

# Sustainable Canadian Agricultural Partnership

Competitive. Innovative. Resilient.

## Horticulture Diversification Program

### GUIDELINES



Canada

# HORTICULTURE DIVERSIFICATION PROGRAM

## PROGRAM DESCRIPTION

The ***Horticulture Diversification Program*** supports horticulture food producers to expand greenhouse and controlled environment agriculture (CEA) production, adopt technologies and processes to increase efficiency and productivity, expand and improve crop storages to extend the marketing season, and access specialized agronomic services. **The goal of this program is to support producers to diversify crops, adapt to a changing climate, and to increase domestic supply of horticulture food product from Prince Edward Island.**

The Program will support program goals through four streams of eligible activities:

- 1. ***Season Extension and CEA Expansion***
- 2. ***Efficiency and Productivity***
- 3. ***Post-Harvest Cooling, Freezing and Storage***
- 4. ***Agronomic Support***

## INDEX

Program Guidelines .....	2
Evaluation and Approval Process .....	4
Claims Process .....	4
Terms and Conditions .....	5
How to Apply .....	5
Public Trust, Regional Collaboration, Evaluation and Control, Guiding Principle .....	6

# PROGRAM GUIDELINES

## Eligible Recipients

- Commercial horticulture producers of food for local and domestic markets.
  - Eligible recipients must be producing at least \$20,000 in Canada Revenue Agency reported gross sales of eligible horticulture crops per year. If a prospective producer is not yet grossing \$20,000 in sales, they must enroll in the Future Farmer Program with a business plan involving greenhouse production or submit for approval a production and marketing plan focused on horticulture food production.
- Mi'kmaq First Nations and other Indigenous groups conducting farming activities.
- Others as approved by the Horticulture Diversification Program Review Committee.

## Funding

- 50% of eligible expenses up to \$40,000 per recipient, per year, to offset direct costs of approved projects.
- 75% of eligible expenses for contracting professional agronomic services to a maximum of \$5,000.
- Maximum funding per recipient over the life of Sustainable CAP is \$75,000.

## Project Eligibility

- The goal of this program is to diversify and increase the domestic supply of horticulture products for which Prince Edward Island is currently reliant on international imports. Projects supporting commodities that are already produced in excess of local consumption are thus ineligible for support under this program.
- Projects involving perennial crop production will be redirected to the Perennial Crop Development Program.

## Project Requirements

- Recipients must obtain all required licenses, permits, approvals and/or authorizations prior to project initiation and must comply with all applicable municipal, provincial and federal legislation.
- To validate eligibility for program participation, proof of farming income may be requested: 2023 or 2024 Canada Revenue Agency (CRA) filings showing Gross Farming Income (T1163 Statement A or T2402). Please note: the CRA Income Tax must match the CRA number provided on the application form;
- Farmers that are new entrants to greenhouse production may be required to provide a business plan, marketing plan or production plan as part of the evaluation process.

## Eligible Activities/ Expenses:

### 1. SEASON EXTENSION AND CEA EXPANSION

#### Eligible Activities/Expenses

Purchase and installation of:

- New commercial-grade cold frames, row tunnels, high tunnels, hoop houses, greenhouses, and propagation houses
- New or expanded Controlled Environment Agriculture (CEA) production systems, including but not limited to hydroponic, indoor mushroom cultivation systems, other indoor growing systems
- Costs for professional installation

#### Ineligible Activities/Expenses

- Replacement of greenhouse components (plastic, row covers, drip tape), and other consumables
- Used greenhouse structures

## 2. EFFICIENCY AND PRODUCTIVITY

### Eligible Activities/Expenses

Purchase and installation of :

- Irrigation/fertigation equipment (including, but not limited to pumps, filtration systems, fertilizer injectors/mixing tanks, water storage tanks, piping, valves, sprinklers, drip tape, wobblers, and controllers)
- Heating and ventilation systems
- Horticultural lighting
- Greenhouse sensors, monitors and system controls for automatic temperature regulation and humidity control
- Racking and trays to increase greenhouse grow space
- Row cover applicators
- Greenhouse curtain systems
- Equipment related to automation and improving efficiency to allow for greater field production
- Equipment used to wash, clean, grade and/or pack horticulture food product.
- Other leading-edge improvements to optimize production efficiency may be considered by the review committee

### Ineligible Activities/Expenses

- Tractors and general purpose farm implements
- Oil furnace heating systems

## 3. POST-HARVEST COOLING, FREEZING AND STORAGE

### Eligible Activities/Expenses

Purchase and installation of:

- On-farm cooling, refrigeration, freezing and storage technologies for fruit and vegetables, including cooling units for new storage areas 100 ft<sup>2</sup> or larger
- Walk-in coolers/freezers that are 100 ft<sup>2</sup> or larger, including in-floor drainage, plumbing, ventilation, electrical, insulation
- Upgraded ventilation and temperature control systems for existing storages
- Sensors, monitors and controllers to optimize energy efficiency and improve product quality
- Pre storage chilling/cooling

#### Project Requirements:

- The proposed on-farm storage facility must be integrated into an existing building or be a portable/mobile structure. The facility should meet basic on-farm food safety requirements and comply with any other food safety program required by the farm's supply chain (export, wholesale, direct to consumer markets, etc.). The facility should also be insulated and have an appropriate temperature control system.

### Ineligible Activities/Expenses

- Equipment storage facilities
- Renting storage off-site
- Consumer-grade chest freezers and refrigerators
- Costs associated with the construction of new buildings
- Costs associated with the replacement of existing infrastructure
- Delivery vehicles
- General structural renovations not directly related to climate-controlled crop storages

<b>4. AGRONOMIC SUPPORT</b>	
<b>Eligible Activities/Expenses</b>	<b>Ineligible Activities/Expenses</b>
<ul style="list-style-type: none"> <li>Expenses associated with contracting specialized agronomic expertise to help expand and optimize productivity, quality, profitability, and efficiency of greenhouse operations.</li> </ul>	<ul style="list-style-type: none"> <li>Agronomic support unrelated to greenhouse production</li> </ul>

### Ineligible Activities/ Expenses (for all streams)

- Non-arm's-length transactions
- In-kind contributions (including wages and labour)
- Normal and on-going operating and maintenance activities
- Activities that do not provide direct benefit to the sector
- Meal expenses (including hospitality and hosting of events)
- Overhead and/or administration costs
- Activities which provide tax credits or rebates
- Development and enforcement of regulations
- BRM-type activities

## EVALUATION AND APPROVAL PROCESS

Following receipt of an application, the Program Review Committee will evaluate it based on the information and supporting documentation provided. Project merit will be assessed according to the following criteria:

- 1) the project description and justifications (application form, business plan and/or questionnaire);
- 2) the project impact on the operation and on the sector;
- 3) proposed budget; and
- 4) the applicant's experience

If approved, applicants will receive an Approval Letter, a Funding Agreement, and a Claim Form. The Funding Agreement will identify the eligible project activities, financial assistance offered, and the terms and conditions of the funding.

Applicants who receive an Approval Letter, a Funding Agreement, and a Claim Form must review, sign, and return the Funding Agreement to the Department of Agriculture **within 30 days of the date of the letter** or the funding offer may expire.



## CLAIMS PROCESS

Applicants shall maintain an accurate record of expenditures incurred and shall submit, upon completion of the project, the following:

- A claim form summarizing expenditures;
- Copies of all paid invoices with verification of payment;
- A report on the project and its results in terms of project objectives; and



- Photos of project activities, materials, infrastructure and equipment funded.

## TERMS AND CONDITIONS

- Recipients must meet the eligibility criteria and submit a complete application to the Department of Agriculture;
- Applications will be assessed on a ***first come-first serve basis for merit and impact***;
- Assistance will be available until funds are totally allocated within that year;
- Costs incurred after May 22, 2025 and prior to March 15, 2026 are eligible for reimbursement. If the project is not approved, all incurred costs are the responsibility of the applicant;
- Approved projects must be completed within the timeframe outlined in the funding agreement; and
- Projects may be funded below the maximum contribution rate upon assessment and availability of funding.



## HOW TO APPLY

Completed applications may be submitted to the attention of the Program Officer via regular mail or email.

### Email Applications:

Applications may be submitted via email to

[Hort@gov.pe.ca](mailto:Hort@gov.pe.ca)

Please include the program name in the subject line.

### Regular Mail Applications:

Applications may be submitted via regular mail at:

PEI Department of Agriculture

11 Kent Street

PO Box 2000

Charlottetown PE C1A 7N8

(902) 368-4880 (telephone)



## PUBLIC TRUST

Projects approved for funding under the Sustainable CAP that have demonstrable links to increasing public trust may be eligible for additional project funding.



## REGIONAL COLLABORATION

Projects that are assessed to demonstrate benefits and impacts to more than one Atlantic province may be eligible for funding on a regional basis.



## EVALUATION AND CONTROL

A complete evaluation of this program is planned to ensure that the objectives and results are achieved and to assess the relevance of its renewal. Program metrics are collected and reported on an on-going basis.



## GUIDING PRINCIPLE

Sustainable CAP programs are available to all Canadians who are eligible to participate in those programs. Wherever possible, the needs of under-represented groups, including Indigenous Peoples, women, youth, and persons with disabilities, were considered during program development.