Table 4.15
Calculated Number of Farms by Risk Category, Low Interest Rate Projection, 1989 and 1992

Risk Category	1989	1992 Projection	Percent Change from 1989
Stable	145,518	145,235	-0.2
Moderate	43,697	43,681	-0.0
Severe	12,605	12,890	2.3
Insolvent	47,948	47,963	0.0
Total	249,768	249,768	

Source: Ashmead Economic Research Inc.

F. EVALUATION OF GRIP

A most important policy initiative has been undertaken by the federal government to develop a safety net program to provide stability to the grain and oilseed sectors. The primary elements of the program are the GRIP (Gross Income Insurance Program) and NISA (Net Income Stabilization Account).

The GRIP will have the most immediate impact on the sector beginning in the 1991–92 crop year. In this transitional year, GRIP is made up of separate components of revenue insurance and crop insurance. A brief analysis of how this program may impact on the financial condition of farmers over the next two years has been included in this study. It should be recognized that this is not an exhaustive study as complete details are not finalized at the tabling of this report, nor does time allow for a complete analysis.

The GRIP provides farmers with a minimum level of gross revenue support, if the average price for the year (not the farmer's actual price) and/or the farmer's actual yield, results in a lower gross revenue than targeted. In western Canada, target revenue is calculated at 70 percent of the fifteen–year moving average price multiplied by the long–term average yield. In eastern Canada, target revenue is based on 80 percent of the moving average price multiplied by 80 percent of the long–term average yield.

The analysis has been approached from two perspectives, an aggregate approach, and a "typical farm" analysis.