



Canadian Pork Council  
Conseil canadien du porc

## **Hog Farm Transition Program**

### **General**

The Hog Farm Transition Program will provide up to \$75 million over two years to help hog producers who wish to transition out of the industry. The first \$37.5 million will be available immediately.

Hog producers may bid for compensation payments from the Hog Farm Transition Program. Participants will submit closed tender bids to the program for how much money they would require from the program to completely idle all of their hog production facilities for 3 years following complete emptying of all barns.

A series of closed tenders will be offered until the funds from the program are fully exhausted or the program has terminated. The first tender will occur on October 28, 2009. All bids received by 2:00 p.m. Eastern Daylight Time will be considered for that date's tender.

Revenue from the sale of animals in inventory is not linked to applications to the Hog Farm Transition Program.

### **Eligibility Criteria**

The program is open to all producers that were in hog production on April 1, 2009 and are willing to commit to setting aside their entire hog production facilities for three years. Production facilities must remain empty for the entire 3 year period starting on the date the barns were completely depopulated.

Producers must apply for the program using the legal structure (i.e. sole proprietorship, partnership, corporations) of their operations as of August 1, 2009.

Participants must be the owners of the pigs. Participants must also own the barns where the pigs are being raised or have signed agreements with the barn owners stating the owners commit to idle their production facilities for three years following emptying of the barns. These signed agreements are legal contracts that clearly describe how any program payments are to be shared and provide authority to the Program Administrator to split the payment between the pig owner and the barn owner.

There are no maximums on individual payments; however there will be maximum per animal unit equivalent bids set by the Program Administrator. These will relate to the value of bids submitted for that tender process and will disqualify bids above the maximum.

Businesses operating in receivership or already under bankruptcy will not be eligible to participate in the HFTP.

Barns or partial barns (i.e. square footage) that received payment from the Cull Breeding Swine Program will not be eligible to participate in the HFTP, nor can this inventory be included in calculations. Barns that were idled under the CBSP will need to remain idle for the duration of the HFTP should the producer bid be accepted.

While producers may apply for both the Hog Industry Loan Loss Reserve Program and the HFTP, they are eligible to receive benefits (payments or loans) from only one.

Targeted and random audits will be conducted over the 3-year period to ensure production facilities remain idle.

### **How to participate**

Producers interested in participating in the Hog Farm Transition Program must first register with the program. Once registration information is received, the administrator will verify eligibility and send the participant confirmation of eligibility along with a unique identification number that will be used in the bidding process. It is expected this review process will take 3 to 5 days. If you have not had contact with the Program Administrator by day 5, producers are encouraged to immediately call them.

Registration forms are available at a link on the Canadian Pork Council website [www.cpc-ccp.com](http://www.cpc-ccp.com).

Registration forms can be downloaded and printed off and filled in manually. Once complete, the forms can be mailed, faxed or scanned and e-mailed to the administrator. Please note, the tender processes will be held on set dates and firm deadlines will apply. Ensure that you use a timely means of registration and bid submission.

Mailing Address: Hog Farm Transition Program  
Canadian Pork Council  
c/o Welch LLP  
1200-151 Slater Street  
Ottawa, ON K1P 5H3

E-mail Address: [hftp@welchllp.com](mailto:hftp@welchllp.com)

Fax Number: 1-888-334-6618

## **Bidding Process and Method of Comparison**

Several opportunities for tendering will be provided over the course of the program until all program funds are fully exhausted. The first tender date will be **October 28, 2009**. Dates for subsequent tenders will be announced on a regular basis.

Producers will submit bids for the total value of funds they need to comply with the program requirements.

Understanding that every barn differs in production type, size and configuration, a system to equitably compare bids has been developed. Using this system, each total farm bid is converted to a common unit basis for comparison purposes. This unit is called an Animal Unit Equivalent (AUE).

Bids are converted to the AUE based on the inventory of animals on the farm as reported in their most recent or previous AgriStability report. The resulting AUE is used to compare bids among those tendered. Payments will be awarded to the lowest bids first, followed by successively higher bids until the funds for that tender are exhausted.

For a detailed explanation of the process used in bid comparison, refer to the Methodology section of the Hog Farm Transition Program website at [www.cpc-ccp.com](http://www.cpc-ccp.com).

An on-line calculator is also available at [www.cpc-ccp.com](http://www.cpc-ccp.com) to assist producers in comparing their total bid and per animal unit equivalent bid.

## **Bid Acceptance**

Results of a producer's tender will be communicated to each applicant. Upon a successful tender, a producer will be required to provide additional supporting information prior to payments being processed.

Unsuccessful applicants are permitted to submit bids in subsequent tender processes, should one be available.

## **Public Information**

After each tender process, the high and low range of accepted bids and the weighted average of accepted bids will be published.

Neither business entity names nor individual producer names will be made public at any stage of the program process.

## **Interim Payments**

Interim payments may be issued upon request after the acceptance of a bid.

To be eligible for an interim payment, producers will need to outline their livestock marketing or disposal plan.

Interim payments will be paid on the value of 25% of the total payment upon receipt of evidence that 50% of the animals have been removed from the operation.

## **Livestock Marketing or Disposal Plans**

The program will allow producers to determine the most appropriate means of removing hogs from their barns. Some will choose marketing their animals in inventory, while others may choose euthanasia. For those choosing to market their livestock, revenue from the sale of animals in inventory is considered on-going farm income and is not linked to applications to the Hog Farm Transition Program.

For those using euthanasia, the animals must be euthanized and disposed of in a humane manner and in accordance with provincial and national requirements.

## **Timelines for disposal**

Once a bid has been accepted, barns must be emptied within a given time period based on the type of hog operation. Timelines are as follows:

<b>Business Type</b>	<b>Disposal deadlines</b>
Farrow-to-finish	12 months
Farrow-to-wean	5 months
Farrow-to-feeder	7 months
Weaner only	3 months
Finisher Only	6 months

## **Auditing**

The Program Administrator will be conducting both random audits and targeted audits as warranted.

## **Penalties for Non-Compliance**

Producers that are successful with a bid and have received payment through the program but are later determined not to meet the conditions of the agreement will be required to repay all funds advanced through the program plus a 10% penalty

plus an interest penalty of 5% calculated from the time program funds have been advanced until repayment has been received by the Administrator.

If no program payment has been made, no financial penalties will be imposed. However, the producer cannot place bids in future tenders.

### **Taxation**

Funds from the program are taxable. They are not, however, considered farm income for the purposes of other federal programs such as AgriStability.

### **Program administration**

The Canadian Pork Council (CPC) was requested by Agriculture and Agri-Food Canada to deliver the Hog Farm Transition Program. A three-committee structure is in place to oversee the program. A Producer Advisory Committee provides general input, a Management Committee works on the details and provides guidance on an ongoing basis and the CPC Board of Directors is responsible for the overall functioning of the program.

Welch LLP, an Ottawa-based accounting firm, has been appointed administrator of the program.