Sustainable Canadian Agricultural Partnership

Competitive. Innovative. Resilient.

Agriculture Business Risk Management Programs

Newfoundland & Labrador

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Canada

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AgriInvest

AgriInvest is a producer-managed savings account designed to mitigate minor decreases in farm income, manage risk, or make farm investments.

AgriInvest will match one per cent of allowable net sales deposited in an AgriInvest account, up to a maximum of $10,000 annually. Allowable net sales are defined as gross sales of allowable commodities less the purchase of allowable commodities. All agricultural commodities with revenues reportable to the Canada Revenue Agency as farming income are considered eligible, with the following exceptions:

- Supply-managed commodities
- Aquaculture
- Trees used for reforestation, firewood, construction of any kind (including fence posts), fiber, pulp or paper
- Peat moss (growth and sale of sod or horticultural crops grown in peat moss is permissible)
- Cannabis
- Livestock sold in the operation of a wild game reserve
- Commodity sales, purchase or production of any agricultural commodity outside Canada

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A program administrator may open AgriInvest accounts for an eligible producer who does not have a current account. Government contributions from AgriInvest and the interest those contributions generate are considered income for tax purposes.

For this reason, two separate accounts will be opened. Fund 1 holds the farmer's deposit, calculated based on allowable net sales from the agriculture enterprise. Fund 2 will contain contributions from AgriInvest and any interest resulting from these contributions. Withdrawals must be taken from Fund 2 first.

Example of an AgriInvest transaction

Gross sales of commodities	$200,000
Purchases of materials (seed and livestock)	-$50,000
Allowable net sales that can be deposited in AgriInvest account	$150,000
Matching contribution from AgriInvest	$1,500

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AgriStability

AgriStability is a margin-based program designed to protect agricultural producers against major declines in farm income due to production loss, increased input costs, or changing market conditions.

AgriStability uses an historical, margin-based approach to assess major declines in farm margins. If the production margin in the current year falls below the historical reference margin by greater than 30 per cent, a producer may be eligible for a payment.

Producers are eligible to participate in the AgriStability Program if they:

- Farm in Canada
- File an income tax return reporting farming income to the Canada Revenue Agency by the final filing deadline for the program
- Filed farming income (or loss) for tax purposes for all reference years
- Completed a minimum of six consecutive months of farming activity or production cycle
- Enroll in the program, pay applicable fees, and file a completed form by the application deadline

To enroll as a new entrant, complete and send a **New and rejoining participant information form** to Agriculture and Agri-Food Canada (AAFC) by the enrollment deadline of April 30. Submit production and financial information for the current year no later than September 30 of the following year. Late participation is possible in some instances.

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AAFC calculates a production margin by subtracting allowable expenses from allowable income, as reported to the Canada Revenue Agency. If a producer experiences a margin decline of 30 per cent or greater, they may receive a payment of up to 80 per cent of the margin reduction.

Example of an AgriStability calculation

Reference Margin (Average of previous three production margins): $100,000
Current Production Margin: $50,000
Payment Trigger: $70,000 (70 per cent of the Reference Margin)

Payment = (Payment Trigger – Current Production Margin) x 80 per cent
= ($70,000 - $50,000) x 80 per cent
= $16,000

AgriInvest and AgriStability are administered by Agriculture and Agri-Food Canada for the Province of Newfoundland and Labrador. Further program details are available at https://agriculture.canada.ca/en/programs. Contact Administration at 1-866-367-8506

This information is intended as a guide only. For program information, contact a Provincial Agriculture Business Risk Management Specialist at 1-709-637-2281.

The Sustainable Canadian Agricultural Partnership (Sustainable CAP) is a new $3.5-billion, 5-year agreement (April 1, 2023 to March 31, 2028) between the federal, provincial and territorial governments to strengthen the competitiveness, innovation, and resiliency of the agriculture, agri-food and agri-based products sector. Business risk management (BRM) programs within this framework help agricultural operators deal with short and long-term decreases in income.

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