

Taking Care of Farmers

Editorial

Agriculture assistance...unfortunately necessary

Southern Ontario is arguably one of the most productive farming regions in the world. With its wide variety of soil types and temperate climate it is well suited for many different agricultural enterprises. The Great lakes Ontario, Erie and Huron bordering the area generally ensure we receive adequate rainfall and relatively mild winters. Our southern latitude provides us with enough heat units to generate very attractive yields in a single crop growing season.

We produce world caliber grapes in the acidic soil of the Niagara and Pelee wine growing regions. The light sand along the north shore of Lake Erie yields some of the finest tobacco in the world, not to mention ginseng that is the envy of the orient. The loam soils of Oxford, Perth, Middlesex and Huron counties are perfect for corn, beans and a variety of forage crops. Our superior cropping regions are a bountiful source of feed for livestock operations. With technological innovation and refined genetics we are able to breed and raise enough swine, cattle, chickens and other livestock to sustain our province and export to world markets. Our dairy industry thrives as we produce world champion cows and export the semen of our breeding stock worldwide. We produce fish, sheep, turkeys, eggs and emu. We are Canada's food basket.

Agriculture is responsible for billions of dollars of Canada's Gross Domestic Product. It employs hundreds of thousands of people directly, and more in the vast number of businesses that service its needs. Not only does our country eat well because of agriculture, it prospers.

All business sectors face risks; risk of competition, market risk, technological risk and risks inherent to the sector itself.

Agriculture, however, faces significantly higher challenges. Add to the normal risks of business those of weather, disease, urban encroachment, animal rights activists, prolific international subsidies and geopolitical manipulation and you wonder why anyone would dedicate themselves to such a calling. Agriculture is essential to the survival of Canada, yet those who produce our food can go from success to abject failure within a matter of months, through no fault of their own.

Because agricultural is essential to sustain our existence, because farmers face challenges that can prove fatal to their economic survival, because we must not become dependent on international sources for our food, our governments must provide financial support. Ask any farmer and you will be told in no uncertain terms; they would much rather compete on a playing field where all producers were equal. Unfortunately, this is not likely to ever be the case.

This issue of Taking Care of Farmers concentrates on providing you with information on two new assistance programs. The Canadian Agriculture Income Stabilization Program replaces NISA for the 2003 production year. The BSE Recovery Program is a temporary assistance for farmers who suffered losses as a result of international barriers to trade in ruminant animal products. Our Agriculture Group ensures our clients receive their maximum entitlements from the various assistance programs.♦

Brent VanParys

IN THIS ISSUE

Editorial: Agriculture assistance...unfortunately necessary . . .	1
The Canadian Agriculture Income Stabilization Program . . .	2,4
BSE Recovery Programs	3



Over the past few months, the Canadian and Ontario governments have released two BSE recovery programs to assist farmers who have suffered as a result of the closure of international trade of ruminant animal products on May 20, 2003.

CANADA ONTARIO BSE RECOVERY PROGRAM

On July 4, 2003, the Ontario Ministry of Agriculture and Food started receiving applications for the Canada Ontario BSE Recovery Program.

- ✓ This program, open to Ontario ruminant producers provides compensation for cattle, which are sold for slaughter between May 20, 2003, and the termination date.
- ✓ To qualify for program funding, ruminant animals must be slaughtered within 14 days of sale. Proof of slaughter must be provided with the application either in terms of a sales receipt, a grading certificate, or a processor statement.
- ✓ Payments are calculated by multiplying the total net weight of the animal by the payment rate. Listings of the payment rates have been released to the public and are available online at the following address: http://www.gov.on.ca/OMAFRA/english/policy/bserp/index_prices.htm.
- ✓ The termination date for this program will be the earliest of:
 - ▶ The date on which the Minister determines that the program shall not continue.
 - ▶ At the close of business on the day the United States boarder is open to **muscle cuts of beef or to live qualified cattle**, whichever occurs first.
 - ▶ There are insufficient funds in the budget to continue the program
 - ▶ For slaughter cows and bulls, August 31, 2003.
- ✓ Although a termination date has not yet been announced, OMAF has indicated that the **application deadline under this program will be September 30, 2003**. We are unsure whether ruminant animals sold after August 8, 2003 will qualify as the boarder re-opened to specific muscle cuts of beef. We are also unsure if there are sufficient funds remaining to cover applications already submitted to the program. However, we do encourage producers who sell cattle for slaughter before September 30, 2003 to apply for funding under the program.
- ✓ Application forms are available from your local OMAF office, or online at <http://www.gov.on.ca/OMAFRA/english/policy/bserp/index2.html>.
- ✓ Should you have any questions concerning the Ontario Canada BSE Recovery program, or if you

require a copy of the application form, please do not hesitate to contact Greg Bruce in our Woodstock office.

ONTARIO BSE RECOVERY INITIATIVE - (SET ASIDE PROGRAM)

- ✓ On August 19, 2003 the Ontario Ministry of Agriculture and Food released a new program designed to provide compensation for cattle that are ready for market, but cannot be slaughtered due to abattoir capacity constraints.
- ✓ This program is open to owners of market-ready fed cattle in Ontario as of May 20, 2003.
- ✓ Cattle eligible for this program **must be fully finished and ready for slaughter. Cattle weighing less than 1,100 pounds will not be considered for compensation**. Eligible cattle must have a Canadian Cattle Identification Agency (CCIA) ear tag. The ear tag number must be listed on the set aside inventory form.
- ✓ Producers may identify **5% of their cattle on feed** as of May 20, 2003 to set aside, to a **maximum of 45 head**.
- ✓ The producer will agree not to slaughter the animals for a minimum of eight (8) weeks. Provisions also exist for producers who sell animals, if the purchaser signs a form indicating that they will not slaughter the animals for a minimum of eight (8) weeks.
- ✓ Owners will receive an initial payment of **\$400 per head**. A supplementary payment may be made depending on the availability of funding.
- ✓ Cattle eligible under the Ontario BSE Recovery Initiative **will not qualify for payments under the BSE Recovery Program**.
- ✓ Applications for this program **must be faxed, delivered, or post marked on or before September 5, 2003**.
- ✓ Application forms are available from your local OMAF office, or online at <http://www.gov.on.ca/OMAFRA/english/policy/bseri/index.html>.
- ✓ Should you have any questions concerning the Ontario Canada BSE Recovery program, or if you require a copy of the application form, please do not hesitate to contact Greg Bruce in our Woodstock office.♦

The Canadian Agriculture Income Stabilization Program (CAISP)...Continued from page 2

TRANSITION FROM NISA TO THE CAISP

- ✓ The CAISP will be implemented for the 2003 taxation year. As a result, the 2002 stabilization year will be the last year for a matchable deposit under the NISA program.
- ✓ The wind down of the NISA program will begin on March 31, 2004 and will be completed by March 31, 2009.
- ✓ During each year of the wind down, you must withdraw a minimum of 20% of your March 31, 2004 Fund 2 balance (taxable government contributions and interest), 20% of your Fund 1 balance (producer deposits). You can withdraw any amount in excess of the minimum 20% depending on your tax situation, and not make a withdrawal in the next year. Once you have completed your 2002 NISA account transactions (deposit, withdrawal, deemed deposit, or deemed withdrawal), you can close your account and withdraw the balance in full, or you can withdraw the balance during the wind down period.
- ✓ You can also have early access to funds in your NISA account by requesting an **interim withdrawal** under the existing regulations of the NISA program. Interim withdrawals are calculated based on an estimate of your 2003 withdrawal trigger. To request an interim withdrawal, please contact the NISA program at 1-800-665-6472 to request an interim withdrawal form. We would be happy to assist you in completing and filing the interim withdrawal form.
- ✓ You will also be able to transfer funds from the Fund 1 account directly to the CAISP account.
- ✓ During the next few months, Agriculture and Agri-Food Canada will be releasing additional information on the CAISP as well as the transition from the NISA program to CAISP. Should you have any questions regarding the new CAISP or with your NISA account, please feel free to contact Greg Bruce in our Woodstock office, or by visiting the APF web-site online at http://www.agr.gc.ca/puttingcanadafirst/index_e.php ♦



Quick Facts Ontario Farm Income Disaster Program

- ✓ The Ontario Farm Income Disaster Program (OFIDP) is being offered for the 2002 fiscal period. The 2002 OFIDP is identical to the 2000 and 2001 OFIDP programs, providing support to farmers who's gross margin has declined in excess of 70% of their three year or five year Olympic reference margins.
- ✓ The application deadline for 2002 OFIDP applications is **October 1, 2003**
- ✓ Should you have any questions concerning the Ontario Farm Income Disaster Program, or if you would like us to complete an assessment to determine your eligibility under the program, please do not hesitate to contact Greg Bruce in our Woodstock office.

432 Simcoe St.
P.O. Box 67
Woodstock, ON
N4S 7W5
Phone (519) 539-6109
Fax (519) 421-1339

8 Stover St. N
Norwich, ON
N0J 1P0
Phone (519) 863-3126
Fax (519) 863-3756

45 King St. W
P.O. Box 36
N5C 3K1
Ingersoll, ON
Phone (519) 485-2350
Fax (519) 425-2416

“Strategy and Direction for Every Stage of Your Farm Business”



VANPARYS MICACCHI SHIPPEY & WARNICK LLP
Chartered Accountants

Strategy and Direction