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COVID-19: Support for Agriculture and Agri-Food Businesses in Quebec and Canada

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It goes without saying that the economic upheavals caused by the COVID-19 pandemic are posing countless challenges for all companies, whether or not they are pursuing their activities within the limits imposed by the governments of Canada and Quebec. Food producers such as agricultural and food processing businesses, considered by the Quebec government to be essential services, are not exempt from this harsh reality.

In this context, different levels of government and certain key economic actors have taken critical measures to support and protect businesses in the agriculture and agri-food industry, which are vital to both the health of individuals and that of the Canadian and Quebec economies.

This bulletin presents the various support measures specific to agri-food industry businesses, which may also be eligible for general tax and economic support measures announced in response to COVID-19, including the Canada Emergency Wage Subsidy (CEWS).

Canadian measures

Recruitment support

Many food producers depend on the additional input of foreign labour during the summer months. To offset the impact of the mandatory 14-day isolation period for anyone arriving from abroad, the Canadian government is providing **financial assistance of $1,500** to such producers for each temporary foreign agricultural worker arriving in Canada to work. This financial assistance is conditional on compliance with the mandatory isolation period or other public health guidelines.

Financial support

The Government of Canada has also increased Farm Credit Canada's (FCC) capital base by **$5 billion** in order to increase its lending capacity for agribusinesses and food producers and processors.

For existing borrowers, FCC offers:

- Deferral of principal and interest payments for up to 6 months or deferral of principal payments for up to 12 months; and
- Access to an additional secured line of credit up to a maximum of $500,000 (for Quebec borrowers only).

FCC offers **term loans of up to $2.5 million**,with no fees, to any Canadian agriculture and agri-

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food business whose working capital or production is impacted by COVID-19. Borrowers have the option of paying interest only for 18 months and benefit from a 10-year amortization period.

The Government of Canada additionally announced support measures for farm producers, agri-food businesses and the food supply chain, which consist of the following:

A sum of $77.5 million to help food processors purchase protective equipment and adapt work areas;
A $125 million injection into the AgriRecovery program to cover additional costs to meat producers;
A budget of $50 million to buy back certain surpluses, including potatoes and poultry;
An increase of $200 million in the Canadian Dairy Commission's borrowing limit to support temporary storage costs for butter and cheese;
Financial assistance of $62.5 million for the fish and seafood processing industry; and
Income support for fishers who are not eligible for the Canada Emergency Wage Subsidy, in the form of benefits and subsidies.

The Canada Emergency Wage Subsidy

On May 15, 2020, the Government of Canada announced its intention to amend the legislation on the CEWS to include measures to increase support for employers that hire seasonal employees.

These new provisions, once they are passed, will give employers that are eligible for the CEWS two options for the calculation of their eligible employees' average "baseline remuneration": (1) the period from January 1 to March 15, 2020, or (2) the period from March 1 to May 31, 2019. In both cases, any period lasting seven days or more without remuneration will be excluded from the calculation. To be eligible, the employees must not be residents of Canada.

Quebec measures

The reality of COVID-19 is demonstrating that the success of the agriculture and agri-food industry is one of the Government of Quebec's top priorities, as it is for the population in general.

Recruitment support

On April 17, 2020, the Government of Quebec announced that it will pay a **premium of $100 per week** to anyone taking on work for farmers between April 15 and October 31, 2020. As of April 22, 2020, close to 2,300 Quebecers had applied for such positions, the government's goal being to encourage 8,500 people to get involved.

Financial support

La *Financière agricole du Québec* (FAQ), a government organization serving the agricultural and agri-food industry, has also implemented exceptional measures:

Loans of up to $50,000 to support farm producers experiencing liquidity problems related to COVID-19;
A six-month moratorium on loan repayments;
Interim payments increased to 75% under the AgriStability program to ensure that program benefits are quickly available;
Notices of assessment for the Farm Income Stabilization Insurance Program deferred to July 1, 2020;
Deadline to enrol in the Crop Insurance Program extended from April 30 to May 21, 2020.
Deadline to apply for the Agristability Program extended from April 30 to July 3, 2020.
Notices of assessment for the Crop Insurance Program deferred from June 1 to July 1, 2020;
Investment grant payments under many FAQ programs moved up from June1 to May 1, 2020.

Finally, the investment company Fondaction, whose mission is to practice socially responsible development, has undertaken to allocate **$40 million** to Quebec SMEs in the agricultural and agri-

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food industry over the next year.

In addition, Fondaction has made its financing offer more flexible in order to provide support to industry businesses that are solid and growing, provided that they were profitable before COVID-19. Such businesses can apply for assistance from Fondaction to finance any **project of $500,000 or more** requiring development capital.

The Lavery team is committed to supporting your agricultural and agri-food business. We are available to answer all your questions regarding the announced measures, how they affect your business and any aspect relating thereto.

The information and comments contained herein do not constitute legal advice. They are intended solely to enable readers, who assume full responsibility, to use them for their own purposes.

The information and comments contained in this document are limited to measures in Quebec or Canada announced or made public on or before June 4, 2020.

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