

## 2014 Agri-Québec (Amended)

Agri-Québec is a self-directed risk management program that, starting in the 2014 participation year, is intended for sectors not associated with products covered by the Farm Income Stabilization Insurance (ASRA) program or supply management. The program is also available for aquafarming (*also called aquaculture*) operations.

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.

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.

### ELIGIBILITY CONDITIONS

The participating operation must:

- Have carried out farming or aquafarming activities in Québec and have reported, for the participation year, 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*.
- Submit a valid phosphorus report as specified in the Agricultural Operations Regulation (cross-compliance measures).

### N.B.

If participants do not submit a valid phosphorus report, any government contribution to which they are entitled will be reduced by 25% for the participation year in default (reduction limited to a maximum of \$50,000). This year is the fiscal period that ends between July 1 of the year in default and June 30 of the following year. However, participants who fail to submit a report for a second year in a row will not be entitled to any contribution for this second year in default.

### ALLOWABLE PRODUCTS

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

- products associated with products covered by the ASRA program or 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 2014 participation year concerns the participating operation's fiscal period or periods ending in 2014.

### 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.

Since ANS are calculated using an accrual method of accounting, the sales of allowable agricultural products are adjusted to include changes in inventory. In addition, payments from certain other programs that compensate for the loss of allowable agricultural or aquacultural products 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*.

The maximum amount participating operations can deposit into their account annually (maximum deposit) represents:

- 3.6% for aquaculture ANS plus 3.0% for agriculture ANS up to \$1.5 M of ANS;
- 2.0% for ANS of \$1.5 M to \$2.5 M;
- 1.5% for ANS of \$2.5 M to \$5.0 M;
- 1.0% for ANS over \$5.0 M.

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

In accordance with the *Règlement sur les frais exigibles par La Financière agricole du Québec*, annual administration fees will apply to participants in the Agri-Québec program who are entitled to a government contribution, whether or not they have made a deposit in their account.

For the 2014 participation year, these fees will be \$58.50.

## 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.
- Since products covered by ASRA are no longer eligible for the Agri-Québec program in 2014, no contribution will therefore be paid by FADQ for these products. As a result, the link between these two programs will no longer be applied and the level of support from ASRA will be adjusted upward to take this amendment into account.

*This summary, valid for 2014, 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.*