

2013 Agri-Québec (Amended¹)

Agri-Québec is a self-directed risk management program offered to all farming and aquafarming operations in Québec. The program allows participating operations to annually deposit an amount in an account in their name and to receive a matching contribution from La Financière agricole du Québec. Participating operations can withdraw amounts of money from their account based on their needs. Given the similarities and complementarity between the Agri-Québec and AgriInvest programs, the management of the financial information, the issuing of the Deposit Notice and the account operations are undertaken jointly.

GENERAL PRINCIPLES

Upon receiving a participating operation's financial information, La Financière agricole calculates the operation's allowable net sales (ANS) from farming and aquafarming, along with the amount of the maximum deposit. It confirms, through a joint Deposit Notice for the Agri-Québec and AgriInvest programs, these amounts to the participating operations for the participation year in question. Once they receive their Deposit Notice, participating operations can make a deposit, up to the maximum amount indicated on the notice and then La Financière agricole will deposit a matching amount.

Participating operations can withdraw any amount they wish, up to the balance in their accounts.

ELIGIBILITY CONDITIONS

The participating operation must:

- Have carried out farming or aquafarming activities in Québec and have reported farming income or loss for income tax purposes.
- Be domiciled in Québec (individual) or have the head office and main place of business in Québec (corporation, cooperative and trust).
- Provide a Social Insurance Number (SIN) or Québec Business Number (NEQ) and/or a federal business number (BN).
- Be registered with the Ministère de l'Agriculture, des Pêcheries et de l'Alimentation du Québec, as stipulated by the Regulation respecting the registration of agricultural operations and the payment of real estate taxes and compensations, and provide the operation's registration number (NIM).
- Market a product subject to the regulations and conventions in effect in the framework of the *Act respecting the marketing of agricultural, food and fish products*.
- Abide by the provisions of the Agricultural Operations Regulation relating to the phosphorus report (cross compliance measures).

Note

To benefit from government contributions, participating operations must fulfill the requirements regarding deadlines for the transmission of financial information and for the deposit. Operations in their first participation year or that wish to reapply must contact their service centre of La Financière agricole and transmit their financial information by the required deadlines.

ALLOWABLE PRODUCTS

Most agricultural and aquacultural products are allowable under the Agri-Québec program, except:

- products under supply-management;
- forestry products;
- racehorses;
- peat moss;
- wild animals in their natural environment.

In addition, the resale of products that do not stem from the participating operation's production and income derived from farming or aquafarming activities carried on outside of Québec are not allowable.

TRANSMISSION OF FINANCIAL INFORMATION

Participating operations may transmit their financial information once their fiscal period has ended or by **September 30** of the year following the participation year. It is however possible for participating operations to transmit the information up until **December 31** of that same year, although the extra delay will entail a reduction in their maximum deposit of 5% a month (or part of month) beyond September 30.

The financial information sent for the AgriStability or AgriInvest programs will also be used for the Agri-Québec program. The 2013 participation year concerns the participating operation's fiscal period or periods ending in 2013.

ALLOWABLE NET SALES (ANS)

ANS correspond to the sales of allowable agricultural or aquacultural products minus the purchases of allowable products. ANS are calculated separately for the agricultural and aquacultural sectors. For participating operations that also have supply-managed products or that carry on farming activities outside of Québec, agricultural ANS are calculated as follows:

$$ANS = \left(\begin{array}{c} \text{Total} \\ \text{agricul-} \\ \text{tural} \\ \text{sales}^1 \end{array} - \begin{array}{c} \text{Total} \\ \text{agricul-} \\ \text{tural} \\ \text{purchases}^1 \end{array} \right) \times \frac{\text{Sales of allowable} \\ \text{products coming from the} \\ \text{production in Québec}}{\text{Total agricultural sales}^1}$$

¹ The total agricultural sales and purchases are related to all allowable and supply-managed products, produced in Canada.

Since ANS are calculated using an accrual method of accounting, the sales of agricultural products are adjusted to include changes in inventory. In addition, payments from certain other programs that compensate for the loss of an allowable agricultural or aquacultural product are taken into account when calculating ANS (e.g.: crop insurance, private insurance).

DEPOSIT

The Agri-Québec program allows participating operations to make an annual deposit into their account based on a percentage of their ANS (Fund 1). They will then receive matching contributions from La Financière agricole equal to their deposit (Fund 2). The contributions come entirely from the Québec government.

The deposits by the participating operation and the contributions from La Financière agricole earn interest that is deposited into the account (Fund 2). The amounts deposited into the account will be invested according to the *Politique générale de placement et de financement de La Financière agricole du Québec*.

¹This summary has been amended according to program changes that came into effect on December 18, 2013.

The maximum amount participating operations can deposit into their account annually (maximum deposit) is 3.0% of their farming operation's ANS and 3.6% of their aquafarming operation's ANS up to a maximum of \$1.5 M in ANS. If the ANS considered by the program are over \$1.5 M, the maximum eligible matching deposit will be increased but only for the portion of [ANS not associated with products covered by ASRA or supply management](#). This increase represents:

- 2.0% of the portion of ANS over \$1.5 M up to \$2.5 M;
- 1.5% of the portion of ANS over \$2.5 M up to \$5.0 M;
- 1.0% of the portion of ANS over \$5.0 M.

This increase is available to operations with more than \$200,000 in income not associated with products covered by ASRA or supply management.

The limit on participating operations' accounts (Fund 1 and Fund 2) corresponds to 50% of their average ANS, taking into account the participation year and the two previous years.

Upon receiving a participating operation's financial information, La Financière agricole calculates its ANS and the amount of the maximum deposit to receive the matching government contribution. A joint Deposit Notice for the Agri-Québec and AgrilInvest programs confirms these amounts to the participating operations.

Once participating operations receive their Deposit Notice, they can deposit any amount they wish, up to the maximum allowed. *If participating operations have enough money in their accounts to entirely cover the amount they wish to deposit, a transfer (using money in the accounts) can be made for that purpose. The transfer will however be considered a withdrawal from the participating operation's accounts.*

Participating operations may make **only one deposit** for every Deposit Notice issued, up to 90 days following the date of the notice. The minimum amount that can be deposited is \$150. The amount deposited by the participant is first attributed to AgrilInvest, then Agri-Québec, up to the maximum authorized deposit to receive the matching government contribution for each program. The eventual balance is deposited in AgrilInvest, subject to the program's terms.

It is not mandatory for participating operations to make a deposit into their account. A participating operation's deposits are not tax deductible.

Following a deposit, La Financière agricole pays the government contributions into the participating operation's accounts and confirms, in writing, the amounts along with the new balance in each of the accounts.

WITHDRAWAL

Participating operations can withdraw any amount they wish, up to the balance in the account. The minimum amount that can be withdrawn is \$75. A withdrawal may however be below \$75 if it brings the balance in the AgrilInvest account or that in the Agri-Québec account to zero, or if it is used to pay an amount owed to La Financière agricole.

When a withdrawal is made, amounts must be withdrawn in full from the AgrilInvest account before making a withdrawal from the Agri-Québec account, according to the following order:

1. Fund 2 AgrilInvest
2. Fund 1 AgrilInvest
3. Fund 2 Agri-Québec
4. Fund 1 Agri-Québec

All withdrawals from Fund 2 are taxable as investment income. Amounts withdrawn from Fund 1 are not taxable.

REQUEST FOR A REVIEW

Any request for a review of a final decision rendered regarding your files must be made in writing, explaining the motives behind the request, and sent to the service centre in charge of your files or delivered in person to a representative of La Financière agricole within 90 days from the date of the decision in question. Note that program conditions and parameters or program premises may not be subject to a request for a review.

ADMINISTRATIVE FEES

As soon as a participating operation makes a first deposit, in accordance with the *Règlement sur les frais exigibles par La Financière agricole du Québec*, annual administration fees will apply to the Agri-Québec program for as long as the participating operation's account remains open.

These fees may be indexed annually.

OTHER INFORMATION

- In order to gather financial information from participating operations, a network of accredited accountants was set up by La Financière agricole.
- Participating operations that wish to make adjustments in financial information already transmitted for any given participation year can do so within 18 months after the issue of the first Deposit Notice for the year in question.
- Link with the ASRA program: the Farm Income Stabilization Insurance Program (ASRA) continues to intervene on the basis of the production cost established according to farm types, and in conjunction with the Agri-Québec program. ASRA program intervention will be adjusted to take into account any amounts the farm types would have received if they had participated in the Agri-Québec program.

This summary, valid for 2013, in no way takes precedence over the provisions of the [Agri-Québec program](#) or of the policy of La Financière agricole. In addition, the terms and conditions in the summary are subject to amendments that could be made to the program during the participation year.

For information: 1 800 749-3646

www.fadq.qc.ca