

# Frequently asked questions about outstanding balances

June 4, 2012

## 1. Why are these debts being recovered now?

In the current fiscal environment, the provincial government has announced that it is focusing on eliminating the deficit and protecting vital services such as health and education. To support that effort, the Government is working to recover all outstanding monies owed to the Crown.

In addition, the Auditor General has recommended that a fair approach to recovering funds be developed with reasonable repayment terms to complement the ongoing practice of recovering funds from future program payments.

## 2. Why was interest not waived for 2013?

It is normal practice to apply interest to debts owing to the Crown. In April 2012, in the context of the provincial budget, the minister announced his decision to continue to waive interest only until January 2013. The Federal Government also announced a waiver of interest would apply for 2012 and that the collection of interest would resume in 2013.

## 3. What are the repayment options?

The full outstanding balance, including interest, must be repaid within three years. To repay your outstanding balance, you can opt to:

- Pay the full amount before December 31, 2012 (in which case no interest will apply)
- Pay the outstanding balance in instalments
- Continue applying future program payments to cover the outstanding balance, provided the future payments will eliminate the outstanding balance within the required three-year timeframe

## 4. Are there any tax implications?

Yes. Program benefits are reported as income from your farming operation. Conversely, any repayments you make are reported as part of your farming expenses and may serve to reduce your taxable income.

The three-year timeframe being provided to producers to repay their outstanding balance will help ensure time for proper tax planning and cash flow considerations.

## 5. Am I required to repay an overpayment that is the result of a processing error by Agricorp?

Yes. Any overpayment that results in a debt owing to the Crown is collectible, regardless of when or how the debt was incurred.

**6. How will overpayments be collected if I am no longer actively farming or participating in programs?**

If you are an inactive customer:

- You will be contacted to ensure you are aware of your outstanding debt and the upcoming changes to interest.
- You are required to establish a plan to repay a minimum of one-third your total debt each year, and the total owing within three years.

**7. What if I decide not to repay my outstanding balance?**

Failure to establish a repayment plan with Agricorp may result in your account being subject to the same collection processes as any individual with monies owing the Crown.

**8. Can I negotiate the amount of money I owe?**

No. Agricorp has the authority to negotiate the terms of repayment within the three-year timeframe. We cannot negotiate the amount of the debt.

**9. Is there a statute of limitations**

All debts to the Crown are collectible, regardless of when the debt was incurred.

**10. Why have I not been contacted before to repay this outstanding balance?**

Producers are made aware of any overpayments that may have occurred when they receive their calculation of program benefits statement. If you currently have an outstanding balance, you will receive a consolidated statement of these overpayments, to ensure you understand what is owed, as well as when and how the debts were incurred. Previously, overpayments were recovered only through future program benefits.

**11. Why did I get an overpayment?**

Overpayments may occur as a result of incomplete program applications, processing errors, changes to farm operations and the nature of programs that provide advance payments for producers in financial distress.

**12. Why are there so many overpayments?**

Over the past 10 years, Ontario farmers have received payments totalling \$3.5 billion from the federal and provincial governments. Currently, approximately 4,500 farmers have accounts with outstanding balances totalling approximately \$30 million, less than 1 per cent of total payments made.