

AGRISTABILITY

2020

GENERAL PRINCIPLES

AgriStability is a federal-provincial program aimed at stabilizing income if there is a drop in the production margin.

Under certain circumstances, the Agri-Québec Plus program offers additional financial support to farming operations that participate in the AgriStability program.

Operations that are in their first participation year or that want to re-register must contact their service centre by July 3 of the participation year.

The 2020 participation year concerns the participating operation's fiscal period or periods ending in 2020.

ELIGIBILITY CONDITIONS

The participating operation must:

- Report income or loss participation year to the Canada Revenue Agency by December 31 of the year following the participation year.
- Undertake at least six consecutive months of farming activity in Canada.
- Complete a production cycle (with matching income and expenses).
- Provide a social insurance number (SIN), or Québec business number (NEQ) or federal government business number (BN).
- Be registered with the Ministère de l'Agriculture, des Pêcheries et de l'Alimentation du Québec and provide the operation's registration number (NIM).
- Market a product subject to the regulations and conventions in effect.
- Abide by program requirements with regard to deadlines.

ALLOWABLE PRODUCTS

All agricultural products are eligible, except for:

- forestry products;
- aquacultural products;
- racehorses;
- peat moss;
- cannabis (except for industrial hemp);
- wild animals in their natural environment.
- Moreover, the resale of products that do not come from the farming operation and income derived from farming activities carried on outside of Canada are not eligible.

REQUIRED CONTRIBUTION

Participants must pay a contribution corresponding to \$3.15 for every increment of \$1,000 of their contributive reference margin. The contributive reference margin for the 2020 participation year is based on the 2014-2018 period.

The required contribution (minimum of \$45) and administrative fees of \$55 must be paid by July 3, 2020 of the participation year. If participants do not pay the amount of their contribution by that date, an additional contribution representing 20% of the initial contribution is billed to them. The participants will then have until December 31 of the participation year to pay its contribution, or else it will not be able to participate in the AgriStability program for that year.

Participants who do not wish to participate in the program must notify La Financière agricole by July 3 of the participation year. After that date, they will be considered program participants and must pay their contribution.

TRANSMISSION OF FINANCIAL INFORMATION

Participants may transmit their financial information once their fiscal year has ended or, at the latest, by the deadline shown in the financial information transmission document. When participants send their financial information late, but within three months after the deadline, their payment will be reduced by \$500 per month or part of month late.

The financial information transmitted by participants will be used for all the AGRI programs in which they participate or to meet the requirements financing

PROGRAM PAYMENT

Upon receipt of the participant's financial information, La Financière agricole calculates the program benefits by comparing the reference margin and the production margin for the participation year in question.

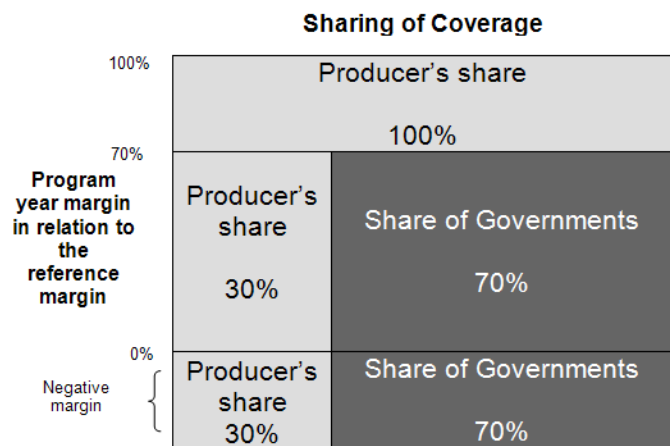
Generally speaking, the production margin corresponds to the difference between the participating operation's farming income and its variable expenses.

The reference margin corresponds to the average production margin of the previous five-year period, excluding the highest and the lowest years. However, the reference margin is limited to the average of the allowable expenses, but cannot fall below 30%.

If the production margin drops by more than 30% in relation to the reference margin, the margin decline will be offset (70%) by a program payment.

For an amount to be paid, the calculation of the payment must reach at least \$250.

Payments are financed at 60% by the Canadian government and 40% by the Québec government.



When the reference margin is negative, the program intervenes only if the margins of two of the three reference years used are positive. Intervention in the case of a negative margin could be reduced if the participant opted not to participate in the Crop Insurance Program at a minimum coverage level.

If an operation is in a period of growth or decline or undergoing a structural change, La Financière agricole could make an adjustment in the reference margin, to reflect the production capacity of the participation year.

Under certain circumstances, a participant can ask for an interim payment to receive a part of the program payment more rapidly. Exceptionally, for the 2020 program year, the interim payment will be 75 % of the final amount.

OTHER INFORMATION

- A list of preparers for the transmission of financial information of participants is available on our website (www.fadq.qc.ca).
- The indemnities received and contributions paid in the framework of the Crop Insurance Program are included when calculating the participating operation's production margins, which will contribute in increasing the AgriStability program support level. To benefit from full coverage, the participating operation must participate in the Crop Insurance Program for all its insurable productions.
- Participating that wish to make changes in financial information transmitted can do so within 18 months after the issue of the first Calculation of Benefits Notice for the participation year in question.
- Estimate of benefits (Calculator): this tool makes it possible to access results and validations similar to those used by La Financière agricole to analyse files.
- Participating operations that also participate in the Farm Income Stabilization Insurance Program (ASRA) will receive the higher amount between the governments' contributions through ASRA and the payment calculated under the AgriStability program.

This summary, valid for 2020, in no way takes precedence over the provisions of the Program Guidelines or of the Federal-Provincial-Territorial Agreement, entitled the "Canadian Agricultural Partnership".

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