



News Release

For immediate release

PROGRAM AVAILABLE FOR CANADIAN PORK PRODUCERS

OTTAWA, Ontario, October 2, 2009 – Canadian pork producers can start applying for government-backed loans on Monday. Applications will also be available for the Hog Farm Transition Program next week.

“We’ve worked in lock-step with the Canadian Pork Council to make sure the details of these important programs hit the target for producers at the farm gate,” said Agriculture Minister Gerry Ritz. “We know the Canadian pork industry can be profitable and that’s why we’re offering government-backed loans to help them weather the current economic storm. But we also know the industry needs to restructure and we’re working with the Canadian Pork Council to deliver funding for those who need to transition to another sector.”

“These programs work hand-in-hand and they are flexible to meet producers’ individual needs,” said Jean-Pierre Blackburn, Minister of National Revenue and Minister of State (Agriculture). “In the end, putting Farmers First means letting farmers choose the program that works best for them.”

Starting Monday, October 5, 2009, many financial institutions, including Farm Credit Canada, will be ready to work with pork producers to develop long-term business plans and deliver government-backed loans. Producers can check www.agr.gc.ca/HILLRP to find out which institutions are currently participating. The commercially based loans will be negotiated for each specific farm operation and based on viable business plans. By using government-backed loans, Canadian pork producers will have better access to credit and the opportunity to restructure for the long term.

The Government of Canada and the Canadian Pork Council are also partnering to deliver \$75 million through the Hog Farm Transition Program. The Canadian Pork Council will have registration forms for the program available to producers on October 8, 2009. The program will be retroactive to April 1, 2009, therefore, producers who depopulate their barns prior to applying for the program will still be eligible. Applications will be based on a tendering process that allows producers to bid for the amount of funding they require to take their barns out of operation for at least three years. Producers will be able to visit the Canadian Pork Council’s web site www.cpc-ccp.com for the most up-to-date information and registration forms on October 8, 2009.

“These are important programs; one will allow producers to access credit they need to manage through the current difficulties while the other will provide assistance to set aside production,” said Jurgen Preugschas, Chair of the Canadian Pork Council. “We have been working in collaboration with Minister Ritz to ensure that these programs address the needs of producers.”



These programs are in addition to the \$17-million International Pork Marketing Fund the Government of Canada is investing for market research, promotion and access initiatives to find new customers for Canadian pork products.

For more information on these programs, visit: www.agr.gc.ca/HILLRP or call 1-877-842-5601.

For more information, media may contact:

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BACKGROUND

Hog Industry Loan Loss Reserve Program (HILLRP)

Loans under the program are expected to inject additional cash into the operation, free up operating credit and ease short term liquidity problems by converting shorter term debt into longer term loans. The terms of the loans will be negotiated between the lender and an applicant, but shall not exceed a loan period of 15 years, and where possible be for a 10-year term.

Loan amounts approved by lenders will be based on the borrower's business plan and the size of operation from recent production and sales records, with the maximum loan amount based on the following rates per animal:

- \$85 per market hog;
- \$30 per weaner; and,
- \$25 per iso weaner.

Loans to hog producers will be based on a credible business plan, validated by lenders, demonstrating that the borrower has a reasonable potential to repay loans and maintain a viable agricultural operation.

Loans issued under the program would be at competitive commercial interest rates and may be subject to various administrative fees charged by commercial lenders.

Security requirements for the loan, including personal guarantees, will be at the discretion of the lender taking into consideration the risk reduction provided by the program.

Loans issued under the HILLRP must be first used to reimburse any outstanding 2008-09 Advance Payments Program (APP) advances issued to hog producers.

A producer cannot benefit from both the loan program and the transition program.

The program becomes available October 5th, and the application deadline is scheduled for March 1, 2010. However, producers are strongly encouraged to begin discussion with their lenders as soon as possible.

A business plan for this purpose would normally incorporate current and future income statements, balance sheets, cash flow information based on realistic future hog prices and other relevant information.



Hog Farm Transition Program (HFTP)

Compensation payments for the Hog Farm Transition Program would be provided to eligible hog operations that agree to cease hog production in all barns operated by the farm enterprise for a minimum period of three years. All producers contributing to Canadian hog production as of April 1, 2009 and all barns in production as of April 1, 2009 will be eligible to participate with the legal business structure in place as of August 1, 2009 being the basis for determining compensation payments.

Applicants must own the hogs and be eligible to receive the income generated from the sale of that production and must commit to ceasing all their production facilities (barns) for a minimum of three years. The producer will be required to register all of their barns with the administrator of the program prior to participating in a national tendering process that will allow producers to submit the minimum amount of assistance they would be willing to accept to cease future production in all barns they control for at least three years.

The bidding process will take into account differences in the size and type of hog operations as well as the varying production capacities of barns to ensure there will be a common basis for comparing all bids. Successful bidding producers will be determined on the basis of the lowest bids received and payments would be made upon confirmation that barns have been emptied.

The tendering process will commence in October and be held on a regular basis to ensure an orderly sale or disposition of production. Producers are strongly encouraged to take advantage of this program as early as possible.

Payments under the HFTP will not be considered revenue for AgriStability purposes. The reference margins of the producers participating in the HFTP will be adjusted to ensure that the producer's future production margin is compared to a reference margin that reflects the actual output of the operation after HFTP rather than their historical output.

A business cannot benefit from both the loan program and the transition program.

Producers are encouraged to visit the Canadian Pork Council website www.cpc-ccp.com for program materials and details as they become available starting October 8th.