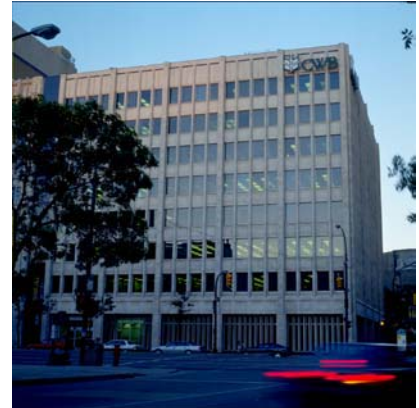




## CWB Agency Agreements

### **Criteria to be met by *Companies without Elevator Facilities* applying for CWB Agency Agreements**

To act as agents of the Canadian Wheat Board for the purpose of handling CWB grain or issuing advances, companies must enter into an agency agreement. Companies that have no physical facilities in the designated area (as defined in the CWB Act) should apply for an Agency Agreement for Companies Without Elevator Facilities to handle CWB grain. Companies wishing to handle advances on behalf of the CWB must also request an Advance Agency Agreement. All agreements are renewed annually.



**Note:** The Companies Without Elevator Facilities Agency Agreement applies strictly to grain shipments that are trucked or shipped via producer cars to domestic positions in Canada or destinations in the United States. It excludes shipments to port positions in Thunder Bay, Vancouver, Prince Rupert and Churchill.

For companies wishing to become agents of the CWB under the above agreement, the following criteria have been established.

#### **CRITERIA:**

1. The company must be legally entitled to do business in Canada.
2. The company must be licensed by the Canadian Grain Commission in a manner that is appropriate to the conduct of the type of business that it operates.
3. Companies should apply to the CWB in writing or by facsimile. On application, the company must provide the CWB with:
  - (a) Assurance that the company understands their obligations and responsibilities and that they clearly demonstrate how they will achieve this to ensure financial security and service to farmers .
  - (b) A business plan that clearly identifies the company's objectives, history and ownership and how it intends to operate in the country. Companies should also identify their anticipated annual handle of CWB grain and other business activities to be undertaken that are relevant to the handling of CWB grain.

Note: Where warranted, the CWB Finance Directorate may contact the company to ascertain further details of the company's business plan such as sources of financing, projections of cash flow, debts to equity ratios, profit and loss.

- (c) Audited annual report, financial statements and other information as the CWB may require to assess the company's financial well being and suitability.
- (d) The company's corporate structure including the names of all principals and senior officials involved with the company (including the company's signing officers).

The corporate structure and financial condition of the company must be such that the CWB is satisfied that the company would be an appropriate agent of the CWB and that, in entering into an agency agreement, the interests of producers would be protected. The company should have adequate permanent capital to meet any claims that might arise.

4. The CWB reserves the right to charge the company a fee for the purposes of covering costs associated with the administration of a company's application for CWB agency status.
5. If the CWB is satisfied the company should become an agent of the CWB, it reserves the right to take any or all of the following actions:
  - (a) to request that the company post security in the form of a Letter of Credit in the financial amount deemed necessary by the CWB to adequately cover any potential liabilities such as unremitted cash advances, freight adjustment factor payments, or deferred cash purchase tickets between the company and the CWB;
  - (b) to require a reference from the company's bank prior to granting the application;
  - (c) to use the services of a rating agency (such as Dunn & Bradstreet) in assessing the company's financial health and reputation in the business community;
  - (d) to determine whether or not the company is licensed by the Canadian Grain Commission in accordance with the Canada Grain Act.
  - (e) To request that the company provide the CWB with a copy of the company's cash purchase ticket to ensure it meets the CWB's approval for reporting of farmer's delivery information. This is in accordance with the CWB Act and Regulations.
6. The CWB may, at its discretion, waive certain of the requirements listed above.
7. If an agency agreement is entered into with the CWB:
  - (a) the company's status with the CWB will be regarded as probationary for the first year.
  - (b) during and at any time after the probationary period, the company's performance may be reviewed by the CWB. This review may result in an adjustment of the level of security required or a termination of the agency agreement.
  - (c) the CWB reserves the right to inspect all records of the company by any authorized official of the CWB for the purpose of determining the company's performance under their agency agreement. The company, its officers, directors, employees, agents, contractors or consultants shall cooperate with and provide all reasonable assistance to the CWB's authorized officials.

#### **OPERATIONAL CONDITIONS:**

1. Companies must conform with all the requirements of the agency agreement and of all pertinent Instructions To The Trade issued by the CWB. Failure to comply with these requirements may result in the termination of the agency agreement by the CWB.
2. **Service to Farmers** – Companies are to provide farmers with assistance in completing delivery permit book applications, delivery contracts, producer certificates and other approved CWB documents to accommodate the delivery and shipment of grain to the CWB.

3. **Delivery of Grain** – Deliveries of grain must be within delivery calls authorized by the CWB. At the time of delivery by the farmer, companies are required to provide the farmer with an approved document (grain receipt) that clearly identifies the quantity and quality of the grain delivered. Additionally, the company is required to make an appropriate entry of the delivery into the farmer's permit book.
4. **Shipment of Grain (by truck)** – Companies can make arrangements to ship grain to a processing plant or the U.S. in accordance with the conditions outlined in the agency agreement. Companies must make arrangements with the CWB Sales Division for a sales contract and if exporting grain to the U.S., an export license.
5. **Reporting** - As defined in the agency agreement, companies are required to report to the CWB all purchases and deliveries of CWB grain handled by the company. Additionally if applicable, companies are to report all inventory of grain handled by the company to the CWB Logistics Division on a weekly elevator manager report.
6. **Payment** – Companies are required to pay farmers for their grain within a maximum of seven (7) calendar days from the time of taking delivery from the farmer. The CWB will pay the companies upon receipt of the delivery reports in accordance with the conditions outlined in the agency agreement.

## **GENERAL**

Companies are expected to report transactions electronically to the CWB within one year of becoming a CWB agent. The CWB may, at its discretion and taking into consideration financial restrictions placed on the company, waive or extend the implementation of an electronic reporting system.

Conformity with the requirements listed above does not automatically ensure that an agency agreement will be granted. In making the final decision, the CWB may take into account the following considerations:

- (a) Whether or not it appears the company's services will be of a permanent nature;
- (b) Whether the company will be an appropriate representative of the CWB in the area in which the company operates.

Reference: Farmer Relations and Operations  
Business Systems and Industry Agreements  
August 2004