



WESTERN BARLEY GROWERS ASSOCIATION

Agriculture Centre – 97 East Lake Ramp NE

Airdrie, AB T4A 0C3

Phone: (403) 912-3998

www.wbga.org Email: wbga@wbga.org

News Release

CWB CONFERENCE CALL SHEDS LIGHT ON CONTINGENCY FUND DEBT

Airdrie, AB. – February 20, 2009: A conference call held Wednesday by the Canadian Wheat Board (CWB) revealed startling revelations for farmers. As shown in their 2007-2008 Financial Statements, the CWB reported losing at least \$169 million as a result of “discretionary commodity trading activity” last year as part of their marketing plan for non-pooling programs such as PPO’s. “This is bad enough,” said newly-elected Western Barley Growers Association (WBGA) president Brian Otto, “but the CWB admitted on the call that these losses, which should have been allocated strictly to the Contingency Fund, were partially offset by taking \$25 million of farmers’ money out of the CWB Pool accounts. Pool account money from whatever source is farmers’ money. It is not the backstop for separate and distinct CWB operations such as the Producer Price Option program. It was absolutely clear from the beginning of the PPO program in 1999 that such programs should operate “independently of the Pool account operations”. That means you shouldn’t be allowed to take farmers’ Pool account money and apply it to the Contingency Fund debt”, continued Otto.

“The CWB Act is very clear that there is no limit to the amount that the Contingency Fund can be in deficit”, said Doug McBain, WBGA Director. “On the call I asked why they would take farmers’ Pool account money when there was no reason to do so. If the Contingency Fund has no limit on the loss it can carry, what was the justification in using farmers’ Pool money to pay the losses in the Contingency Fund? I was shocked by their answer”, said McBain. “We were told by the CWB that it was ‘prudent risk management by the Corporation’”. Ward Weisensel, Chief Operating Officer explained on the call that the CWB was concerned it might experience problems accessing credit for day to day operations of the corporation if they carried that large a debt in one account. “We strongly disagree”, declared McBain. “Surely the intended use of the Contingency Fund within the CWB Act wasn’t to backstop the day-to-day operations of the CWB. Farmers’ money should be returned to the Pool accounts and the Contingency Fund carry its’ own loss as set out in the Act.”

“It’s obvious that the PPO program is not actuarially sound”, said Brian Otto after the call. “It will take years of wide basis and high margins from non-Pool account programs to generate enough funds to repay the money “borrowed” from the Pool accounts. Farmers who had money taken from their Pools this year may not be in the same Pools in years to come as the borrowed funds are repaid, and they want and deserve their money now. The Pools should not be financing losses from non-Pool programs. It is our understanding that the Contingency Fund was not to be funded by any withdrawals from Pool accounts. We would suggest the Minister Responsible for the CWB consider a full forensic audit of CWB operations and trading functions either by an independent body or perhaps by the Federal Finance department to get to the bottom of this misuse of farmers’ money,” concludes Otto.

Western Barley Growers Association is a strong voice for a vibrant, market responsive barley industry in western Canada.

For more information contact:

Brian Otto
President
Warner, AB
Cell: (403) 647-7661
botto@mrcable.ca

Tom Hewson
Vice President
Langbank, SK
Phone: (306) 538-4572
hewws@sasktel.net

Doug McBain
Director
Cremona, AB
Cell: (403) 816-0645
dmc bain@wbga.org

Doug Robertson
Alberta Vice President
Carstairs, AB
Phone: (403) 337-2077
dougar@telusplanet.net