

17 Business Risk Management Programs Resource Kit for Nova Scotia Farmers

Agri-businesses are subject to a number of factors beyond the control of farmers: poor weather, pest outbreaks, and volatile prices. Agriculture and Agri-food Canada (AAFC) has partnered with the Nova Scotia Department of Agriculture to offer farmers a suite of business risk management programs to farmers to reduce the risk posed by these factors. These programs are AgriInvest, AgriStability, AgriInsurance, and AgriRecovery.

AGRI INVEST

AgriInvest is a savings account for producers. Each year, producers can deposit up to 1.5% of their Allowable Net Sales (ANS) into an AgriInvest account and receive a matching contribution from the federal and provincial governments. Producers can withdraw the funds at any time for risk mitigation or other investments.

Generally, individuals or entities that derive income from the primary production of agricultural commodities, except those covered under supply management, are eligible to participate in AgriInvest. Producers of supply managed commodities who also produce allowable commodities may be eligible for AgriInvest based on the non-supply managed portion of their farming operation.

Eligibility

To be eligible to participate in AgriInvest:

- you must have carried on the business of farming in Canada and reported farming income (or loss) to the Canada Revenue Agency (CRA) for income tax purposes for the program year; and
- submit your AgriInvest program form by the application deadline.

Status Indians who carry on the business of farming on a reserve in Canada and are exempt from filing income tax returns are eligible to participate, provided they submit the information they would have otherwise reported for tax purposes.

Allowable Net Sales Your deposits are based on 1.5% of your Allowable Net Sales (ANS). ANS are the net sales of commodities allowable under AgriInvest.

Example:

Commodity Sales	\$22,000
Commodity Purchase	\$2,000
Allowable Net Sales (ANS)	\$20,000
Matchable contribution (1.5% x ANS)	\$300

In this example, the farmer can deposit \$300 into his/her AgriInvest account and the government will deposit \$300 into his/her account.

More Information

To learn more about AgriInvest and for program guidelines, handbook and deadline information, visit the website at www.agr.gc.ca/agriinvest or call AAFC toll free at 1-866-367-8506.

AGRISTABILITY

AgriStability is a margin-based program that provides income support when a producer experiences larger income losses. Payments are based on a decline in the farm's current year's margin compared to an average historical margin.

Generally, individuals or entities that derive income from the primary production of agricultural commodities, as defined by the program, are eligible to participate in AgriStability.

Program benefits are triggered when a participant's income in the program year falls more than 15% below their average income from previous years. The greater the decline in income, the greater the payment.

To participate, you must provide the Administration with the information necessary to calculate your payment. This process includes receiving an Enrolment Notice, paying your program fee, and submitting your application.

Eligibility Requirements

You are eligible to participate in AgriStability, provided you have (in the program year):

- carried on the business of farming in Canada and reported farming income (or loss) for income tax purposes;
- completed a minimum six consecutive months of farming activity;
- completed a production cycle; and
- submitted the necessary information by the required deadlines.

Beginning Farmers

For AgriStability purposes, beginning farmers are those who have farmed for less than three years. If you are a beginning farmer, you are eligible to participate as long as you have had six consecutive months of farming activity and have completed a production cycle in the program year.

AGRI INSURANCE

The AgriInsurance program is described in Fact Sheet #18 – Farm Insurance.

AGRI RECOVERY

AgriRecovery allows federal and provincial governments to jointly respond to natural disasters (e.g. disease, weather) with quick, targeted assistance. The purpose of the program is to help affected producers resume business operations and/or take actions to mitigate the impacts of a disaster as quickly as possible.

AgriRecovery is a framework that provides a process for governments to quickly determine whether or not further assistance is warranted beyond existing programming already in place (e.g. the Canadian Food Inspection Agency, AgriStability, AgriInsurance) and if so, what form that assistance should take. Where federal and provincial governments agree that assistance is warranted, the assistance will be unique to the specific disaster situation.

Events which are cyclical, such as pricing cycles, or part of a long-term trend, such as a long term downward trend in prices, would not be considered for AgriRecovery.

When a regional disaster strikes:

1. The province may approach the federal government to request an assessment of the situation to determine if assistance is needed through AgriRecovery. Part of this assessment looks at how existing programs like AgriStability and AgriInsurance will respond.
2. In instances where an event is national in scope, and upon request from a national organization or the affected provinces, the federal government may initiate an assessment to determine whether assistance through AgriRecovery is warranted.
3. If governments agree that use of AgriRecovery is warranted to help producers resume business operations and/or take short term action to minimize the impacts of the disaster, then a targeted program response unique to the specific situation is developed in consultation with the affected industry and implemented.
4. Implementation includes an announcement of the specific program details including, where applicable, how affected producers can apply for assistance.

[Written by Steve Tattrie, Programs and Business Risk Management Division, Nova Scotia Department of Agriculture, April 2010. Some of the content in this fact sheet was taken from the Agriculture and Agri-food Canada website and used with permission.]