



The New ADVANCE PAYMENTS PROGRAM (APP)

Making Programs Work Better for Farmers: Improvements for 2007 and beyond

- Higher cash advances available
- More money available interest free
- Expanded coverage to include livestock and an additional variety of crops
- More choice and flexibility

www.agr.gc.ca/app

THE NEW ADVANCE PAYMENTS PROGRAM

The Spring Credit Advance Program (SCAP) and the Advance Payments Program (APP) have been merged into a single program, and a number of significant improvements have been made starting in January 2007.

Program improvements

- The limit on cash advances has increased to \$400,000.
- The interest-free amount on cash advances has doubled from \$50,000 to \$100,000.
- Producers now have a longer period of time to get and repay cash advances.

Why participate?

Cash advances help producers access cash flow when they need it most. They also give producers flexibility to sell their products whenever market conditions are favourable.

Producers can receive a cash advance on up to 50% of the expected average market price of the agricultural product or commodity. A portion of cash advances is interest free.



How to apply

Producer organizations deliver the program on behalf of Agriculture and Agri-Food Canada (AAFC). Producers can apply for a cash advance through a producer organization – not directly from AAFC.

A list of eligible producer organizations is available on the APP Web site at www.agr.gc.ca/app.

Important information about repayment

With the new APP, the production period runs up to 18 months from April to September of the following year. A production period refers to the maximum period of time during which a producer can take a cash advance and repay it.

As part of implementing the new program, there is a one-time transition period of nine months from January 2007 to September 2007. This transition period allows producers to take advantage of the new APP benefits right away. Producers taking a cash advance before April 1, 2007 will have to repay it by September 30, 2007.

The first full production period will run from April 1, 2007 to September 30, 2008.

In addition, producers have to repay their cash advances as their agricultural product is sold or when they are entitled to a payment under a Business Risk Management (BRM) program.

Eligibility

To be eligible, the producer must be:

- a Canadian citizen or permanent resident; or
- a corporation, cooperative or partnership, of which the majority of interest is held by Canadian citizens or permanent residents.

The producer, or at least one of the stakeholders, members or partners in the entity, must be of the age of majority in the province of operation; must be principally occupied in farming; must own the agricultural product; and must be responsible for its marketing.

Eligible agricultural products

- Crops
- Field crops (including berries)
- Fur pelt
- Honey, maple syrup
- Livestock

These agricultural products must meet the following requirements:

- It must be possible to establish an average market price for the agricultural product.
- The agricultural product must not be processed, except perishable products which must not be processed beyond what is necessary for storage and to prevent spoilage.
- Livestock is not eligible once it has been sent for slaughter. Animals that are or were used as breeding animals or are under supply management (e.g. dairy and poultry) are not eligible.

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Security is required on all cash advances.

- For cash advances on agricultural products already in storage, the agricultural product itself will be used as security.
- For all other cash advances, an eligible Business Risk Management (BRM) program, in addition to the agricultural product itself, must be used as security.

For more information on the new APP, you can contact your producer organization at:



A list of eligible producer organizations is available on the APP Web site at www.agr.gc.ca/app.

Or please contact:
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