

AgrilInvest is a self-directed risk management program offered to all farming operations in Canada. The program allows participating farming operations to annually deposit an amount in an account in their name and to receive a contribution from the governments. Participating operations can withdraw amounts of money from their account based on their needs.

Given the similarities and complementarity between the AgrilInvest and Agri-Québec 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), along with the amount of the maximum deposit to receive a matching government contribution. It confirms, through a joint Deposit Notice for the AgrilInvest and Agri-Québec programs, these amounts to the participating operations for the participation year in question. The participation year is the one in which the operation's fiscal period or periods end. Once they receive their Deposit Notice, participating operations can make a deposit, up to the amount of their ANS indicated on the notice.

Following their deposit, La Financière agricole confirms to participating operations, in writing, the payment of the government contribution into their accounts and the new balance in each. Participating operations can then 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 farming operation must:

- Have carried out farming in Canada and have reported farming income or loss to Canada Revenue Agency by December 31 of the year following the participation year.
- 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).¹

ALLOWABLE PRODUCTS

Most agricultural products are allowable under the AgrilInvest program, except for:

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

In addition, the resale of products that do not stem from the participating farming operation and income derived from farming activities carried on outside of Canada 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 Agri-Québec programs will also be used for the AgrilInvest 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 products minus the purchases of allowable products. For participating operations that also have supply-managed products, the ANS are calculated as follows:

$$\text{ANS} = \left(\begin{array}{l} \text{SALES} \\ \text{of allowable} \\ \text{and supply-} \\ \text{managed} \\ \text{products} \end{array} - \begin{array}{l} \text{PURCHASES} \\ \text{of allowable} \\ \text{and supply-} \\ \text{managed} \\ \text{products} \end{array} \right) \times \begin{array}{l} \text{PROPORTION} \\ \text{of sales of non-} \\ \text{supply-} \\ \text{managed} \\ \text{products} \end{array}$$

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

DEPOSIT

The AgrilInvest program allows participating operations to make an annual deposit into their account based on their ANS (Fund 1). They will then receive government contributions (Fund 2). The Canadian government pays 60% of the contribution and the Québec government 40%.

The deposits by the participating operation and the contributions from the governments 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 government contributions are equivalent to the amount of the participant's deposit. However, the maximum amount participating operations can deposit to receive matching government contributions is 1% of their ANS and the maximum amount of ANS allowed is \$1.5 million. The maximum amount of government contributions is therefore \$15,000 (1% of ANS x \$1.5 M). However, it is possible for participating operations to deposit in their account annually an amount up to the ANS of their business. The limit on participating operations' account (Fund 1 and Fund 2) corresponds to four times its 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 the ANS and the amount of the maximum deposit to receive the matching government contribution. A joint Deposit Notice for the AgrilInvest and Agri-Québec 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 \$75. 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 of a withdrawal is \$75 or the entire account balance if the balance is below that amount.

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 however that program conditions and parameters or program premises may not be subject to a request for a review.

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 AgrilInvest 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 AgrilInvest program.

This summary, valid for 2013, in no way takes precedence over the provisions of the Program Guidelines or of the Federal-Provincial-Territorial Agreement "Growing Forward 2".

¹This condition will apply for the year 2013 as soon as an agreement to this effect is signed with the federal government.