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News

Governor Baldacci Announces Dairy Relief Plan for Maine

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April 4, 2003

AUGUSTA, MAINE -- Governor John Baldacci unveiled a plan to provide assistance to Maine's dairy farmers during a State House press conference on Friday. Joined by the Commissioner and other officials from the Maine Department of Agriculture, as well as legislators and farmers, the Governor outlined a detailed strategy—including immediate, mid-term and long range proposals to stabilize and strengthen dairy farming in Maine.

"These are clearly challenging times for Maine's dairy farmers. We need to join together to strengthen our farms and rural communities. That work is well underway. This plan provides immediate relief and moves us quickly toward mid and long term solutions," Governor Baldacci commented.

The Governor explained that in the short term, the critical need is to help dairy farmers cope with historically low prices. Under his plan, Farmers will receive direct payments totaling more than \$3.9 million through September 2003. All farmers producing milk in Maine will benefit. Payments will be larger in April, May and June to provide assistance during planting season when a farmer's costs are higher. The first installment totaling \$725,000 is already being processed as a result of legislation signed into law by the Governor last month.

The plan also calls for legislation to allow the Finance Authority of Maine to guarantee a bank's deferral of principal and interest payments for eligible dairy farmers. The \$1.3 million program would affect \$10.4 million of loan principal. The Legislature's Agriculture Committee is expected to hear the bill next week.

Additionally, the Governor will commission a task force on the sustainability of the dairy industry in Maine. The task force will be charged with developing plans for the long-term stability and competitiveness of dairy farming in Maine, including, but not limited, to market development, value-added production, and tax reform

Another key piece of the Governor's dairy relief plan is contained in his bond package -- \$2 million for the Farms for the Future Program, which helps farmers develop business plans and provides implementation grants in return for keeping the land in production.

And finally, the Maine Department of Agriculture has committed more than \$185,000 to programs designed to enhance stewardship and improve profitability of dairy farms. A more detailed outline of the plan follows this release.

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DAIRY RELIEF PLAN Governor John E. Baldacci

DIRECT PAYMENTS

\$725,000 will be sent to dairy farmers as specified in L.D. 593, An Act To Provide Temporary Emergency Relief to Maine Dairy Farmers, signed into law by Governor Baldacci on March 20.

\$1.4 million would be distributed in May and June, \$700,000 per month based on the previous month's production, as specified in a legislative package introduced by the Governor.

\$1.8 million would be distributed in July, August and September, \$600,000 per month based on the previous month's production, as specified in a legislative package introduced by the Governor.

These payments will be made to all farmers producing milk in Maine, regardless of the amount of production. The larger payments in April, May and June will assist farmers with planting season costs.

" April payment will be \$1.50 per hundredweight " May and June payments about \$1.30 per cwt " July, August & September about \$1.10 per cwt

MID TERM PLAN

Provide up to \$1.3 million in AMLF funds for FAME to use to guarantee a bank's deferral of up to 12 months of principal and interest payments for eligible dairy farmers. The \$1.3 million will affect \$10.4 million of loan principal by deferring payments otherwise required to be made on those loans. The proposal is contained in a Governor's Bill, L.D. 1378, introduced by Representative Piotti.

TASK FORCE

Commission a Governor's task force on the sustainability of the dairy

industry in Maine. The task force will be charged with developing plans for the long-term stability and competitiveness of dairy farming in Maine, including, but not limited to, market development, value-added production, and tax reform.

LONG TERM PLAN

Sustain Maine farmers with a \$2 million bond for the Farms for the Future Program. The program provides selected farms with a package of focused, individualized business services leading to development of an investment-grade business plan and the chance to obtain a grant of up to \$25,000 to implement that plan. In return, the farmers must agree to keep their land in agricultural use for up to 10 years.

Help dairy farmers test and develop new markets through a grant from the U.S. Department of Agriculture. The Maine Department would commit \$100,000 to leverage federal resources to assist dairy farmers who seek to diversify by helping research new markets, develop business plans and access funding to help them with value-added production.

Provided a \$5,000 grant from the Agriculture Department to the Maine Organic Milk Producers Association to create a strategic plan. This is the fastest growing market for Maine milk. About 50 farmers are certified and 35 of them recently met to develop the strategic plan, a three-month process.

Provided a \$6,600 grant from the Agriculture Department to the Maine Cheese Guild to promote awareness of and increase demand for Maine cheese and other value-added dairy products.

Relieve the impact of electrical bills by working with the public and private sectors to determine whether dairy farmers can save money by conserving power through the installation of energy efficient equipment. The Maine Department of Agriculture provided Competitive Energy Services with a list of dairy farmers who are willing to participate in a pilot project.

Used \$75,000 from a federal block grant to expand the Maine Cattle Health Assurance Program. MeCHAP is a voluntary program involving on-farm risk assessments to promote animal health and enhance profitability through sound herd management and environmental stewardship.

REGIONAL AND NATIONAL PROGRAMS

Work with New England Commissioners and the region's congressional delegations to restructure and implement an interstate

dairy compact.

Work with the region's commissioners and congressional delegations for enactment of the Milk Import Tariff Equity Act, which would close a loophole in the current trade law and restrict the flow of imported dairy proteins into the Untied States. The unrestricted flow of foreign milk protein products has led to lower farm-level prices.

Work with producers in the state, the region and the nation on a plan put forth by National Milk Producers Federation for an industry led supply management program, "Cooperatives Working Together." It includes export assistance to clear domestic inventory, incentives for farmers to reduce milk marketings and a reduction in the size of the national dairy herd.

SUMMARY

Farmers will receive direct payments totaling more than \$3.9 million through September 2003. All farmers producing milk in Maine will benefit. Payments will be larger in April, May and June to provide assistance during planting season when a farmer's costs are higher.

The Governor's bond package contains \$2 million for the Farms for the Future Program, which helps farmers develop business plans and provides implementation grants in return for keeping the land in production.

The Finance Authority of Maine will guarantee a bank's deferral principal and interest payments for eligible dairy farmers. The \$1.3 million program would affect \$10.4 million of loan principal.

The Maine Department of Agriculture has committed more than \$185,000 to programs designed to enhance stewardship and improve profitability of dairy farms.

The Maine Milk Commission has increased producer margins monthly this year. Through the end of April, the Commission's actions will have provided Maine farmers \$592,000 more than their colleagues elsewhere in New England.