



WESTERN BARLEY GROWERS ASSOCIATION

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OPINION PIECE to the Western Producer

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How does it make you feel?

How does it make you feel when local feeders are paying \$3.00/bu for feed barley and along comes a grain company with some sort of CWB contract paying \$3.25/bu?

It sounds pretty good. Damn good actually. Then you read that some guy with the CWB is saying that this CWB contract price is the highest feed barley price available to any producer in North America. It sounds really good now. Better book some. So you sell some feed barley on this new contract called a Guaranteed Price Contract, or GPC. Although you've never heard of a GPC, you've heard of a GDC (Guaranteed Delivery Contract) and this sounds like the same thing, so it must be okay.

Then your neighbour tells you that he heard the barley you just sold for \$3.25/bu was sold by the CWB at what would work back to you at \$4.00/bu.

Now how do you feel?

You ask if he got that from the CWB. He says he didn't; he read it in a newsletter he gets.

You make some calls and your CWB rep tells you that, yes, the CWB did sell this barley for a lot more than what they paid you for it. You're told not to worry; after covering CWB costs, after the season is over you're going to get what's left in some sort of final payment or top-up. Funny – you weren't told that by the grain company when you signed the contract. And your neighbour never mentioned it either. Regardless, it sounds good until you find out that this top-up is based on the "extra" money made in all the CWB feed barley sales using this scheme, not just yours. And you remember hearing something about there not being much "extra" on some sales, so there are no guarantees of what you're going to get.

Feeling any better?

Not really sure of what you've done, you read that the PRO for the A pool has jumped to \$224 and the CWB is buying feed barley through the pool with Guaranteed Delivery Contracts (GDCs) and a 100% Early Payment Option (EPO), paying the equivalent of \$222/tonne instore. This works to you at \$3.60/bu. And if the pool ends up bigger than the PRO, you're still in the pool so you still get the final. You're pretty sure that isn't the way GDC's work – never have before – but when you talk to the CWB rep, he insists that's the way this one works this time.

Your head is swimming with confusion and uncertainty. You get paid \$3.25. You hear the CWB sold for something like \$4.00. The PRO is now about \$3.60 and the CWB will guarantee it with a GDC in the pool and an EPO. You have no idea what the real price is.

Now you're getting mad.

You look on the CWB website and can't find anything about EPOs in feed barley. The doubts continue to creep in. There's more and more talk about these contracts. You hear that a couple of years ago the CWB sold a lot of feed barley – something like 300,000 tonnes – and bought the barley from producers using GDCs, something like what they're doing this year. You check the CWB Annual Report and, after only a bit of digging and some calculations, you see that it didn't pay producers all of the money made on those sales – the CWB kept about \$50/tonne.

Now how do you feel?

Feeling mad and confused, you call the local feed lot to see what they're paying. You're told they'll pay \$3.60/bu. That's quite a jump from before. He says he's just keeping pace with the CWB contracts.

You figure that's fair - until you realize that the CWB price he's talking about is a lot lower than what the CWB is selling at. You wonder how much the feed lot would pay if the CWB was paying farmers closer to the full sale value.

A couple of weeks later you call up the feed lot again and find out his price is now \$3.20. You ask him what happened and he tells you that the CWB GPCs are all filled up so he no longer needs to pay the same as the CWB.

You start to calculate the money you're losing on your whole barley crop because of this and you start to get really mad. Yeah, you might get more on your sales to the CWB, but maybe not all of what the CWB sold for. And you now know you won't get as much on your local sales because the feed lot doesn't have to pay the higher export price. You figure it's costing you in the neighbourhood of about \$50,000.

Good thing there's a CWB director's election coming up.

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