
Applicant's eligibility

An applicant is eligible for a cash advance if the following apply:

- the applicant must be the actual producer of the grain or be entitled to a share of the grain as a landlord, vendor or mortgagee (interested party).
- the applicant must not have outstanding cash advances from previous crop years under *AMPA*, *PGAPA* or the *Advance Payments for Crops Act (APCA)*.
- if default has been stayed on the applicant's 2005-06 *AMPA* cash advance, the applicant is eligible.
- if the applicant's *AMPA* cash advance was defaulted, it must have been repaid on or before August 31, 2006. Applicants who have defaulted under *AMPA*, *SCAP* or *ESCAP* in three separate program years are not eligible to participate in the advance program for the balance of the program year the defaulted advance was repaid plus one additional program year. This applies to all farming operations in which the applicant has an interest.
- the applicant must not have related producers with outstanding defaulted accounts.
- the applicant must have reached the age of majority, which is 18 in Manitoba, Saskatchewan and Alberta and 19 in British Columbia.
- if the applicant is a corporation, partnership (includes joint producers), cooperative, colony or other business enterprise, at least one of the shareholders, partners, or members must have reached the age of majority and must be principally occupied in the farming operation.
- if the applicant is an individual, he or she must be a Canadian citizen or permanent resident of Canada.
- the applicant must not be a Member of the House of Commons or a current or former public office holder who is prohibited under any applicable federal conflict of interest or ethical principles, rules and obligations from deriving any benefit under the advance payment program.

An applicant who provides false or misleading information is guilty of an offense under the Criminal Code.

Non-residents

Corporations, partnerships (includes joint producers), cooperatives or other associations having participants who are non-residents can apply for an advance if:

Corporation	A majority of the voting shares are held by Canadian citizens or permanent residents.
Partnership (includes joint producers)/Other business enterprise	At least 50 per cent of the profits belong to Canadian citizens or permanent residents
Cooperative	A majority of members must be Canadian citizens or permanent residents of Canada.

Repayment of outstanding or defaulted accounts

An applicant's eligibility for a 2006-07 cash advance is affected by previous advances:

For eligible applicants, if the outstanding advance was paid by a non-certified cheque, contact the CWB to confirm that the cheque has cleared the bank before issuing the advance.

Note: If the applicant is applying for another advance and is repaying a previous advance by cheque, the cheque must be certified.

Applicants with outstanding, non-defaulted 2006-07 ESCAP/SCAP advances and no previous defaulted unpaid AMPA advances.

The applicant is eligible. The amount issued under *SCAP* or *ESCAP* will reduce the maximum amount eligible under AMPA AH.

1997-1998 through 2005-06 defaulted accounts that are repaid on or before August 31, 2006.

The applicant is eligible.

1997-1998 through 2005-06 defaulted accounts that are not repaid on or before August 31, 2006.

The applicant is not eligible for a new cash advance for the 2006-07 crop year. Related producers become eligible once the defaulted account is repaid in full.

Applicants who have outstanding 2005-06 non-defaulted advances due to outstanding selected barley contracts.

The applicant is eligible for a cash advance once the grain has been delivered and settled for and the 2005-06 non-defaulted cash advance has been repaid in full.

Applicants with an outstanding 2005-06 AMPA advance where default has been stayed.

The applicant is eligible. The balance outstanding will reduce the value of stocks available under the *ESCAP AH* program.

Outstanding defaulted advances issued prior to the 1997-98 crop year.

The applicant and any related producers become eligible once the defaulted account is repaid in full.

Applicants who default under *AMPA*, *SCAP* or *ESCAP* in three separate program years, beginning with the 1997-98 program year, are not eligible to participate in the advance program for the balance of the program year the defaulted advance was repaid plus one additional program year. This applies to all farming operations in which the applicant has an interest.

Related producers

The *Related Producers' Provision* requires applicants who have a financial interest in other farming operations to identify all of those farming operations when applying for a cash advance by completing a *Related Producers' Declaration* form.

Who is a related producer?

- applicants who appear in more than one delivery permit book, either as individuals, or as shareholders, partners or members of corporations, partnerships, cooperatives or other business enterprises. Applicants who appear in other delivery permit books must list all of their actual producer or interested party ID numbers on a *Related Producers' Declaration*.
- applicants who, for income tax purposes, share with anyone else the reporting of income or losses from their or any other farming operation.

Applicants have a legal obligation to disclose all *delivery permit book* appearances and all farming operations in which they have a financial interest.

Examples:

- A** Spouses Joe and Mary Farmer farm separately and have individual delivery permit books. They file separate income tax returns and do not claim income or losses from each other's farming operations. Joe and Mary do share some farm machinery, however the grain produced on the lands described in their individual delivery permit books is delivered in their own names. Joe and Mary Farmer **are not** affected by the Related Producers' Provision.
- B** Spouses Bob and Beth Canada farm separately and have individual delivery permit books. Bob and Beth also farm another parcel of land together as Canada Farms Ltd. Bob and Beth Canada and Canada Farms Ltd. **are all affected** by the Related Producers' Provision because:
- 1 Bob and Beth appear in more than one delivery permit book as individuals or company members;
 - 2 Bob and Beth report income or losses from more than one farming operation for income tax purposes.
- C** Brothers Gord and James West farm together under a joint delivery permit book. Neither Gord nor James appear in any other delivery permit book nor have a financial interest in any other farming operation. Gord and James report their shares of the farm income separately for income tax purposes. Gord and James **do not** have to complete a *Related Producers' Declaration*. However, all cash advance applications for Gord and James must be completed under their joint permit book number. The maximum advance available for Gord and James under *ESCAP* for wheat or barley and all other crops is \$100,000, which is interest-free.

Landlords

A Landlord/Tenant lease agreement **does not** make the landlord and tenant related producers.

Company participants who are **not involved** in any other farming operation do not need to complete a *Related Producers' Declaration*. However, you must attach a note confirming this when submitting the advance application.

Attribution

The amount issued to related producers can affect an applicant's eligibility and the amount that can be issued to that applicant. Since advance limits are determined by applicant and not by delivery permit book, the maximum any applicant may receive under *ESCAP* for advances on all crops is \$100,000, interest free.

This maximum is regardless of the number of farming operations in which the applicant has a financial interest as an individual or as a member of a corporation, partnership, cooperative or other business enterprise.

Determining attribution

Advances to related producers are attributable to the applicant as follows:

If the related producer is a(n):	Amount attributable to the applicant is:
Individual	100 per cent.
Corporation	based on the applicant's percentage of voting shares.
Partnership (includes joint producers)/Business enterprise	based on the percentage of profits to which the applicant is entitled.

Example:

Three farmers are partners and the partnership applies for a \$100,000 advance. None of the partners have a previous advance. Each is entitled to a third of the profits, so each is attributed a third of the \$100,000 maximum. Each farmer is attributed \$33,333.33.

Farmer A has his own permit book and wants to receive the total \$100,000 for which he is eligible, so he applies for the balance (\$100,000 - \$33,333 = \$66,667) through his own delivery permit book. In total, Farmer A is attributed or is eligible to receive:

	Maximum
Through partnership	\$ 33,333
As an individual	<u>\$ 66,667</u>
TOTAL	\$100,000

Amounts issued under SCAP and ESCAP PH will reduce the total eligible amount under ESCAP AH.

Example 1:

Farmer C has a \$10,000 spring advance issued under ESCAP pre harvest

Farmer C is applying for a 2006-07 ESCAP after harvest advance

\$100,000.00	Maximum interest-free benefit
<u>- 10,000.00</u>	Amount of ESCAP PH advance
\$90,000.00	Remaining interest free benefit

Example 2:

FG Corporation (two equal shareholders) has a \$10,000 advance issued under SCAP. Shareholder F is applying under his own farming operation.

\$100,000.00	Maximum interest-free benefit
<u>- 5,000.00</u>	Amount attributed to Share-holder F
\$ 95,000.00	Remaining interest free benefit

Amount of eligible advance

Advances are administered by applicant, not by delivery permit book.

The maximum advance available under *ESCAP* for wheat, durum, barley and all other crops is \$100,000, interest-free, regardless of how many farming operations in which the applicant has a financial interest. Any monies issued under 2006-07 *ESCAP* or *SCAP* program reduces the applicant's maximum advance.

The maximum advance that an applicant can receive is based on:

- the amount of wheat, durum, barley and selected barley in storage on farm. This grain must:
 - be eligible for delivery to an elevator. The grain cannot be out of condition.
 - not be intended for use as seed, fed on farm or delivered for seed purchases. Grain to be used for seed, fed on farm or delivered for seed purchases must be identified on the application.
- for selected barley, the applicant must:
 - have an accepted *Selected Barley Storage and Delivery Contract*, with sufficient outstanding tonnes to cover the stocks declared on the advance application.
 - have received a letter from the CWB confirming acceptance.

Under *ESCAP*, no applicant can receive more than \$100,000.

If a cash advance is issued on barley that is later accepted on a *Selected Barley Storage and Delivery Contract*, the applicant can apply for the balance of the eligible amount. The applicant must complete a second application, and indicate the "accepted" tonnes and the *Selected Barley Storage and Delivery Contract* number.

- the amount of the cash advance attributed to the applicant for advances applied for or received by related producers.

Joint producers

Joint producers are not affected by the Related Producers' Provision unless one or more producers has a financial interest in other farming operations. If affected, a *Related Producers' Declaration* must be completed by each joint producer to track permit book appearances and advances to ensure the maximum entitlement is not exceeded.

Applicants who are joint producers must take out the cash advance under the joint producer permit book number. A refund must be deducted from any deliveries made under either the joint permit book number or under their individual numbers.

Elevator issuance limitation

Seeded acreage limits

The seeded acres on the cash advance application must match the seeded acres listed in the delivery permit book.

The maximum advance that can be issued without prior approval by the CWB for dry land production is:

\$60.00 x seeded acres to wheat, durum and barley

less wheat, durum, barley and selected barley previously delivered, sold or used on the farm by anyone named in the permit book;

less all outstanding 2006-07 program year wheat, durum and barley advances received through the permit book by anyone named in the permit book including amounts outstanding under *AMPA, SCAP or ESCAP*.

The maximum advance that can be issued without prior approval by the CWB for irrigated production is:

\$180.00 x seeded acres to wheat and durum

\$120.00 x seeded acres to barley

less wheat, durum, barley and selected barley previously delivered, sold or used on the farm by anyone named in the permit book;

less all outstanding 2006-07 program year wheat, durum and barley advances received through the permit book by anyone named in the permit book including amounts outstanding under *AMPA, SCAP or ESCAP*.

If the advance requested exceeds the seeded acreage limitation, you can issue an amount up to the seeded acreage limitation immediately (subject to the advance payment limitation of \$50,000). The remainder of the advance requested requires CWB approval before issuance.

Interested parties

If more than one party (for example, the permit book holder and a landlord) is applying for an advance through the same permit book, the issuance limitation is on a first come, first served basis. Since the issuance limitation is based on the total seeded acreage shown in the permit book, once the issuance limitation has been used, all additional advances must be sent to the CWB for verification.

Example: Based on the seeded acre calculation, if the elevator issuance limitation is \$40,000 and the permit book holder receives \$40,000, if a landlord later applies for an advance, the application must be sent to the CWB for approval.

CWB verification of stocks

When applications are sent to the CWB for approval, the following factors are considered when determining if stocks claimed on the application are reasonable:

- average yields in the applicant's area;
- current seeded acres in the permit book;
- delivery records;
- advances issued to other producers under the same permit book; and
- number of acres claimed on *Application For Irrigation Rate* form.

Advance payment limitation

A maximum of \$50,000 or up to the Elevator Issuance Limitation can be issued for the first payment. This amount includes all 2006-07 advances issued to the applicant through the permit book (includes amounts issued under *SCAP or ESCAP*). If the applicant is applying for more than \$50,000, you can issue up to \$50,000 immediately (subject to the seeded acre limitation). Corporations, partnerships (includes joint producers), cooperatives or other business enterprises require an approved *Declaration and Guarantee* form. Colonies require an approved *Guarantee* form. Both these forms may be pre-approved. See pages 41 and 58 for further details. Send the application to the CWB for approval of the balance. Once CWB approval is received by fax, issue the second payment.

Continuing Declaration and Guarantee forms for SCAP and AMPA **cannot** be used for the *ESCAP AH* program.

Example 1: If an applicant has sufficient seeded acres to qualify for a \$62,000 cash advance and requests the entire amount, you are limited to issuing a first payment of \$50,000. The application must be sent to the CWB for approval before the \$12,000 balance can be issued as a second payment.

Example 2: An applicant received \$30,000 on his first advance and is now applying for an additional \$30,000. You can only issue \$20,000. The application must be sent to the CWB for approval and the balance (\$10,000) issued as a second payment, once approved.

Example 3: If an applicant has 445 irrigated wheat acres and 320 dry land acres of wheat, the seeded acres limitation is \$99,300 (box 3 a. on the advance application form – transferred from calculations made on the *Application for Irrigation Rate* form)

$$\begin{array}{r} (445 \times \$180 = \$80,100) \\ (320 \times \$60 = \$19,200) \\ \hline \$99,300 \end{array}$$

Your issuance limitation is \$50,000.

You can issue \$50,000 as a first payment.

The application must be sent to the CWB for approval before the balance of \$49,300 is issued.