



For Immediate Release

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Wheat Growers Support Positive Direction of CWB Task Force Report

The Western Canadian Wheat Growers Association sees both positives and negatives in the report of the technical task force set up to make recommendations on the implementation of marketing choice for wheat and barley in western Canada.

“While we can generally support the structural changes and overall direction proposed for the Canadian Wheat Board and the industry, we cannot support the lengthy timeline proposed for implementation of marketing choice,” says Jolly-Nagel, President of the Wheat Growers. “As Minister Strahl has recently noted, full marketing choice for wheat and barley is certainly attainable by August 1, 2007 and we believe this goal should be pursued with vigor.”

The report is recommending that marketing choice be implemented by February 1, 2008 for barley and by August 1, 2008 for wheat.

“Farmers need the ability to capture the benefits of choice much sooner than this,” says Jolly-Nagel. “World prices are relatively strong and so retaining the monopoly any longer than necessary will only end up reducing farm incomes.”

The Wheat Growers note that several Task Force recommendations give the transformed CWB ample opportunity to succeed in a market choice environment.

“While these concessions may appear excessive to some, our objective has been to ensure the CWB remains a viable and competitive choice for farmers,” says Jolly-Nagel. “So if the government is going to err, it should probably err on the side of giving a voluntary CWB an edge over other players in the grain industry, at least in the short-term.”

Task Force recommendations that would give the CWB some advantages over other competitors include:

- Government guarantee on CWB borrowings of up to \$200 million for a period of two to five years. In the near term, the federal government would also continue to underwrite CWB credit sales made to foreign non-government customers.
- Retention of all assets, including the hopper cars, building, and contingency fund, which have an estimated value of \$110 million.
- The transfer of all liabilities relating to the financing of long-term receivables to the Government of Canada.
- The retention of up to \$75 million in long-term receivables by the CWB (note: if there are no defaults, this would represent a \$75 million cash injection to the CWB).
- Encouraging farmer capital investment in a reformed CWB, by essentially giving farmers a dollar for dollar matching return.
- The federal government would assume the CWB’s role in funding of the Western Grains Research Foundation, the Canadian International Grains Institute, the Canadian Malting Barley Technical Centre until these institutions secure alternate funding arrangements. The federal government would also assume the CWB’s donation commitments to universities.
- The federal government would assume the obligations of the CWB for any severance costs if the transition results in any permanent staff reductions.

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The Wheat Growers believe the recommendation to give farmers an opportunity to directly invest in the CWB will prove popular among farmers. "While there are no guarantees of generating a positive return when investing in the shares of any grain company, this matching investment proposal should be an attractive option for a number of farmers," says Jolly-Nagel. "This injection of new capital, together with the government guarantees, should put the CWB on a solid financial footing and give it every chance to succeed."

The Wheat Growers also supports the Task Force recommendation that would give the CWB the ability to acquire assets or to freely enter into contractual arrangements with any private company to acquire access to facilities.

"This provision should address the concerns of those who suggest the CWB cannot compete without physical handling assets," says Jolly-Nagel. "The decision on whether the Board should acquire assets anywhere along the supply chain will properly rest in the hands of the CWB board of directors."

One recommendation that the Wheat Growers cannot support is allowing the CWB to trade other crops while it still enjoys the backing of the federal government. The Wheat Growers believe that to do so would create an unacceptable risk of trade action. The Wheat Growers note that wheat and barley are the only prairie crops traded into the U.S. where there is any significant degree of trade friction.

"The CWB should not be allowed to trade canola, oats or any other crop on a voluntary basis until all government guarantees on borrowings are extinguished," says Jolly-Nagel. "Otherwise, we're simply asking for trouble."

"Overall the Wheat Growers can support most of the task force recommendations, however we will strongly urge the Minister to accelerate the timetable for implementation of marketing choice," concludes Jolly-Nagel. "We look forward to working with farmers, government and industry in achieving this goal in the weeks and months ahead."

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.

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