
Applicant's eligibility

Eligibility using crop insurance coverage

The applicant must have 2009-10 all-risk provincial crop insurance coverage in good standing. Calculate crop insurance coverage by multiplying the percentage coverage level by the long-term yield. Applicants should contact their provincial agency to confirm coverage. If more than one insurance rate applies to land seeded to winter wheat, calculate the average crop insurance coverage by multiplying the different rates of coverage by the number of acres covered by each rate, adding all values together, and dividing by the total number of acres.

(See example on page 10).

Eligibility using AgriStability coverage

AgriStability can be used as security when the agricultural product has not been secured by crop insurance. Applicants must have participated in the 2009-10 AgriStability program. AgriStability security is based on the government portion of the producer's selected coverage (66.5 per cent) of the reference margin. The AgriStability Enrolment Notice can be used to confirm program coverage.

Eligibility using crop insurance or AgriStability coverage:

- 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, under the Spring Credit Advance Program (SCAP), the Enhanced Spring Credit Advance Program (ESCAP), or the Agricultural Marketing Programs Act (AMPA), are ineligible for an advance in the production period following the one in which 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, joint producer, business enterprise, cooperative or a 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.
- 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 Payments Program.

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 Advance Payments Program. Penalties include a fine of up to \$500,000, and imprisonment.

Example:

A producer is planning to grow 200 acres of CWRS. The crop will be planted on two different parcels of land with two different levels of crop insurance coverage. To determine a single level of crop insurance coverage for advance payment purposes, the two separate rates must be combined without changing the level of coverage.

200 total acres
50 acres are insured at 0.8 t/acre
150 acres are insured at 1 t/acre
50 acres X 0.8 t/acre = 40 t
150 acres X 1 t/acre = 150 t
(40 t + 150 t) = 0.95 t/acre*
200 acres

*enter this amount for crop insurance coverage

Note: The same method can be used for advances secured by AgriStability for different land parcels to determine average yield. Substitute estimated yield for crop insurance coverage.

Non-residents

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

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

Eligibility and previous advances

An applicant's eligibility for a 2010-11 pre-harvest advance can be affected by previous advances:

2009-10 and 2008-09 outstanding non-defaulted advance

The applicant is eligible. Total outstanding (including 2009-10 and 2008-09 advance balance(s)) cannot exceed \$400,000.

Outstanding defaulted advance that is repaid after April 1, 2009

The applicant is not eligible to participate in the 2010-11 winter wheat pre-harvest advance payment program. The applicant will be eligible to participate in the 2010-11 pre-harvest advance program starting April 1, 2010 if the defaulted account is repaid before April 1, 2010.

Applicants who have defaulted in three separate crop years/production periods are ineligible for an advance in the production period following the one in which the defaulted advance was repaid. This applies to all farming operations in which the applicant has an interest.

Note: If the applicant is applying for another advance and is repaying a previous advance by cheque, the cheque must be certified.

Related producers

If an applicant deals with another producer who is also involved in the production of an agricultural product and their relationship is not at arm's length, the applicant is affected by the Related Producers Provision and is required to identify all of those farming operations and all previous advances that have been issued to the related producers. Advances issued to related producers affect an applicant's eligibility to receive an advance as well as the amount of an advance.

A related producer can include siblings, parents, children, spouses or individuals with whom the applicant is cohabiting, and any corporation, partnership, or cooperative of which the applicant or the applicant's related producer is a shareholder, partner, or member.

The applicant must complete a Related Producers Declaration Form if:

- The applicant appears in more than one CWB delivery permit either as an actual producer or a landlord
- The related producer(s) has received an APP advance for the 2010-11 production period
- The related produce(s) has an outstanding APP advance from a previous production period

If the applicant and the related producer deal at arm's length, the applicant must complete a Rebuttal of Relatedness form (page 12) to refute the relatedness if:

- The related producer(s) has received an APP advance for the 2010-11 production period
- The related producer(s) has an outstanding APP advance from a previous production period

Note: On receipt of the Rebuttal of Relatedness, the Administrator may request appropriate documentation such as articles of incorporation, financial statements, leases or receipts, to support the responses.

Examples:

A Brothers Gord and James West farm together. Neither Gord nor James has a financial interest in any other farming operation. Gord and James do not have to complete a Related Producers Declaration but must complete a Declaration and Guarantee form. All cash advance applications to Gord and James must be completed under their joint CWB ID number. The maximum advance available for Gord and James under the pre-harvest advance program for wheat and barley and all other agricultural products is \$400,000.

B Company Green Acres has two guarantors, Bob Greene and Jim Brown. Bob Greene also has a permit book in his own name, Bob is affected by the Related Producers Provision. A Related Producers Declaration form is required for Bob Greene. The elevator manager should attach a note stating that Jim Brown is not involved in any other farming operations. It is not necessary for Jim Brown to complete a Related Producers Declaration.

Landlords

A landlord/tenant lease agreement **does not** make the landlord and tenant related producers.

Rebuttal of Relatedness form

The producer can refute the presumption of relatedness by completing a Rebuttal of Relatedness form. If the applicant successfully rebuts the presumption of relatedness, the elevator manager can continue with the application. **The CWB, as an administrator, may request documentation (such as leases, receipts, etc) to support the claim.**



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Advance Payments Program (APP) - Rebuttal of Relatedness

Complete if you are rebutting the presumption of relatedness for any of your related producers.

The information contained in this document will apply to all future 2010-11 production period cash advances issued to the applicant unless related producers apply for future APP advances during the 2010-11 production period.

List all related individual producers who received an advance for this or previous production periods, including advances issued by other APP Administrators. If you are unable to rebut the relatedness, transfer the producer's name to the Related Producers Declaration.

Name	CWB ID Number	Name of administrator who issued the advance	Production period of previous advance
1.			
2.			
3.			
4.			

Answer the questions below for related producers.

- If you answered 'YES' to all of the following questions, you have successfully established that you deal at arm's length with the related producer.
- If you answered 'NO' to any of the following questions, you have not rebutted the presumption of relatedness with the related producer. Transfer the producer's name to the Related Producers Declaration.

Note: The Administrator may request the appropriate documentation to support your response, such as articles of incorporation, financial statements, leases or receipts.

Attach a separate sheet if required.

1. Name of the related individual producer:			
a. You and the related producer file separate tax returns and/or produce separate financial statements.	YES	NO	
b. You and the related producer are not employees or do not act as agents of the other.	YES	NO	
c. You and the related producer conduct all business transactions (e.g. sharing of equipment and/or land) at fair market value and such transactions are documented.	YES	NO	
2. Name of the related individual producer:			
a. You and the related producer file separate tax returns and/or produce separate financial statements.	YES	NO	
b. You and the related producer are not employees or do not act as agents of the other.	YES	NO	
c. You and the related producer conduct all business transactions (e.g. sharing of equipment and/or land) at fair market value and such transactions are documented.	YES	NO	
3. Name of the related individual producer:			
a. You and the related producer file separate tax returns and/or produce separate financial statements.	YES	NO	
b. You and the related producer are not employees or do not act as agents of the other.	YES	NO	
c. You and the related producer conduct all business transactions (e.g. sharing of equipment and/or land) at fair market value and such transactions are documented.	YES	NO	
4. Name of the related individual producer:			
a. You and the related producer file separate tax returns and/or produce separate financial statements.	YES	NO	
b. You and the related producer are not employees or do not act as agents of the other.	YES	NO	
c. You and the related producer conduct all business transactions (e.g. sharing of equipment and/or land) at fair market value and such transactions are documented.	YES	NO	

Applicant name

Applicant signature

Date

Attribution

The amount issued to related producers can affect both an applicant's eligibility and the amount that can be issued to that applicant. The maximum any producer can be attributed is \$100,000 interest-free, and \$400,000 overall, for advances on all agricultural products. These maximums 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 cooperative.

Determining attribution

Advances to related producers are attributable to the applicant as follows:

Related producer is a(n):	Amount attributable to the applicant:
Individual	100 per cent.
Corporation	based on the participant's percentage of voting shares.
Partnership, joint producer/ 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 pre-harvest advance. None of the partners have a previous advance. Each is entitled to 1/3 of the profits, so each is attributed 1/3 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 entire \$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>
TOTAL	\$400,000	\$100,000

Amount of eligible advance

The maximum advance available under the APP for wheat, durum, barley and all other agricultural products is \$400,000, with the first \$100,000 interest-free. This is regardless of the number of farms in which the applicant has an interest. The maximum advance amount can only be issued once per production period.

The maximum amount that can be outstanding is \$400,000. This maximum includes any outstanding 2009-10 and 2008-09 production period advances.

The maximum advance that an applicant can receive using crop insurance coverage is based on seeded acres and provincial crop insurance coverage levels.

The maximum advance that an applicant can receive using AgriStability coverage is the lesser of the seeded acres and the estimated yield OR the government's portion of the producer's selected coverage (66.5 per cent) of the AgriStability reference margin.

Applicants can receive 60 per cent of the total eligible amount based on seeded acres and the remaining 40 per cent will be issued through the 2010-11 APP pre-harvest program which begins April 1, 2010. The applicant will be required to confirm crop insurance coverage for 2010-11 or provide proof of enrolment in AgriStability for 2010-11. The cash advance can be affected by the amount attributed to the applicant for advances applied for or received by related producers.

Joint producers

Under the advance payments program, joint producers are considered a partnership and must complete Continuing Declaration and Guarantee forms. Joint producers are not affected by the Related Producers Provision unless one or more producers have a financial interest in other farming operations. If affected, each partner of the joint farming operation must complete a Related Producers Declaration 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 CWB ID number or their individual numbers.