

The Advance Payments Program (APP) is a federal program under the Agriculture Marketing Programs Act (AMPA), which provides agriculture producers with easy access to low-interest cash advances for livestock and crops.

Under the program, beef producers can access up to \$1,000,000 per program year in advances based on the value of their cattle. The Government of Canada covers the interest on the first \$250,000* advanced to the producer, and advances are repaid once the cattle are sold.

Beef Farmers of Ontario (BFO) administers the interest-free provision of the APP for the feeder co-operatives across the province. This provision is permitted because the Ontario Ministry of Agriculture, Food & Rural Affairs guarantees the Ontario Feeder Cattle Loan Guarantee Program.

To be eligible for the interest-free provision, members will have to complete an APP application form, pay respective fee and meet the APP criteria.

INTEREST-FREE PROVISION

Eligible producers are entitled to receive up to \$250,000* interest-free under the APP once during the production period for all eligible products (livestock and crops).

ELIGIBLE PRODUCT

Feeder cattle.

ELIGIBLE PRODUCER

Feeder co-operative member.

ADVANCE RATE

50 per cent of the expected market value, as determined by Agriculture and Agri-Food Canada (AAFC).

PRODUCTION PERIOD

- The production period is 24 months starting April 1st of each year (ie. April 1, 2023 to March 31, 2025).
- Applications must be received within 12 months after the start of each production year.
- Feeder co-operative loan(s) must still be paid out within 12 months, or later if an extension is approved by the co-operative.
- Each production period will overlap 12 months. Therefore, a producer may have two \$250,000* interest-free provisions during this period.

SECURITY

As per the Ontario Feeder Cattle Loan Guarantee Program

How to Apply

Complete an application form and submit with a cheque, payable to your co-operative for \$125.00 plus HST where applicable. This fee will cover the administration costs incurred by your co-operative and BFO to administer the program.

- Eligible interest-free portion of the loan advanced is based on 50 per cent of the expected market value as determined by AAFC. Only a portion of your loan may be eligible for the interest-free provision.
- Interest-free period begins when the loan is advanced and will cease at the end of the production period, i.e. March 31, 2024 or whenever the loan is paid within the 12 month policy, whichever occurs first.

How it Works

EXAMPLE 1

Buy 100 head at \$2,000/hd, loan is \$200,000. If advance rate is \$99.00/cwt, and expected market weight is 1,300 lb, the portion of loan eligible for the interest-free provision would be \$128,700 or \$1,287 per head (100 head X 13 cwt X \$99).

Repayment

Member sells 50 head. Therefore, from the proceeds of the sale, \$64,350 (50 head X \$1,287 per head) would be applied against the interest-free provision, and the remainder of the proceeds would be applied against the regular interest bearing loan.

EXAMPLE 2

Buy 200 head at \$1,500/hd, loan is \$300,000. If the advance rate is \$110.00/cwt and you expect to market them at 1,600 lb, interest free portion would be the maximum of \$250,000 versus \$352,000 (200 head X 16 cwt X \$110).

* TEMPORARY INCREASE TO THE INTEREST-FREE LIMIT IN 2023

On June 23, 2022, the Minister of Agriculture and Agri-Food announced a temporary increase to the interest-free limit for advances under the Advance Payments Program (APP). The interest-free limit will increase from \$100,000 to \$250,000 for the 2022 and 2023 program years. This is the portion of advances on which the Government of Canada pays the interest on behalf of producers.

**Applications are available from your
local co-operative**

For More Information

**The administrator of your local
feeder co-operative**

OR

Cheryl Russwurm
Program Supervisor

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Important Details

1. Applications can only be made at the same time as your loan is advanced.
2. A new application and fee will be required every time you request the interest-free provision.
3. At the end of the 24 month production period (March 31st), the interest on any eligible loan(s) not paid off by that time will become the responsibility of the member as of April 1st.
4. Maximum interest that will be rebated by AAFC is prime rate less ¼ per cent.
5. Related producers: producers are considered related if they do not deal with each other at arm's length. Without proof to the contrary, producers are presumed to be related, if they are blood relatives (child or sibling), married or cohabiting, or directly or indirectly controlling another producer. A shareholder and a corporation are also defined as being related. The definition of "related producers" as per AMPA is available from your co-operative's administrator.
6. Interest is credited directly to the interest-free portion of your feeder co-operative loan on a monthly basis.

ADVANCE PAYMENTS PROGRAM

A component of the Feeder
Cattle Loan Guarantee Program