



WESTERN BARLEY GROWERS ASSOCIATION

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For immediate release

WBGA asks “Where’s the Money?”

Airdrie, AB. – December 9, 2009: The recently announced final payment on the CWB’s CashPlus malt barley contracts has left some unanswered questions and uneasy feelings among farmers.

According to the CWB Bulletin, “2008-09 CashPlus participants will receive an additional payment of \$12.89 per tonne.”

The Western Barley Growers Association (WBGA) has been informed that the estimated average hold back by the CWB on CashPlus malt contracts was \$25.00 per tonne. “This is a long way from the \$12.89 per tonne final payment that the CWB just announced”, says Brian Otto, president of the WBGA.

The additional payment is meant to be the difference between the upfront guaranteed cash price to farmers and the actual CWB sales returns, minus costs.

“What we’ve been told indicates that the CWB’s CashPlus “costs” are about \$13.00 per tonne, compared to typical CWB administration costs of about \$3.00 per tonne” states Otto. “Since there is no risk to be managed by the CWB on CashPlus contracts, there are no other costs involved, and \$13.00 per tonne for administration costs is excessive, there’s something missing.”

“The WBGA is disappointed that, although there is no stated provision to allow it, the CWB appears to have diverted a substantial amount of the sales returns for malting barley to somewhere and someone other than malting barley farmers”, says Otto.

CashPlus is not living up to its promise and farmers need an explanation.

The malt business in Western Canada is struggling to compete in the global market right now. “It weakens our competitive position in the world to either assess excessive costs or to arbitrarily divert money from the growers of malt barley. I’m sure that was not the CWB’s intent, but that is the result”, says Otto. “How does this fit with the CWB’s stated goal of maximizing producer returns?”

It has become clear that CashPlus falls far short of the industry’s needs. The malt industry needs the freedom to deal directly with malt barley producers. Is it time for Market Choice? To build a strong and competitive domestic malt industry, the WBGA says yes.

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

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