework	Years in Place
AgriStability	Sustainable Canadian Agricultural Partnership	2022 - Today
AgriStability	Canadian Agricultural Partnership	2018 - 2022
AgriStability	Growing Forward II	2013 - 2017
AgriStability	Growing Forward	2008 - 2012
AgriStability	Growing Forward	2007
Canadian Agricultural Income Stabilization (CAIS)	Agricultural Policy Framework	2003 - 2006
Canadian Farm Income Program (CFIP)	N/A	2000 - 2002
Agricultural Income Disaster Assistance (AIDA)	N/A	1998 - 1999
Farm Income Support Program (FISP) /Farm Income Disaster Program (FIDP)	N/A	1995 - 2002

Source: AAFC Agriculture Business Risk Management Programs – Fact-Based Review and Analysis (a report authored by MNP in 2020 under contract with AAFC)

Key Features of the Program

Margin Based Program

- The program is based on a Margin (income less expenses).

Extremely Cost Effective

- AgriStability costs between \$1.50-\$3.00/acre
 - Cost is \$3.15 for every \$1,000 of protected reference margin.
- Crop Insurance costs between \$15.00-\$30.00/acre
- Private Insurances cost typically between \$15.00-\$40.00/acre

Based on Accrual information

Coverage levels are based on individual performance

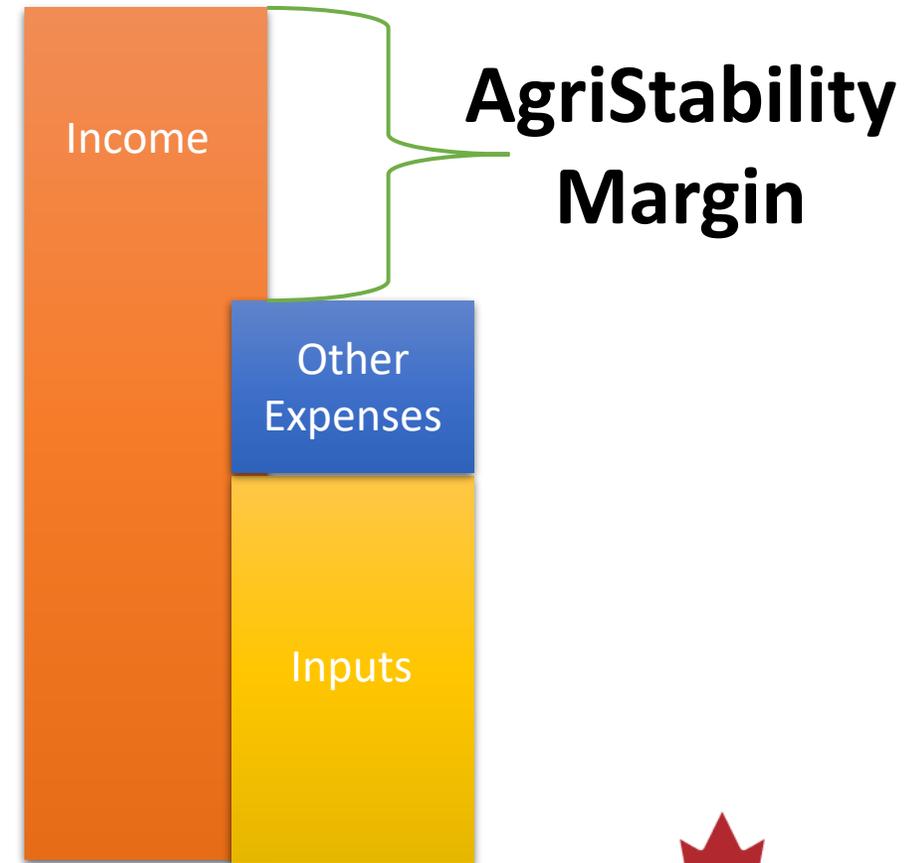
How the AgriStability Margin is Calculated

A margin is income, less a set of expenses

**AgriStability Program Margin =
Total Allowable Income – Total Allowable Expenses**

The AgriStability Margin includes Production income, less Production expenses, and other specific operation expenses.

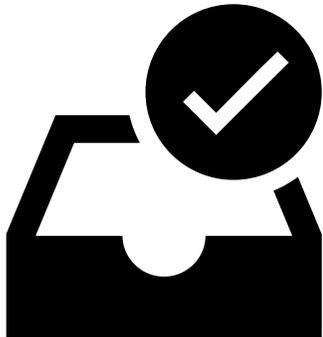
Note: All of the income and expenses are based on Accrual information, not Cash



AgriStability Program Overview

Allowable income

- Commodity sales
- Insurance indemnities
- Commodity futures gains
- Custom feeding



Allowable expenses

- Commodity purchases
- Insurance premiums
- Commodity futures losses
- Fertilizer, pesticides
- Feed
- Fuel and freight
- Salaries (arms-length)
- Vet services



Example: Allowable Income and Expenses

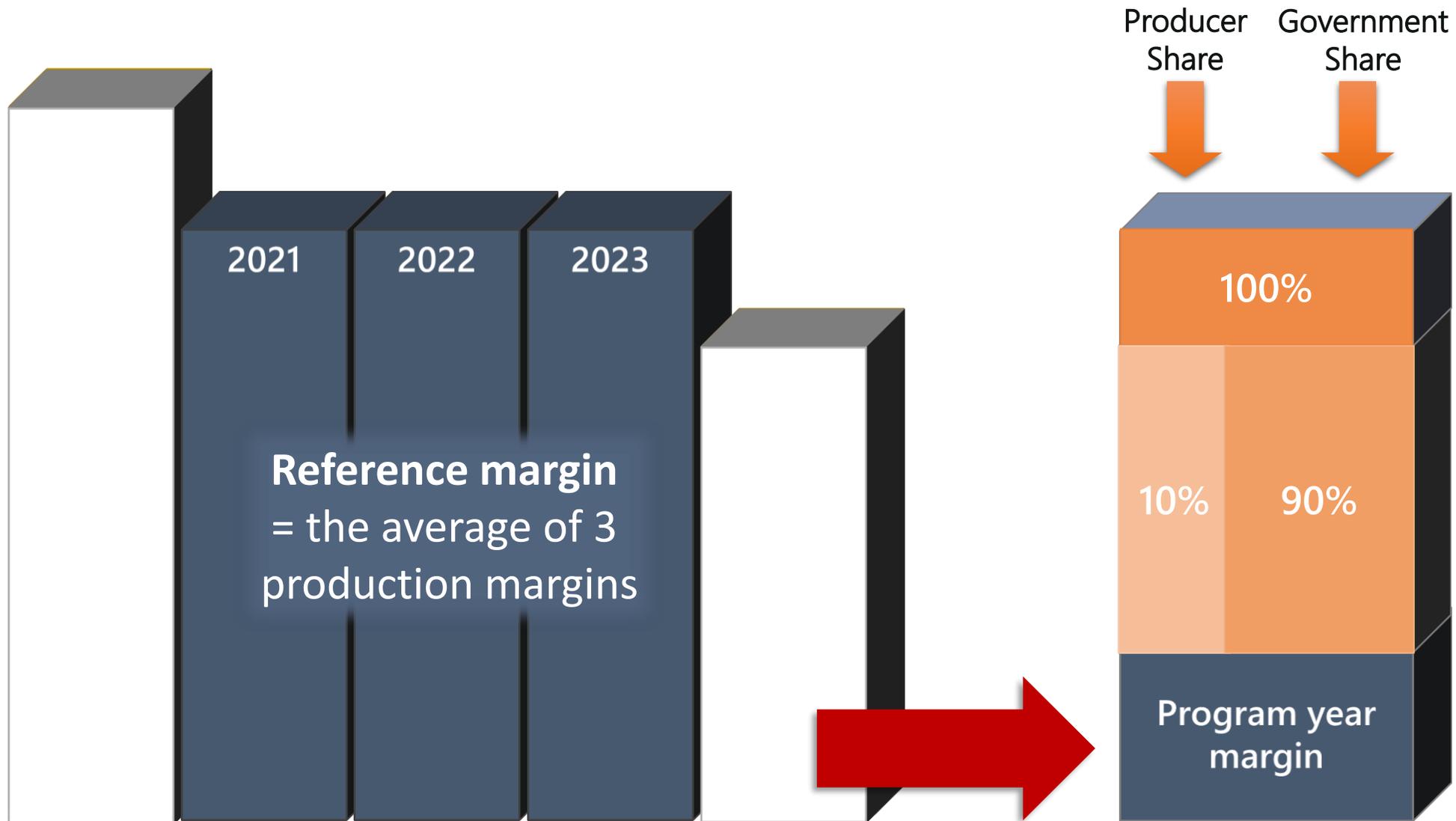
*The highlighted values are allowable income or expenses.



Twolane Farms Ltd. Statement of Earnings for the year ended December 31, 2019

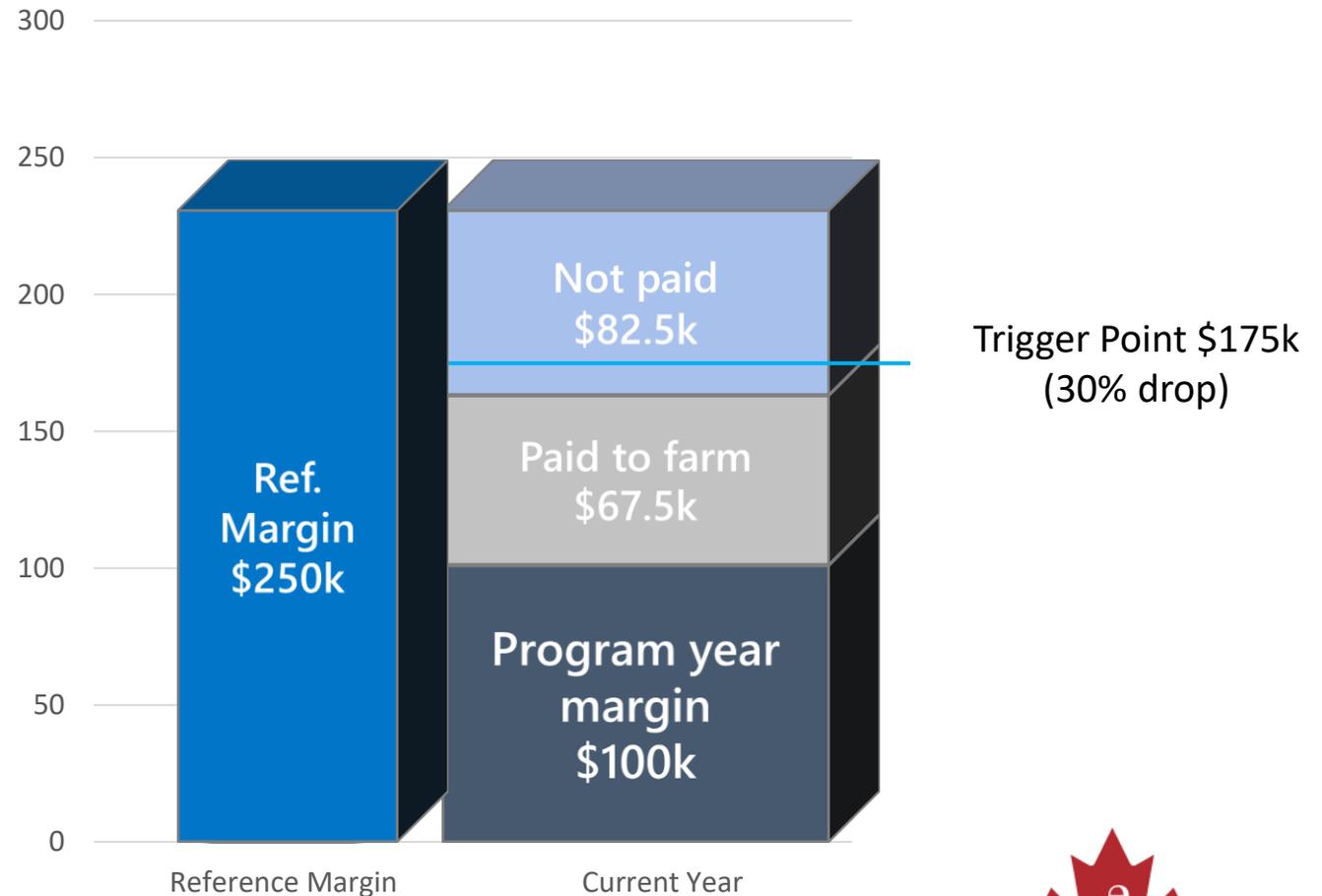
	2015	2016	2017	2018	2019
Revenue					
Crop Operations (Schedule 1)	240,000	250,000	230,000	261,142	229,635
Livestock Operations (Schedule 2)	220,000	210,000	240,000	260,216	245,237
	460,000	460,000	470,000	521,358	474,872
Production expenses					
Crop Operations (Schedule 1)	101,000	105,000	96,000	108,601	101,653
Livestock Operations (Schedule 2)	108,000	110,000	102,000	119,051	112,004
	209,000	215,000	198,000	227,652	213,657
Gross margin	251,000	245,000	272,000	293,706	261,215
Labour, power and machinery expenses					
Amortization - equipment	57,000	58,000	59,000	65,820	58,973
Custom work	1,500	1,800	1,900	1,450	1,334
Freight and trucking	2,200	2,800	3,000	1,687	1,768
Fuel	11,000	14,000	12,000	13,782	12,529
Office and other	650	800	1,200	850	1,000
Professional fees	2,500	4,000	4,500	3,324	3,392
Repairs and maintenance - equipment	20,000	13,000	11,000	8,932	9,322
Utilities	5,600	5,400	5,500	5,700	5,817
Wages and benefits	13,250	13,500	14,000	15,000	15,000
	113,700	113,300	112,100	116,545	109,135
Contribution margin	137,300	131,700	159,900	177,161	152,080
Land, buildings and finance expenses					
Amortization - buildings	5,900	6,400	7,000	6,696	6,361
Insurance and licenses	4,500	4,800	4,900	5,000	5,000
Interest and bank charges	5,200	4,800	5,000	4,758	6,442
Interest on long term debt	7,800	7,600	7,400	7,305	6,965
Rent - land	19,000	19,000	19,000	19,058	19,058
Repairs and maintenance - buildings	4,500	4,600	4,200	4,732	4,372
Property taxes and licenses	12,250	12,500	13,000	13,226	16,532
	59,150	59,700	60,500	60,775	64,730
Net earnings	78,150	72,000	99,400	116,386	87,350

Reference Margin & Olympic Average



Payment Calculations

- A payment is calculated by comparing the **Program Margin (\$100k)** to the **Reference Margin (\$250k)**
- If the Program Margin **drops by more than 30%** of the Reference Margin, payments begin. This is known as a **Trigger Point**
- AgriStability will **pay out 90%** of the drop below the trigger point.



Misconceptions & Industry Sentiment

- ✓ Criticisms
- ✓ Concerns
- ✓ Common Filing Errors



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Question for the Audience

Which of the following reasons have motivated you or others not to participate in the AgriStability Program? (choose all that apply)

- A. It's too complicated
- B. It's too expensive
- C. Already participate in Production Insurance so don't need it
- D. Never heard of anyone getting a payment
- E. Other

Reasons we have heard for not participating

- It's too complicated
- It's too expensive
- I already participate in Production Insurance
- Never heard of anyone getting a payment



Misconception 1



MISCONCEPTION: The AgriStability program is broken beyond repair (because of the 2013 changes to trigger point and Reference Margin Limiting).



FACT: For most of the 25-year existence of AgriStability and its predecessors, there was a 70% trigger point.



FACT: If AgriStability was broken or didn't work, it could only have been due to Reference Margin Limiting – which has now been fixed!



Misconception 2

 **MISCONCEPTION:** The AgriStability program requires a 30% drop in revenue in order to trigger.

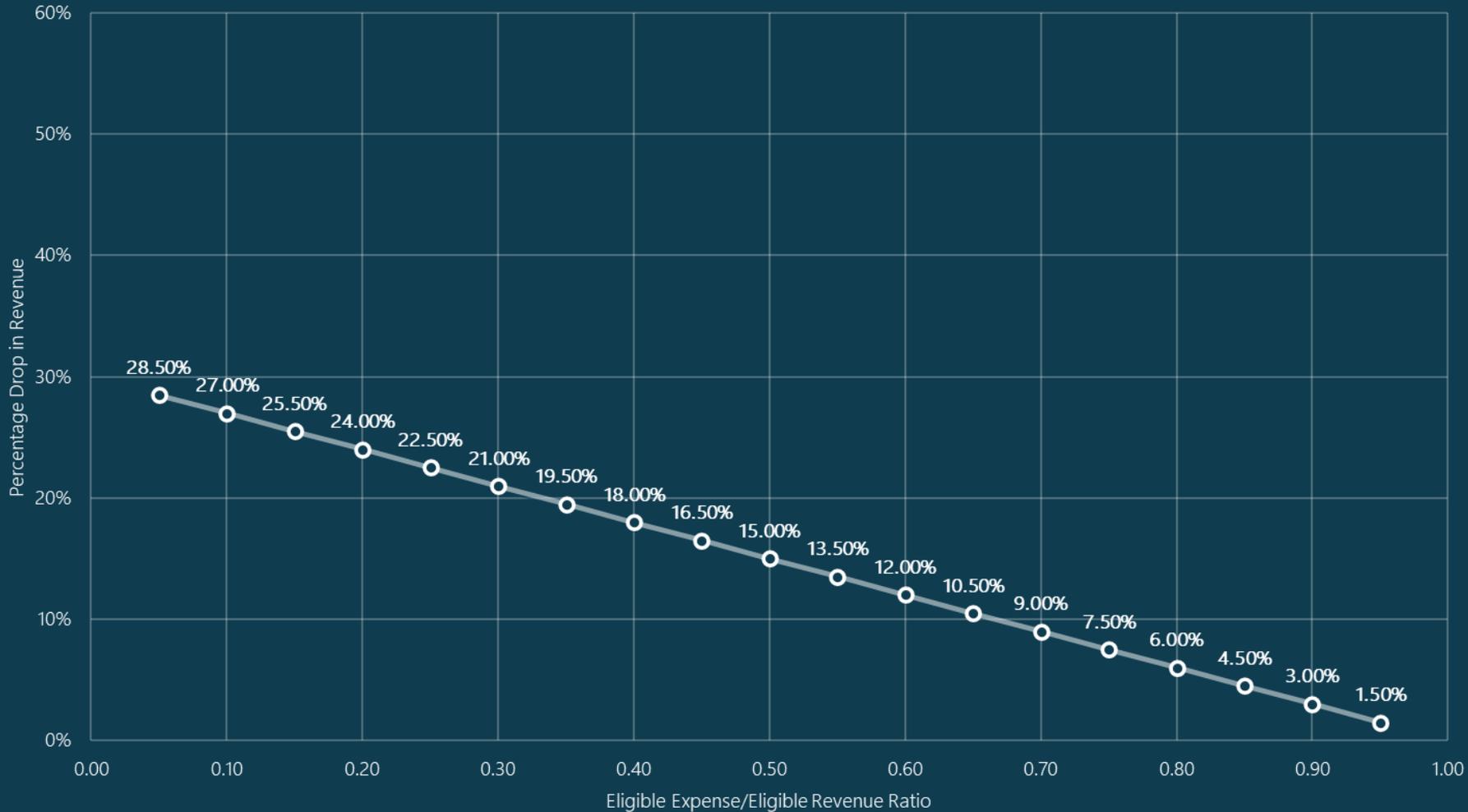
 **FACT:** The AgriStability program requires at least a 30% drop in Program Margin (relative to Reference Margin) in order to trigger; this usually equates to a much lower drop in revenue in order to trigger.

Notes:

- With RML removed, the MARGIN drop required to trigger benefits is the same for all farms: it is 30%
- The REVENUE drop required to trigger benefits varies depending on the type of farm and cost structure: with RML removed, some farms now have a substantially lower REVENUE drop trigger point.



REVENUE DROP TO TRIGGER AGRISTABILITY



Industry Sectors:

Group 1

- Beef - Feedlot
- Greenhouse
- Hog - Farrow to Finish
- Nursery
- Tree Fruits
- Poultry

Group 2

- Beef - Cow/Calf
- Dairy
- Grain/Oilseed
- Hog - Farrow to Wean
- Diversified Farm

Group 3

- Apiary
- Bee Pollinator
- Cranberry
- Maple Syrup
- Organic Crop

Low-Cost
Structures



High-Cost
Structures

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AgriStability – Margin Sensitivity

Twolane Farms Ltd.
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for the year ended December 31, 2019

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	113,700	113,300	112,100	116,545	109,135
Contribution margin	137,300	131,700	159,900	177,161	152,080

- Remember, a small % decrease to revenue will always yield a larger decrease to net income.
- AgriStability requires a 30% drop in margin to trigger payments.
- Program Margin = Allowable Income – Allowable Expenses
 - Here that equals \$226,101
- A 30% reduction in the Program Margin (\$226,101)
 - $30\% \times \$226,101 = \$67,830$
- What is the \$67,830 in relation to the other numbers?
 - $\frac{67,830}{474,872} = 14.3\%$ of revenue
 - $\frac{67,830}{248,771} = 27.3\%$ of expenses

Misconception 3



MISCONCEPTION: The AgriStability program needs to include more expenses to be beneficial for my farm.



FACT: This is a symptom of Reference Margin Limiting; chasing it could do damage to your coverage level.



FACT: Adding more expenses only gives you a significant bang for your buck in a small window and that window happens to be a moving target.



Misconception 4



MISCONCEPTION: The AgriStability program is too expensive.



FACT: The fees (including the government AgriStability fee and accounting fee to prepare the application) ranged from \$813 to \$4,433*. For \$813, the farm was potentially eligible for tens of thousands of dollars of benefits; for \$4,433 the farm was potentially eligible for hundreds of thousands or millions of dollar of benefits.



FACT: In all cases, the annual AgriInvest matchable deposit was more than enough to cover the fees!



FACT: That is some cheap insurance!

Source: MNP Study



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Common AgriStability Errors

*“Wow, I’ve had my worst year ever and I’m not getting an AgriStability payment!”
What might be wrong?*

01

A problem with structure change.

Structure change detail can be requested from AAFC and review the productive units to make sure they are accurate.

02

Allocation errors between allowable and non-allowable income and expenses.

Make sure you know what the allowable and non-allowable items are and set up your chart of accounts so they are kept separate.

03

Inventory isn’t priced correctly (non-published commodities).

Make sure you always provide a price for non-published commodities and send it in support as additional information.

04

Accrual adjustments are wrong.

Learn about accrual accounting and utilize a method of preparing the AgriStability application that will incorporate some checks and balances

** If mistakes are made, you have 18 months to correct them with an Adjustment Request.*

... or you may not have had the worst year ever and lost less money (or made more money) than you thought.



Comparison to AgrilInsurance

- ✓ Differences
- ✓ Similarities
- ✓ Interaction



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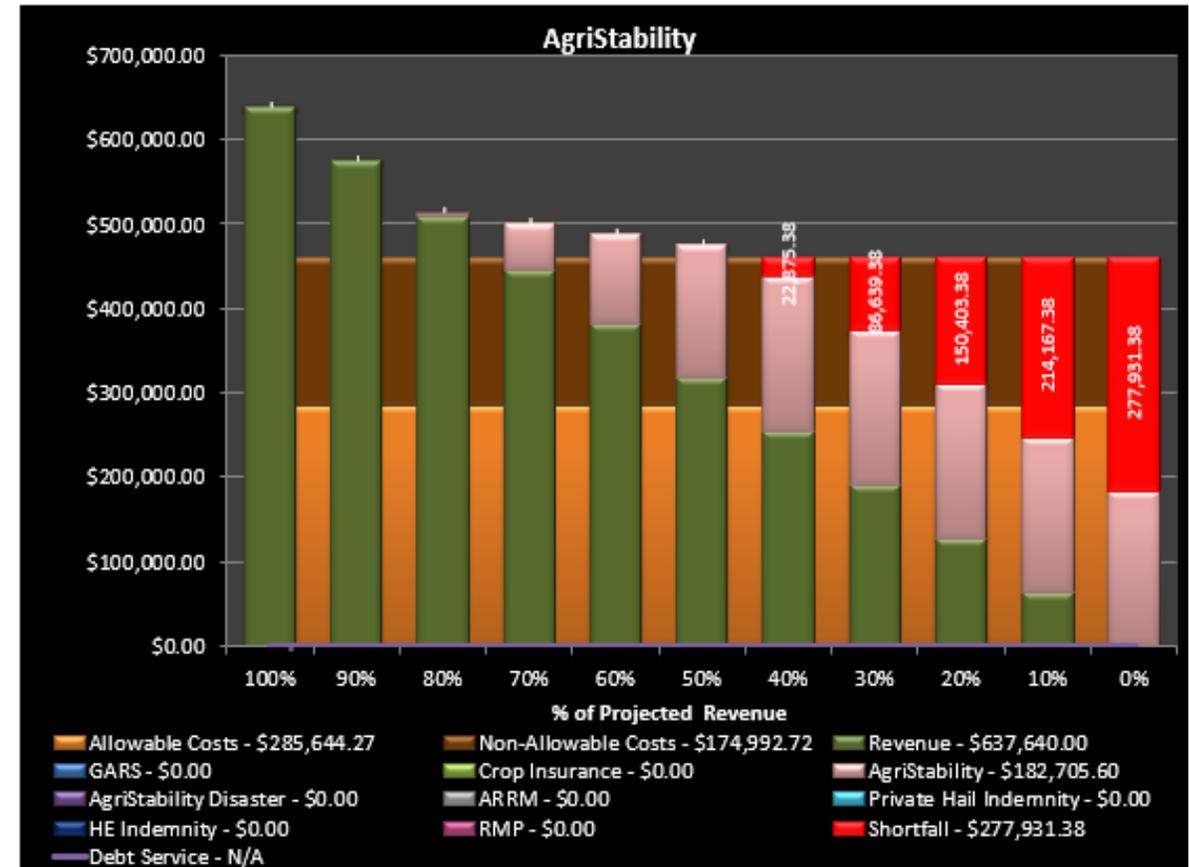
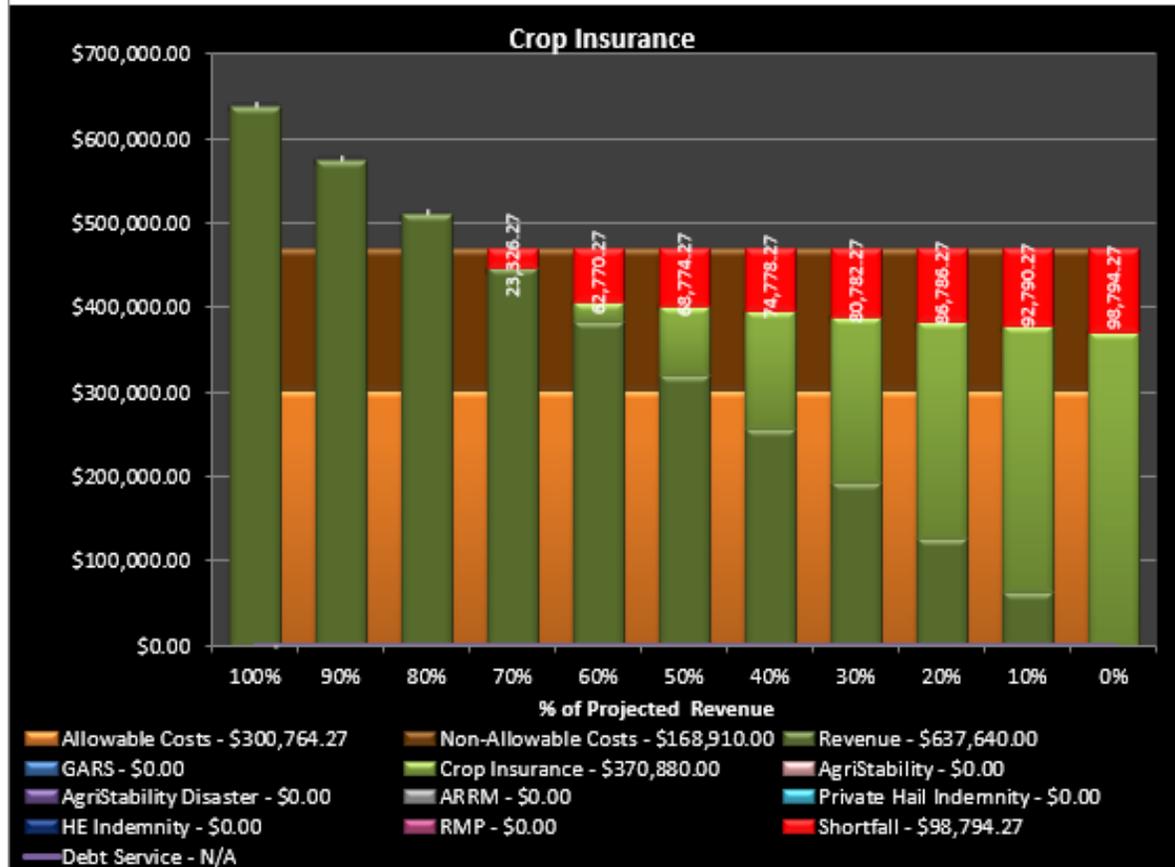
How AngrilInsurance interacts with AgriStability

- Any payments from AngrilInsurance is **counted as revenue** in the Program Year
- It also **stays in your AgriStability Reference Margin** (this increases the reference margin).
- Both are designed to work hand-in-hand.
- AgriStability payments **do not affect** AngrilInsurance Payments
- AgriStability payments can be reduced if you do not have AngrilInsurance for production loss.



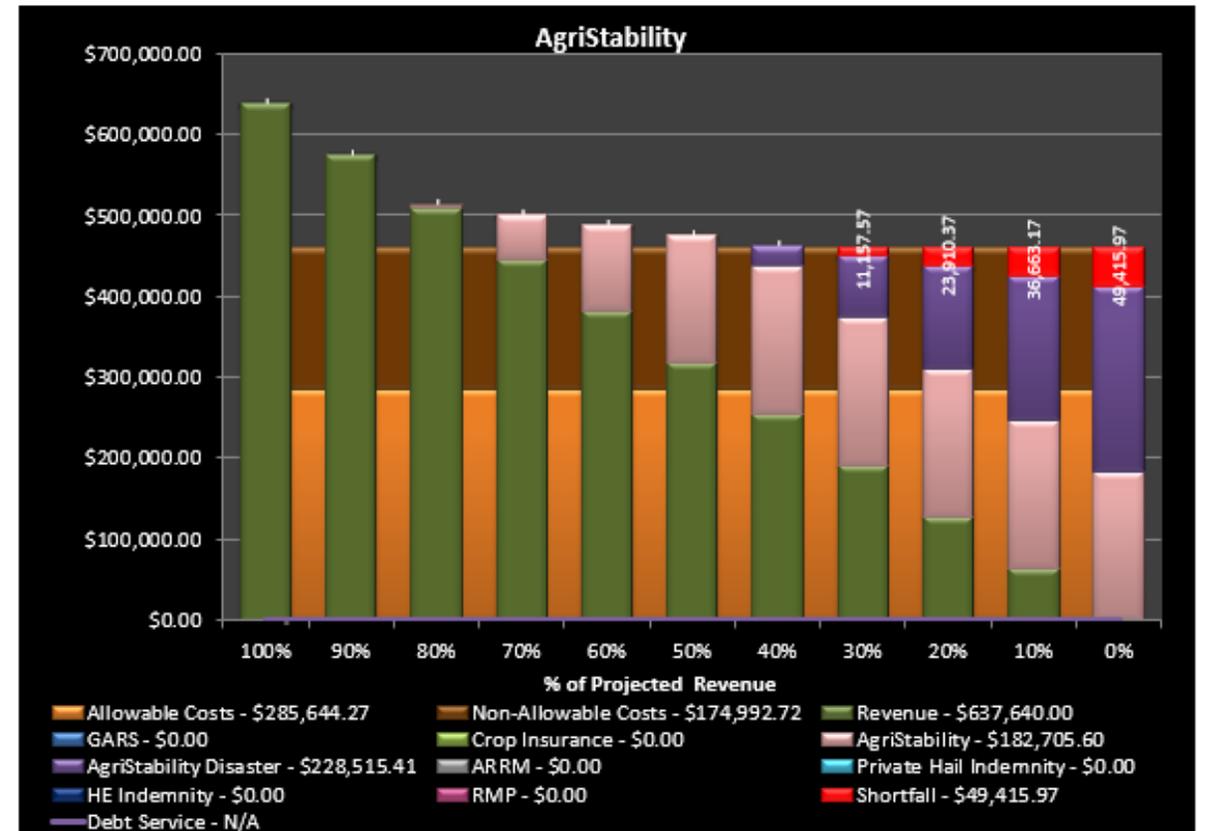
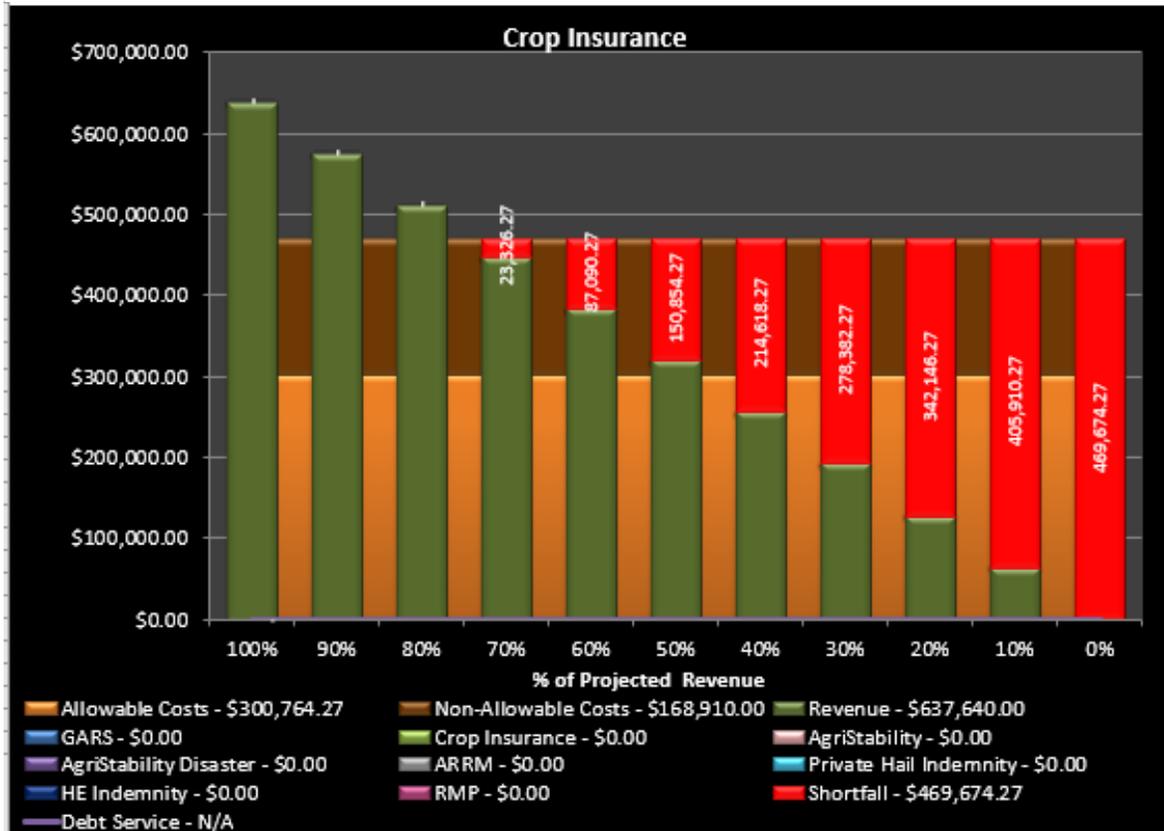
Ag Risk Management Projector™ Modelling

Production Loss



Ag Risk Management Projector™ Modelling

Non-Production Loss



Recent changes to AgriStability

- ✓ Changes in coverage (%)
- ✓ Maximum coverage
- ✓ Tax-aligned option



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Recent Changes to AgriStability - 2025

Change	Description
Compensation Rate Boost	Increased from 80% to <u>90%</u> for the 2025 year.
Payment Limit Doubled	Increased from \$3 million to <u>\$6 million</u> .
Tax-Aligned Reference Margin Option	Farmers can choose a Tax-Aligned Reference Margin , meaning they can use their preferred accounting method (cash or accrual) for consistency and easier filing, reducing historical data needs.
Filing Deadline Change	Moved to June 30 (with a late option until Sept 30, subject to fees).

Tax-Aligned Reference Margin Option

Basic information

- Calculated using the same method of accounting used for tax filing: Cash or Accrual
 - Simplifies reporting as accrual and inventory details are not required.
- Existing participants in AgriStability who select this new option must use it for a minimum of 4 years before reverting back.
 - New participants can switch once at any time.

Note: Only for Manitoba, Nova Scotia, New Brunswick, Newfoundland and Labrador, Northwest Territories or Yukon at the moment.

Tax-Aligned Reference Margin Option

Accrual

	Margin Type	Accrual for AgriStability					
Total Expenses (D)	(B minus C)	2,264,047	2,265,615	2,914,420	4,149,977	4,451,073	4,750,940
Cash Margin		2,673,294	2,783,974	2,665,095	4,272,024	6,067,123	4,424,372
Net Increase (decrease) Purchased Inputs		(130,705)	(29,076)	49	(63,718)	13,850	1,068,550
Net Increase (decrease) Crop Inventory		(462,294)	(275,088)	4,412,435	1,815,827	(1,540,939)	(967,508)
Net Increase (decrease) Livestock Inventory		-	-	-	-	-	-
Net Increase (decrease) Deferrals & A/R		764,993	(351,215)	1,042,124	(852,695)	309,239	(1,907,764)
Net (increase) Decrease in Accounts Payable		(39,689)	(6,324)	(75,398)	129,341	-	-
Private Insurance Proceeds - CY AR Adjustment							-
Production Margin (E)		2,805,599	2,122,272	8,044,304	5,300,779	4,849,273	2,617,651

Reference Margin \$4,318,550

Cash (Tax-Aligned)

	Margin Type	Accrual for AgriStability					
Total Expenses (D)	(B minus C)	2,264,047	2,265,615	2,914,420	4,149,977	4,451,073	4,750,940
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Net Increase (decrease) Crop Inventory							(967,508)
Net Increase (decrease) Livestock Inventory							-
Net Increase (decrease) Deferrals & A/R							(1,907,764)
Net (increase) Decrease in Accounts Payable							-
Private Insurance Proceeds - CY AR Adjustment							-
Production Margin (E)		2,673,294	2,783,974	2,665,095	4,272,024	6,067,123	2,617,651

Reference Margin \$3,243,097

Thank you. Questions?

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