



*For Immediate Release*

*May 23, 2006*

## **CWB Short-Changes Farmers who use Forward Contracts**

The Western Canadian Wheat Growers Association is calling on the federal government to improve accountability at the Canadian Wheat Board following the release of its annual report, which reveals the CWB short-changed many farmers who used forward pricing contracts during the 2004/05 crop year.

The CWB's financial statements show the CWB made a net profit of \$27.14 per tonne from farmers who opted to contract their wheat under fixed price and basis contracts. This generated a windfall of \$31.8 million for the CWB. Rather than return these funds to the farmers affected, the CWB elected to top up the contingency fund to \$50 million and transfer \$7.5 million into the CWB pool accounts.

"Why is money being taken from farmers who signed forward contracts and being used to prop up the pool accounts?" asks Cherilyn Jolly-Nagel, President of the Wheat Growers. "The CWB always insists these forward pricing options should not affect the pool returns in any way. We agree. Why then has the CWB violated its own principle?"

The Wheat Growers fully recognize that surpluses or deficits can arise from changes in basis levels under these forward pricing contracts and that the CWB's contingency fund is designed to underwrite any losses that may occur. However, since the inception of these contracts in 2000, farmers have often complained that the basis levels do not reflect a "true" basis, that is, the basis level that would prevail under a more open market. The resulting surpluses has led to a rapid build-up in the contingency fund to its maximum \$50 million limit.

The Wheat Growers contend the CWB often discounts returns under these programs because it does not want farmers who use these contracts to get higher returns than those who remain in the pool. To do so would force the CWB to admit that its much-ballyhooed single desk does not provide farmers with any net benefits.

"The emperor has no clothes," says Jolly-Nagel. "The CWB claims the single desk provides farmers with great benefits and yet these U.S.-based forward pricing contracts demonstrate farmers could earn much higher returns under a market choice environment."

The Wheat Growers note that it was largely due to the Association's lobby efforts in the 1990's that led the federal government to change legislation to allow for these pricing options. While many farmers have taken advantage of these programs, the discriminatory pricing policies of the CWB have prevented farmers from reaping the full benefits these programs were designed to offer.

"Farmers need to see an honest basis," says Jolly-Nagel. "The only way to make that happen is if we are provided with full marketing choice."

"Again, we call on the federal government to honour its campaign commitment and implement marketing choice as quickly as possible," concludes Jolly-Nagel. "No other policy initiative offers prairie grain farmers such a great opportunity to substantially improve our farm incomes."

The WCWGA, an independent producer organization, has spent 36 years bringing forth innovative farmer-driven solutions and will continue to lobby on behalf of forward thinking, progressive producers in an effort to make farming sustainable and profitable.

- 30 -

For further comment, please contact:

Cherilyn Jolly-Nagel, President  
Western Canadian Wheat Growers Association  
Home: (306) 354-2517  
Cell: (306) 354-7368

---

***Innovative, farmer-driven solutions.***