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**national farmers union**  
*In Union Is Strength*

**FOR IMMEDIATE RELEASE**

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### **INEQUITY MAY UNDERMINE EFFECTIVENESS OF \$5.2 BILLION**

**SWIFT CURRENT, Sask.**—“The federal farm aid package will result in extremely inequitable distribution of aid dollars. If the federal government uses the Fredericton Formula to distribute the federal “ad hoc” money, a grains and oilseed producer in Saskatchewan would receive the equivalent of approximately \$3 per acre in the coming year while a similar farmer in Ontario would receive \$14 per acre. The ill-conceived Fredericton Formula allocates aid money inequitably and allocates it away from those most in need,” said NFU President Stewart Wells.

The Fredericton Formula is based on agricultural output, measured in dollars. Thus, if the farm crisis intensifies in a given province and production or prices fall, so does the province’s share of federal aid dollars.

Wells pointed out that the inequity of the Fredericton formula will be compounded if governments choose to distribute immediate, “ad hoc” money through the NISA program or by some other mechanism based on net revenues. “NISA and other ‘revenue’ programs funnel the most money to the largest farms with the largest revenues and profits. Farmers with low revenues, due to droughts or other factors, are twice-penalized by receiving a reduced aid payment,” said Wells.

Wells pointed to a third source of inequity: the requirement for provinces to pay a 40% share. This will mean that a Quebec citizen will contribute less than \$6 toward the provincial share of farm support and an Ontario citizen will pay approximately \$7. An Alberta citizen will be required to pay about \$34 and a Saskatchewan citizen about \$90. “The federal government is demanding that the provinces that have been hurt the most pay the most. International trade is a federal responsibility. Remedying the adverse effects of the federal free trade policy is a federal responsibility,” said Wells.

NFU Vice-President Fred Tait objected that there was much more in this package than just aid to family farms. The \$5.2 billion total includes \$3.4 billion to implement the Agricultural Policy Framework (APF) and its food safety, environmental, renewal, and science and innovation initiatives. “In the total federal package there is money for Monsanto and research into genetically-engineered (GM) crops. There will be money for investment into large, corporate hog barns. And there will be money for environmental programs that benefit all Canadians. By roping these activities together

and calling it all ‘farm aid’, the government is cynically trying to inflate the amount that it appears to be giving to farmers. The bulk of this money, \$3.4 billion, is going to programs unrelated to direct farm aid,” said Tait.

Tait noted that the announcement and the APF fail to address the underlying problems in agriculture. He said: “We have a new situation today. Farmers have always faced environmental risks—drought, flood, frost, insects—and these calamities come and they go and we have good data on their prevalence and we have good programs like Crop Insurance to deal with them. What is new, however, is that we now have chronically dysfunctional markets that continually return prices below farmers’ costs of production. How can you design a safety net insurance scheme that will protect farmers against chronic market failure? You cannot. You must fix the markets—restore competition among corporations and re-balance market power between farmers and agri-business. The current focus on increasing exports and signing trade agreements, while ignoring corporate power, will only make the situation worse.”

Stewart Wells concluded: “We need a \$1.3 billion per-year, federally-funded *Free Trade* Injury payment. And we need those dollars distributed equitably and on the basis of need. We need capped and targeted programs so that we help the maximum number of family farms. Farmers across Canada need adequate, equitable support.”

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