



May 28, 2009

The Honourable Gerry Ritz
Minister of Agriculture and Agri-Food
House of Commons
Ottawa, ON
K1A 0A6

Dear Minister Ritz,

We are writing to express our concerns regarding the lack of delivery opportunity for food quality durum wheat grown by prairie farmers.

In the current crop year, the Canadian Wheat Board has issued contract calls that cumulatively allow us to deliver only 74% of the total amount contracted by farmers. The CWB has indicated it does not expect to issue any further durum contract calls for the remainder of the crop year.

As you know, prairie farmers have no other marketing alternative for their food quality durum. The refusal of the CWB to accept all contracted tonnage means that durum growers will be forced to carry over 26% of their supplies to the next crop year, or sell their durum into the much lower-priced feed market.

Carrying over durum inventories to the next crop year will mean farmers will incur extra storage costs and, in some cases, may require farmers to build new bin space at a cost of \$2 to \$3 per bushel of storage capacity.

Many farmers are also paying interest on loans taken out in the fall of 2007 or throughout 2008 to finance the purchase of the inputs necessary to produce their durum crop. The failure of the CWB to accept all contracted durum means that farmers will have to wait until December 2010 to receive full payment for their crop. As a result, some farmers will be forced to finance their operating costs for three years before having an opportunity to recoup these costs.

We note too that the lack of acceptance on durum causes many farmers to sell all of their canola, peas, lentils or other non-CWB crops early in order to raise cash when they would rather have stored these crops to take advantage of subsequent price rallies. Thus, for many farmers, the costs of the compulsory storage of durum go far beyond the physical storage costs.

What is especially irksome in all this is that the CWB has *not* provided farmers with higher returns for their durum wheat in the current crop year. Our expected returns are more than a dollar per bushel below U.S. values. For example, the elevator price for milling quality durum wheat in the Golden Triangle region of Montana has averaged Cdn \$9.71 per bushel since August 1, 2008 (spreadsheet attached). By comparison, the CWB's projected pool return for the 2008/09 crop year, basis Alberta, is currently \$8.51 per bushel.

Bear in mind too that we do not get all our money up front – we either have to accept a discounted return or wait several months to receive our final payment.

Innovative, farmer-driven solutions.

It would appear that the CWB puts the interests of its milling customers ahead of the interests of the farmers it is supposed to serve. Not only do we receive lower prices, but we also end up paying higher interest and storage costs. Why are we being the bankers and warehouses for millers and pasta companies, especially when we don't get a higher price? It's no small wonder the CWB scores high "customer satisfaction" ratings from its buyers – these buyers get our grain cheaply through the CWB, they get us to store it for them and they get us to finance it too!

The Wheat Growers believe the decision to carry over grain inventories to the following year should rest entirely in the hands of the individual farmer. That is the case for all other crops we sell. It is also the case for wheat and barley farmers in every other region of Canada – they are free to sell and deliver their entire crop if they so choose. Only in the prairie region are farmers compelled to carry over wheat supplies by a marketing regime imposed by Parliament.

The Wheat Growers also question the basis on which the CWB arbitrarily decides to accept only a certain portion of contracted deliveries. What is magical about 74%? How does the CWB decide that is the "optimal" level of durum sales and contract acceptance? For some farmers, an acceptance rate of 74% or less might be acceptable. But for other farmers, particularly those facing difficult financial circumstances, anything less than 100% acceptance might be unbearable. Why should CWB employees have the power to deny us the right to earn a livelihood from farming?

The Wheat Growers believe each individual farmer should have the ability to exercise control over their own fortunes and not have their economic fate depend on the collectivist whims of the CWB.

Given that the CWB is unwilling or unable to accept more durum wheat in the current crop year, we ask you to exercise your authority under the Canadian Wheat Board Act and give prairie farmers the ability to sell directly into milling markets, either inside or outside of Canada, that portion of their 2008/09 CWB durum contracts that remains unaccepted.

We also suggest that any politician who supports the ongoing CWB monopoly be required to defer 26% of their salary this year, until such time as the CWB provides 100% acceptance on all the crops it markets. We believe such politicians might then gain a better appreciation for how it feels to live under a state-imposed monopoly.

Thank you for your consideration. We look forward to your prompt action.

Sincerely,



Kevin Bender
President

- c. Michael Ignatieff, Leader of the Official Opposition
- Hon. Bob Bjornerud, Saskatchewan Minister of Agriculture
- Hon. George Groeneveld, Alberta Minister of Agriculture and Rural Development
- David Anderson, Parliamentary Secretary for the Canadian Wheat Board
- Larry Miller, Chair, House of Commons Standing Committee on Agriculture and Agri-Food
- Larry Hill, Chair, Canadian Wheat Board