

2011-12 FlexPro contract – payment

How do I get paid?

You will receive the initial payment at the elevator for the grade of wheat you deliver. This adjusts your contract price, which is based on a reference grade, to reflect the actual grade delivered.

If your FlexPro contract is priced, the CWB will issue an additional payment, representing the balance of your contract price, within 10 business days of the date the delivery is applied to the FlexPro contract:

Additional payment = FlexPro price + adjustment factor – reference grade initial price (in effect when deliveries are applied to contract) – feed discount (if applicable)

If you deliver against an unpriced contract, the additional payment will be issued within 10 business days of pricing.

Example

On June 26, Bob commits 100 tonnes of CWRS wheat to a FlexPro contract.

On September 30, Bob prices 50 tonnes at \$5.45 per bushel and delivers 50 tonnes of No. 2 CWRS 12.0 on the same day. The initial payment for No. 1 CWRS 13.5 is \$4.22 per bushel and \$3.86 per bushel for No. 2 CWRS 12.0.

Bob receives the initial price net of freight and handling costs for his location ($\$3.86 - \$1.25 = \$2.61$ per bushel).

Within 10 business days, the CWB issues a payment representing the difference between his FlexPro price and the initial price for the grade delivered ($\$5.45 - \$4.22 = \$1.23$)

Bob's farmgate price works out to **\$3.84** per bushel ($\$2.61 + \1.23).

If Bob had delivered the reference grade No. 1 CWRS 13.5, the farmgate price would be **\$4.20** per bushel, the FlexPro price less freight and handling ($\$5.45 - \1.25).

If Bob had delivered feed wheat, his additional payment would be adjusted by the feed spread adjustment in effect on the day he settled the cash tickets at the elevator.

If you have multiple prices on your FlexPro contract, deliveries will be applied to the highest price first. If you want your deliveries applied to a different price, you must contact us at the time of settlement.

The FlexPro contract at work on your farm

Type your own values in the worksheet below to calculate your own additional payment and FlexPro price.

	Bob's numbers		Your numbers
	Per bushel	Per tonne	
CWB initial price for the grade delivered	\$3.86	\$141.83	
Freight and handling deductions at the elevator*	\$1.25	\$45.93	
Net initial price for the grade delivered	\$2.61	\$95.90	
Flexpro value	\$5.45	\$200.26	
CWB initial price for the reference grade	\$4.22	\$155.06	
CWB additional payment	\$1.24	\$45.57	
Farmgate price	\$3.85	\$141.47	

* Estimated deductions. These will vary by location.