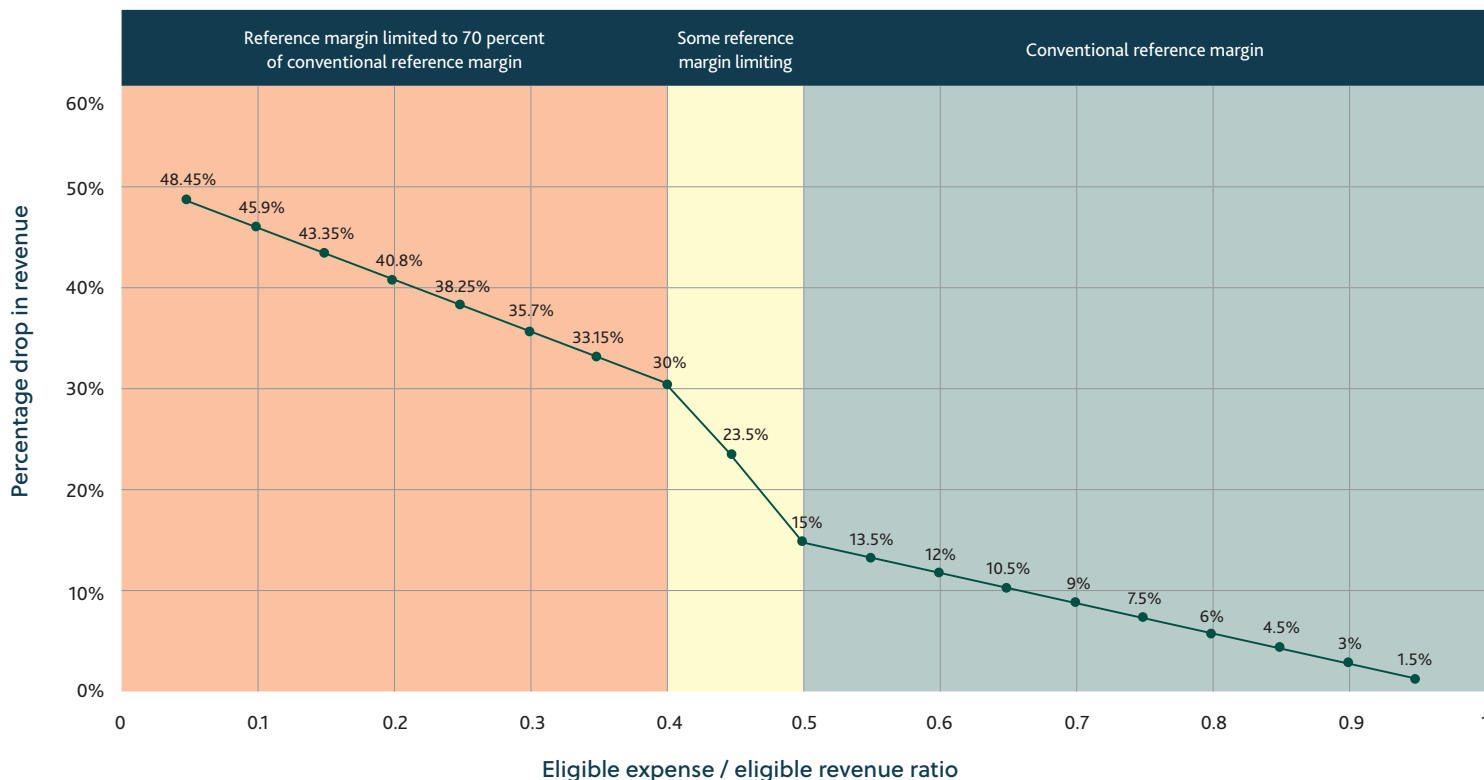


Do you know the AgriStability revenue trigger point for your farm?



To determine the approximate AgriStability eligible expense to eligible revenue ratio, use either the most recent accrual basis financial statements or an average from the past three years.

Find the resulting eligible expense / eligible revenue ratio on the horizontal axis and look up to find the approximate revenue drop required to start triggering AgriStability benefits for your farm.



This information is based on the Canadian Ag Partnership (2018 -2022) AgriStability program rules as of May 2020 which include a 70 percent margin trigger point and Reference Margin Limiting, where applicable.

Questions you might be asking yourself

Q: Doesn't AgriStability require a 30 percent revenue drop for any farm to trigger benefits?

A: No, the 30 percent drop advertised by the AgriStability program is a drop relative to your AgriStability Reference Margin. The revenue drop required actually varies depending on the type of farm and cost structure. Revenue drop percentages are labelled along the line graph, starting with very low revenue drops in the bottom right hand corner and ending with very high revenue drops in the top left hand corner of the graph.

Q: Where would different types of farms fit on this graph?

A: Farms with a high cost structure would fit on the bottom right hand side, with prime examples being intensive livestock operations. Those types of operations would likely require a revenue drop of less than 5 percent to trigger AgriStability benefits. Moving from right to left, nurseries and greenhouses would likely require a drop of between 7.5 percent and 12.5 percent to trigger AgriStability benefits. Dairies would require somewhere around 15 percent revenue drop, give or take. Some dairies have reference margin limiting (RML) applied and therefore might fit on the steeper portion of the line graph and require a drop greater than 15 percent. Grains and oilseeds producers would generally fit on the steep portion of the graph between the 15 percent and 30 percent drop as they tend to have RML applied as well. Some have a higher degree of RML and would therefore require a drop of greater than 30.6 percent to trigger AgriStability benefits. Farms with a very low cost structure would fit on the top left hand side of the graph where revenue drops vary between 30.6 percent to over 40 percent. This is because the farms with a very low cost structure generally have maximal RML applied.

Some examples would include organic crop production, apiaries, bee pollinators, maple syrup producers and cranberry producers. Cow / calf producers generally fit on this top part of the graph as well, although some might be on the steepest part of the line between the 23.5 percent and 30.6 percent drop, again depending on their cost structure.

Q: What difference does knowing the revenue drop required to trigger AgriStability benefits make for me?

A: It is critical you know and understand what level of revenue drop is required, as well as what risks might contribute to a revenue drop for your operation in order to make a proper decision on AgriStability participation.

Q: How would I go about figuring out the eligible expense to eligible revenue ratio to determine where my farming operation would fit on this graph?

A: Eligible revenue and eligible expense are both defined by AgriStability program rules. Ideally, you would have to know the average eligible revenue and eligible expense from the past three years used to calculate your Olympic Average Reference Margin for AgriStability. These amounts can be estimated using the most recent AgriStability Calculation of Program Benefits (COB) notices and/or accrued financial statements. Estimation of AgriStability Reference Margins, particularly if you have not participated in AgriStability recently or if you do not have up to date COBs can be difficult for a number of reasons. We would recommend the estimates not be undertaken without the assistance of an advisor that is proficient in AgriStability policy and procedures.

