

COVID-19: Additional financial support for the food industry

If you work in the agriculture and food industry and have been negatively impacted by COVID-19, the federal government's new credit programs with Farm Credit Canada (FCC) may offer some relief.

The bolstered program now has an additional **\$5 billion in lending capacity** to ensure all agriculture and food-industry businesses—including primary producers, agribusinesses and food processors—have the capital they need to get through this challenging time. There are two new programs that may be of interest to you:



Up to
\$500,000
revolving credit line



Up to
\$2.5 million
term loan

Who is eligible?

Any primary producer, agribusiness or food processor can apply for these programs. Businesses applying for FCC lending products are subject to normal lending due diligence, which considers business viability, credit history, and management integrity and experience.

List of eligible businesses*

- Primary producers
- Crop input suppliers and retailers
- Equipment manufacturers and dealers
- Feed processors
- Wholesale, storage and distribution
- Grain handling and logistics
- Food processors and manufacturers
- Oil refining and blending
- Frozen foods canning and milling
- Wineries, distilleries and craft breweries
- Wholesale and distribution
- Commercial bakeries
- Ethnic and specialty foods
- Food and beverage equipment
- Packaging
- Abattoir and meat processors

*subject to FCC's approved industry categories

How does it work?

All eligible companies will have access to an additional credit line of up to **\$500,000** to ensure continued access to cash flow. This credit line will be

- a **24-month** revolving line of credit,
- secured by a general security agreement (first priority is not required) and some level of personal guarantee; and
- issued at an interest rate of **Prime +1 percent** with no fees.

At the end of the **24 months**, the expectation is that the credit line will have revolved down to zero. If a balance still remains, it will be refinanced with another FCC product or combined with an existing operating line. This credit line is not intended to be used to pay out other debts.

In addition to this revolving credit line, the FCC is also offering term loans of up to **\$2.5 million**, with a maximum amortization period of **10 years plus interest**. Funds from this loan can be used to bolster your working capital and automate your operations or optimize your production to address the impacts of COVID-19. This could include, for example, investments in:

- Robotics
- Fruit and vegetable pick and place
- Washing and cleaning equipment
- Packing lines
- E-commerce enablement
- Onsite housing for workers
- Standardized processes
- Training

Although funds advanced under this program must be repaid, you have the option to make interest-only payments for up to **18 months**.

How to apply

If you believe your organization is eligible for one or both of these programs, you can apply directly through the [Farm Credit Canada website](#) or reach out to your Grant Thornton advisor. We can guide you through the process and assist with any other business challenges you may be facing at this time.



Grant Thornton LLP wants to caution that these initiatives are still new and continue to evolve as the government continues to re-evaluate the economic impact caused by the COVID-19 pandemic. We may still see changes to these measures—as well as new measures—as the government attempts to address the issues. Therefore, any analysis included herein, reflects our knowledge as of the date and time of this email and may no longer be applicable if changes do occur and you should proceed with caution before making any decisions.

