

GrainMatters



April/May 2010

A bi-monthly publication from the Canadian Wheat Board

www.cwb.ca



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Cover photo: Keith Tessier pours "Biggar Beer" at a February reception (story on p. 7)

Meeting your business needs



Larry Hill
Chair, CWB
board of directors

One of the CWB's strategic objectives is to deliver a slate of cost-effective services that provide value to all farmers. That's obviously a tall order, but one that the CWB takes seriously. The board of directors recognizes that the CWB works for all farmers, including those of you who see opportunity in marketing your own grain. In recent years, the CWB's programs and services have expanded to reflect the diversity of needs on western Canadian farms.

The winter season is a chance for CWB staff to meet with you and find out what's working well and what still needs improvement. In order to deliver the right services to meet your business needs, the CWB needs to continually seek your feedback as western Canadian wheat and barley growers.

The "Combine to Customer" course is one way for the CWB to connect with you individually. From November 2009 to February 2010, six groups of farmers came through the CWB as participants on this intensive grain industry course. Each group of about 25 farmers spent one week in Winnipeg getting an up-close look at the Canadian system of marketing wheat and barley. Over the course of the week, participating farmers had the opportunity to bring issues that are important to their business operations to the attention of CWB staff. More than 1,600 farmers have been through this course since it was introduced in the late 1990s.

However, not everyone can get to Winnipeg for a week-long course. So, the CWB tries to come to you, through annual Farmer Forum meetings that we, as elected directors, host in communities across the Prairie. At these March meetings, CWB directors and staff review performance for the previous crop year and ask you to share your views on CWB programs, services and policies. At the meetings I hosted in Leader, SK, and Foremost, AB, producers wanted information about the last crop year. There was also considerable interest in the current crop year and how sales would progress. For me, it was extremely valuable to hear the concerns and ideas of those in attendance.

CWB Farm Business Reps also hold meetings over the winter season. I hope you have taken the opportunity to engage in conversations with your Farm Business Rep or draw upon the expert knowledge of your Program Service

Representative (see **Questions about PPOs?** on page 6). They're living in your communities to support your farm operations and are always available to you as a resource. The CWB's three Program Service Reps have held more than 150 workshops on Producer Payment Options (PPOs) this winter alone!

I also want to mention some of the CWB's online services. WeatherFarm™ is an innovative online weather-information centre developed in partnership with the CWB. It now has more than 6,000 registered users, mostly farmers like you. With more than 700 weather stations on farms across the Prairies, weatherfarm.com is getting a lot of page views right now for local temperature and precipitation events. As the crop emerges, you may want to look at accumulated growing-degree-day data and pest risk-forecast updates for weather stations located near your farm. This service is free and, in addition to helping you with your crop management decisions, helps the CWB improve on its ability to monitor the quality of the Prairie wheat and barley crop.

Many of you receive the CWB's regular online updates directly to your inboxes. If you aren't receiving these updates, review the list of options at www.cwb.ca/email/ and sign up for the ones that meet your business needs. For the first time ever, the CWB is posting commentary on Pool Return Outlooks in video format. In short, if you're a wheat and barley grower, the CWB wants to reach you.

Have a safe and enjoyable spring seeding.

Free online services

- **Subscribe to the E-Mail Updater**
Receive an e-mail whenever information is updated at www.cwb.ca - usually three to four times per week.
- **Subscribe to the MyCWB newsletter**
Receive an e-mail every two weeks summarizing recent CWB news and updates.
- **Subscribe to the PPO Updater**
This weekly e-mail provides a brief market snapshot and commentary with Producer Payment Option (PPO) program information.
- **Subscribe to the Daily PPO Prices bulletin**
This e-bulletin delivers current pricing information to your inbox every business day.

Subscribe to all of the above services at www.cwb.ca/email.

We'd like your input

If you'd like input on CWB policies and services, why not sign up to participate in e-polling? Every couple of months, we send out short surveys in order to improve the services we provide to you. Approximately 400 farmers are already participating.

How does it work?

Send us your e-mail address and we'll add your name to our electronic database. Then, the next time we're doing an e-poll, you'll get a message that a new survey is available. You'll click on the link provided and answer about 10 questions. We use a service called Survey Monkey to collect the results. We do not match e-mail addresses with responses and are committed to keeping all responses strictly confidential.

What types of questions do you ask?

Recently, we conducted an e-poll regarding delivery programs for wheat. Before that, we conducted an e-poll about the WTO and durum marketing.

How do I sign up?

Go to www.cwb.ca/poll and click on the e-poll sign-up tab. We'll make sure that you get the next e-poll and have your voice heard.

See what's new at: www.cwb.ca



2008-09 Annual report

The CWB annual report was tabled in Parliament on March 10, 2010. The report, and statistical tables, are in the *Library*, filed under *Publications*.



Online calendar

The online calendar provides detailed business information and key dates related to programs, payments and deliveries. Click on the icon in the upper right-hand corner of the homepage.



PPO price snapshot

Current PPO price data is available by clicking the PPO price snapshot tab from the home page. Pricing information is updated daily.



YouTube videos

New videos have been posted at *Farmers > Pool Return Outlooks* and to the CWB's YouTube channel (www.youtube.com/canadianwheatboard). On the CWB Web site, these videos are found within the Pool Return Outlook commentaries for the 2009-10 and 2010-11 crop years.

www.weatherfarm.com



Modelling tools

New growth-staging modelling tools and enhanced risk maps are available to help with your farm business decisions.





Mike Grenier
CWB Agronomist

Protein considerations at seeding time

There have been many questions as to why protein levels were not only low, but highly variable between fields last year. Protein results from the 2009 Canadian Grain Commission harvest survey indicate that for many regions of the Prairies, the available nitrogen supply was not sufficient for the conditions. Concern about yields did not materialize, however, as low temperature stress and the extended growing season allowed for very efficient use of moisture and better-than-expected yields. It is clearly evident that, as wheat yields increased

during the kernel-filling period, the overall protein was diluted.

Other agronomic management factors such as variety, crop rotation, seeding date, tillage system, soil type and organic matter all combined to further influence the variability in protein levels at a more local field level.

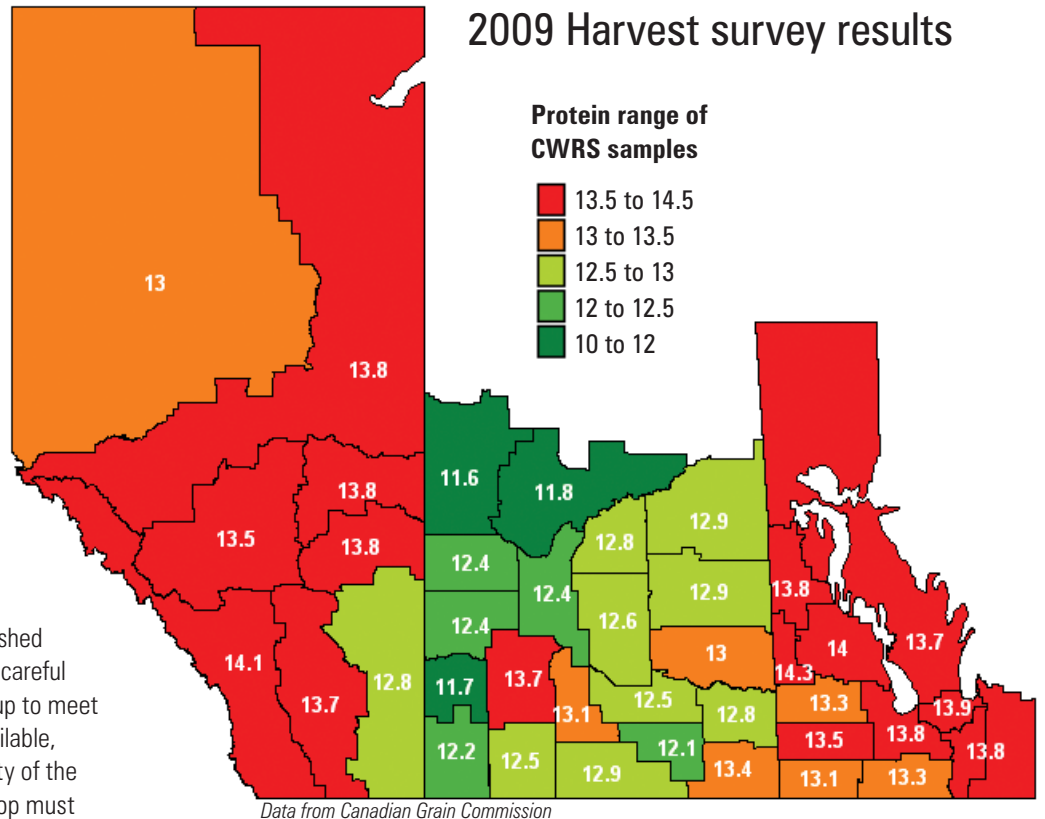
So, what does this mean as you make your final adjustments on setting fertilizer rate at seeding? Available soil-test data indicates lower residual levels of soil-available nitrogen, which is not unexpected with the recent trend in higher fertilizer prices and lower fertilizer applications. This past year's higher-than-anticipated yields resulted in a further draw down on soil-nitrogen carryover levels. That means we need to be critically looking at the available nitrogen supply to wheat crops this year in order to meet customer expectations for 13.5-per-cent protein for hard red spring wheat. Also, new varieties of Canada Western Red Spring (CWRS) wheat offer higher yield potential, but tend to have lower protein compared to previous check varieties such as AC Barrie.

A narrow seeding window and the fact that yield potential of wheat is established very early in the growing season (usually by the five- to six-leaf stage) means careful consideration of the nutrient balance is required at seeding to set the crop up to meet its potential. Opportunities for post-seeding applications of nitrogen are available, but there are limitations related to the timing of application and for the ability of the added nitrogen to move into the rooting zone. To be effective, the wheat crop must

take up nitrogen by the roots, which means the ability of the wheat crop to respond to post-seeding applications will be highly dependent on weather conditions.

Dry conditions at the start of April mean you'll need to think about current soil-moisture conditions and the soil-nitrogen supply capacity of your local fields as you make final adjustments to your fertilizer rate settings.

For more information, call 1-800-275-4292 or e-mail: mike_grenier@cwbc.ca



Farmers say no to WTO deciding their future

Delegates to the Canadian Federation of Agriculture (CFA) convention sent a message to Ottawa that our international competitors should not determine the future of wheat and barley marketing for western Canadian farmers.

The resolution from the February convention calls on the CFA to lobby the federal government to oppose any change to the single-desk marketing structure proposed at the World Trade Organization (WTO), unless it has been agreed to by a majority of western Canadian farmers.

"Farmers from across Canada are becoming aware of what is being proposed at the WTO," said Larry Hill, chair of the CWB's board of directors. "With awareness comes a desire to speak up for what's right and fair."

The resolution was put forward at the CFA by Manitoba's Keystone Agricultural Producers, and reflects a resolution passed by delegates to their annual convention in January. Alberta's Wild Rose Agricultural Producers put forward a similar resolution that was passed by CFA convention delegates in 2009.

The current WTO draft text would eliminate the CWB's single desk by 2013.

"This is not about supporting the single desk or not supporting the single desk," said Hill. "This is about who gets to decide.

"Should our competitors from around the world be making this decision for us? No. Especially considering the fact that numerous trade challenges have established that the CWB contravenes no international trade law and isn't trade-distorting. Should the decision be made by politicians? No. It should be made by the farmers who grow the grains that the CWB markets around the world."

Is this the deal you want?

WTO negotiations work on the basis of a draft text. Additions are made to the draft until a final deal has been assembled. Once something makes it into a draft, it's very hard to get it out. The current draft deal is said to be 60 to 70-per-cent complete.

The current WTO draft:

- does not improve market access for western Canadian wheat and barley,
- does not reduce subsidies to farmers in competitor countries,
- eliminates farmers' financial guarantees on CWB borrowings and initial payments,
- eliminates the single desk for wheat and barley by 2013.

Details are available at www.cwb.ca. Click on *Hot topics* and then *Trade issues*.

Now is the time to tell your elected representatives what you think of the draft deal.

Contact your MP or your MLA to express your concern.



Wheat plays pivotal role in Chinese-Canadian relations

Canadian wheat holds a special place in the hearts of millions of Chinese, 50 years after a pivotal shipment of Prairie wheat arrived on China's shore.

Even today, many Chinese remember how Prairie wheat helped to relieve famine and starvation in the 1960s. Several years of poor crops meant that China was faced with a serious humanitarian crisis. The CWB responded, completing a sale and becoming one of the first foreign businesses to deal with the new People's Republic of China.

"This is more than a business relationship; this really touches Chinese people, remembering how Canadian wheat helped to feed Chinese families," said Haiguang Shi, general manager in the CWB's Beijing office. When food shortages were widespread, western Canadian flour allowed Chinese families to make noodles, dumplings, steamed bread and Chinese pancakes.

On March 8, the Government of Canada and the Chinese embassy held an event in Ottawa to celebrate 40 years of diplomatic relations between the two

nations, where speakers acknowledged the significance of the early wheat trade as an icebreaker for further relations between the two countries.

"Relations between China and Canada have a long history," Lan Lijun, China's ambassador to Canada, said at the event. "In the early

1960s, Canada became the first Western country to conduct trade with China, exporting wheat to my country... Our business ties have expanded from single commodity trade to diversified cooperation in all sectors."

Shi says the 1961 shipment of western Canadian wheat to China represented a huge achievement. "Given the times, I feel the CWB acted in a brave and visionary manner. These were the days of western trade embargoes and the idea of making a sale to China seemed remote. These were the days before e-mail and cell phones and there was very little communication between the two countries," he said.

Since 1961, more than 120 million tonnes of wheat and barley has flowed to China from the fields of Western Canada – enough to fill hopper cars stretching all the way from Ottawa to Beijing and back, with another 3,000 kilometres of rail cars to spare. China has historically been one of the largest importers of western Canadian wheat and is the largest importer of malting barley.

The role of Canadian wheat in China has evolved over 50 years, in light of the fact that China has



China's ambassador to Canada, Lan Lijun, and Canada's President of the Treasury Board and Minister for the Asia-Pacific Gateway, Stockwell Day, cut a ribbon to kick off the official celebrations of trade relations between the two countries. The event was held March 8 at the National Arts Centre in Ottawa.

The CWB and China – a relationship spanning 50 years

- The wheat trade between Canada and China began 50 years ago, in the midst of a great famine in China. At the time, China faced trade embargoes from many nations, including the United States, and was finding it difficult to source food for its starving population.
- In 1961, the CWB signed its first long-term agreement with China, laying the foundation for an enduring relationship. This visionary move occurred almost 10 years before the official recognition of diplomatic ties between Canada and China in 1970.
- In 1971, China purchased all of its required wheat imports from Canada – the only time in Chinese wheat trade history that one country was given 100-per-cent market share.
- China's current import demand for wheat is highly variable and depends on its own domestic wheat production each year. The CWB has averaged 544 000 tonnes annually over the past decade (more than any other wheat exporter).
- In 1994, the CWB opened an office in Beijing to maintain and enhance its close ties with Chinese buyers, end users of Canadian grain and Chinese government departments. CWB representatives will host an official celebration of this valued relationship in July 2010, inviting grain customers and partners to a special event being held during the World Exposition in Shanghai.
- As the Chinese standard of living increases, the number of beer drinkers has risen, creating new opportunities for malting barley from Western Canada. Although per-capita consumption is relatively low, China is the world's largest beer producer. The CWB is a large supplier of malting barley for Chinese beer, with sales averaging 386 000 tonnes a year.
- Increasing affluence in China has created niche-market demand for premium flour. The CWB is participating in a unique branding initiative with the Guchuan Food Company, supplying bags of high-end, Canadian-milled dumpling flour made from Canada Western Red Spring wheat.
- Approximately 50 Chinese grain buyers, processors and industry officials visit Winnipeg each year to learn more about western Canadian grain.

become increasingly self-sufficient in its wheat production. "The CWB has very actively adapted to the changing needs in China's marketplace," says Shi. "Today, the highest quality Canadian wheat is considered a very attractive product for members of the Chinese flour-milling industry."

The story is much the same for Canadian malting barley, which is being used in all the top-brand beers in China, including familiar brands like Tsing-Tao and the largest single brand in the world, Snow.

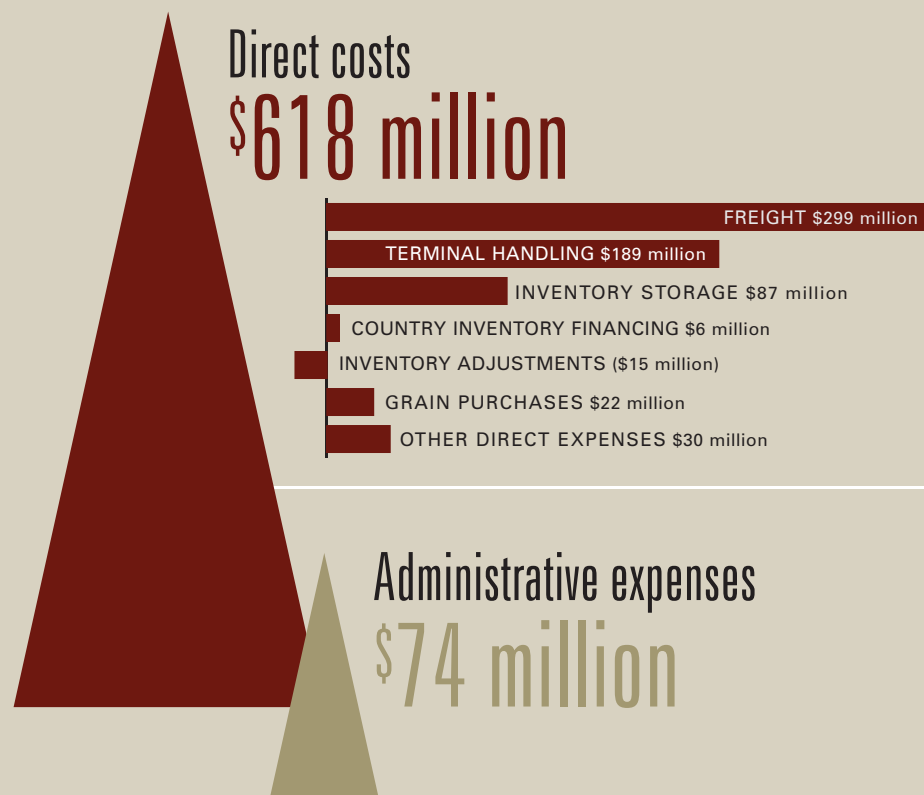


Pictured at Ottawa event (L to R): CWB Chief Operating Officer Ward Weisensel; Treasury Board President Stockwell Day; Department of Foreign Affairs and International Trade Acting Director of North Asia Relations Carole St. Louis; CWB Beijing general manager Haiguang Shi.

"...this really touches Chinese people, remembering how Canadian wheat helped to feed Chinese families."

Costs to the 2008-09 pool accounts

Combined pool revenue – \$7.5 billion



Data from the CWB 2008-09 Annual Report, "Combined pool results" table, page 46.

Direct costs make up the largest portion of deductions from the revenues of the combined pools before the earnings for distribution are calculated. Administrative costs (human resources, computer services, depreciation, professional fees, etc.) are also shown. Costs related to PPOs and cash buying are not included here.

Just the Kernel

2010-11 pre-harvest cash advance program

The 2010-11 Advance Payments Program (pre-harvest) began April 1, with the following rates per tonne in place: wheat - \$80; durum - \$70; barley - \$58. Farmers can receive up to \$400,000, with the first \$100,000 interest-free. Applicants must have 2010 all-risk provincial crop insurance to be eligible. AgriStability can be used as security if crop insurance is not in place. Forms are available at most grain-handling facilities. For more information call 1-800-275-4292 or see www.cwb.ca > *Farmers > Cash Advances*.

New policy for minimum value payments

Starting this spring, the CWB will no longer issue farmer payments of less than \$10. Smaller amounts will be held until a minimum \$10 threshold is reached or will be added to final payments at the end of the crop year. Farmers have told us they don't want to receive cheques for small amounts. The CWB's new system for automatically identifying and holding this money helps to control administration costs, resulting in overall savings to farmers.

Soft white cash buy program

New for 2010-11 is a cash-buy program for Canada Western Soft White Spring (CWSWS) wheat. This contract program offers farmers an upfront, market-based cash price for soft white spring wheat delivered for use in the domestic food and beer markets. Details are available at www.cwb.ca > *Farmers > Farmer contracts > Cash buy*.

Price pace calculator now online

The CWB has introduced an innovative online tool that can help you make pricing decisions – such as whether to take out a Fixed Price Contract, Basis Price Contract or FlexPro.

Our price pace calculator gives you an estimate of your price pace for wheat you have committed to the CWB for delivery in a specific crop year. It takes into account what you plan to deliver into the pool as well as what you have allocated to individual Producer Payment Options (PPOs).

The CWB recently revised its PRO commentary to include the percentage of the wheat pool that's already priced. Part of the per cent priced figure reflects sales to customers while part reflects CWB activity on the futures market.

That price pace figure is the starting point for the online calculator, while each PPO you use will affect your total level of pricing. You can use this tool to help estimate the tonnage that is exposed to price risk. Keep in mind that the calculator is unable to

consider grain being priced into the next crop year, for example through the Wheat Storage Program, Churchill Storage Program or new pool pricing.

Ultimately, knowing the total amount of grain you have

priced can help you decide if this is an appropriate level for your farm business. Farmers wishing to price more or less of their wheat can do so in a variety of ways using the PPO programs offered by the CWB.

Three simple steps to calculate your level of pricing

Step 1: Type in the current per cent priced by the CWB.

Step 2: Type in the tonnage you intend to deliver to the CWB and the portion committed to individual PPOs.

Step 3: Press 'calculate' to determine the total amount of your grain that's currently priced.

One farmer's Producer Payment Options experience

In March, we interviewed a 33-year-old farmer to get his feedback on using Producer Payment Options (PPOs). We offered the farmer anonymity so that he could feel free to speak about his experiences – both positive and negative. This farmer grows wheat and canola and has been farming for 14 years.



Grain Matters (GM): Tell me what your experience has been with PPOs?

Farmer: I started using PPOs a couple of years after they came out. Overall, it has been a good experience. I've primarily used Basis Price Contracts and Fixed Price Contracts. I've done a fair bit of forward pricing before harvest and I've also signed up a basis in late October and priced through the winter, depending on the situation. Only one year didn't work out for me. In the 2007-08 crop year, I priced my FPC early in the winter and ended up getting a low price as wheat prices went much higher. I did well on my canola that year, though! I got \$15 per bushel.

GM: What motivated you to start using PPOs?

Farmer: I wanted a little bit of control over when my wheat is priced. When PPOs started, there was a limited program but I was interested anyway. There definitely was a learning curve from when I started to where I am now with PPOs. It's up to me to learn about the program and keep on top of any changes.

"PPOs help with risk management and can definitely help you make some gains."

Every year, there are some changes made to the programs. I'm the president of a local marketing club. In fact, we had a meeting the other day. At the meeting, I asked for a show of hands from people who understood the changes for next year. Nobody put their hand up. That, to me, illustrates the complexity of PPOs.

GM note: We acknowledge some farmers find the PPOs complex and we're looking at ways to address that. Contact one of our three Program Service Representatives if you have any questions about PPOs. (see **Questions about PPOs?** on this page).

GM: Where can we make improvements?

Farmer: Well, there are so many components that affect PPOs – the delivery system, payment system, and of course, the pricing component. For example, if I delivered my 14.5-per-cent protein wheat on a Fixed Price Contract, I would lose almost \$10 per tonne. The initial

prices still have not been changed to reflect current protein values, which are much higher. This should be corrected when the initial prices are finally increased. There are so many parts that are beyond your control.

I think we (farmers) still don't have control of our marketing. PPOs need to continue to evolve. You need to keep asking farmers what they want. It is a process.

GM note: We are currently using the initial payment spreads at the time of delivery to calculate the price of the delivered grain on a PPO contract. This creates a challenge when the initial payment spreads become out of date, as noted by this farmer. We will continue to look at new and better ways to improve our programs.

GM: How important is the elevator manager in the whole PPO process?

Farmer: I have talked to my manager about my contracts, usually when I am ready to sell. My Farm Business Rep is my go-to-guy when I have serious questions. Depending on what I am doing - looking at old crop/new crop and actively pricing a Basis Price Contract, for example – I will check out the CWB Web site.

GM: What is the Number One thing farmers need to know before using PPOs?

Farmer: I'd say, spend some time to get to know the programs. Start small and be more inclined to watch it. Don't let them just sit there, be on top of things. I like FPCs because they are the most transparent. The Daily Price Contracts were good but they are gone now. PPOs help with risk management and can definitely help you make some gains. You need patience, discipline and the ability to see opportunities.

One thing is, there is a risk. Signing up before you produce the grain may mean you have to buy your contract back. For example, the basis range can be between +\$39 to -\$39. I don't know of any other crop where this happens. There is so much unpredictability here because the CWB is protecting the pool.

Signing a futures contract early in the year before the basis is published means you don't know exactly what

you are getting into. I say to farmers, "The pool is an average of prices. To be a good farmer today, you need to be better than average."

GM note: The basis component of the BPC contract reflects the relationship between the U.S. futures prices and the prices that are available for all CWB sales (domestic and international). At times, this relationship may become poorly correlated and will result in volatile basis levels.

Where the pool accounts come into play is in the adjustment factor, which neutralizes the impact of PPO sign-up. The adjustment factor can reduce PPO prices (if past CWB pricing is below the current market) or increase PPO prices (if past CWB pricing is above the current market). This year, the adjustment factor has increased PPO prices.

GM: What resources do you use to help make decisions?

Farmer: I do read a couple of newsletters. I control my marketing decisions and do a lot of reading. The CWB Web site is good for information. We have high-speed Internet and the CWB home page and e-Services loads fast. My PPO sign-up is usually done through e-Services.

GM: How much time do you devote to price setting?

Farmer: I spend some time every business day going over the fundamentals. Usually 20 to 30 minutes a day. During certain seasons, or when I am close to selling something, I probably spend more time. I am the person that my marketing club comes to for answers on PPOs, so I try to have them.

GM: How helpful are CWB staff?

Farmer: I have called the call centre. They are usually good at finding the answer. If they don't have it right away, they get back to me. They definitely try their best. I usually do reading on my own or call the FBR. I have never done a Webinar. Maybe if I knew more about them, I might.

GM note: For information on Webinars go to www.cwb.ca and click on Farmers > Producer Payments Options > PPO online training. Or call us at 1-800-275-4292 for details.

Questions about PPOs?

Give your CWB program service rep a call.

Tim Baranyk, Chris Kuntz and Mavis Willson are PPO specialists and they're available to meet with you online, over the phone or in person.

Tim Baranyk
Red Deer, AB
Cell: (403) 554-0038
tim_baranyk@cwb.ca

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Saskatoon, SK
Cell: (306) 280-1247
christopher_kuntz@cwb.ca

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Winnipeg, MB
Cell: (204) 250-4469
mavis_willson@cwb.ca

Sometimes, a little expert advice is all you need.

Canadian barley makes it good

“Biggar Beer” a model for malting barley

A group of farmers from Biggar, Saskatchewan has partnered with California’s Sierra Nevada Brewing Co. and Prairie Malt Limited to create “Biggar Beer” – a high-end craft beer made from specially contracted barley.

A reception at the CWB’s Winnipeg office on Feb. 22 brought farmers, marketing agency, maltster and brewer together to enjoy the end product and celebrate the success of this unique program.

“This is the way of the future, where producers of the grain work with the processor of the product for their mutual benefit,” CWB president and CEO Ian White told the crowd. “This is the way that agri-business needs to develop and the more it happens, the better.”



Toasting “Biggar Beer” (L to R): Ian White, CWB President and CEO; Stan Cooper, Transportation Manager for Sierra Nevada; Greg Donahue, malting barley grower; Chantelle Donahue, Canadian Supply Chain Manager for Prairie Malt Ltd.

Farmer Greg Donahue said Sierra Nevada pays him an upfront premium to produce consistent AC Metcalfe malting barley with low protein, using sustainable agronomic practices such as zero-till. The upfront premium helps compensate producers for the lower yield and higher risk involved in producing to the brewer’s rigid specifications.

“This is the only time we get a premium before we’ve produced the quality,” he said, adding he hopes other high-end brewers will see the value in initiating similar programs with growers.

Sierra Nevada makes popular craft beers from malt derived from low-protein barley. The Saskatchewan farmers travelled to “Beer Camp” at the brewery in Chico, California, where they had a unique opportunity to watch malt processed from their own malting barley brewed into a deep-gold beer they dubbed “Biggar Beer”. Beer from this limited batch contains medium body, perfect balance and 6.8 per cent alcohol.

Sierra Nevada’s Stan Cooper said the company is focused on producing quality beer from the best raw materials and the best brewing processes.

“We want consistency and reliability from our raw materials so that our beer will be better than it was yesterday and even better tomorrow,” Cooper told the reception, which also included 25 farmers on a CWB “Combine to Customer” grain-marketing course.

The company worked with Prairie Malt in Biggar to design the program to source top-quality barley. Sierra Nevada is a leading U.S. craft brewer, selling beer in all 50 states and most of Europe – but not yet in Canada.



The goodness of Canadian wheat

Robin Hood® is reaching out to household bakers to remind them they’re using flour made from western Canadian wheat.

Your copy of Spring into Baking™ in this issue of Grain Matters includes a special message about the goodness of 100-per-cent Canadian wheat. This message will be in all of the recipe booklets that J.M. Smuckers, the maker of Robin Hood flour, is putting in special displays on store shelves this spring.

More than one million consumers will receive the message to bake up goodness with western Canadian wheat. In addition, 80,000 bakers registered with Robin Hood will receive the message directly through a special e-mail newsletter.

Robin Hood and the CWB will also profile the recipes and the “Canadian Wheat Makes it Good” message on each company’s Web site – prairiewheat.ca and robinhood.ca.



Questions farmers are asking

Why does the CWB make delivery calls when road bans come on?

Making deliveries during road bans presents challenges for many farmers and we appreciate the extra effort to bring in grain. We don't stop making delivery calls during road ban season because customers require grain at export position throughout the entire year. If we don't have enough grain at port to meet contract specifications, farmers will end up bearing the cost of demurrage penalties. In addition, road bans vary widely in different municipalities and counties so we can't really match delivery calls to the lifting of road bans. Adding to the difficulty is that many farmers are looking to make deliveries in the spring because they've put off delivering over the winter when the weather is foul and bins are snowed in.

Can I renew my permit book online?

Yes. You can renew your 2010-11 permit book starting on May 17 through e-Services. Registering with e-Services takes only a few minutes. You'll need your eight-digit producer ID and four-digit PIN to complete the short online form. You can also renew your permit book at your local elevator or by calling us at 1-800-275-4292. If you're renewing over the phone, please be sure to have your producer ID and PIN handy.

I can't deliver to my elevator because it's full and I'm worried termination dates are coming. What can I do?

You should contact your Farmer Business Representative (FBR). At www.cwb.ca, click on *Farmers > Farm Business Representatives* to find the name and contact

information of the FBR in your area. Your FBR may be able to help you find an elevator that has room or look at your particular circumstances and offer you alternatives. Missing a termination date could mean losing that delivery opportunity, being short on your contract and facing potential liquidated damages. We prefer to work with farmers before the termination deadline passes to find a solution. Liquidated damages also apply to any shortages on GrainFlo contracts, so please ensure all your deliveries are in by the end of the defined delivery period.

Why is there a pool-switching fee?

Switching grain from one year to the next creates uncertainty regarding pool size and affects the pool returns of both the old and new crop years. The per-tonne fee offsets these impacts and is regularly updated to reflect changes in the Pool Return Outlook (PRO) and market conditions. This fee takes into account the old- and new-crop year PRO, current average sales values and risk.

Why is the pool-switching fee different for each class of wheat?

Pool-switching fees have always been calculated by class. Last year, the pool-switching fees were based on the assessment of forecast risk, which was similar for all classes. This year, the price structure is quite different, partially influenced by the relatively strong prices in the feed grain and industrial-use market segments (particularly ethanol). This support from the feed/ industrial segments is forecast to keep the prices of lower-quality wheat higher and compress the overall wheat price structure.

What is the difference between an informational and a binding delivery period? Why hasn't my barley been called according to the delivery period assigned to my contract?

There are binding and informational delivery periods on both pool and CashPlus contracts. Informational delivery periods provide a general guideline when a producer can expect to deliver but are not binding. Under these agreements, your barley must be called by the end of the crop year (July 31).

Binding delivery periods indicate that the selector has agreed to take the barley in a certain negotiated time frame. Farmers can negotiate a binding delivery period with the selector if that works for both parties, but the majority of contracts are informational.

There are many considerations when moving malting barley – the destination (domestic, U.S., or offshore), rail car availability, and most importantly, the volumes and delivery periods requested by the customers.

You can save yourself a lot of headaches by becoming familiar with your contract and by getting everything in writing. For example, CashPlus contracts have a "Selecting Party Acceptance Obligation" section which outlines the selector's responsibility to take your barley within the contracted timeframe or risk default. When a selector is put into default, they must pay the negotiated price per tonne on the total defaulted quantity of barley that meets contracted specifications. Shipping delays can occur for a variety of reasons and the best outcome may be for farmers to negotiate a mutually agreeable solution, such as reasonable compensation for the additional on-farm storage.

Add your voice to the call for a rail costing review

An electronic postcard on the Web site of the Canadian Federation of Agriculture (CFA) makes it easy for farmers to join the campaign requesting a full review of the railways' costs for transporting grain. Just fill in your name and e-mail address, select your federal riding from a drop-down menu, and click *Send*.

Transport Minister John Baird, Agriculture Minister Gerry Ritz and your own Member of Parliament will instantly receive an e-mail message that reads in part:

I'm a Canadian farmer. I'm frustrated that the two big railways earn far more from grain than they would in a competitive, free-enterprise climate – solely because we're captive to their lines...

The rail revenue cap on grain freight is... based on outdated cost figures from 1992, when there were many more Prairie elevators for the railways to service.

Farmers need an immediate rail costing review to ensure that our rates are based on today's ACTUAL costs.

The electronic postcard, available at <http://cfa-fca.ca/pages/emailer.php>, is sponsored by the CFA, the CWB, the National Farmers' Union, Keystone Agricultural Producers, the Agricultural Producers Association of Saskatchewan, Wild Rose Agricultural Producers and the BC Agricultural Council.

The postcard is also available at www.cwb.ca. Click on *Hot topics > Railways issues > Railway grain transportation costing review > Send an e-mail postcard*.



Grain Matters is a bi-monthly publication distributed free-of-charge to Prairie farmers. (Current and past issues are also available online at www.cwb.ca)

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