



*For Immediate Release*

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## **CWB shortchanges prairie malt barley growers**

Prairie farmers who delivered malt barley under the Canadian Wheat Board's CashPlus program are being shortchanged, says the Western Canadian Wheat Growers Association.

The CWB recently announced that it is providing a final payment to farmers of \$12.89 per tonne under the program. The domestic malting industry has said the final payment should be "at least double" this amount, based on prices the industry has paid to the CWB.

The Wheat Growers call on the CWB to provide farmers with a full accounting of all sales revenue and the disposition of sale proceeds under its CashPlus program.

"Money that belongs to prairie malt producers has been diverted elsewhere," says Kevin Bender, President of the Wheat Growers. "Has it been used to subsidize sales to foreign buyers, replenish the Board's contingency fund, diverted to the pool accounts, or used to finance expensive ad campaigns? We don't yet know where all the money went – all we know so far is that it has gone missing."

If sale proceeds have been diverted to the pool accounts, it is not showing up in the CWB's malt barley pool returns for the 2008/09 crop year. The latest Pool Return Outlook for two-row malting barley is \$5.57 per bushel, basis Alberta, which is Cdn \$0.55 per bushel below the average cash price received by farmers at Great Falls, Montana over the same time period.<sup>1</sup>

Unlike western Canadian farmers, U.S. farmers receive all of their money on delivery and have better opportunities to enter into forward price contracts. In fact, most malt barley acquired by U.S. malting companies is purchased from farmers on a forward contract basis, at prices that are usually much higher than subsequent cash prices.

The Wheat Growers note that the inability of prairie farmers to deal directly with Canadian malting companies has contributed to decreasing barley acreage in western Canada. It is also undermining the competitiveness of Canadian malting companies who sell most of their product in global markets, at times competing against low-price barley sold by the CWB to foreign buyers.

"Under the CWB monopoly, we have the worst of both worlds," says Bender. "Farmers get lower returns and our malting companies are placed at a competitive disadvantage. The only solution is to allow prairie farmers the opportunity to sell our grain direct to Canadian processors."

For further comment, please contact:

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<sup>1</sup> The average malt barley prices at Great Falls, Montana was Cdn \$6.12 per bushel from August 1, 2008 to January 29, 2009, the date on which the CWB closed its malt barley pool accounts. A spreadsheet showing U.S. prices and the conversion to Cdn dollars is available from the Wheat Growers upon request.

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