

CWB delivery contracts contain a performance clause. You are expected to deliver the tonnes accepted on your delivery contracts. If you deliver less than the contract delivery requirement, liquidated damages may be assessed on the shortfall. Contracts delivered in excess of the accepted tonnes (over delivered) may be assessed liquidated damages. If you encounter problems fulfilling a contract, please contact your CWB farm business representative before June 30, 2012. Liquidated damages take into account the total costs of administration, demurrage penalties and lost sales opportunity. Following contract calls and acceptance levels ensures fair delivery opportunity for all program participants. The majority of delivery contracts allow you to deliver between 90 and 100 per cent of the accepted tonnes.

**Over delivery and under delivery of accepted contract tonnage may result in liquidated damages.**

**Producer Payment Option (PPO) contract holders must deliver 100 per cent of their PPO contract commitment. If they deliver less than 100 per cent, pricing damages are assessed on the shortfall at the end of the crop year.**

<b>Contract program</b>	<b>Delivery of accepted contract tonnes (percentage)</b>
Series contracts	90-100
Identity Preserved Contract Program	100
Guaranteed Delivery Contract	90-100
GrainFlo	90-100
Wheat Storage Program	90-100
Churchill Storage Program	90-100

**Example: Assessing liquidated damages when acceptance is less than 100 per cent**

If a producer has a Series A contract for 1 500 tonnes and the CWB accepts 80 per cent, the amount the producer is eligible to deliver is:

$$1\ 500 \text{ tonnes} \times 80\% \text{ acceptance} = 1\ 200 \text{ tonnes}$$

The producer must deliver 90 per cent of the amount accepted to avoid damages.

$$(1\ 200 \text{ tonnes} \times 90\% = 1\ 080 \text{ tonnes})$$

If the producer delivers only 980 tonnes, liquidated damages will be assessed on the shortfall of 100 tonnes.

$$(1\ 080 \text{ tonnes} - 980 \text{ tonnes} = 100 \text{ tonnes})$$

For more details on delivery contract buy-outs, see our information sheet on [2011-12 delivery contract buy-outs/liquidated damages](#) (or our Web site under *Farmers>Farmer contracts>Exiting a contract*).

**Contract buyouts**

Producers can contact the CWB to buy-out tonnes on their delivery contract if they know they will not be able to deliver the accepted amount.

For more CWB information, please call 1-800-275-4292 or e-mail: [farmerservice@cwbc.ca](mailto:farmerservice@cwbc.ca).