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# Applicant's eligibility

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

An applicant who provides false or misleading information or fails to provide relevant information for the purposes of the application is guilty of an offense under the APP. Penalties including a fine of up to \$500,000 and imprisonment may be imposed.

- 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 and any related producers must not have any outstanding defaulted accounts.
- applicants who have defaulted in three separate crop years/production periods (starting with the 1997-98 crop year), under SCAP, ESCAP or APP, are ineligible for an advance in the production period following the production period the defaulted advance was repaid. This applies to all farming operations in which the applicant has an interest.
- 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 and other business enterprises), co-operative or colony, 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, public servant, a current or a former public office holder who is prohibited under any applicable federal conflict of interest or ethical principals, rules and obligations from deriving any benefit under the advance payment program.

## Non-residents

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

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

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## Repayment of outstanding or defaulted accounts

### An applicant's eligibility for a 2007-08 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.

**Applicants with outstanding, non-defaulted 2006-07 ESCAP/SCAP advances.**

The applicant is eligible. Total outstanding (including 2006-07 advance balance) cannot exceed 400,000 during overlap from September 1 to September 30.

**Outstanding defaulted advances that are repaid before October 1, 2007 (not affected by three strike rule).**

The applicant and any related producers are eligible for an after harvest advance on October 1, 2007.

**Outstanding defaulted accounts that are repaid after September 30, 2007.**

The applicant is not eligible for a 2007-08 after harvest advance. Related producers become eligible once the defaulted account is repaid in full.

Applicants who have defaulted in three separate crop years/production periods (starting with the 1997-98 crop year), under SCAP, ESCAP or APP, are ineligible for an advance in the production period following the production period in which the defaulted advance was repaid. This applies to all farming operations in which the applicant has an interest.

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# 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. Forms sent out for the 2007-08 APP (pre-harvest) can be used for the 2007-08 after-harvest program.

## 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 (includes joint-producers), co-operatives 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:
- Bob and Beth appear in more than one delivery permit book as individuals or company members;
  - 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 but must complete a Declaration and Guarantee form. However, all cash advance applications for Gord and James must be completed under their joint CWB permit book number. The maximum advance available for Gord and James for wheat or barley and all other agricultural products is \$400,000, with the first \$100,000 interest-free.
- D Company Green Acres has two guarantors, Bob Greene and Jim Greene. Bob Greene also has a permit book in his own name. Jim Greene is not affected by the Related Producers' Provision however, Bob is affected. A Related Producers' Declaration form is required for Bob Greene. The elevator manager should attach a note stating that Jim Greene is not involved in any other farming operations. It is not necessary for Jim Greene to complete a Related Producers' Declaration.

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## 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 producer, the maximum any producer can be attributed is \$100,000 interest-free, and \$400,000 overall, for advances on all agricultural products. These limits apply regardless of the number of farming operations the producer has a financial interest in as an individual or as a member of a corporation, partnership (includes joint producers and other business enterprises), or a co-operative.

### 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 participant's percentage of voting shares.
Partnership (includes joint producers)/Business enterprise	based on the percentage of profits to which the participant is entitled.

### Example:

Three producers are partners and the partnership applies for a \$100,000 after-harvest advance. None of the partners have a previous advance. Each is entitled to one-third of the profits, so each is attributed one-third of the \$100,000 cash advance. Each producer is attributed \$33,333.

Producer A has his own permit ID number and wants to receive the total \$400,000 he is eligible for, so he applies for the balance ( $\$400,000 - \$33,333 = \$366,667$ ) through his own permit ID number. In total, Producer A is attributed or is eligible to receive:

	Maximum	Interest-free
Through partnership	\$33,333	\$33,333
As an individual	<u>\$366,667</u>	<u>\$66,667</u>
<b>TOTAL</b>	<b>\$400,000</b>	<b>\$100,000</b>

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# Amount of eligible advance

CWB administers advances by applicant, not by delivery permit book. The maximum advance available under APP for wheat, durum, barley and all other agricultural products is \$400,000 with the first \$100,000 interest-free, regardless of the number of farming operations in which the applicant has a financial interest. During the six month overlap between production periods (April 1 to September 30) the maximum amount that can be outstanding is \$400,000. This maximum includes any outstanding 2006-07 crop year advance payments for all crops.

Applicants can receive up to \$400,000, with the first \$100,000 advanced interest-free.

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.
- Producers with barley that has been or may be selected can apply for a cash advance at the selected barley advance rate. Refunds at the selected barley rate should be deducted when this grain is delivered, whether or not the barley was accepted.

If a cash advance is issued on barley that is later accepted as Selected Barley, the applicant can apply for the balance of the eligible amount. The applicant must complete a second application, and indicate the “accepted” tonnes.

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

## Joint producers

**Joint producers are considered a partnership under the APP and must complete the Declaration and Guarantee forms.** 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 partner of the joint farming operation to ensure the maximum entitlement is not exceeded.

Applicants who are joint producers must take out the cash advance jointly, as each joint producer is responsible for the entire amount advanced.

**Do not issue the advance cash ticket under the individual numbers assigned for delivery purposes. If one is issued, it will be returned to your company for correction.**

A refund must be deducted from any deliveries made under either the joint permit book number or under their individual numbers.

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# 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:

\$80 x seeded acres of 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 the unpaid balance of all previous 2007-08 crop year wheat, durum and barley advances  
received through the permit book by anyone named in the permit book

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

\$240 x seeded acres of wheat and durum

\$160 x seeded acres of barley

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

less the unpaid balance of all 2007-08 crop year wheat, durum and barley advances received through  
the permit book by anyone named in the permit book

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 \$100,000). The remainder of the advance requested requires CWB approval before issuance.

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## 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, a landlord who later applies for an advance will have to wait for CWB approval before receiving payment.

## 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.

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## Advance payment limitation

A maximum of \$100,000, or an amount up to the Elevator Issuance Limitation can be issued for the first payment. This amount includes the unpaid balance of all previous 2007-08 advances issued to the applicant through the permit book. If the applicant is applying for more than \$100,000, you can issue up to \$100,000 immediately (subject to the seeded acre limitation). Send the application to the CWB for approval of the balance. Once CWB approval is received by fax, issue the second payment.

Corporations, partnerships (including joint producers), co-operatives 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 48 and 65 for further details.

Company applicants who have previously completed continuing Declaration and Guarantee forms, starting with the 1999-2000 advance program, DO NOT have to complete a new Declaration and Guarantee for the advance program, provided there have been no changes to the company structure or to the shareholders, members, partners or owners. This also applies to colonies that have previously completed Guarantee forms.

### Example 1:

If an applicant has sufficient stocks and seeded acres to qualify for a \$112,000 cash advance and requests the entire amount, you are limited to issuing a first payment of \$100,000. 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 \$80,000. You can only issue \$70,000. 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 300 irrigated wheat acres and 400 dry land acres of wheat, the seeded acres limitation is \$104,000, 3.a. on the advance application form – transferred from calculations made on the Application for Irrigation Rate form)

$$(300 \times \$240 = \$72,000)$$

$$(400 \times \$80 = \$32,000)$$

\$104,000

Your issuance limitation is \$100,000.

You can issue \$100,000 as a first payment.

The application must be sent to the CWB for approval before the balance of \$4,000 is issued.