

CCA Pleased to See Sustained Increase to Interest-Free Portion of Loans under Advance Payments Program

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On Friday, March 7, the Hon. Lawrence MacAulay, Canada's Minister of Agriculture and Agri-food, announced that for the fourth straight growing season the federal government would increase the interest-free portion of loans under the Advance Payments Program (APP) to \$250,000 rather than the default of \$100,000.

CCA has been advocating for the limit to be kept at \$350,000, but increasing it to \$250,000 is positive for producers across Canada and will help keep the beef cattle sector economically competitive in an unsteady economic environment.

Without the change, the interest-free portion of loans under APP would have reverted back to \$100,000, which would not account for inflation and escalating input costs. The intent of APP is to help farmers, especially young farmers, meet cash flow needs and market their production flexibly. APP is also an important tool in helping producers meet escalating input costs, particularly that of raising capital to invest into the next crop. With ongoing trade uncertainty and current market prices on cattle, the increase can help producers in this uncertain time.

"The Advance Payments Program is a key part of the Business Risk Management suite that helps producers meet their cash flow needs," says Nathan Phinney, CCA President, "Keeping the interest-free portion higher than \$100,000 is a helpful tool in keeping our sector competitive and sustainable in the long-term. We appreciate the federal government's investment in our sector and will continue to advocate that the increase be kept permanent."

The sustained increase is particularly important at a time when producers need all economic levers to increase food security and economic competitiveness. CCA will continue to engage with the federal government on this file regarding next steps to ensure that the increase is made before the growing season starts.

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