AgriStability

What risk does this program address
The Agristability program protects farmers from large declines in farming income due to production loss, increased costs or market conditions. The decline in income is calculated using the whole farm combined method instead of looking at each commodity separately. A payment from the Agristability program is generated if your farming income (production margin) falls below 70% of your farm's reference margin.

What is a production margin and how to calculate
Your farm operations production margin is based on the income and expenses directly related to your production or your Allowable income and expenses. The production margin and reference margin are calculated on an accrual basis taking into considerations inventory adjustments.

What is a reference margin and how to calculate
Your farm operations reference margin is an Olympic average of your last five years production margin after dropping the highest and lowest years production margins. Once the years you need to include in your reference margin are calculated, calculate the average of your adjusted expenses for these same three years. Your reference margin is the lessor of either the Olympic average of the three years production margin or the average of the adjusted expenses for these 3 years.

New in 2018, there is a minimum reference margin calculated as 70% of your Olympic average reference margin. This change to the AgriStability program was introduced to increase the potential for benefits for farmers with low average adjusted expenses.

What payment will I receive and when
If your current year production margin falls below 70% of your farm's reference margin, you will receive a payment of 70% (or 80% beginning with the 2023 program year) of the difference between your current year production margin and your farm's reference margin. The sooner you submit your forms to Agricorp, the sooner they will be proceeds and a payment disbursed.

Example: If the farm's operations reference margin is $100,000. In order to generate a payment from the AgriStability program, your current year's production margin would need to be 70% ($70,000) or less of the $100,000 reference margin. If your current year production margin was $60,000 you would receive a payment of $8,000 (($70,000 - $60,000) x 80%). Your payment would be reduced by any amount received from the Risk Management Program. The AgriStability program essentially protects $70,000 of income. The fee in this example would have been $370.

Eligibility
- Farm in Canada
- Complete a production cycle and at least six consecutive months of farming activity in the program year
- Report farming income or loss to CRA

Fees: $3.15 for every $1,000 of reference margin plus a $55 administration fee.

Ward & Uptigrove
Chartered Professional Accountants

https://www.agricorp.com/en-ca/Programs/AgriStability/Pages/Overview.aspx

Forms

Both a Statement of Income and Expense and an Agristability Year-End Report and Claim Form need to be submitted annually.

- For an individual or partnership, the statement of income and expenses (T1163 for individuals) would have been prepared with your program year income tax returns
- For a corporation, the statement of income and expenses (Statement A for corporations) will need to be prepared with your program year-ended farming income and expense information.

Deadlines

April 30: Fees due or cancel coverage

- If your farm operation is enrolling in AgriStability for the first time, a new participant form is required to enroll in the program, as well as a 5 year farm history from to calculate your farm's reference margin.

June 15: Deadline for individuals to submit a T1163

June 30: Deadline for corporations to submit a Statement A

June 30: Deadline to both individuals and corporations to submit their Year-end Report and Claim Form.

If you submit your year-end report and claim form after the June 30 deadline, any potential benefit will be reduced.

Additional details

- Agriculture and Agri-Food Canada provides an online quick estimator of potential AgriStability Benefits https://ase-eas.agr.gc.ca/ASE-EAS/quickEstimator/result/en#estimatedBenefit
- If you significantly change commodities, expand or downsize your operation, your historical production margins and reference margins will need to be adjusted to reflect the changes.
- You can apply to receive an advance on your estimated Agristability payment to help with immediate cash flow needs. Applications for advances must be received by December 31.
- If you have only been farming in the last three to five years, the farm operation reference margin will be calculated based on the previous three years' production margins.
- If you have been farming for less than 3 years, Agricorp will calculate your production margin based on industry average margins.

Pros

- AgriStability provides protection from significant (30%+) decreases in production margins. Protecting the farmer from both decreases in commodity prices and increases in commodity input costs.
- The program fee is relatively inexpensive.
- Participating in AgriStability allows farmers to access other programs through AgriCulture Credit Corporation such as the Commodity Loan Program and the Advance Payments Program.
- Can submit an interim application to obtain an interim grant.

Cons

- Additional administrative work and time completing the required annual forms and record keeping throughout the year.
- The cost of having a professional prepare your application is greater than the program fee and adds extra cost without guarantee of potential grant.
- A new applicant form can take time considering the need to submit a five-year farming history.

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