

# About the Advance Payments Program (after harvest)

The Advance Payments Program (APP) (after harvest) is a federal government program which authorizes cash advances for farmers who have wheat, durum and barley stored on farm. The Canadian Wheat Board (CWB) administers the program for wheat, durum and barley grown in Western Canada.

## Important information

In November 2006 changes were made to the Agricultural Marketing Programs Act (AMPA) legislation which affect the 2007-08 APP.

The Production Period (replacing crop year) is now 18 months and runs from April 1 of one calendar year to September 30 of the following calendar year. The after-harvest program runs from September 1 to September 30 of the following calendar year. The deadline for issuing after-harvest cash advances will be March 31, 2008.

Continuing Priority Agreements can now be pre-approved by the lender. This will allow producers to receive cash advances for up to the pre-approved amount without revisiting the lender. (If a Continuing Priority Agreement has been pre-approved the name of the lender and the pre-approved amount is available on CWB e-Services.)

### Important

Joint producers are considered partnerships under the advance payment programs and require Declaration and Guarantee forms.

See pages 33 to 72 for step-by-step instructions on completing an advance.

### 2007-08 advance payment rates (per tonne)

Wheat	\$90
Durum	\$110
Barley	\$60
Designated Barley	\$80

## 2007-08 Pre-Delivery Top Up

Farmers can top-up their cash advance on wheat and durum with an additional amount per tonne from the CWB. It is called a Pre-Delivery Top Up because farmers can get these extra dollars before their wheat and durum is delivered. Farmers must have an approved cash advance based on their harvested grain to cover the tonnage they are applying for.

## Total eligible amount

Applicants can receive a maximum amount of \$400,000 on all agricultural products (not just wheat, durum and barley) regardless of the number of farming operations in which the applicant has a financial interest. The first \$100,000 is interest-free until the advance is repaid or until September 30, 2008, providing the advance is not placed in default. The maximum amount that can be outstanding during the overlap in production periods (from September 1 to September 30) is \$400,000 which includes the principal balance of any outstanding 2006-07 crop year cash advances for all eligible crops.

## Applicants with outstanding 2006-07 advances

Applicants with outstanding non-defaulted 2006-07 cash advances can apply for a 2007-08 after-harvest advance. The balance outstanding at the time of application and the money issued on the 2007-08 advance (includes any monies issued under the pre-harvest program) cannot exceed the program maximum of \$400,000. Once the 2006-07 cash advance is repaid, the applicant is eligible to apply for additional money on the 2007-08 after-harvest advance, up to the program maximum of \$400,000.

For individual applicants the outstanding balance on the 2006-07 cash advance must be shown in Part 2(d) for wheat, durum and barley advances and Part 2(e) for all advances through all other organizations.

For company applicants, each participant with an outstanding 2006-07 cash advance must include the outstanding balance on the Participants Calculation Worksheet. Do not include outstanding balances from 2006-07 crop year when determining the 'Interest-free Benefit'

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## Interest-free benefit

Applicants with an outstanding balance on the 2006-07 cash advance are eligible for the interest-free benefit on the first \$100,000 received under the 2007-08 after-harvest advance program. The amount outstanding on the previous crop year advance does not affect this benefit.

## Repayment

Refunds must be deducted from all settlements for deliveries of wheat, durum and barley made to the CWB and the off-Board feed grain market.

Refunds are also required from grain delivered to feed mills, grain dealers and ethanol plants.

In order to deduct and report advance refunds to the CWB, feed mills, grain dealers and fuel ethanol plants must apply in writing to the CWB for an Advance Payment Deduction Agreement. Where an agreement with the CWB is held, the required deductions will be made from grain deliveries and remitted to the CWB. Where an agreement with the CWB is not held, it is the applicant's responsibility to submit the necessary advance refund to the CWB and make the appropriate grain delivery entry into the permit book.

The repayment rate is the greater of the pre-harvest or after-harvest rates.

## Submitting and correcting forms

To assist in processing and to provide faster service to producers, please staple supporting documents to the back of the advance application and fold the advance application with the calculations to the outside.

Documents that need amending before the applicant can receive payment should be faxed by elevator staff to the CWB. The producer and elevator manager must sign where changes have been made. The CWB will approve the advance based on the fax copy returned. The original fax copy must be held on file at the elevator for seven years and be available upon request. Send us the original fax copy if you are unable to store them. Our fax number is (204) 983-8031.

In addition, the CWB will accept faxed copies of Priority Agreement or Continuing Priority Agreement forms if the original, signed copy is forwarded to us at a later date or held on file at the elevator. All advance forms are available through Fax on demand at 1-800-275-4292 and at [www.cwb.ca](http://www.cwb.ca), under Farmers/Farmer payments/ Cash advance program. Elevator staff must call the CWB for an advance application number in order to report the advance.

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## Fees

Grain companies charge \$75.00 (plus GST if advised by your head office) per application to cover their administrative costs.

If one or more cash advances are applied for and total over \$100,000 (including monies issued under the 2007 pre-harvest program), a \$125 fee (plus GST) will be assessed by the CWB to cover the additional expense of validation and approval.

## Default date

Applicants will be placed in default if they have not met all of the obligations of their advance application on or before **September 30, 2008**. Applicants whose defaulted 2007-08 advances are repaid after September 30, 2008 are not eligible for a 2008-09 cash advance (see page 13).

## Priority Agreement

A Priority Agreement must be completed by every financial institution with which the applicant deals. As well, a Priority Agreement must be completed by any financial institution or secured party having a security interest in or lien on the grain for which the advance is being made, or where an assignment has been taken on the applicant's crop insurance payments.

Elevator staff should ensure the applicant is aware of this requirement when assisting the producer in completing the advance payment application form.