

# THE ADVANCE PAYMENTS PROGRAM

## BIOMASS CROPS



# ACC – An Introduction

- *ACC is a Not-for-profit farm organization founded in 1992*
- *Administrator of the Advance Payments Program (AAFC) and the Commodity Loan Program (OMAF)*
- *Surpassed the \$4 billion milestone in 2013 in cash advanced to Canadian Producers*
- *We are a member driven organization with 20 member organizations (3 national)*

**OUR MANDATE IS TO ASSIST PRODUCERS ACCESS LOWER COST FINANCING PROGRAMS THROUGH GOVERNMENT PROGRAMS**



# Presentation objectives

- The purpose of this presentation is to help answer the following questions:
  - What is the APP?
  - How does it help producers?
  - Who is eligible?
  - How much can a producer receive under the program?
  - How does it work?
  - How do you apply?

# What is the Advance Payments Program (APP)?

A federal loan guarantee program designed to provide low cost operating capital when you need it at the lowest possible cost (interest free!)

Provides an advance based on the value of production to help cover costs until the producer markets the product.

Advance rate is for up to 50% of the average price that which the producer is expected to receive when the product is Sold.

Covers over 4,500 different agricultural products



# How does the APP help ?

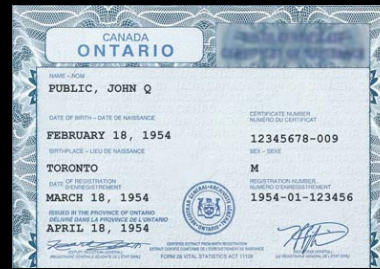
**Provide cash at preferential interest rates, designed to improve cash flow to meet short-term financial obligations.**

- Available to most Canadian Producers
- Improves access to credit
- All funds issued are a prime or lower

**Spread the marketing of agricultural products throughout the year to when demand and prices are higher.**

- Base sales decisions on market conditions rather than on short-term cash flow needs.
- Access to loans for up to 18 months

# Eligibility



**To be eligible to receive a cash advance under the Advance Payments Program (APP), the producer must be:**

- a Canadian citizen or permanent resident
- a corporation, cooperative or partnership of which the majority interest is held by Canadian citizens or permanent residents
- age of majority in the province of operation
- own the agricultural product

# How much can a producer receive?

One producer (individual or operation) can receive an advance of **up to \$400,000**:

- the first \$100,000 is interest-free to the producer each production year. Interest charges on this amount are paid by Agriculture and Agri-Food Canada (AAFC);
- the remaining \$300,000 is interest-bearing at prime and payable by the producer.

Advances available on over 4,500 different agricultural commodities



# The Advance Payment Program

## - Biomass Crops Advances

- Biomass Crops Program begins April 1<sup>st</sup> of each year
- Advances calculated based on harvested bales
- Advances are calculated on a per tonne basis for bales to be sold within the next 18 months



# The Advance Payment Program

## Advance Rates Per Tonne

Switch Grass	\$75.00
Miscanthus	\$45.00
Sorghum	\$60.00 (TON)

- Other products?
- Nova Scotia, Other Provinces

# The Advance Payments Program

What is my annual cost of borrowing using the APP?

If I borrow:	My interest rate is:
\$100,000	0%
\$200,000	1.5%
\$300,000	2.0%
\$400,000	2.25%

# Amendments to the APP

- On February 27, 2015, the Government of Canada passed Bill C-18, “The Agricultural Growth Act”.
- The amendments are designed to simplify administration, reduce red tape, and enhance program accessibility and flexibility.
- These changes include:
  - One Window Access
  - 5 Year repayment agreements
  - Additional means of security
  - More Flexible methods of repayment

# Details- Follow UP

**How much paperwork do I have to fill out?**

**How does ACC work with my current bank?**

**How is the application fee determined?**

# How to Apply



**1-888-278-8807**



**advance@agcreditcorp.ca**



**www.agcreditcorp.ca**



**For any questions contact Don LeDrew:**



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**519-780-3661**

# THANK YOU!