Provincial Agrifoods Assistance Program
2019-20 Guide

Application Deadline:  May 17, 2019

Applications and supporting documentation must be submitted to the Program Manager in Corner Brook.

Only completed applications will be considered for funding approval.

Incomplete applications will be returned to the applicant and will not be considered in the first round of funding review.

Applications submitted after the program deadline and the first round of funding review will still be accepted and kept on file pending program savings.

Under the authority of section 61(c) of the Access to Information and Protection of Privacy Act, 2015, personal information will be collected for the purpose of administrating the Provincial Agrifoods Assistance Program. Personal information may be disclosed to third parties for the purpose of the project assessment, program audit and evaluation.

For further information on the privacy issues under the Provincial Agrifoods Assistance Program please contact (709) 637-2096.
The Provincial Agrifoods Assistance Program (PAAP) provides financial assistance to eligible applicants involved in primary production or secondary processing activities which will improve the economic viability of the agriculture and agrifoods industry; promote commercialization and growth in the sector; and enhance the competitive capability of the agriculture and agrifoods industry. The program may also provide selective assistance to regional pastures, agribusinesses, and agricultural groups for initiatives that support the priorities of the program.

In 2019-20 funding will be provided for eligible activities including land development and agriculture infrastructure.

**Program Objectives**

PAAP Investment will:

- Support On-farm Diversification and Commercialization;
- Increase Secondary Processing and Value-added;
- Advance Technology Adoption;
- Support Environmental Stewardship;
- Develop new market opportunities;
- Improve Food Safety practices;
- Develop new agricultural land;
- Support and enhance the development of regional pastures;
- Address an identified need of the farm and/or the agrifoods industry;
- Improve the profitability of the farm(s);
- Enhance farm productivity and efficiencies;
- Increase farm sales;
- Improve economic viability of the agriculture and agrifoods industry; or
- Enhance the competitive capability of the agriculture and agrifoods industry.

Funding priority will be placed on those projects that:

- Support food self-sufficiency;
- Increase agricultural growth;
- Increase secondary processing of food products; and/or
- Generate employment creation.

The Government of Newfoundland and Labrador released *The Way Forward - Agriculture Sector Work Plan* on October 23, 2017 to pursue opportunities and remove barriers to support agricultural growth. The *Agriculture Sector Work Plan* identified specific action items to achieve targets for agricultural growth:

- Increase Newfoundland and Labrador’s food self-sufficiency to at least 20 per cent by 2022;
- Increase secondary processing of food products; and
• Generate an additional 500 person years of employment, upon attainment of the food self-sufficiency target.

The **Agriculture Sector Work Plan** identified key challenges and opportunities related to the following: agriculture development; agriculture production; agriculture business development and risk management; human resources and labour; research, innovation and diversification; market access and development; and processing and value-added agriculture.

PAAP Programming will support targets set out in **The Way Forward - Agriculture Sector Work Plan** and a growth lens will be applied to projects to prioritize investment to meet these targets. PAAP funding priority will be placed on projects that support food self-sufficiency, enhance agricultural growth, increase secondary processing of food products and/or create new employment opportunities in the sector.

Separate applications are available for **Land Development** and **Agriculture Infrastructure** and approval for one cannot be transferred to the other. Funding approved under the land development section can only be used for land development activities.

**Eligibility Requirements:**

Successful applicants must meet the following eligibility requirements:

Eligible for-profit applicants may include sole proprietors, partnerships, corporations, farm cooperatives, regional pastures operated as a legal entity and agricultural groups representing three or more farms. Eligible not-for-profit regional pastures are also eligible for funding. Municipal, provincial and federal governments and agencies are not eligible to apply for program funding.

The PAAP program is targeted to assist commercial farmers and as a result eligible for-profit applicants must have reported a minimum of $15,000 in gross sales of agricultural products/services to the Canada Revenue Agency in any one of the last three years.

Funding is available to processors using locally grown or raised agricultural products who can demonstrate a minimum of $15,000 in gross sales of agricultural products.

All applicants must be a Canadian citizen or permanent Canadian resident and at least 19 years of age to be eligible under the PAAP program.

No member of the House of Assembly of Newfoundland and Labrador shall be permitted to obtain any share or part of the Provincial Agrifoods Assistance Program or be entitled to receive any financial benefit from this program.

Applicants must be able to demonstrate sound financial status to be considered for funding.
Applicants who are in arrears with the Government of Newfoundland and Labrador will not be eligible for funding until acceptable repayment arrangements have been negotiated. Applicants who had debt written off in the past six years by the Government of Newfoundland and Labrador will not be eligible for funding.

Applicants who are a registered corporation, limited partnership or cooperation must be in good standing with Companies and Deeds Online (CADO). Visit CADO and search your organization either by name or incorporation number to confirm if your organization is in good standing with CADO at cado.eservices.gov.nl.ca.

**New Entrants:**

New Entrants may be considered for funding based on their on-farm work experience, personal investment into the business, and demonstrated commercial farm viability. For the purposes of this program, a New Entrant is defined as someone intending to establish an agribusiness in the province of Newfoundland and Labrador or who has been operating an agribusiness for less than six years regardless of the level of agricultural sales. Funding for New Entrants will be evaluated based on the size and scope of the project, including the financial contribution by the applicant to the project. Applicants seeking funding as a New Entrant must complete and submit the New Entrant Information Form with their application.

**Note:** In extenuating circumstances, the Department may consider applications from producers that report less than $15,000 in eligible annual gross agricultural sales or processors that are reporting less than $15,000 in eligible annual gross sales.

The Department will consider applications on a case by case basis and determine whether there has been extenuating circumstances why the applicant has not been able to develop their farm and reach $15,000 in sales; as well the applicant will be required to document actual and planned investment and farm activity to reach commercial farm size.

New Entrants will be eligible for reimbursement based on reported level of sales to the Canada Revenue Agency.
LAND DEVELOPMENT

The land development section will provide funding to assist producers in developing NEW agricultural land to allow producers to support food self-sufficiency, agricultural growth, secondary processing of food products and employment creation.

Eligible Activities:

Land clearing (rough clearing) of NEW agricultural land is eligible to a maximum of $1,500 per acre. Activities on mineral soil include removal of trees, rocks, stumps and roots from undeveloped land; and on peat include perimeter and interior ditching, removal of woody material, and brush cutting.

Land enhancement of NEW agricultural land is eligible to a maximum of $1,500 per acre. Activities on mineral soil include rock removal, minor drainage, land leveling plus the initial application of limestone, fertilizer, soil enhancements and seed; and profiling and rototilling on peat plus the initial application of limestone, fertilizer, soil enhancements and seed.

Total assistance available for land development, including land clearing and enhancement is a maximum of $3,000 per acre.

Land development activities conducted prior to 2018 will not be eligible for funding.

Regional pastures can qualify for up to $30,000 for new land development, pasture amendments and agriculture infrastructure.

- New land development will be reimbursed up to $3,000 per acre for land clearing and land enhancement;

- Pasture amendments will be reimbursed at 100 per cent of costs. Eligible expenses include fertilizer, limestone, seed, soil amendments, fencing and fencing materials, and third party labour. In-kind contributions and pasture operating costs such as license fees, veterinary supplies and fees, pasture operator wages, livestock breeding costs, and fuel to travel to and from the pasture are not eligible expenses and will not be reimbursed.

- Agriculture infrastructure for regional pastures will be reimbursed up to 75 per cent to a maximum of $15,000. Refer to Agriculture Infrastructure for regional pastures on page eight.

- Maximum funding available for land and agriculture infrastructure for regional pastures is $30,000 of which a maximum of $15,000 can be used for agriculture infrastructure.

Funding may be limited based on the number of animals placed on the regional pasture and/or the number of patrons utilizing the pasture.
There are no individual funding caps under the land development section and all complete applications received by the deadline will be reviewed. As well, funding may need to be prorated based on program demand. Funding not utilized by the individual contribution agreement deadline will be recommitted to projects not yet approved, projects requesting additional funds, and/or previously prorated projects.

**Ineligible Activities:**

Project activities funded previously by this or other Government programs are not eligible for reimbursement. Project activities currently under review by other Department programs will not be considered for funding.

The following activities will **not** be eligible for funding under this initiative:

- Land renovation or land development on previously productive agricultural land. Funding for land development is for NEW agricultural land only.
- On-farm access roads.
- Land development equipment.
- Subsurface drainage projects.
- Soil enhancements for organic land development.
- Site development for physical structures (refer to Agriculture Infrastructure section).

These project activities may be eligible for funding under the Canadian Agricultural Partnership and interested applicants can contact the Canadian Agricultural Partnership administration at 709-637-2077.

**Land Applicant Eligibility:**

In addition to the general eligibility criteria, applicants must show one of the following in relation to each parcel of land which is to be developed:

- Clear title; or
- A rental agreement for a minimum of ten years; or
- An interest satisfactory to the Department, namely: the applicant is a sole proprietor and is the spouse, parent or child of the land owner; or the applicant is a corporation or partnership and the land owner is a shareholder or partner; or the land owner is a spouse, parent or child of a shareholder or partner.

**Reimbursement of Project Costs:**

Once an approved project is completed, the applicant must submit a Project Reimbursement Form provided by the Department. A representative of the Department will inspect and measure the acreage to determine the actual amount of land clearing and land enhancement completed. Once measured, the acreage will be mapped by the Department to ensure payment is made on land that has not been previously funded and to ensure that payment is provided for land within the title boundaries only. Payment on land development projects is
provided on an acreage basis only. Project claims for agricultural land development do not have to be supported with invoices.

A **complete** application for land development must include the following:

- **Application with complete, detailed answers to all questions.**
- **Livestock producers must identify slaughterhouse used even if some animals are sold live.**
- **Documents to show proof of land title or rental agreement for each parcel of land to be developed.**
- **A farm map, survey or Google imagery showing the exact location of proposed land development.**
- **Applicants who are New Entrants and who do not meet the minimum sales requirement of $15,000 in gross agricultural sales are required to complete the New Entrant Information Form.**
- **Regional pastures must submit a Pasture Information Form.**
- **Proof of sales documentation such as:**
  - T-2042 Statement of Farming Activity; or
  - T-1273 Statement A-Harmonized AgriStability and AgrilInvest Program Information for Individuals; or
  - Harmonized Statement A for Corporations/Co-operatives; or
- **Financial Statements prepared by a licensed public accountant for the most recent year for incorporated entities. If internally prepared statements are submitted, they must be supported by the Corporate Income Tax form or applicable AgrilInvest/AgriStability Program Information Forms.**
- **For peatland development, a site design that is approved by the Lands Management Division of the Department of Fisheries and Land Resources. Site design must include:**
  - Type of peatland development (brush cutting, ditching, profiling, etc.);
  - General and specific site location map;
  - Drawing of proposed ditches on map;
  - Spacing, length and depth of ditches;
  - Location, lengths width and depth of sediment pond;
  - Total area of proposed activity; and
  - Proposed dates of development.
AGRICULTURE INFRASTRUCTURE

The Agriculture Infrastructure section will provide funding to assist producers in making investments (in areas other than land development) that will support food self-sufficiency, agricultural growth, secondary processing of food products, and employment creation. Funding will be provided at 50 per cent of approved eligible project expenses.

Any applicant proposing a project involving the construction of a permanent physical structure including barns, greenhouses, storages and equipment buildings, manure storages and pits, must have clear title to the land or an interest satisfactory to the Department. An interest satisfactory to the Department will include: the applicant is a sole proprietor and is the spouse, parent or child of the land owner; or the applicant is a corporation or partnership and the land owner is a shareholder or partner; or the land owner is a spouse, parent or child of a shareholder or partner.

Funding for farm tractors and tractor loaders/buckets will be limited to New Entrants once over the life of the PAAP program. Tractors for existing commercial producers will be considered replacement equipment and will be ineligible for PAAP funding.

Eligibility Limits:

- Eligibility for funding for Agriculture Infrastructure will be based on the level of agricultural sales as reported to Canada Revenue Agency and how the project contributes to The Way Forward - Agriculture Sector Work Plan targets for food self-sufficiency, agricultural growth, secondary processing of food products and employment creation.

- Eligibility levels are as follows:

<table>
<thead>
<tr>
<th>Annual Gross Sales of Eligible Agriculture Products/Services</th>
<th>Provincial Agrifoods Assistance Program Eligibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Entrant</td>
<td>$20,000</td>
</tr>
<tr>
<td>$15,000-$49,999</td>
<td>$30,000</td>
</tr>
<tr>
<td>$50,000-$99,999</td>
<td>$50,000</td>
</tr>
<tr>
<td>$100,000 +</td>
<td>$75,000</td>
</tr>
</tbody>
</table>

- For the purposes of determining eligibility, the most recent year’s agricultural sales as reported to Canada Revenue Agency must be provided. The applicant’s eligibility for funding can be based on the highest level of reported sales in the past three years.

- Funding approvals may be prorated based on program demand and individual funding limits may be changed to allow for the optimum utilization of program funds.
Eligible Costs:

- Eligible costs may include equipment purchases, facility and building construction, site development, third party labour, and any other project costs approved by the Minister supporting the priorities of the program.
- Assistance to for-profit applicants may be provided up to 50 per cent of eligible costs to a maximum as indicated in the table above. Cooperative purchases by three or more applicants may be eligible for up to 50 per cent of funding, depending on project activity and subject to the Related Parties Policy.
- Regional pastures are eligible for a maximum of $30,000 of PAAP funding per year of which a maximum of $15,000 can be used for capital costs for agriculture infrastructure. Funding for regional pastures may be limited based on the number of animals placed on the community pasture and/or the number of patrons utilizing the pasture.

Ineligible Activities:

Project activities funded previously by this or other Government programs are not eligible for reimbursement. Used equipment older than five years will not be eligible for reimbursement. Prior to approval, used equipment may require a pre-inspection, condition report and/or photos to document condition of the equipment. Project activities currently under review by other Department programs will not be considered for funding. In-kind resources are ineligible for funding under this program. In-kind transportation and freight are not eligible for reimbursement. HST/GST will not be reimbursed. Projects with a requested contribution of less than $1,000 will not be considered for funding.

Funding will not be provided for: breeding stock; ineligible commodities including cannabis, aquaponics, aquaculture, sea food, wild harvested products, fruit trees, horses, ponies and other commodities identified by the Minister; operational expenses; loaders, bulldozers and excavators; general business software systems; repairs and maintenance for equipment, roads and buildings; normal replacement costs for equipment and machinery unless significant advancement in technology can be demonstrated; agri-tourism activities; purchase of land and existing buildings and other costs deemed ineligible by the Minister.

Project Amendments:

Amendments to applications will be limited to ONE per application/applicant to amend project scope for 2019-20. Amendments under $1,000 will not be considered. This does not include project date extensions. Contribution Agreements may be amended for date extensions at the discretion of program administration. Any applicant wishing to change project scope or activity must complete a new application in full and submit for consideration. Funding approved for Agriculture Infrastructure cannot be amended to approve land development activities.
Reimbursement of Project Costs:

Once an approved project is completed, the applicant must submit a Project Reimbursement Form provided by the Department. Approved projects will be reimbursed at 50 per cent of eligible project expenses approved by the Minister and specified in the Contribution Agreement. All projects must be completed in full and all expenditures paid in full prior to reimbursement by the program. All applicants will be required to show proof of payment. All project claims must be supported by:

- Invoices for purchased goods and services clearly showing the vendor’s name and contact information.
- Acceptable cash register receipts must show vendor identification and purchased items listed which show that payment was made. Administration reserves the right to apply further restrictions on a per applicant basis.
- Non-arm’s length transactions require prior approval of the Minister and must be accompanied by proof of payment.
- Cancelled cheques for all third party labour.
- Transportation and freight costs for supplies and equipment will only be reimbursed if the costs are actual costs and included on a third-party invoice.
- Proof of payment must be shown by cancelled cheque, money order, bank draft, credit card statement or bank statement.
- Cash purchases in aggregate in excess of $1,000 will not be reimbursed.
- Any other costs deemed inappropriate by the Minister will not be reimbursed.
- Invoices submitted for payment must be issued to the applicant, or individual producer name, shareholder, trade name or an interest to the satisfaction of program administration.
- Labour of sole proprietors, partners and shareholders working on projects is not eligible.

A complete application to the Agriculture Infrastructure section must include the following:

- Application with complete, detailed answers to all questions.
- Livestock producers must identify slaughterhouse used even if some animals are sold live.
- New Entrants are required to complete the New Entrant Information Form.
- Regional pastures must submit a Pasture Information Form.
- Price quotes for all purchases to verify funding request.
- Proof of sales documentation such as:
  - T-2042 Statement of Farming Activity; or
  - T-1273 Statement A-Harmonized AgriStability and AgriInvest Program Information for Individuals; or
  - Harmonized Statement A for Corporations/Co-operatives; or
- Financial Statements prepared by a licensed public accountant for your most recent year for incorporated entities. If internally prepared statements are submitted, they must be supported by the Corporate Income Tax form or applicable AgrilInvest/AgriStability Program Information Forms.
- Documents to show proof of land title for each parcel of land for projects involving the construction of a permanent structure.
- A farm map, survey or Google Earth imagery showing the exact location of proposed construction.

Funding Policy:
Government funding is limited to a maximum of 75 per cent of eligible project costs for commercial for-profit applicants. This includes funding from all federal, provincial, and municipal sources. Applicants must contribute at least 25 per cent of the total eligible project costs, exclusive of any government funding. PAAP will reimburse to a maximum of 50 per cent of eligible project costs. The applicant cannot access Canadian Agricultural Partnership funding for the same project costs.

Funding for Not-For-Profit organizations must not exceed 100 per cent of total eligible project costs from all federal, provincial and municipal government funding sources.

Only 50 per cent of an actual loan amount is included in the funding formula (stacking formula) from federal and provincial departments or agencies that provide non-interest bearing loans.

Related Parties Policy:
The following policy will be applied to all parties applying under PAAP.

For the purposes of the PAAP Program sole proprietors, agricultural businesses, partnerships, corporations, and co-operatives (of less than 20 members) will be considered related if common ownership exists between parties. Common ownership exists where there are:
- common individuals, partners and/or shareholders,
- spouses and common-law spouses of individuals, partners and/or shareholders.

When related businesses are owned by the same parties, and when related businesses are owned by spouses, funding will be limited to the maximum funding limits for the Program for the businesses combined. For example:
- Producer A owns 100 per cent of RST Company and 100 per cent of PQR Company; therefore RST Company and PQR Company are related companies. The combined maximum funding eligibility for RST and PQR Companies will be $75,000. This applies to sole proprietorships as well.
- Producers A and B are shareholders of XYZ Company and the spouses of Producer A and Producer B are shareholders in CDE Company. Therefore, CDE Company is related to
XYZ Company. Because the owners are spouses, the maximum funding eligibility will be $75,000 for CDE Company and XYZ Company combined.

When there are additional shareholders (shareholders that are not spouses of the shareholders of the related business) funding to the company or business will be limited by the amount held by the common shareholders. For example:

- KLM agribusiness is owned by two producers, Producer A and Producer B. GHI agribusiness is owned by Producer A (40 per cent.), by Producer B (40 per cent) and by one of their sons Producer E (20 per cent). Therefore, GHI agribusiness is related to KLM agribusiness. Assuming KLM agribusiness has already received the $75,000 maximum allocation, GHI agribusiness would be eligible for maximum funding of $15,000 or 20 per cent of $75,000.

For further clarification on this Related Parties Policy and how it impacts your agribusiness please contact the Program Manager prior to applying.

Additionally, the Minister will take into consideration factors such as availability of existing funds, industry benefit from the project, and amount of funding that common shareholders have received from the PAAP program through previous projects.

Application Assessment Process:

When an application is received;
- It is registered and the applicant is notified in writing.
- All applications must be received by the application deadline to qualify for the first round of funding consideration.
- The application will then be reviewed for completeness prior to assessment.
- Complete applications for eligible projects must meet General Eligibility Criteria before they are assessed against Merit-based Application Evaluation Criteria.
- Applications that do not meet the General Eligibility Criteria will be rejected.

If an application is considered to be incomplete, it will be rejected and the applicant will be notified in writing. If the applicant wishes to address the missing information, they may choose to re-submit the full application, including any missing information for consideration subject to availability of program funds. However, late applications will not be considered in the first round of funding review.

Applications will be reviewed by the Management Committee comprised of the Director of Agriculture Business Development and the Manager of Agriculture Business Services.

Eligible applications will be assessed based on the following criteria;
- Eligibility of the proposed project activities;
• Commercial and technical feasibility of the project;
• How well the project addresses program objectives and funding priorities;
• Overall benefit to the agri-business and sector or industry; and/or
• Industry support and/or industry reach for the project.

General Eligibility Criteria:
• The application is complete: all required fields are complete; any required conditions are met and required documentation is attached.
• The applicant shall comply with requirements and obtain all necessary permits under relevant federal, provincial, and municipal laws and regulations.
• The project does not support normal operating costs associated with carrying out a business.
• All Eligibility Requirements as per page 2 have been met.

Merit-based Application Evaluation Criteria:

Applications will be evaluated on three criteria;
• Project eligibility and applicant eligibility,
• How the project fits within PAAP program objectives; and
• How well the project meets the targets set out in The Way Forward – Agriculture Sector Work Plan including an increase in Newfoundland and Labrador’s food self-sufficiency, employment creation, secondary processing and/or agricultural growth.
APPLICATION DEADLINE:

Applications and supporting documentation must be submitted to the PAAP Program Manager in Corner Brook on or before **May 17, 2019**.

Further information may be obtained by contacting:

Program Manager  
Provincial Agrifoods Assistance Program  
Department of Fisheries and Land Resources  
Agricultural Business Development Division  
P.O. Box 2006  
Corner Brook, NL  
A2H 6J8  
Tel: 709-637-2096 or 709-637-2077  
Fax: 709-637-2589