

Interest Rebate made
available by Agriculture
and Agri-Food
Canada's Advance
Payments Program

Canada



WeCAP - Interest Rebate Procedure Manual

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Interest Rebate Administrator Manual

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Section 1 – Production Periods & Advance Rates

1.1 Production Periods run from April 1st to March 31st of the following year. For the producer advances (loans need to be taken out between these dates)

i.e. 2018 Production Period runs from April 1st, 2018 to March 31, 2019 (advances (loans) must be disbursed between these dates)

i.e. 2019 Production Period runs from April 1st, 2019 to March 31, 2020 (advances (loans) must be disbursed between these dates)

i.e. 2020 Production Period runs from April 1st, 2020 to March 31, 2021 (advances (loans) must be disbursed between these dates)

1.2 The Advance must be repaid by the following March 31st

i.e. 2018 Production Period closes March 31, 2019 (Advances (loans) must be repaid no later than March 31, 2020)

i.e. 2019 Production Period closes March 31, 2020 (Advances (loans) must be repaid no later than March 31, 2021)

i.e. 2020 Production Period closes March 31, 2021 (Advances (loans) must be repaid no later than March 31, 2022)

1.3 Advance Rates are determined by the weight that the livestock are sold at.

Advance rates are subject to change throughout the production period, please see the website for all current Advance Rates.

2018 Advance Rates

Feeder Cattle 700-900 lbs.	\$732.00
Feeder Cattle 900 – 1200 lbs.	\$779.50
Feeder Cattle 1250 lbs. +	\$1,015.00
Lambs 61 – 79 lbs.	\$78.00
Lambs 80 – 109 lbs.	\$99.00
Lambs 110 lbs. +	\$123.25

2019 Advance Rates

(From April 1, 2019 to January 31, 2020)

Feeder Cattle 700-900 lbs.	\$764.00
Feeder Cattle 900 – 1200 lbs.	\$833.00
Feeder Cattle 1250 lbs. +	\$1,085.00
Lambs 61 – 79 lbs.	\$79.25
Lambs 80 – 109 lbs.	\$100.00
Lambs 110 lbs. +	\$124.75

2020 Advance Rates

(not available currently)

Feeder Cattle 700-900 lbs.	NA
Feeder Cattle 900 - 1250 lbs.	NA
Feeder Cattle 1250 lbs. +	NA
Lambs 61 – 79 lbs.	NA
Lambs 80 - 109 lbs.	NA
Lambs 110 lbs. +	NA

Section 2 – Application, Relatedness & Eligibility

2.0 Once the **eligible** producer has applied for a new feeder contract, print off the Interest Rebate application. **The Application is to be filled out and signed by the producer on the same day the producer takes out his/her first contract.**

2.1 Complete the first part on the Application for an Advance –Filling out all the producer’s information.

2.2 Complete Part 2 calculating the eligible amount the producer will collect interest on for the working production period.

Calculating Eligible Amount, Part 2 on application:
(The Advance Rate applicable should be the rate at which the producer markets his animals, not the weight of the animals at the time of application)

PART 2 – AGRICULTURAL PRODUCT INFORMATION PERTAINING TO THE ADVANCE PAYMENTS PROGRAM (APP)						
Producer request for an interest only advance on storable agricultural products						
Type of Agricultural Product (A)	# of Cattle or Lambs on Feeder Cattle Loan (B)	Amount Received Feeder Associations Guarantee Act (C)	Advance Rate Current (D)	Amount of Eligible Advance (B x D)	Advance Requested	Repayment Per Head Rate*
1) ex. Cattle Backgrounder	300	\$180,000.00	\$656	\$165,000.00	\$100,000.00 (Cannot exceed this)	Check rate at time of repayment
2) Cattle Finisher	150	\$145,000.00	\$1001	\$123,750.00	\$100,000.00	Check rate at time of repayment
3) Cattle						
4) Lambs						
*REPAYMENTS MUST BE MADE AT THE RATE ESTABLISHED AT THE TIME OF REPAYMENT (SEE Part 4, 3.3).						

Note: If the producer has no outstanding advances, go to Step Three.

To determine the Advance Requested you will need to determine the Total Amount Outstanding on the application which refers to any amount advanced by any other **APP** administrator in the prior production period.

The producer cannot exceed the \$1,000,000.00 limit set by APP (total of previous period and current period) when applying for this new production period.

i.e. Producer advanced \$100 000.00 interest free and \$825 000.00 interest bearing from the Canadian Canola Growers Association in the prior production period. This gives him a combined total of;

i.e. \$100 000.00 + \$825 000.00 = \$925 000.00 advanced in the prior production period still outstanding.

Now the producer is applying for the Interest Rebate in the new production period and could be eligible for the \$100 000.00 interest free however he is limited to only receiving the amount left after his outstanding balance is deducted from the \$1,000,000.00 limit.

Therefore: \$1,000,000.00 - \$825 000.00 = \$175 000.00 is the eligible advance requested

Note: If the producer has no outstanding balances from the prior production period you simply write "0" on the blank provided and he will not be affected for this part of the calculation.

2.3 Determine if there is an issue with Related Producers.

Follow the instructions in Part 5 of the Application carefully. (Important note: The limit **per house hold or operation is \$100,000** (individual, partnerships or corporations) unless the producers can prove to the contrary that they file income tax return separate from their spouse/relative/corporation OR that they farm at "Arm's Length", meaning they do not share equipment or feed unless their spouse/relative is paying fair market value for the services that are being provided. The producers cannot purchase or sell livestock on behalf of one another or share receipts).

Part 5 RELATED PRODUCERS			
<ul style="list-style-type: none"> ✓ Related Producers – Producers are related if they do not deal with each other at arm’s length. Producers are presumed to be related to another in any of the following circumstances: One of the producers is the spouse or common-law partner of the producer, one of the producers owns at least 25% of the voting shares of the other producer, one of the producers owns at least 25% of the voting shares of a corporation that directly or through any other corporation owns 25% of the voting shares of the other producer, one of the producers is entitled to 25% or more of the profits or revenues of the other producer, and any other circumstances set out in Regulations. Common-law partnership means the relationship between two persons who are cohabitating in a conjugal relationship, having so cohabitated for a period of at least one year. ✓ Relatedness affects the applicant’s eligibility to receive an advance, as well as the amount of an advance. ✓ If you answer “YES” to questions 1, or 2 below, complete the Related Producers section 5.1 which is a declaration of relatedness. If you choose to rebut the presumption of relatedness, you must also complete the Rebuttal of Relatedness section 5.2 below. If you answer “NO” to questions 1 or 2, you are not required to complete the Rebuttal of Relatedness section below. ✓ If you answer “yes” to question 3 under section 5.1, you may not be eligible to receive an APP advance, unless you are able to rebut the presumption of relatedness section 5.2 below. 			
1. Do you share the reporting of income or losses of any other farming operation with a related producer?		YES	NO
2. Has a related producer a) applied for an APP advance in this production period or b) have an outstanding APP advance from a previous production period?		YES	NO
3. Is any related producer ineligible as a result of a default under APP, SCAP or ESCAP?		YES	NO
5.1 RELATED PRODUCER DECLARATION			
<ul style="list-style-type: none"> ✓ List all related individual producers who received an advance for this or previous production periods, including advances issued by other APP Administrators. ✓ Attach a separate sheet if required. 			
Name of the related individual producer that received an advance	APP ID	Name of Administrator which issued the advance	Production period
5.2 REBUTTAL OF RELATEDNESS			
<ul style="list-style-type: none"> ✓ Answer the questions below for each related producer listed in the Related Producer section 5.1 above. ✓ If you DISAGREE to any of the questions below, you have not rebutted the presumption of relatedness with the producer in question. ✓ If you AGREE to the statements below, you have established that you deal at arm’s length with the producer (s) in question, and the Administrator may request the appropriate documentation to support your responses, such as articles of incorporation, financial statements, leases, receipts, etc. ✓ Attach a separate sheet if required. 			
1. Name of the related individual producer that received an advance:			
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

This Portion Must Be Filled Out in Order to Obtain a Rebate through the APP Program

2.4 Determine the Total Amount Advanced which on the application refers to any amount advanced under the current production period from any other administrator. This amount cannot exceed the \$100,000.00 Interest free portion as we can only **rebate** based on the \$100,000.00 limit.

i.e. \$50,000.00 Interest Free from the Canadian Canola Growers Association.

i.e. \$100,000.00 – \$50,000.00 = \$50,000.00 is the producer’s eligible advance requested

2.5 Have the producer sign and date the application and you can witness his signature.

The applicant must ensure that all the information provided on the Application and Declaration is complete and accurate. Providing false or misleading information will result in an automatic default with the loss of all benefits related to the Advance Payments Program.

The total amount(s) of all advances made to me or attributed to me by my involvement in a corporation or partnership under the 2019-2020 APP **cannot exceed \$1,000,000.00** at any time by all Administrators. The total advances eligible for the interest- free provision cannot exceed \$100,000 per production period, by all Administrators (including anything attributed from a partnership or corporation). This includes but is not limited to advances issued by Western Cash Advance Program Inc.

YOU MUST DECLARE ORIGINAL ADVANCES TAKEN FROM APRIL 1, 2019 TO March 31, 2020.

\$ _____

Total amount advanced Administrator's Name (Please Print)

_____ + _____ =

\$ _____

Total amount advanced Administrator's Name (Please Print) **+ the amount from this application**

TOTAL OF ALL \$

I, (Name of Individual Producer) _____, hereby agree that the information provided in this Application is true and accurate based on my knowledge at the time of the application,

Signature of Applicant _____

Signature of Witness _____

Date _____

(Must not be a relative)

2.6 Producer must not have an Advance outstanding with the Western Cash Advance Program Inc. (WeCAP) – With Guarantee or any other participating APP Administrator I.e. Canola Growers, Manitoba Livestock, Potato Growers etc. To be eligible for an advance.

The Initial Application is to be completed at the same time the producer takes out his/her/their first contract. The Interest Rebate Application is then to be submitted to the WeCAP office by the 15th following the previous month end.

Section 3 - Record Keeping

A record of all enrolled producers is to be submitted by the 15th of the month following the previous month end, using the Interest Rebate Enrollment Form.

The enrollment form also acts as an ongoing remittance sheet and should be updated regularly. Meaning this document is to be continually updated on a monthly basis. i.e. if a producer pays out his loan, his payout date would be updated at the end of the month and remitted to WeCAP. If there are new producer contracts added to the Interest Rebate program, they should also be documented on the same spreadsheet. Only new information should be added to the spreadsheet and no information is to be removed from the ongoing remittance sheet.

Section 4 - Calculating a Return

When a producer has paid their contract in full input all information into the Interest Rebate calculator and print the Loan Summary. The LFA or WeCAP will then determine the potential rebate amount and confirm with the producer/LFA if the rebate is enough to submit a claim.

*Enough meaning the rebate is large enough to cover the fee.

LFA to print off the Interest Rebate Checklist. Gather all of the documentation regarding the Producers contract and use the check list to ensure you have all of the documentation required. Submit the documents along with the checklist to the WeCAP office by no later than the 15th of the following month. (i.e. if a producer pays out in June, their paperwork **must** be submitted to the office no later than July 15th) or it will be deemed ineligible.

Section 5 - Fees

ALL Application fees are payable to Western Cash Advance Program Inc. (WeCAP) not FAA.

For our Accounting purpose and process, LFA's will be invoiced for the application fees (Full or Total) as they are received in our office. LFA's are not required to submit the

application fee(s) at the time of enrollment. Once payment of claims has been received by AAFC, WeCAP will deduct the application fees from the rebated amount and forward the net rebate amount to the LFA with the invoice for the full amount of the application fees due and a listing of the amount of producer rebate claims. The LFA's portion of the fee for the Interest Rebate application is paid directly by WeCAP the rebate has been received and forwarded along with the producer rebate. (**NOT** to be collected separately from the producer).

The total administration fee is \$ 225.00 + GST (\$236.25) for the initial application. If there are more than one application during a production period, only one fee is payable and only one LFA fee. WeCAP pays the LFA a fee of \$100.00 plus GST for the initial application only.

**** LFA guidelines or instructions are available from WeCAP to assist with the application process, requirements and process and documentation required.**

Section 6 –Submissions, Payment of Claims and Close of Production Year

Joint Partnerships, Ventures and Corporations may now utilize the Interest Rebate Program, please use the New Application for Corporations.

Under our agreement with AAFC, it is a required that WeCAP enters **all new Advances (loans)** in the system **within 30 days** of the **initial disbursement**, which means it is imperative that all new producer applications are sent in to the WeCAP Office by the **LFA's no later than the 15th following the previous month end.**

Under our agreement with AAFC, it is required that WeCAP enters **all paid out Advances (loans)** in the system **within 30 days** of the **repayment date of the Advance (loans)**, which means it is imperative that all paid out loan information needs to be submitted to the WeCAP by the **LFA's no later than the 15th following the previous month end.** (i.e. if a producer pays out in June, their paperwork needs to be submitted to the office no later than July 15th). Failure to follow these procedures will place the application as ineligible.

Incomplete applications will be returned to the Local Feeder Association to be corrected. This includes relatedness rebuttals that are incomplete.

Under our agreement with AAFC, WeCAP is required to submit interest rebate **claims monthly** and then AAFC is required to make payment within 30 days of receipt of the claim. This means that should there be a payout in any month from AAFC, WeCAP will be issuing **payouts on a Monthly basis** to LFA's for producers, if the **claim is not forwarded** to the WeCAP Office in the required timelines outlined above, **under our agreement with AAFC** will not honor or reject a claim. Our agreement with AAFC (Ottawa) is that payment must be made within 7 days of receipt of payment (WeCAP to LFA and the LFA to producer).

Closing Claims of a Production Period is 60 days after the end of the Production Period (May 31) for any claim year. Thus, WeCAP will process a **final claim within 45 days** of the end of the Production Period. Any claims submitted after this date will be deemed as **“Ineligible”** for late reporting **under our agreement with AAFC**. It is imperative then that LFA’s **submit their claims monthly to ensure that it is valid**.

Section 7 – Required Documentation

****If you have provided your Local Association Financing Commitment Letter/Financing Agreement to WeCAP** (will be required to be submitted annually to confirm the interest rate agreement with the LFA lender).

When submitting the monthly claims for rebate claims please provide **one** of the following:

Loan Summary Detail – generated from the Interest Rebate Calculator

Loan History from your Accounting Software – Details showing number of head, dollar value of loans, date of advance(s) and date of repayments.

Bank Statements (to include the advance date, interest rate, interest paid, amount and date of loan payout) and supporting Supply Forms. Please do not re-send Supply Forms at loan pay out as these must be submitted with the initial rebate application).

****If you have NOT provided your Local Association Financing Commitment Letter/Financing Agreement to WeCAP**

When submitting the monthly claims for rebate claims please provide **ALL** the following:

Loan Summary Detail – generated from the Interest Rebate Calculator

Loan History from your Accounting Software – Details showing number of head, dollar value of loans, date of advance(s) and date of repayments.

Bank Statements (to include the advance date, interest rate, interest paid, amount and date of loan payout) and supporting Supply Forms. Please do not re-send Supply Forms at loan pay out as these must be submitted with the initial rebate application).

Section 8 –Audit Requirements

Files will be audited by WeCAP and AAFC from time to time. WeCAP and/or AAFC may request the following documentation on the file to ensure that all rebates are in accordance with the guidelines and rebates are being produced upon the actual disbursement and repayment of loans.

Loan History from your Accounting Software – Details showing number of head, dollar value of loans, date of advance(s) and date of repayment(s), supported by Bank Statements and Supply Forms.

Each Production Period WeCAP will be randomly select 10% or a minimum of 2 LFA's from each zone to be audited. Of those LFA's selected 10% or a minimum of 5 LFA applications will be selected to be audited by WeCAP. AAFC (AAFC) has the right to audit any and all applications.