BOVINE SPONGIFORM ENCEPHALOPATHY (BSE) RECOVERY PROGRAM

SLAUGHTER ELEMENT

This summary may in no way take precedence over the provisions of the Canada-Québec agreement.

GÉNÉRAL INFORMATION

The Program for the industry's recovery in the wake of BSE, established under the Canada-Québec agreement, provides financial assistance to the farm clientele affected by the mad cow disease crisis. The assistance package will be cost-shared at 60% by the Government of Canada and 40% by the Government of Québec. This assistance will provide support to the cattle and beef sector while borders are temporarily closed with the United States.

ELIGIBILITY CRITERIA

Eligible producers

Producers eligible for a payment under the program are those that raise and sell cattle, sheep or other ruminants in Québec or Canada. In the event the producer used the services of a negotiator or an agent for the sale of animals, it is the producer who will receive the indemnity.

Eligible animals

- Feeder cattle (slaughter steers and heifers under 30 months of age) sold before the end of the program;
- Non-feeder cattle (cull cows and bulls) sold before the end of the program or prior to August 31, 2003, whichever comes first;
- Beef-type calves (grain-fed calves and milk-fed calves) sold before the end of the program;
- Sheep and other ruminants such as bison, caribou, deer, elk and musk-oxen sold before the end of the program or prior to August 31, 2003, whichever comes first.

The following criteria must be met in order for the livestock to be eligible for a payment:

- has been in your possession prior to May 20, 2003;
- has been raised or fed in Québec;
- has been sold directly in Canada for the purposes of slaughter;
- has been delivered to the slaughterhouse prior to July 10, 2003, if it was sold between May 20, 2003 and the date on which the program was announced (June 18, 2003);
- has been delivered to the slaughterhouse within the 14 days following the date of sale, if it was sold after the date on which the program was announced (June 18, 2003);
- has been slaughtered in a certified processing establishment.

The program will end at midnight on the day the ban ceases to target either eligible live cattle or cuts from the beef muscle of eligible cattle, whichever comes first. Notwithstanding any other provision of the agreement, the program will end on the day when the total contributions in Canada, under this program, reach $276 million across the country.

REGISTRATION AND CLAIMS

Slaughter steers and heifers, grain-fed calves and milk-fed calves covered by stabilization insurance

For participants insured for any of the following stabilization insurance products: “Feeder cattle and slaughter cattle”, “Grain-fed calves” or “Milk-fed calves”, registration in the program is not required. Payments will automatically be processed on the basis of information held by La Financière agricole and recorded in your insurance file.
However, if you have other categories of cattle or ruminants, you must complete a claim form for these animals.

Any other cattle, sheep and ruminants

If you have marketed replacement animals, lambs and other ruminants, or slaughter steer and heifers, grain-fed calves and milk-fed calves that are not covered by stabilization insurance, you must register for the program by completing a claim form for this purpose.

Form

The form is available from the service centres or on the web site of La Financière agricole at www.financiereagricole.qc.ca.

Proof of slaughter

To be eligible for an indemnity, you must provide, for each animal, a proof of sale or of slaughter containing the following information: the ear tag number for cattle, the date of sale, the date of slaughter and the weight of the animal. In the case of cull cows and bulls, where there is no proof of slaughter, La Financière agricole reserves the right to verify the destination of the animal on the basis of data it holds through the permanent identification.

CALCULATION OF PAYMENTS

Producers are compensated when the Canadian market price for the eligible animals is lower than the reference price. The reference price is established, for the different animal categories, on the basis of the market price, either in the United States or Canada for certain categories. The American prices are adjusted according to the exchange rate and the traditional basic differential between the prices in Canada and the United States, which includes regional variations (western and eastern Canada). The average weekly selling price retained for eastern Canada will be compared to the reference price as established.

The payment will be calculated on a weekly basis by multiplying the animal's live weight by an amount corresponding to the payment rate.

Payment table

The program compensates 90% of the difference between the selling price and the reference price for the first 50% of loss. The amount of assistance is therefore on a sliding scale, although the payment cannot exceed a maximum of 45% of the reference price.

Reference Price (A)	Market Price % of the Reference Price (B)	Payment Rate % of the Drop in Market Price (C)	Payment % of the Reference Price (D)	Producer's Income % of the Reference Price (B + D)
100%	100%	-	-	**100.00%**
	95%	**90%**	4.5%	**99.50%**
	90%	**90%**	9.0%	**99.00%**
	85%	**90%**	13.5%	**98.50%**
	80%	**90%**	18.0%	**98.00%**
	75%	**90%**	22.5%	**97.50%**
	70%	**90%**	27.0%	**97.00%**
	65%	**90%**	31.5%	**96.50%**
	60%	**90%**	36.0%	**96.00%**
	55%	**90%**	40.5%	**95.50%**
	50%	**90%**	45.0%	**95.00%**
	45%	**0%**	45.0%	**90.00%**
	40%	**0%**	45.0%	**85.00%**
	35%	**0%**	45.0%	**80.00%**
	30%	**0%**	45.0%	**75.00%**
	25%	**0%**	45.0%	**70.00%**
	20%	**0%**	45.0%	**65.00%**
	15%	**0%**	45.0%	**60.00%**
	10%	**0%**	45.0%	**55.00%**
	5%	**0%**	45.0%	**50.00%**
	0%	**0%**	45.0%	**45.00%**

Example of the calculation for a steer:

Ref. price (A) ($1.1498/live lb) – Market price (B) ($0.9398/lb) = Difference ($0.21/lb)
Difference ($0.21/lb) x 90% of payment rate (C) = Payment amount ($0.189/lb)
Payment amount ($0.189/lb) x Animal's live weight (1412 lb) = Payment of $266.87