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Honourable Steve Peters  
Minister of Agriculture and Food  
77 Grenville St, 11<sup>th</sup> Floor  
Toronto, ON  
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Dear Minister Peters:

We are writing to cite some of our concerns regarding the administration of the CAIS program in Ontario. The recent open letter by the Ontario Federation of Agriculture addressed many of the concerns that we have had with the program. However, there are several other issues surrounding the program that we feel also warrant attention.

The CAIS program has been a source of frustration for all parties concerned since its inception. From the original last minute signing of the implementation agreements over a year ago to the current delay in issuing 2005 Deposit Options Notices, the uncertainty surrounding the details of the program have created anxiety for all those involved.

BDO Dunwoody LLP is a national accounting firm. Many of our 57 offices in Ontario are in rural areas or small communities. Many of our partners and staff are from family farm operations. As a result, we are very involved in the agricultural community.

Our firm is committed to agriculture and ensuring our farm clients receive the service and expertise that they deserve. We have been proactive in educating our clients about the CAIS program by providing an extensive number of seminars last winter across the province, well in advance of similar seminars by OMAF. We have published a booklet which has made its way into the hands of nearly 20,000 farmers across Canada detailing the particulars of the program. We have been in regular contact with OMAF and Agricorp officials about any questions or concerns about the program as it evolved.

However, we are still frustrated by the one thing we cannot do for our clients with regards to the CAIS program and that is to deal with the logistical problems for us, our clients and undoubtedly for OMAF staff and the resulting disadvantage to Ontario farmers.

Although the list of issues is lengthy, the following are some of our major concerns:

- As of the date of writing, producers do not have Deposit Options Notices in order to determine what amounts they will need to deposit before the March 31, 2005 deadline.
- Nearly half of the 2003 applications are not processed, so it is nearly impossible to determine what payments clients may expect for the 2004 year.
- Applications are not always being processed quickly. We have numerous files where additional data or questions have been raised over a period of months before there is a resolution.
- Of the applications which are processed, to our knowledge, none have received detailed background reports which will provide details of various calculations for operations that changed in size or commodity and details of accrual adjustments where there is a difference from what we filed. We have requested these as long ago as mid October. Without this detail, we cannot determine if 2003 entitlements have been assessed accurately or what the appropriate reference margin for 2004 is going to be.
- OMAF administration arbitrarily changed the mailing addresses on some applications. In many cases, the client requested that the correspondence be mailed to our offices, as had been done previously for NISA and is still done for many with CRA. However, OMAF undertook to change the address on some, but not all, applications back to the client's home address. In some cases, the address they selected was no longer valid or ended up being a combination of both ours and the clients address. As well, it created further complications for the clients as they now are uncertain whether we received the information they have or not.
- Communication between OMAF/Agricorp and NISA, Ag Canada and CRA has been fraught with problems. Transfers of funds between NISA and CAIS took far too long to be processed and the transfer of T1164 data from NISA and CRA to OMAF has created huge delays in processing. As recently as this week, we became aware of a situation where a T1164 filed to CRA in April has not yet been received by OMAF. In another situation, we have had ongoing discussions between OMAF, the bank and NISA since September to get a simple bank error in the opening of the CAIS account corrected.
- There are no detailed policies available for producers or their agents. Although a CAIS Handbook exists, it provides only rudimentary details for completion of the form. Under the OFIDP program, we were able to refer to Policy Guidelines for assistance with files that were not straightforward. We expect these policies are committed to writing somewhere for use by OMAF staff processing the applications. We are unable to understand why they are not accessible to producers and their agents.
- OMAF staff is not consistent in their responses. While there are several senior staff at OMAF and Agricorp that have been diligent about responding to our inquiries about various situations, we have noted that calls to general number are often met with unclear responses or in some

cases, clearly incorrect responses. In most cases, when pressed for clarification, the question is then forwarded to a more senior person to respond. However, we have concerns about how many of these questions are resolved properly with producers phoning in on their own behalf. In other situations, reviewers have called requesting information that they clearly either do not need, already have or with an appropriate background in agriculture, would already know.

- Ontario producers have been confused by various media reports. As the provinces that are administered federally extended deadlines or announced advance payments, much of this filtered into the Ontario media, leaving producers to mistakenly believe that they would receive the same benefits in Ontario. This would be a fair assumption, since the program was touted from the beginning as a consistent program across the country and a mechanism to eliminate unequal benefits to farmers in certain provinces.
- The deadline for completion of forms and deposits has been advanced from the rest of the country.
  - The original Ontario 2003 deadline of April 30, 2004 was extended to June 30, 2004, when it became obvious that it was not workable. However, in typical fashion of the predecessor programs, this extension was not announced until late in the process – April 6 to be exact.
  - The completion of forms by June 30, 2004 was a struggle for most producers and agents, as witnessed by the volume of applications that OMAF received at the end of June and by the number of incomplete applications that were submitted. In the provinces which were administered federally, the Schedules did not need to be completed until November 30, 2004 – a full five months after Ontario. This would have advantaged many farmers in the rest of the country by allowing them to assess their 2004 situation before determining if in fact they did wish to participate in the program. Ontario producers did not have this luxury.
  - The deposit deadline in Ontario was also June 30. In the other provinces, that deadline was eventually extended to March 31, 2005 – nine months later. Many producers found it a hardship to secure the funds for the deposit in June but have borne the interest costs by up to a full nine months longer than their counterparts in other parts of the country.
  - When Agriculture and Agri-Food Canada announced their extension of the deadline for filing and deposits, Minister Mitchell was quoted as saying “Producers indicated they needed more time to understand how to fit the CAIS program into their overall risk management strategy. The deadline extensions will give producers an added opportunity to fully consider their options under CAIS and to provide the information needed to participate in the program. Our agricultural producers are currently immersed in complex economic and operational challenges brought on by the BSE issue and this

year's unusual weather conditions. Extending the deadlines will allow more farmers time to enroll in the program and more time to file for the program benefits." Ontario farmers were not afforded this same advantage.

- The current filing deadline of March 31, 2005 is not workable. Most of our clients, like those of other firms, rely upon us to complete their CAIS applications for them. To expect the producers to all have provided us with the necessary data in time to get them filed by March 31, 2005 is a great concern to us. Many of our partners and staff worked incredible amounts of hours in May and June last year to meet the June 30 deadline. When already working 60 and 70 hours per week in March and April to meet tax filing deadlines, we will be hard pressed to find an additional 40 or 50 hours each week in the month of March to complete the CAIS applications. Already, the federal government has indicated that the deadline for 2004 filings will be September 30, 2005 in other parts of Canada. We are unable to believe that a deadline six months in advance of the rest of the country is necessary, particularly when it falls into our busiest time of the year.
- We are now less than 11 weeks from the deadline. We have no 2004 forms to work on in any efficient manner. At this point, there is no spreadsheet available, leaving us no choice but to use last years form with the dates manually changed by hand or to handwrite on the blank forms which are available, which is neither professional nor efficient. Although we were part of the testing of the myCAIS website last fall, it is not yet available for filing.

We have addressed these concerns with several officials at OMAF and have received explanations but no solutions. We have been told it is because it is the first year of the program, it is because Ontario wishes to get money into the producers hands more quickly, it is because Ag Canada and CRA are not co-operating fully, it is because there have been problems with the technology and it is because there were so many new staff hired. All of these factors we are certain are true. However, they do not fix the problems.

Our suggestions are as follows:

- The filing and deposit requirements need to be co-coordinated with the standard set by Agriculture Canada. This will allow time for staff and administration to deal with issues in an orderly fashion, instead of dealing with crises that continue to emerge. It will also put the Ontario farmers on an equitable basis with the rest of the country and avoid the confusion that has resulted from different rules in Ontario.
- Make the Policy Guidelines available to producers and their agents. As the program evolves, they can be amended to deal with different situations. The experience with OWFRP and OFIDP from 1998 to 2002 will provide a

basis for many of the policies. If there are some which may be subject to change, then they can be issued only when a final decision is made.

- Encourage Agricorp staff to err on the side of caution and seek assistance immediately if they are not certain of an answer. We would prefer to wait for a definite response than to either work on an assumption that turns out to be incorrect or have to make several calls to clarify an issue.

There are many dedicated and knowledgeable employees at OMAF and Agricorp and they must be as frustrated as the Ontario farmers and accountants. Changes need to be made and they need to be made now.

It has been a difficult year again for Ontario farmers. They need to have a simple streamlined mechanism for accessing government funds. At this point, they do not.

We would welcome a meeting in the near future with you to address these concerns.

Yours respectfully,  
BDO Dunwoody LLP



Coralee Foster, CA



John Hunt, CA

Agricultural Committee Co-chairs

cc: Minister Andrew Mitchell, Agriculture and Agri-Food Canada  
Jim Wheeler, Assistant Deputy Minister, OMAF  
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