

BUSINESS RISK MANAGEMENT WORKS WHEN EVERY SECTOR CAN MANAGE ITS UNIQUE RISKS

ISSUE:

Canadian ornamental horticulture producers face unique risks related to production methods, cost structures, seasonality, extreme weather, and market dynamics that are not properly addressed by current Government of Canada business risk management (BRM) programs. This has left the sector at a competitive disadvantage that is hindering the viability and growth of many ornamental growers. If enhanced, these Agriculture and Agri-Food Canada (AAFC) programs can provide them with meaningful safety nets in times of natural disaster and major market disruptions.

CHALLENGES:

- The size of many Canadian ornamental horticulture operations (especially floriculture and nursery) now exceed the \$3 million dollar cap put in place for the AgriStability program.
- Peak season inventory and sales cycles of many ornamental products mean growers require access to program funds in a timely manner to match market fluctuations. If products cannot be sold during these windows, the losses to the sector are catastrophic and could lead to major liquidity challenges and ultimately insolvencies.
- Other unique variables faced by the ornamental sector includes extended and multi- season production cycles for many products such as trees, cost of destruction, key event triggers, the scope of coverage for pests/disease, and natural hazards for crop failure and damage due to hail, floods, extreme temperatures, and other weather-related risks.



RECOMMENDATIONS:

Modify AAFC's existing government insurance and recovery programs develop of new sector-specific programs to account for the unique challenges faced by the ornamental horticulture sector. This includes:

- AgriStability
 - Raise cap to at least **\$5 MILLION**
 - Raise margins to **85% NATIONALLY**
 - Raise interim payouts to **75%**
- Better access to cost-effective fertilizer and crop protection products that reduce production-related risks, increase yields, and ensure the long-term competitiveness of Canadian growers
- Full consideration of ornamental horticulture sector needs in the next iteration of AAFC's agriculture policy framework

