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FOR IMMEDIATE RELEASE

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JEAN CHRETIEN'S LEAKY FARM AID BUCKET

ROSSENDALE, Man.—"Despite the federal government's hype about \$5.2 billion, its June 20 aid package includes only \$1.2 billion over two years in new aid for farmers," said NFU President Stewart Wells (please see backgrounder on aid numbers).

While aid money will probably not be paid out on an acreage basis, a per-acre calculation is instructive. Wells noted: "A Manitoba farmer will get the equivalent of about \$5 per acre in new federal money this year and next. A Saskatchewan farmer will get about \$3 per acre. Even in Ontario, where a farmer might get \$14 per acre, the program isn't adequate."

NFU Vice-President Fred Tait pointed out that the federal package is a five-year deal. "While there is a little bit of new money in 2002 and 2003, in 2004, '05, and '06, we revert back to the old, inadequate levels of federal farm support. Chretien's package includes no sustained increase in support levels. If we accept this deal, will we be able to ask for more money in a year-and-a-half when it becomes clear just how little farmers will receive?" he questioned.

"The NFU is dismayed to see the majority of Canada's farm organizations line up behind an aid package that is grossly inadequate. Farmers will feel betrayed by their governments and their organizations when they learn the truth about this package," said Tait.

The NFU was part of a coalition of farm organizations and provinces that were united in calling for \$1.3 billion per year in all-new, all-federal free trade injury payment money. The NFU remains firm in that position. Other farm organizations under the Canadian Federation of Agriculture (CFA) banner—Manitoba's Keystone Agricultural Producers (KAP), Agricultural Producers of Saskatchewan (APAS), Sask. Wheat Pool (SWP), the Ontario Federation of Agriculture (OFA), and others—have effectively dropped their call for \$1.3 billion per year (ongoing) federal money and lined up behind \$600 million per year (for two years) in cost-shared, untargeted funding.

Wells concluded that the federal government tried to give Canadians the impression that it was giving farm families a large amount of support. "Jean Chretien and Lyle Vanclief went on TV and held up a large bucket. But when we look inside, we find that the bucket was only half full. Worse still, much of the so-called 'aid money' is spilling out into the pockets of corporations and consultants. It seems odd that other farm organizations are so eager to carry such a leaky bucket for the PM."

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Backgrounder to the National Farmers Union's July 10, 2002 news release

While the federal government continues to repeat the number “5.2 billion dollars” in the media and continues to represent this as new aid for farmers, in reality, farmers will receive less than a quarter of this amount in new aid.

1. \$5.2 billion minus \$2.5 billion equals \$2.7 billion.

The federal government's \$5.2 billion sum includes \$2.5 billion in “old money.” Farmers currently receive \$500 million per year as the federal contribution to AIDA/CFIP (Agricultural Income Disaster Assistance/Canadian Farm Income Program). In its June 20 announcement, the federal government includes this \$500 million per year over the next five years in the total and tries to give the impression that it is new money (\$500 million per year x 5 years = \$2.5 billion).

2. \$2.7 billion minus \$1.5 billion equals \$1.2 billion.

Of the \$2.7 billion dollars that may be “new,” approximately \$1.5 billion goes to the proposed Agricultural Policy Framework (APF). That \$1.5 billion (\$589.5 million over five years plus \$180 million per year for five years) will fund APF elements *other than* safety nets. The \$1.5 billion will fund:

- environmental programs (improving water supplies, farm environmental plans, renewable energy sources, taking fragile land out of production, and improving access to new, environmentally-friendly pesticides);
- market access (“to enhance export opportunities”);
- drought aid (“developing water sources”);
- rural development and co-operatives;
- “agricultural innovation” (no specifics available); and
- food safety.

Most of this APF money may go to Monsanto (for research into pesticides and genetically-modified crops), Simplot (for expanded irrigation of processing potatoes), Archer Daniels Midland (for development of ethanol production), to a number of corporate hog producers, and to other non-farm interests. Not only will little of this money go to farmers, it is likely that new initiatives under several heading—food safety, environment—will be “cost-shared” with farmers, creating new costs.

3. \$1.2 billion divided by 2 equals \$600 million per year.

The real amount of new federal aid to farmers is \$600 million per year for two years: \$1.2 billion in “ad hoc” or “transition” funding. As stated in the news release, farmers in some of the hardest-hit areas may receive as little as \$3 per acre.