

Provincial Agrifoods Assistance Program 2017-18 Guide

Application Deadline: May 12, 2017

Applications and supporting documentation must be submitted to the Program Manager in Corner Brook.

Only completed applications will be considered for funding approval.

Incomplete applications will be returned to the applicant.

Late applications will be accepted and will be considered subject to availability of program funding.

Under the authority of the Provincial Agrifoods Assistance Program, personal information will be collected for the purpose of administering the program. Personal information may be disclosed to third parties for the purpose of the project assessment, program audit and evaluation.

For further information on the privacy issues under the Provincial Agrifoods Assistance Program please contact (709) 729-5726.



Program Objectives

The Provincial Agrifoods Assistance Program (PAAP) provides financial assistance to eligible applicants involved in primary or secondary processing activities which will improve the economic viability of the agriculture and agrifoods industry; promote commercialization and growth in the sector; and enhance the competitive capability of the agriculture and agrifoods industry. The program may also provide selective assistance to regional pastures, agribusinesses, and agricultural groups for initiatives that support the priorities of the program.

In **2017-18** funding will be provided for:

- **Land Development and Agriculture Infrastructure**

Funding will be given to those projects involving the following activities:

- On-farm Diversification and Commercialization;
- Secondary Processing and Value-added;
- Technology Adoption;
- Environmental Stewardship;

Funding priority will be placed on those projects that:

- Result in the development of **new** agricultural land through rough clearing and enhancement;
- Support and enhance the development of Community pastures;
- Address an identified need of the farm and/or the agrifoods industry;
- Improve the profitability of the farm(s);
- Enhance farm productivity and efficiencies;
- Advance technology adoption and farm sales growth;
- Improve economic viability of the agriculture and agrifoods industry; or
- Enhance the competitive capability of the agriculture and agrifoods industry.

Separate applications are available for Land Development and Agriculture Infrastructure and approval for one cannot be transferred to the other. Funding approved under the land development section can only be used for land development activities.

Eligible Applicants:

Successful applicants must meet the following eligibility requirements:

Eligible for-profit applicants may include sole proprietors, partnerships, corporations, farm cooperatives, regional pastures operated as a legal entity and agricultural groups representing three or more farms. Eligible not-for-profit regional pastures are also eligible for funding. Municipal, Provincial and Federal governments and agencies are not eligible to apply for program funding.

The PAAP program is targeted to assist commercial farmers and as a result eligible for-profit applicants must have reported a minimum of \$15,000 in gross sales of agricultural products/services to the Canada Revenue Agency in any one of the last three years.

Funding is available to processors using locally grown or raised agricultural products who can demonstrate a minimum of \$15,000 in gross sales of agricultural products.

Funding priority will be given to applicants that have demonstrated improvements in on-farm efficiencies, productivity and/or increases in agricultural sales.

New Entrants may be considered for funding based on their on-farm work experience, personal investment into the business, and demonstrated commercial farm viability. For the purposes of this program, a New Entrant is defined as someone intending to establish an agribusiness in the province of Newfoundland and Labrador or who has been operating an agribusiness for less than six years regardless of the level of agricultural sales. Funding for New Entrants will be evaluated based on the size and scope of the project, including the financial contribution by the applicant to the project. Applicants seeking funding as a New Entrant who have not met the minimum agricultural sales level of \$15,000 must complete and submit the New Entrant Information Form with their application.

All applicants must be able to demonstrate sound financial status to be considered for funding.

Applicants who are in arrears with the Government of Newfoundland and Labrador will not be eligible for funding until acceptable repayment arrangements have been negotiated. Applicants who had debt written off in the past six years by the Government of Newfoundland and Labrador will not be eligible for funding.

LAND DEVELOPMENT

The land development section will provide funding to assist producers in developing **NEW** agricultural land to allow producers to become more productive, more competitive, allow for farm expansion and increase the productive capacity of farms.

Eligible Activities:

Land clearing (rough clearing) of NEW agricultural land is eligible to a maximum of **\$1,500 per acre**. Activities on mineral soil include removal of trees, rocks, stumps and roots from undeveloped land; and on peat include perimeter and interior ditching, removal of woody material, and brush cutting.

Land enhancement of NEW agricultural land is eligible to a maximum of **\$1,500 per acre**. Activities on mineral soil include rock removal, minor drainage, land leveling plus the initial application of limestone, fertilizer, soil enhancements and seed; and profiling and rototilling on peat plus the initial application of limestone, fertilizer, soil enhancements and seed.

Total assistance available for land development, including land clearing and enhancement is a maximum of \$3,000 per acre.

Land development activities conducted prior to 2016 will not be eligible for funding.

Regional community pastures may be eligible for assistance up to 100% of non-capital costs up to a maximum of \$15,000. Eligible expenses for a regional pasture include fertilizer, lime, seed, soil amendments, fencing and fencing materials, and third party labour. In-kind contributions and pasture operating costs such as license fees, veterinary supplies and fees, pasture operator wages, and fuel to travel to and from the pasture are not eligible expenses and will not be reimbursed. Funding may be limited based on the number of animals placed on the community pasture and/or the number of patrons utilizing the pasture

There are no individual funding caps under the land development section and all complete applications received by the deadline will be reviewed. As well, funding may need to be prorated based on program demand. Funding not utilized by the individual contribution agreement deadline will be recommitted, at the discretion of the PAAP Management Committee, to projects not yet approved, projects requesting additional funds and/or previously pro-rated projects.

Ineligible Activities:

Funding will only be provided to applicants who can demonstrate agricultural growth or increases in past agricultural sales or projected growth or sales. Project activities funded previously by this or other Government programs are not eligible for reimbursement. Project

activities currently under review by other Department programs will not be considered for funding.

The following activities will **not** be eligible for funding under this initiative:

- Land renovation or land development on previously productive agricultural land. Funding for land development is for NEW agricultural land only.
- On-farm access roads.
- Subsurface drainage projects.
- Soil enhancements for organic land development.
- Site development for physical structures (refer to Agriculture Infrastructure section).

These project activities may be eligible for funding under the Growing Forward 2 Program and interested applicants can contact the Growing Forward 2 Program Manager.

Land Applicant Eligibility:

In addition to the general eligibility criteria, applicants must show one of the following in relation to each parcel of land which is to be developed:

- Clear title; or
- A rental agreement for a minimum of ten years; or
- An interest satisfactory to the PAAP Management Committee, namely: the applicant is a sole proprietor and is the spouse, parent or child of the land owner; or the applicant is a corporation or partnership and the land owner is a shareholder or partner; or the land owner is a spouse, parent or child of a shareholder or partner.

Reimbursement of Project Costs:

Once an approved project is completed, the applicant must submit a Project Reimbursement Form provided by the Department. A representative of the Department will inspect and measure the acreage to determine the actual amount of clearing and enhancement completed. Once measured, the acreage will be mapped by the Department to ensure payment is made on land that has not been previously funded and to ensure that payment is provided for land within the title boundaries only. Payment on land development projects is provided on an acreage basis only. All project claims must be supported by invoices for development of new agricultural land.

A **complete** application for land development must include the following:

- Application with complete, detailed answers to all questions.
- Documents to show proof of land title or rental agreement for each parcel of land to be developed.
- A farm map, survey or Google imagery showing the exact location of proposed land development.
- Applicants who are New Entrants and who do not meet the minimum sales requirement of \$15,000 in gross agricultural sales are required to complete the New Entrant Information Form.
- Regional pastures must submit a Pasture Information Form.
- Proof of sales documentation such as:
 - T2042 Statement of Farming Activity; or
 - T1273 Statement A-Harmonized AgriStability and AgriInvest Program Information for Individuals; or
 - Harmonized Statement A for Corporations/Co-operatives; or
- Financial Statements prepared by a licensed public accountant for the most recent year for incorporated entities. If internally prepared statements are submitted, they must be supported by the Corporate Income Tax form or applicable AgriInvest/AgriStability Program Information Forms.
- For peatland development, a site design that is approved by the Lands Management Division of the Department of Fisheries and Land Resources. Site design must include:
 - Type of peatland development (brush cutting, ditching, profiling, etc.);
 - General and specific site location map;
 - Drawing of proposed ditches on map;
 - Spacing, length and depth of ditches;
 - Location, lengths width and depth of sediment pond;
 - Total area of proposed activity;
 - Proposed dates of development.

AGRICULTURE INFRASTRUCTURE

The Agriculture Infrastructure section will provide funding to assist producers in making investments (in areas other than land development) that will improve the economic viability of the industry, promote commercialization and growth in the sector and enhance the competitive capability of the agriculture and agrifoods industry. Priority will be given to projects that support growth and expansion of individual farms and the industry. Funding will be provided at 50% of approved eligible project expenses.

Eligible Activities:

Eligible activities must meet program objectives including: increasing productivity and efficiency; developing new market opportunities; improving profitability; advancing technology adoption; and improving environmental or food safety practices. Priority for funding will be given to projects that support growth and expansion of the agribusiness or the sector.

Any applicant proposing a project involving the construction of a permanent physical structure including barns, greenhouses, storages and equipment buildings, manure storages and pits, must have clear title to the land or an interest satisfactory to the PAAP Management Committee. An interest satisfactory to the PAAP Management Committee will include: the applicant is a sole proprietor and is the spouse, parent or child of the land owner; or the applicant is a corporation or partnership and the land owner is a shareholder or partner; or the land owner is a spouse, parent or child of a shareholder or partner.

Funding for **farm tractors** and tractor loaders/buckets will be limited to **one** approval every **seven (7) years**. For example if an applicant received funding for a tractor in 2010-11, they are not eligible to receive funding towards another tractor until the 2017-18 program year.

Eligibility Limits:

- Eligibility for funding under the Agriculture Infrastructure section will be based on the level of agricultural sales as reported to Canada Revenue Agency. Eligibility levels are as follows:

Gross Sales of eligible agriculture products/services	Provincial Agrifoods Assistance Program Eligibility
New Entrant	\$5,000
\$15,000-34,999	\$5,000
\$35,000-49,999	\$20,000
\$50,000-74,999	\$30,000
\$75,000-99,999	\$40,000
\$100,000-149,999	\$60,000
\$150,000+	\$100,000

- For the purposes of determining eligibility, the most recent year's agricultural sales as reported to Canada Revenue Agency must be provided. However, at the discretion of the PAAP Management Committee, the applicant's eligibility for funding can be based on the highest level of reported sales in the past three years.
- At the discretion of the PAAP Management Committee, funding approvals may be prorated based on program demand and individual funding limits may be changed to allow for the optimum utilization of program funds.

Eligible Costs:

- Eligible costs may include equipment purchases, facility and building construction, site development, third party labour, and any other project costs approved by the PAAP Management Committee supporting the objectives of the program.
- Assistance to for-profit applicants may be provided **up to** 50% of eligible costs to a maximum as indicated in the table above. Cooperative purchases by three or more applicants may be eligible for up to 50% of funding, depending on project activity and subject to the Related Parties Policy.
- Regional community pastures may be eligible for assistance up to 75% of capital costs up to a maximum of \$15,000. Funding may be limited based on the number of animals placed on the community pasture and/or the number of patrons utilizing the pasture.

Ineligible Activities:

Project activities funded previously by this or other Government programs are not eligible for reimbursement. Project activities currently under review by other Department programs will not

be considered for funding. In-kind resources are ineligible for funding under this program. In-kind transportation and freight are not eligible for reimbursement. HST/GST will not be reimbursed. Projects with a requested contribution of less than \$1,000 will not be considered for funding.

Funding will not be provided for: breeding stock; operational expenses; loaders, bulldozers and excavators; general business software systems; aquaponics; repairs and maintenance for equipment, roads and buildings; agri-tourism activities and other costs deemed ineligible by the PAAP Management Committee.

Project Amendments:

Amendments to PAAP applications will be limited to **ONE** per application/applicant to amend project scope for **2017-18**. Amendments under \$1,000 will not be considered. This does not include project date extensions. Contribution agreements may be amended for date extensions at the discretion of program administration. Any applicant wishing to change project scope or activity must complete a new application in full and submit for consideration by the PAAP Management Committee. Funding approved for Agriculture Infrastructure cannot be amended to approve land development activities.

Reimbursement of Project Costs:

Once an approved project is completed, the applicant must submit a Project Reimbursement Form provided by the Department. Approved projects will be reimbursed at 50% of eligible project expenses approved by the PAAP Management Committee and specified in the Contribution Agreement. All projects must be completed in full and all expenditures paid in full prior to reimbursement by the program. All applicants may be required to show proof of payment. All project claims must be supported by:

- Invoices for purchased goods and services clearly showing the vendor's name and contact information.
- Acceptable cash register receipts must show vendor identification and purchased items listed which show that payment was made. Administration reserves the right to apply further restrictions on a per applicant basis.
- Non-arm's length transactions require prior approval of the Management Committee and must be accompanied by proof of payment.
- Cancelled cheques for all third party labour.
- Transportation and freight costs for supplies and equipment will only be reimbursed if the costs are actual cash costs and included on a third-party invoice.
- Proof of payment must be shown by cancelled cheque, money order, bank draft, credit card statement or bank statement.
- Cash purchases in aggregate of \$1,000 will not be reimbursed.

- Any other costs deemed inappropriate by the PAAP Management Committee will not be reimbursed.
- Invoices submitted for payment must be issued to the same entity that is named in the Contribution Agreement.
- Labour of sole proprietors, partners and shareholders working on projects is not eligible.

A **complete** application to the agriculture infrastructure section must include the following:

- Application with complete, detailed answers to all questions.
- Applicants who are New Entrants and who do not meet the minimum sales requirement of \$15,000 in gross agricultural sales are required to complete the New Entrant Information Form.
- Regional pastures must submit a Pasture Information Form.
- Quotes for all purchases to verify funding request.
- Proof of sales documentation such as:
 - T2042 Statement of Farming Activity; or
 - T1273 Statement A-Harmonized AgriStability and AgriInvest Program Information for Individuals; or
 - Harmonized Statement A for Corporations/Co-operatives; or
 - Financial Statements prepared by a licensed public accountant for your most recent year for incorporated entities. If internally prepared statements are submitted, they must be supported by the Corporate Income Tax form or applicable AgriInvest/AgriStability Program Information Forms.
- Documents to show proof of land title for each parcel of land for projects involving the construction of a permanent structure.
- A farm map, survey or Google Earth imagery showing the exact location of proposed construction.

Funding Policy

Government funding is limited to a maximum of 75 per cent of eligible project costs for commercial for-profit applicants. This includes funding from all federal, provincial, and municipal sources. Applicants must contribute at least 25 per cent of the total eligible project costs, exclusive of any government funding.

Funding for Not-For-Profit organizations must not exceed 100 per cent of total eligible project expenses from all federal, provincial and municipal government funding sources.

Only 50 per cent of an actual loan amount is included in the funding formula (stacking formula) from Federal and Provincial Departments or Agencies that provide non-interest bearing loans.

Related Parties Policy

The following policy will be applied to all parties applying under the Provincial Agrifoods Assistance Program.

For the purposes of the PAAP Program sole proprietors, agricultural businesses, partnerships, corporations, and co-operatives (of less than 20 members) will be considered related if common ownership exists between parties. Common ownership exists where there are:

- common individuals, partners and/or shareholders,
- spouses and common-law spouses of individuals, partners and/or shareholders.

When related businesses are owned by the same parties, and when related businesses are owned by spouses, funding will be limited to the maximum funding limits for the Program for the businesses combined. For example:

- Producer A owns 100% of RST Company and 100% of PQR Company; therefore RST Company and PQR Company are related companies. The combined maximum funding eligibility for RST and PQR Companies will be \$100,000. This applies to sole proprietorships as well.
- Producers A and B are shareholders of XYZ Company and the spouses of Producer A and Producer B are shareholders in CDE Company. Therefore, CDE Company is related to XYZ Company. Because the owners are spouses, the maximum funding eligibility will be \$100,000 for CDE Company and XYZ Company combined.

When there are additional shareholders (shareholders that are not spouses of the shareholders of the related business) funding to the company or business will be limited by the amount held by the common shareholders. For example:

- KLM agribusiness is owned by two producers, Producer A and Producer B. GHI agribusiness is owned by Producer A (40%), by Producer B (40%) and by one of their sons E (20%). Therefore, GHI agribusiness is related to KLM agribusiness. Assuming KLM agribusiness has already received the \$100,000 maximum allocation, GHI agribusiness would be eligible for maximum funding of \$20,000.00 or 20% of \$100,000.00.

For further clarification on this Related Parties Policy and how it impacts your agribusiness please contact the Program Manager prior to applying.

Additionally, the PAAP Management Committee will take into consideration factors such as availability of existing funds, industry benefit from the project, and amount of funding that common shareholders have received from the PAAP program through previous projects.

Application Process:

The Department of Fisheries and Land Resources will accept project applications that meet the objectives of the program as previously outlined. Applications will be evaluated on various criteria, including the following:

- Eligibility of the applicant and the project activity;
- The commercial viability of the project;
- Development of new market opportunities as a result of the land development project;
- The expected impact, reach and results of the project including anticipated increases in productivity and/or sales growth as a result of the land development project;
- The performance of the applicant in the recent past with regards to improvements in on-farm efficiencies, productivity increases and/or increases in agricultural sales.

Applicants who are approved for funding will enter into a Contribution Agreement with the Department of Fisheries and Land Resources detailing the funding offer and project conditions.

APPLICATION DEADLINE

Applications and supporting documentation must be submitted to the PAAP Program Manager in Corner Brook on or before **May 12, 2017**.

Further information may be obtained by contacting:

Program Manager
Provincial Agrifoods Assistance Program
Department of Fisheries and Land Resources
Agricultural Business Development Division
P.O. Box 2006
Corner Brook, NL
A2H 6J8
Tel: 709-637-2096 or 709-637-2077
Fax: 709-637-2589