

# About the Advance Payments Program (Pre-harvest)

The Advance Payments Program (Pre-harvest) is a federal government program provided to assist the applicants with spring seeding costs. 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 advance payments program. These changes include replacing the *Spring Credit Advance Program (SCAP)* and the *Enhanced Spring Credit Advance Program (ESCAP)* with *AMPA* Pre-harvest and After-harvest programs.

Pre-harvest advances can now be issued using Canadian Agricultural Income Stabilization (CAIS coverage) as security, providing the crop is not secured through crop insurance. Separate application forms for advances using CAIS coverage as security will be available. The CAIS 2006 Options Notice can be used to confirm program coverage.

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 pre-harvest program starts on April 1 and ends on July 31 of the same year. The after-harvest program will run from August 1 (subject to advance payment rates being established by that date) to September 30 of the following calendar year. The deadline for issuing after-harvest cash advances will be March 31, 2008.

Applicants can receive a maximum amount of \$400,000 on all agricultural products. The first \$100,000 being interest-free. The maximum amount that can be outstanding during the six-month overlap between April 1 and September 30 is \$400,000 which includes the principal balance of any outstanding 2006-07 crop year cash advances for all eligible crops.

Applicants can receive 60 per cent of the total eligible amount based on anticipated seeded acres. The remaining portion is advanced after seeding is completed. Applicants who have completed spring seeding can receive the entire eligible amount based upon their crop insurance seeded acreage report(s) (for advances using crop insurance coverage), or upon their declaration on the advance application (for advances using CAIS coverage).

Pre-harvest advances that exceed \$100,000 on the first 60 per cent must be approved by the CWB for approval of the amount exceeding the \$100,000 limitation.

*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. The name of the lender and the pre-approved amount is available on CWB e-services.

The federal government or the CWB will register an assignment with crop insurance on advances issued using crop insurance as security. The federal government will register an assignment on advances issued using CAIS as security. CAIS means the Canadian Agricultural Income Stabilization program or any program that replaces it. An assignment gives the CWB, on behalf of the federal government, priority on any crop insurance or CAIS payments up to the amount owing on the advance. Cash payments applied to a pre-harvest advance that exceed the greater of \$1,000 or 10 per cent of the issued amount are subject to a cash refund interest penalty. Cash payments that are made as a result of an 'overpayment' are not subject to an interest assessment. See page 25 for more details.

See pages 27 to 81 for step by step instructions on completing a pre-harvest advance.

### Payment rates for pre-harvest advances 2007-08 (per tonne)

Wheat	\$80.00
Durum	\$86.00
Barley	\$50.00

Separate advance rates will be established for 2007-08 after-harvest advances.

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

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## Eligibility

Producers who grow wheat, durum and barley and are insured with all-risk provincial crop insurance or have 2006 CAIS program coverage are eligible to apply. Applicants do not require a CWB delivery permit book to receive a pre-harvest advance. However, they must apply for one by December 31, 2007 if their pre-harvest advance is not retired by that date. A permit book is required if they wish to apply for a further after-harvest cash advance under *AMPA*. Interested parties (landlords, vendors, and mortgagees) can also apply, but must have all-risk provincial crop insurance or CAIS coverage.

See page 12 and 13 for eligibility information regarding the applicant or a related producer who has a defaulted advance.

## Applicants with outstanding 2006-07 *SCAP*, *ESCAP* and *AMPA* advances

Applicants with outstanding non-defaulted 2006-07 *SCAP*, *ESCAP* and *AMPA* cash advances can apply for a 2007-08 pre-harvest advance. The balance outstanding at the time of application and the money issued on the 2007-08 pre-harvest advance 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 pre-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* under 'previous advances' in the column heading 'Maximum advance'. Do not include outstanding balances from 2006-07 crop year when determining the 'Interest-free Benefit'.

## 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 pre-harvest advance program. The amount outstanding on the previous crop year advance does not affect this benefit.

## Continuing Declaration and Guarantee forms

*Declaration and Guarantee (D & G)* forms, and *Guarantee* forms (for Colonies) define the structure of a company. Continuing forms are available, thereby eliminating the need to complete a form every year, unless the structure or members of the company have changed. See page 53 for more information on *Continuing D & G* forms. *D & G* forms completed in previous crop years can be used for the 2007-08 program.

## Assignments for crop insurance payments

Each applicant has the assignee complete a *Priority Agreement*, which gives the CWB, on behalf of the federal government, priority over any existing and future assignments on provincial crop insurance. The applicant also agrees to forward any current or future provincial crop insurance payments to the administrator (CWB) if the payments are made with respect to wheat, durum and barley insured acres, except where the payments are to cover reseeding costs.

By signing the application, the applicant is agreeing that the federal government or the CWB can register an assignment with crop insurance.

## Assignments for CAIS payments

By signing the application, the applicant is agreeing that the federal government or the CWB can register an assignment with CAIS.

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## Repayment

Refunds must be deducted from all settlements for deliveries of wheat, durum and barley made to the CWB, the off-Board feed grain market or feed mills after July 31, 2007. Account statements will be sent on a quarterly basis to all producers with outstanding cash advances.

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

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.

## 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 initial all the changes. The CWB will approve the advance based on the fax copy returned. Keep the original corrected fax copy at the elevator. The original fax copy must be held on file for seven years and be available upon request. Send us the original fax copy if you are unable to keep them at the elevator. 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 still call the CWB for an advance application number in order to report the advance.

## Fees

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

No fee will be assessed when an applicant is required to complete a second application due to different security (crop insurance or CAIS). The grain company will invoice the CWB for the administrative cost.

If you apply for and receive one or more cash advances that total over \$100,000, a \$125 fee plus GST will be assessed by the CWB to cover the additional expense of validation and approval.