

FEDERAL FARM INCOME PAYMENT (FIP) PROGRAM
 DIRECT PAYMENT TO PRODUCERS OF CATTLE AND OTHER RUMINANTS
 SUMMARY

This summary in no way takes precedence over the provisions of the program.

The Farm Income Payment (FIP) program, announced on March 29, 2005, by Agriculture and Agri-Food Minister Andy Mitchell, is designed to support the Canadian agricultural sector. It provides for a direct payment to producers of cattle and other ruminants, and for a general payment. These two components aim to ease the immediate financial pressures felt by producers and encourage the industry's transformation so the basic causes for declines in farm income can be treated.

The Direct Payment to producers of cattle and other ruminants aims to ease income declines due to the repercussions of bovine spongiform encephalopathy (BSE).

The program is under the responsibility of the federal government in all provinces, except in Québec, where its implementation has been given to La Financière agricole du Québec.

Please note that farming operations that participated in 2004 in the Transitional Industry Support Program (TISP), Direct Payment (ESB4) component, will automatically be registered for the Farm Income Payment (FIP) program.

PARTICIPATION CONDITIONS

ELIGIBLE PARTICIPANTS

To be eligible for a direct payment, a producer must:

- have been the owner of the animals on December 23, 2003;
- have reported farming income (or loss) earned in Canada for 2003 to the Canada Revenue Agency as an individual, corporation, cooperative, trust or communal organization. Registered Indians who own an agricultural operation on a reserve are also eligible for payments.

To receive financial assistance, any operation that completes an income tax return must apply for the Direct Payment indicating the number of heads it owned on December 23, 2003. The Direct Payment received in the framework of the Farm Income Payment (FIP) program is considered farming income for income tax purposes.

ELIGIBLE ANIMALS

For the purposes of the Direct Payment component of FIP, ruminants include the following types of livestock: cattle, bison, sheep, goats, elk and deer. They must have been reared and fed in Québec or elsewhere in Canada.

Eligible animals, owned by a participant on December 23, 2003, include calves, heifers, cow-heifers and steers raised for any purpose, including for the replacement of cull animals. For ruminants other than cattle, animals equivalent to these cattle categories are eligible.

Given the different nature of farming operations for elk and deer, eligibility for these animals will be determined as a percentage of a producer's inventory. For elk, payments will be made on 87.5% of the total number of elk, and for deer it will be on 81% of the total number of deer on inventory on December 23, 2003.

INELIGIBLE ANIMALS

Cows, bulls, rams, ewes and corresponding mature animals of other ruminant species are not eligible. For registration, **ineligible** animals are those meeting the following criteria:

Type of animal	Males	Females
Cattle	Intact older than 12 months	Having had offspring (calved)
Sheep	Older than 12 months	Having had offspring (lambled)
Goats	Older than 12 months	Having had offspring
Bison	Older than 36 months	Having had offspring

PAYMENT RATE FOR RUMINANTS

In the framework of Direct Payment, the producer will receive a fixed assistance amount per eligible animal owned on December 23, 2003. Payments per animal could reach up to the following amounts:

Type of livestock	Payment rate
Cattle	Up to \$19
Bison	Up to \$68
Cervids	Up to \$17
Elk	Up to \$34
Sheep	Up to \$14
Goats	Up to \$14

CALCULATION OF PAYMENT

The direct payment of a farming operation will be calculated by multiplying the number of eligible animals owned on December 23, 2003 by the amount of funding granted for each type of livestock.

The number of eligible animals for each type of livestock, except for elk and deer, will be calculated as follows:

TOTAL NUMBER OF ANIMALS OWNED ON DECEMBER 23, 2003
(-) NUMBER OF INTACT MALES (OVER 1 YEAR OLD) OWNED ON DECEMBER 23, 2003*
(-) NUMBER OF FEMALES HAVING BIRTHED OWNED ON DECEMBER 23, 2003**
= TOTAL NUMBER OF ELIGIBLE ANIMALS

* The expression "intact males" means male animals with reproductive capacity.

** "Females having birthed" means female animals that have given birth in their lifetime.

Note: The direct payment will be paid out of a fixed funding allocation. As such, payments will be issued at increment levels to ensure the amounts paid do not exceed the amounts allocated. Initial payments will be issued at 80% of the calculated total. Once all eligible producers have received their first payment, any remaining funds will be distributed.

IMPORTANT INFORMATION

To produce your statement of livestock on inventory on December 23, 2003, please see the instructions on the *Claim and Inventory Form*. It can be obtained at the service centres and on the web site of La Financière agricole du Québec.

You must complete and send the *Claim and Inventory Form* to the service centre of La Financière agricole du Québec in your region **no later than July 31, 2005** to participate in the program. You can also make your inventory by telephone at 1 800 749-3646.

For your information:

1 800 749-3646

www.fadq.qc.ca