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national farmers union
In Union Is Strength

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**NEW SAFETY NET PROGRAMS:
GOOD POTENTIAL,
BUT LACK OF FUNDING STILL PROBLEMATIC**

SWIFT CURRENT, Sask.—"The new Canadian Agricultural Income Support (CAIS) Program includes some very positive steps forward. But it is inadequate to cope with the scale of the farm income crisis," said NFU President Stewart Wells. "By chronically under-funding it, the Federal government could quickly turn a program with potential into just another failure."

Wells was commenting on yesterday's announcement that Ontario would sign on to the Federal-Provincial Agricultural Policy Framework (APF), thus triggering the implementation of new farm safety net programs.

"Farmers' net incomes from the markets are now essentially zero. Farm families are being forced to obtain their incomes from off-farm jobs, asset sales, savings, debt, and government payments. The CAIS Program, both because of inadequate government funding and improper design, will almost certainly fail to deal with the extent of the farm income shortfall," said Wells.

The CAIS Programs will reimburse farmers for up to 70% of income losses, based on past years' averages. The problem is that, increasingly, those past years were disaster years. "Guaranteeing farmers up to 70% of their average income is inadequate when so many recent years have been plagued by droughts, chronic low prices, or crises like potato wart and BSE. Seventy percent of not enough is not enough," said Wells.

Ironically, even the limited coverage provided by the CAIS Program will strain government funding commitments. "There is a clear danger that the CAIS Program may be heading for a wreck. The federal government is insisting that it will only provide \$1.1 billion per year in total funding. That federal amount is inadequate to fund the CAIS program," said Wells.

Wells was extremely critical of proposals to raise payment caps to \$3 million per year per operation, up from the current \$975,000 per year cap. "Multi-million dollar payouts will bankrupt this program, take money from small and medium-sized farmers that need assistance, and wipe-out taxpayer support for farm safety net programs. If the CAIS Program runs out of money, and if the government has been writing multi-million dollar cheques to huge

corporate operations, rural and urban citizens alike will become justifiably hostile to the Program,” said Wells. The NFU has called for a cap of \$400,000 per year.

Despite its deficiencies, the NFU says that the new CAIS Program has some very positive aspects. These positives include:

- funds will flow—to farmers and to regions—based on need;
- the Program trigger is more sensitive to income declines than past programs;
- and—if governments cover the bulk of negative margins and if governments remove the requirement for farmers to put large amounts of money on deposit in order to fully participate—the program has the potential to provide significant aid to farm families.

“The CAIS Program design is a very promising one. With proper funding, proper caps, and coverage that guaranteed farmers adequate net returns, the Program could help save Canadian family farms. Underfunded and with inappropriately high payment caps, the Program will serve neither the interests of farmers nor government” concluded Wells.

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