

# 2021 CANADA – SASKATCHEWAN DROUGHT RESPONSE INITIATIVE

## Terms and Conditions

### I. PURPOSE

The purpose of the Initiative is to: provide compensation for extraordinary expenses related to maintenance of breeding livestock, including but not limited to feed, water, and transportation costs incurred by Eligible Producers due to drought conditions in 2021.

### II. DEFINITIONS:

- A. “**AAFC**” means Agriculture and Agri-Food Canada.
- B. “**Administration**” means SCIC or third-parties contracted by SCIC or the Government of Saskatchewan to carry out activities related to Enrolment, verification or payment for this Initiative.
- C. “**Animal Unit Equivalencies**” means the number of animals for a species that corresponds to the amount that is equal to a standard; the standard being one cow.
- D. “**Application**” means completed form to be submitted for approval to Administration that includes an Extraordinary Costs Questionnaire, Eligible Producer’s contact information, demographic, number of Eligible females to be applied for, Premise Identification number and signature by Eligible Producer.
- E. “**Eligible Animals**” means female beef and dairy cattle, bison, elk, sheep and goats that meet all of the criteria detailed in section III.C.
- F. “**Eligible Producer**” means a person who meets all of the criteria detailed in section III.A.
- G. “**Extraordinary Costs**” may include such costs as feed; transportation of feed, water or cattle; labour; temporary fencing; alternative grazing arrangements; or any other costs related to the 2021 drought or the value of pasture production or winter feed production deficiency from normal production due to drought as identified in the Extraordinary Costs Questionnaire contained within the application form. Extraordinary Costs are not for fixed or capital assets.
- H. “**Initiative**” means the 2021 Canada-Saskatchewan Drought Response Initiative (DRI).
- I. “**Ministers**” means, collectively: (i) the Minister of Agriculture and Agri-Food Canada or his/her representative; and (ii) the Minister of Agriculture (Saskatchewan) or his/her authorized representative.
- J. “**Producer**” means an individual, body corporate, a co-operative or a communal organization that is the operator of a farm, as determined by the Administration in accordance with the rules established in *The Saskatchewan Crop Insurance Corporation Regulations*.
- K. “**SCIC**” means Saskatchewan Crop Insurance Corporation.
- L. “**Terms and Conditions**” refers to the contents of this document.

### III. ELIGIBILITY

#### A. *Eligible Producer*

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

1. Reports farm income pursuant to the *Income Tax Act* (Canada) in Saskatchewan and has filed, or will file, an income tax return with respect to farm income in Saskatchewan for the year in which the application to the Initiative is made or the year immediately preceding that application;
  - a. For applicants that are not required to file farm income tax,

documentation that demonstrates the production and sale of agricultural commodities in Saskatchewan must be provided;

2. Is an individual, corporation, or partnership who owns all or a percentage of eligible animals and in compliance with applicable licensing and regulations;
3. If the Producer is an individual, the Producer must be 18 years of age or older;
4. Has a Premise ID at the time of payment 2 or the livestock is kept at location with a Premise ID; and
5. Applies to the Initiative as specified in the Terms and Conditions.

**B. *Non-Eligible Producers***

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

1. Producers that have no recent history of owning breeding livestock;
2. Research stations; and
3. Universities, or any other government-funded agency or institution.

**C. *Eligible Animals***

To be eligible to participate in the Initiative, Eligible Animals must meet all of the following criteria:

1. Canadian-owned female beef and dairy cattle, bison, elk, sheep or goats that are bred or intended to be bred;
  - a. The maximum number of open replacement females that can be considered eligible livestock is 15 per cent of the number of bred females per species.
2. For payment 1; Eligible Animals must have been owned as of August 1, 2021;
3. For payment 2; Eligible Animals must have been owned as of December 31, 2021.

**D. *Non-Eligible Animals***

Without limitation, the following are not Eligible Animals under the Initiative:

1. Male beef and dairy cattle, bison, elk, sheep and goats;
2. All female livestock not intended for breeding and all other species not listed as an Eligible Animal in section IV.C; and
3. Have been previously enrolled in the Initiative.

**IV. APPLICATION PROCESSES**

**A. *General Conditions***

1. Eligible Producers must complete and sign an application form confirming that they have met and agree to all conditions of the Initiative.
2. Eligible Producers shall not make an application in respect to 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 Producer in the same livestock operation.
3. Designates are not permitted to sign applications unless they have duly authorized powers of attorney, proof of which must be submitted with the application.
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 Producers. Payment will be issued to the Eligible Producer.

**B. *Application***

1. Eligible Producers must apply through the Administration of the Initiative. Producers will need to provide their Social Insurance Number or tax identifier for taxation purposes. Social Insurance Numbers or tax identifiers will only be used

internally and for the purposes of reporting payment to Canada Revenue Agency, as required by law. The application to register may also consist of the following information and will be used for the purposes of administration in the Drought Response Initiative program:

- a. Contact information and demographics of the Eligible Producer;
- b. Premise IDs of the Eligible Producer;
- c. List of applicable Eligible livestock inventory as of August 1, 2021 and/or December 31, 2021;
- d. Other details confirming program eligibility criteria are met; and
- e. Agreement to any and all verification processes outlined in these Terms and Conditions.

**C. *Application for Payment 1***

1. Eligible Producers will be required to submit inventory of Eligible Animals (as per section III, C) as of August 1, 2021. Animals must be identified by sex and breeding status. If the Eligible Producer shares ownership or leases the Eligible Animals, the Eligible Producer must apply for their portion of the ownership. SCIC may require proof of the share/lease agreement.
2. Eligible Producers will declare that no other application to the Initiative has been made with respect to their Eligible Animals listed within their application.

**D. *Application for Payment 2***

1. Eligible producers must declare that they have incurred additional costs, payable at 70% to a maximum of \$285 per head for payment 2, adjusted to Animal Unit Equivalencies.
2. Eligible Producers must submit to Administration an application for payment 2.
3. Must reflect the livestock inventory on hand as of December 31, 2021.
4. Eligible Producers will be required to complete an Extraordinary Costs Questionnaire as part of the application.

**E. *Application Approvals and Deadlines***

1. All Applications will be reviewed and approved by Administration.
2. The Administration will notify all Eligible Producers of approvals and non-approvals.
3. Applications for payment 1 for Eligible animal inventory as of August 1, 2021, will be accepted beginning September 1, 2021 and ending January 31, 2022.
4. Applications for payment 2 for Eligible Animal inventory as expected of December 31, 2021 will be accepted by January 31, 2022.
5. The Initiative will end on March 31, 2022.

**V. PAYMENTS**

**A. *General Payment Matters***

1. Minimum payment amount will be \$500.00 per payment.
2. Maximum total of payments 1 and 2 will be \$3,000,000.00.
3. Maximum payment per payment 1 and 2 will be \$1,500,000.00.
4. Eligible Producers cannot assign or defer any payment under this Initiative.
5. Initiative payments will be considered allowable income to the extent they are eligible under AgriStability.
6. Any tax information slips issued by SCIC required by the *Income Tax Act* (Canada) will be issued in the name of the Eligible Producer.

**B. *Payment Calculation***

1. The support payment that may be paid to an Eligible Producer via a payment 1 is

the amount P1 calculated in accordance with the following formula:

$$P1 = (L1 \times \$100) + (L2 \times \$50) + (L3 \times \$20) \text{ where:}$$

- a) L1 is the number of eligible livestock that are beef cows, dairy cows, or bison that were owned by the Eligible Producer as of August 1, 2021;
- b) L2 is the number of eligible livestock that are elk that were owned by the Eligible Producer as of August 1, 2021;
- c) L3 is the number of eligible livestock that are sheep or goats that were owned by the Eligible Producer as of August 1, 2021.

2. The maximum support payment that may be paid to an Eligible Producer who has incurred additional costs of at least \$285 per head via a payment 2 is the amount P2 calculated in accordance with the following formula:

$$P2 = (L1 \times \$100) + (L2 \times \$50) + (L3 \times \$20) \text{ where:}$$

- a) L1 is the number of eligible livestock that are beef cows, dairy cows, or bison that are expected to be owned by the Eligible Producer as of December 31, 2021;
- b) L2 is the number of eligible livestock that are elk that are expected to be owned by the Eligible Producer as of December 31, 2021;
- c) L3 is the number of eligible livestock that are sheep or goats that are expected to be owned by the Eligible Producer as of December 31, 2021.

3. Where the Extraordinary Costs incurred by a producer is less than the maximum allowable \$285 per head adjusted for Animal Unit Equivalencies, a partial payment for payment 2 is calculated in accordance with the following formula:

$$P2 = ((L1 \times \text{supported per head Extraordinary Costs} \times 70\%) - (L1 \times \$100)) + ((L2 \times \text{supported per head Extraordinary Costs} \times 0.5 \times 70\%) - (L2 \times \$50)) + ((L3 \times \text{supported per head Extraordinary Costs} \times 0.2 \times 70\%) - (L3 \times \$20)) \text{ where:}$$

- a) L1 is the number of eligible livestock that are beef cows, dairy cows, or bison that were owned by the Eligible Producer as of December 31, 2021;
- b) L2 is the number of eligible livestock that are elk that were owned by the Eligible Producer as of December 31, 2021;
- c) L3 is the number of eligible livestock that are sheep or goats that were owned by the Eligible Producer as of December 31, 2021.
- d) Where the resulting calculation is negative, payment 2 will be considered \$0.00

**C. Total Payment and Animal Unit Equivalencies**

Animal	Value	Animal Unit Equivalencies	Payment Totals
Cattle, Dairy, Bison	\$200/head	1.0	\$285 x 70% x 1.0 = \$200
Elk	\$100/head	0.5	\$285 x 70% x 0.5 = \$100
Sheep, Goat	\$40/head	0.2	\$285 x 70% x 0.2 = \$40

Total Extraordinary Costs eligible under the Initiative are a maximum of \$285.00 per head. AgriRecovery covers 70% of Extraordinary Costs to a maximum of \$200 per head per Animal Unit Equivalency.

**D. Set off of Payments Against Debts Owning by Eligible Producers**

The Administration has the right to deduct in full, via set-off, any debt owing by an Eligible Producer to SCIC, the Government of Saskatchewan, or the Government of Canada, from any payment payable to that Eligible Producer under this Initiative.

## VI. OVERPAYMENTS

1. If, after making a payment under the Initiative, Administration determines that:
  - a. A Producer is not an Eligible Producer;
  - b. The participating animals were not Eligible Animals;
  - c. False or misleading information was provided in an application form, or in any manner whatsoever, to the Administration;
  - d. An Eligible Producer 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 Government of Saskatchewan by the recipient of that overpayment and shall be recoverable in the same manner as any other debt due to the Government of Saskatchewan.
3. The recipient of an overpayment shall repay such overpayment amounts to SCIC within 30 days of notice being provided to the recipient by SCIC.
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 SCIC to the recipient or an Eligible Producer 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.

## VII. VERIFICATION

1. Administration may need to verify the number of Eligible Animals. Eligible Producers shall allow Administration to access all physical sites or records that pertain to any Eligible Animals that have been accepted into the Initiative.
2. Eligible Producers must provide, upon request, information related to ownership such as purchase or sale of any Eligible Animals including off-spring to the Administration for the purpose of administering the Initiative.
3. Administration may conduct on site verifications at any time for the purpose of verifying eligibility for payment under the Initiative, and Eligible Producers grant an irrevocable license to the Administration to access all lands owned by the Eligible Producers for such purpose so that any access by the Administration to those lands shall not constitute trespass.
4. As a condition of participation in the Initiative, an Eligible Producer authorizes the Administration to obtain information from any government department, agency or third party for the purposes of verifying: (i) the basis of the Initiative payments; or (ii) any other information provided by the Eligible Producer under the Initiative.
5. As a condition of participation in the Initiative, an Eligible Producer 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 Producer's application to the Initiative; or (ii) determining the Eligible Producer's eligibility for the Initiative.
6. On request, Eligible Producers shall supply the Administration, the Government of Saskatchewan's Ministry of Agriculture or AAFC with access to any land, records, books of account, income tax returns, receipts of extraordinary costs or other documentation required to administer, or conduct audits of, the operation of the Initiative.
7. On request, Eligible Producers shall provide the Administration 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 Producer in the same livestock operation, for the purposes of verifying or auditing the Eligible Producer's application. If the Eligible Producer fails to provide any of the foregoing within 30 days of the Administration's request, then the Administration may require the Eligible Producer to repay any payment received under this Initiative.

8. Eligible Producers who are found to be in breach of these Terms and Conditions or misrepresent their inventory on August 1, 2021 &/or December 31, 2021, will forgo any and all compensation provided by the Initiative.

## **VIII. AMENDMENTS TO THE PROGRAM**

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

## **IX. PROGRAM EXIT**

### ***C. Termination of Initiative***

The Initiative terminates the earliest of:

1. The date that all funds allocated to the Initiative have been expended;
2. The date of a Minister's Order terminating the program; or
3. The Initiative deadline of March 31, 2022 passes.

## **X. LIMITATION OF LIABILITY AND INDEMNIFICATION**

1. SCIC, the Government of Saskatchewan and the Government of Canada are not liable to an Eligible Producer, 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 Initiative and the Eligible Producer's participation in it.
2. It is a condition of participation in the Initiative by an Eligible Producer that the Eligible Producer shall indemnify and hold harmless SCIC, the Government of Saskatchewan, the Government of Canada, and all of their appointed representatives, 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 Producer's participation in the Initiative.
3. These indemnifications and limitations of liability will remain in effect beyond the duration of the Initiative and the Producers involvement in the Initiative.

## **XI. STACKING OF ASSISTANCE**

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

## **XII. REGISTRATION OF LOBBYISTS**

A person lobbying, as defined in the federal *Lobbying Act*, on behalf of a Producer 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.