

2020 Canada-Alberta Fed Cattle Feed Cost Offset Initiative Terms and Conditions

Current as of July 3, 2020

I. Purpose

The purposes of the Program are to: (i) provide compensation for the extraordinary feed costs incurred by Eligible Participants due to the reduced slaughter capacity and backlog resulting from the COVID-19 global pandemic; and (ii) support the management of market ready cattle through the slaughtering process.

II. Definitions:

- A. “**AAFC**” means Agriculture and AgriFood Canada.
- B. “**Administration**” means AFSC.
- C. “**Advisory Committee**” means the committee that is more fully described in section XI.
- D. “**AF**” means the Alberta Ministry of Agriculture and Forestry.
- E. “**AFSC**” means Agriculture Financial Services Corporation or Administration.
- F. “**Application Form**” means the intake form that a proposed participant must complete to be considered for acceptance to the Program.
- G. “**Eligible Animals**” means animals that meet all of the criteria detailed in section III.C herein and are delayed being slaughtered as a result of slaughter plant closures due to COVID - 19
- H. “**Eligible Participant**” means a person who meets all of the criteria detailed in section III.A herein.
- I. “**Enrollment Week**” means the week starting on Friday and ending on Thursday.
- J. “**Federally Licensed Beef Slaughter Facility**” means a beef slaughter facility that has been licensed by the Canadian Food Inspection Agency.
- K. “**LI**” means Livestock Inspector as contracted with AF and/or AFSC
- L. “**Ministers**” means, collectively: (i) the Minister of Agriculture and Agri-Food Canada or his/her representative; and (ii) the Minister of Agriculture and Forestry (Alberta) or his/her authorized representative.
- M. “**Program**” means the 2020 Canada-Alberta Fed Cattle Feed Cost Offset Initiative described by these Terms and Conditions.
- N. “**Program Website**” means www.AFSC.ca.
- O. “**Provincially Licensed Beef Slaughter Facility**” means: (i) a beef slaughter facility that has been licensed by the Government of Alberta; and (ii) any feeding facilities associated with that facility.

- P. **“Set-Aside”** means those Eligible Animals that are: (i) identified pursuant to the Terms and Conditions; and (ii) withheld from the slaughter market for a maximum of 63 days.
- Q. **“Set-Aside Duration”** means the period of time that Eligible Animals must be withheld from slaughter following the date they are accepted by the Administration for the Program, subject to such Eligible Animals being released early in accordance with the Terms and Conditions.
- R. **“Terms and Conditions”** refers to the contents of this document.

III. Eligibility

A. Eligible Participants

To be eligible to participate in the Program, a person must meet all of the following criteria:

1. As a matter of legal status, a person must:
 - a. Be an individual who is: (i) at least 18 years of age; (ii) either a Canadian citizen or a permanent resident of Canada; and (iii) resident in Alberta; or
 - b. Be a corporation whose majority of voting shareholders are resident in Alberta.
2. Report farm income and expenses in Alberta for income tax purposes;
 - a. For applicants that are not required to file farm income tax, documentation that demonstrates the production and sale of agricultural commodities must be provided;
3. Be responsible for feeding and primary care of the Eligible Animals located in Alberta; and
4. Apply to the Program as specified in these Terms and Conditions.

B. Non-Eligible Participants

Without limitation, the following are not eligible to participate in the Program:

1. Persons or other entities who own a Federally Licensed Beef Slaughter Facility or a Provincially Licensed Beef Slaughter Facility;
2. Research stations; and
3. Universities, or any other government-funded organizations.

C. Eligible Animals

To be eligible to participate in the Program, animals must meet all of the following criteria:

1. Have been fed by an Eligible Participant for a minimum of 60 days and actively fed in Alberta prior to applying for the Fed Cattle Feed Assistance component (Section V) or the Set-Aside component (Section VI);
2. Are steers or heifers, where the average weight of the lot of animals must be a minimum of 1,400 lbs net weight for steers and 1,300 lbs net weight for heifers and are eligible for an “A” grade designation;
3. Have an approved Radio Frequency Identification tag number or animal identification number approved by the Canadian Cattle Identification Agency;
4. Are available to LI for inspection to confirm compliance with the Terms and Conditions, including, without limitation: (i) verification of animal ownership; (ii) date of animals

starting to be fed by an Eligible Participant; (iii) average weights of a lot(s); (iv) number of animals in a lot(s); (v) type of animals in a lot(s); (vi) lot number(s); and (vii) Premises ID number(s). See section IX Verification.

D. Non-Eligible Animals

Without limitation, the following are not eligible to participate in the Program:

1. Cows and bulls; and
2. Animals owned in whole or in part by a Federally Licensed Beef Slaughter Facility or a Provincially Licensed Beef Slaughter Facility.

IV. Application Process

A. General Intake Process

1. Eligible Participants are required to submit a completed Application Form.
2. Existing AFSC clients will use their existing AFSC ID number; non-AFSC clients will be issued a new AFSC ID number as part of the intake process.

B. Conditions of Application

1. Eligible Participants must sign a declaration confirming that they have met and agree to the conditions of the Program.
2. Eligible Participants shall not make an application in respect of any Eligible Animals that are already the subject of an application by any other person, including, without limitation: (i) a person who is not at "arm's length", or a person who is a "related person", both as defined by the *Income Tax Act* (Canada); or (ii) a shareholder, member or partner participating with the Eligible Participant in the same livestock operation.
3. Eligible Participants agree to disclose payments or in-kind contributions from industry, federal, provincial or municipal governments which were received in respect of similar activities or objectives of the Program, excepting any payments received under the AgriStability program.
4. Applications must be signed by, or on behalf of, a properly authorized person. The Minister may require evidence of authorization.
5. Only a properly authorized person can sign on behalf of Eligible Participants. A cheque will be issued to the Eligible Participant.

V. Fed Cattle Feed Assistance Component of Program

A. Scope of Fed Cattle Feed Assistance

1. Eligible Participants can apply for compensation of their feed costs incurred between May 1, 2020 and June 30, 2020 for Eligible Animals that were displaced due to the reduced processing capacity of beef slaughter facilities.

B. Application for Fed Cattle Feed Assistance

1. As part of the application process for fed cattle feed assistance, Eligible Participants must identify the:
 - a. Premises ID for each lot of Eligible Animal;

- b. lot number;
 - c. number of Eligible Animals for each lot that were delayed from being marketed;
 - d. original targeted marketing date; and
 - e. actual or estimated marketing date.
2. A minimum of 20 Eligible Animal are required for the Fed Cattle Feed Assistance.
3. The deadline for submitting completed Application Forms, including all supporting documents, to AFSC for fed cattle feed assistance is June 30, 2020. The Application Forms and supporting documents may be delivered in person to an AFSC branch, e-mailed, or faxed:

Email: AgriRecovery@afsc.ca
Subject line: AgriRecovery Fed Cattle Initiative

Fax: 1.403.782.8441

Eligible Participants may call 1-877-899-2372 to locate the nearest AFSC branch.

VI. Fed Cattle Set Aside Component of Program

A. Fed Cattle Set Aside Conditions of Participation

1. Eligible Participants must enroll in the Program by submitting an application to AFSC by 4:30 PM (Mountain Standard Time) on the Wednesday prior to the week in which they wish to submit a bid to participate in the fed cattle set aside component of the Program.
2. A minimum of 40 head per lot of Eligible Animals can be set-aside per bid.
3. There is no limit on the number of lots that can be submitted by an Eligible Participant.
4. Eligible Participants will only be able to bid once per week.
5. Eligible Participants must ensure that no other application to the Program has been made with respect to their Eligible Animals listed within their application.

B. Fed Cattle Set Aside Process

1. Submission of bids will be open from 9:00 AM (MST) on the Monday until noon Wednesday that the Administration is accepting tenders.
2. Only those bids submitted electronically via an AFSC Connect account will be considered for acceptance by AFSC.
3. AFSC will notify all Eligible Participants of the status of their bid prior to the beginning of a new Enrolment Week.
4. Bids will be accepted up to the maximum number of Eligible Animals as recommended by the Advisory Committee and approved by the Management Committee.
5. Accepted bids will be based on the lowest bid price first, to a maximum bid set by the Administration. Tied bids will be accepted based on a "first-in" priority as indicated by an electronic time stamp placed on the bid at the time of its submission.
6. Producers will be required to submit their Canadian Livestock Tracking System account number, the premises ID, lot number, number of head and type of animal (steer/heifer) with their bid.
7. Final acceptance of the bids are at the discretion of the Administrator.

8. Upon acceptance of a bid, the Eligible Participant will be required to submit the individual electronic identification tags within 7 days of the accepted bid(s).
9. Eligible Participants will be paid on a per day, per head rate, to set-aside Eligible Animals up to a maximum of 63 days.
10. Eligible Animals, once accepted to Set-Aside, cannot be sold until either the animals: (i) are held for 63 days or (ii) have been set aside for a minimum of 30 days and released early by the Management Committee.
11. Early release of Eligible Animals, outside of requests made for extenuating circumstances, is at the discretion of the Management Committee.
12. Eligible Participants that market Eligible Animals enlisted in the Program prior to obtaining an early release or before the 63 days will forgo any Program payment on those animals and may be ineligible for future Program participation and may be required to repay any funds received through the Program.
13. LIs may need to verify the number and size of Eligible Animals. Eligible Participants shall allow LIs to access all physical sites or records that pertain to any lot of Eligible Animals that have been accepted into the Program. Therefore, Eligible Animals must remain on the premises ID/lot identified on the accepted bid.
14. The final release of all Eligible Animals from Set Aside will occur on or before March 31, 2021.

VII. Payments

A. General Payment Matters

1. The minimum payment amount to be issued under the Program will be \$200.00.
2. Eligible Participants cannot assign or defer any payment under this Program.
3. Any tax information slips required by the *Income Tax Act* (Canada) will be issued in the name of the Eligible Participant.

B. Fed Cattle Feed Assistance Component of Program

1. Eligible Participants will receive a payment for the number of days that Eligible Animals were fed within the scope of the fed cattle feed assistance component of the Program as follows:
 - a. Up to \$2.00 X Total number of Eligible Animals X number of days Eligible Animals were fed prior to being marketed, up to a maximum of 35 days.
 - b. Payments may be prorated based on the enrollment of Eligible Animals.

C. Fed Cattle Set Aside Component of Program

1. Eligible Participants will receive a payment for the number of days that Eligible Animals are set-aside once the animals are released from Set-Aside. Eligible Participants may receive assistance for a maximum of 63 days.
2. Eligible Participants who request and receive an early release of their Eligible Animals from Set-Aside will receive a payment for only the number of days the Eligible Animals are actually Set-Aside. If the request for an early release of Eligible Animals is granted by the Management Committee, Eligible Participants will be paid in the following manner: (bid amount (to a maximum \$2.00) X number of days set aside X Eligible Animals).

D. Set off of Payments Against Debts Owning by Eligible Participants

The Administration has the right to deduct in full, via set-off, any debt owing by an Eligible Participant to AFSC, the Government of Alberta, or the Government of Canada, from any payment payable to that Eligible Participant under this Program.

VIII. Over Payments

1. If, after making a payment under the Program, AFSC determines that:
 - a. A participant is not an Eligible Participant;
 - b. The participating animals were not Eligible Animals;
 - c. False or misleading information was provided in the Application Form, or in any manner whatsoever, to the Administration;
 - d. An Eligible Participant breached any of the Terms and Conditions; or
 - e. The payment was overpaid in any amount for any reason;then the Administration may require the person who received that payment to repay some or all of it, and the amount of such payment shall be considered to be an overpayment.
2. Until the amount of the overpayment is repaid, such amount will be considered to be a debt due to the Crown by the recipient of that overpayment and shall be recoverable in the same manner as any other debt due to the Crown.
3. The recipient of an overpayment shall repay such overpayment amounts to AFSC within 30 days of notice being provided to the recipient by AFSC.
4. The recipient's failure to refund an overpayment will result in the amount of the overpayment being set off against any amounts owed by AFSC to the recipient or an Eligible Participant associated with the recipient.
5. Interest will be charged on the amount of the overpayment, commencing from the date that notice is given to the recipient of the overpayment, at an annual interest rate of CIBC prime plus 2%, adjusted quarterly, until the amount of the overpayment, including accrued interest, is fully repaid.

IX. Verification

1. Eligible Participants must provide information related to the purchase or sale of any Eligible Animals to the Administration or its agents for the purpose of administering the Program.
2. The Administration, or its agents, may conduct field and/ or lot verifications at any time for the purpose of verifying eligibility for payment under the Program, and Eligible Participants grant an irrevocable license to the Administration, or its agents, to access all lands owned by the Eligible Participants for such purpose so that any access by the Administration, or its agents, to those lands shall not constitute trespass.
3. As a condition of participation on the Program, an Eligible Participant authorizes the Administration, or its agents, to obtain information from any government department, agency or third party for the purposes of verifying: (i) the basis of the Program payments; or (ii) any other information provided by the Eligible Participant under the Program.
4. As a condition of participation on the Program, an Eligible Participant consents to the Administration disclosing any information in the Administration's possession to any

government department, agency, or third party for the purposes of: (i) verifying facts disclosed in the Eligible Participant's application to the Program; or (ii) determining the Eligible Participant's eligibility for the Program.

5. On request, Eligible Participants shall supply the Administration, or its agents, AF or AAFC with access to any land, records, books of account, income tax returns or other documentation required to administer, or conduct audits of, the operation of the Program.
6. On request, Eligible Participants shall provide the Administration, or its agents, with copies of any records, books of account, income tax returns or documentation of: (i) a person who is not at "arm's length", or a person who is a "related person", both as defined by the *Income Tax Act* (Canada); or (ii) a shareholder, member or partner participating with the Eligible Participant in the same livestock operation, for the purposes of verifying or auditing the Eligible Participant's application. If the Eligible Participant fails to provide any of the foregoing within 30 days of the Administration's request, then the Administration may require the Eligible Participant to repay any payment received under this Program.

X. Advisory Committee

A. Role of the Advisory Committee

The Advisory committee shall:

1. Provide recommendations to the Management Committee on the number of Eligible Animals to take into the Program; and
2. Provide recommendations to the Management Committee on the number of Eligible Animals that may be released from Set-Aside earlier than 63 days.

XI. Management Committee:

A. Role of the Management Committee

The Management Committee shall:

1. Provide consistency in the delivery of the Program; and
2. Address strategic and operational issues concerning the Program to ensure the effectiveness of the Program in achieving its objectives.
3. The Management Committee has the authority to direct the Administration to release Eligible Animals early from the Program. Early release of Eligible Animals, outside of requests made for extenuating circumstance, is at the discretion of the Management Committee.

XII. Amendments to the Program

1. The Ministers may amend these Terms and Conditions and make changes to the Program at any time without notice to anyone. If these Terms and Conditions are amended, the amended Terms and Conditions will be posted to the Program Website.
2. In the event that the Program is changed, any application received after the Program is so changed, will be administered according to the conditions applicable as of the date that the application was received.

XIII. Termination of the Program

The Ministers may terminate this Program any time, without notice to anyone, if:

1. The Management Committee recommends that the Program should be terminated;
2. The funds allocated to the Program have been exhausted; or
3. The surplus related to slaughter plant closures and COVID-19 is eliminated.
 - a. The surplus will be a comparison of the cumulative slaughter of fed cattle at Federally Licensed Beef Slaughter Facilities starting March 15, 2020 against the same time frame starting March 15, 2019.
 - b. The surplus will be considered eliminated when the cumulative slaughter of fed cattle of the current year is the same or greater than the cumulative fed slaughter for the same time period of the previous year.
4. The Ministers, in their sole and unfettered discretion, decide that the Program should be terminated.

XIV. Limitation of Liability and Indemnification

1. AFSC, the Government of Alberta and the Government of Canada, and each of their agents, are not liable to an Eligible Participant, its heirs, administrators or assigns for any personal injury, property damage, or any other manner of injury, damage, claim or loss whatsoever arising out of this Program and the Eligible Participant's participation in it.
2. It is a condition of participation in the Program by an Eligible Participant that the Eligible Participant shall indemnify and hold harmless AFSC, the Government of Alberta, the Government of Canada, and each of their agents, against any loss, damage, award or costs arising from any demand, claim or proceeding whatsoever that may arise as a result, whether directly or indirectly, as a result of the Eligible Participant's participation in the Program.

XV. Stacking of Assistance

The Eligible Participant agrees to disclose to AFSC all other sources of funding in respect of the activities and objectives under this Initiative over and above any funding received from AgriStability, AgriInsurance, or AgriInvest, but including financial contributions from federal, provincial, or municipal governments.

XVI. Registration of Lobbyists

A person lobbying, as defined in the federal *Lobbying Act*, on behalf of a participant must be registered pursuant to this Act. For greater clarity, this Act excludes from registration, among others, members of the Provincial Legislature or their staffs and employees of the provincial government.