

**Call the CWB at
1-800-275-4292
to arrange
your assignment**

What is it?

If you want to reduce your FlexPro contract obligation, one of your options is to complete a contract assignment form, available from the CWB. All or part of the contracted tonnage may be assigned. The contract number and tonnage to be transferred must be specified on the form and signed by you and the producer who is taking over the contract. If the contract being assigned has more than one price, you must also specify the price to be assigned on the form. The form can be faxed or mailed back to the CWB.

When you request an assignment form, we will forward a copy of your contract confirmation and the terms and conditions of the contract to ensure the assignee (the producer taking over the contract) is fully aware of the contract details. You are responsible for providing the assignee a copy of the contract confirmation and terms. We will confirm the assignment to both of you once it is processed.

A new contract confirmation will be generated and mailed to the assignee. You will receive an updated contract confirmation, indicating the reduced tonnage. If the contract was completely transferred, you will receive a contract confirmation indicating that the contract has zero tonnes remaining.

The assignment cost is \$15 per transaction and is charged to you. The administration fee is deducted from future CWB payments.

Example

On July 28, Bob signs a FlexPro contract for 500 tonnes of CWRS. In August, Bob prices 250 tonnes at \$290 per tonne. During harvest, he encounters reduced yields and only has 400 tonnes of CWRS production.

Bob finds a neighbour who wants the benefits of a FlexPro contract and is willing to sign up 100 tonnes of production. However, the market has rallied since August and the neighbour wants unpriced tonnes.

Bob contacts the CWB to arrange the transfer of 100 unpriced tonnes of his FlexPro contract to his neighbour. The CWB sends the forms to Bob who, along with his neighbour, signs and returns them to the CWB.

The CWB completes the assignment. Bob pays the \$15 administration fee and now has a FlexPro commitment of 400 tonnes, 250 priced at \$290 per tonne and 150 tonnes unpriced. A new contract confirmation for 100 tonnes of unpriced wheat is created for his neighbour.

2011-12 FlexPro contract – buy-out

You can initiate a buy-out at any time after making the initial commitment. Buy-out costs are determined by market conditions and can vary significantly throughout the year.

You can get a buy-out quote based on current market conditions or execute a buy-out through e-Services between 3 p.m. CT (Winnipeg time) and the expiry time posted on the daily pricing schedule or by calling the CWB with your CWB 10-digit producer ID number and four-digit PIN.

Per-tonne buy-out calculation

(Current FlexPro price – current adjustment factor) – (producer’s FlexPro price – producer’s adjustment factor) + \$2.50 administration fee

If the formula results in a negative number, the buy-out cost is zero.

The formula for unpriced contracts is (current adjustment factor – producer’s adjustment factor) + \$2.50 administration fee

Example – priced contract

On August 15, the producer signs up a FlexPro contract with a \$2 adjustment factor and on September 20 locks in a price of \$340 per tonne. The producer does not harvest enough wheat to fully deliver against the priced contract and decides to buy out 50 tonnes on November 23.

The adjustment factor on November 23 is \$-5. The current FlexPro price is \$350.

Buyout formula:

(current FlexPro price + current adjustment factor) – (producer’s FlexPro price + producer’s adjustment factor) + administration fee

$$= (\$350 + (\$5)) - (\$340 + \$2) + \$2.50$$

$$= (\$345 - \$342) + \$2.50$$

$$= \$5.50 \text{ per tonne}$$

The producer is assessed a buy-out cost of \$5.50 per tonne.

Example – unpriced contract

A producer has an unpriced FlexPro contract. The producer does not harvest enough wheat to fully deliver against the contract and decides to buy out 50 tonnes on November 23.

The adjustment factor on November 23 is -\$5.

Buyout formula:

(current adjustment factor – producer’s adjustment factor) + administration fee

$$= (-\$5 - \$2) + \$2.50$$

$$= -\$4.50 \text{ per tonne}$$

Since the formula resulted in a negative number, there would be no charge to the producer.