



CWB Agency Agreements

Criteria to be met by Companies applying for Canadian Wheat Board (CWB) Agency Agreements

To become a Canadian Wheat Board agent for the purpose of handling CWB grain or issuing advances, companies must apply for a CWB agency (i.e. handling) agreement. Depending on the nature of the Company business, a Company should apply for either a primary elevator, process elevator (maltster) or process elevator (miller) agreement to handle CWB grain. Companies wishing to issue advances on behalf of the CWB may also request an advance agreement in addition to a grain handling agreement. Agreements are renewed annually.



For new companies wishing to become agents of the CWB, the following criteria has been established.

1. The Company must be legally entitled and authorized to carry on business in Canada.
2. The Company must have physical facilities either owned, leased, rented or controlled that are licensed by the Canadian Grain Commission and appropriate to the conduct of the type of business for which it is licensed.
3. Companies must apply to the CWB in writing (which may include facsimile or e-mail). On application, the Company must provide the CWB with a business plan, audited financial statements and other such information to enable the CWB to assess the Company's financial well being and suitability.

The business plan should include: the Company's anticipated handle of CWB grain for the first year of operation, the Company's corporate structure including all principals involved with the Company, names of Company executives (including the Company's signing officers), the names and locations of physical facilities as well as whether the facility includes farmer owned (condominium) storage. Also the registered Company name, business address, telephone, fax numbers and e-mail addresses (where available).

4. 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.
5. 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.
6. 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) 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) Require a reference from the Company's bank prior to granting the application;

- (c) 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) Determine whether or not the Company is licensed by the Canadian Grain Commission in accordance with the Canada Grain Act.

7. The CWB may, at its discretion, waive certain of the requirements listed above.

Conformity with the requirements listed above does not automatically ensure that the CWB will enter into an agency agreement with the Company. In making such determination, the CWB will also take into account:

- (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.

8. 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) The Company must conform with all the requirements of the agency agreement and of all pertinent Instructions To The Trade issued by the CWB;
- (c) During and at any time after the probationary period, the Company's performance may be reviewed by the CWB if the CWB deems it necessary because of concerns on the part of the CWB, that the Company may be in danger of being unable to fulfill its financial obligations under the agency agreement. Such a review may result in an adjustment of the level of security required to be posted by the Company or a termination of the agency agreement; and
- (d) The Company agrees to develop an electronic system within one year of becoming an agent of the CWB. The CWB may, at its discretion and taking into consideration financial restrictions placed on the Company, waive or extend the development period of an electronic reporting system.

The following are the types of agency agreements currently in place with the CWB.

Primary Elevator – allows companies to purchase and store grain bought on behalf of the CWB in licensed primary elevators.

Process Elevator (Maltster) – allows companies to purchase selected barley from producers at licensed process elevators to satisfy market requirements of maltsters.

Process Elevator (Miller) – allows companies to purchase CWB grain from producers at licensed process elevators to satisfy market requirements of the mill.

Advance agreements (Agricultural Marketing Programs Act and Spring Credit Advance Program) – allows companies to issue advance payments to producers on behalf of the CWB.

The CWB may also enter into a modified agency agreement to satisfy specific business operations.

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Business Systems and Industry Agreements
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