



# Western Barley Growers Association

A STRONG VOICE FOR A VIBRANT, MARKET RESPONSIVE BARLEY INDUSTRY IN WESTERN CANADA

## The Canadian Wheat Board – The one-legged stool

The crumbling facade of the Canadian Wheat Board (CWB) is exposing the deteriorating foundation of the structure of the CWB. Through the cracks and holes in the walls we can see the three pillars of the CWB, government guarantees, price pooling and single desk selling, are eroding or are in the process of being removed completely.

Ending government guarantees on financing and borrowing has been agreed to by Canada in July 2004 WTO framework agreement. The time for implementation has yet to be negotiated. This will end the government guarantee on initial payments as well; therefore the CWB will have set their own initial payments. The CWB under the existing legislation is able to set their own initial and interim payments now, over and above the government set prices, but refuses to do so. The government sets the price that they will guarantee, a whopping \$0.35 per bushel for feed barley this fall. Boy they really stuck their neck out this time. Mr. Goodale stated, when he was wheat board Minister, that initial prices were set according to “fiscal responsibility of the government and farmers need”. What a load of rubbish. It’s our money, payment for our grain, they are deciding how little of it to dole out to us at one time. If \$0.35 is the initial price with the government guarantee, where will it be with the board on its own. Zero? How much lower could it be and still expect to have any barley delivered to the board?

The second pillar, pooling, is being eroded from within. Fixed price contracts and the new U.S. elevator price are outside of the pool accounts. There is such a myriad of “choices” of how to “price” your grain with an even longer list of discounts, but there is no choice in how you “market” your grain. Buyers of our grain want “choices” too; real choices that have real price discovery, real value paid

for quality, value for identity preservation and direct access to producers. These pricing options put financial risk on the pool accounts, the board has no way to mitigate the risk to pool accounts from these pricing options that are outside the pool account. If the CWB wants to implement real choice without risking the pool account then grain contracted outside the pool should be outside the board. This convoluted half baked pricing choices program with discounts plus low protein sliding scale direct delivery less freight to Vancouver less handling grading and dockage “BS” is not a viable marketing program that western producers and buyers should have to work with after sixty years of marketing “expertise” and 600 marketing and management “experts” at the board. The Canadian grain industry is maturing; the CWB is just getting old.

This leaves the single desk as the only pillar still intact, but under tremendous pressure from inside and outside Canada. In the July 2004 WTO framework agreement, Canada agreed that the future of the CWB monopoly would be up for negotiation. These negotiations are going on this fall. The EU has offered to end all export subsidies, but they want the US to move to reduce domestic support and Canada, to end the CWB monopoly. The choice for the government is give up the monopoly, at no cost to the government or ante up the comparable subsidies to all farmers if the trade deals fails because we refused to deliver, obviously this will never happen. This trade deal will not fail, it may be delayed, but there will be a deal, it will just be politically prudent to be able to blame the WTO for changes in domestic policy here and the US, There is no political or financial downside for Canadian politicians by supporting a world trade deal that benefits farmers by lowering market distorting domestic subsidies. The limiting factor will be how

fast we can take advantage of the increased market opportunities from a new trade deal.

The three legs of the CWB stool are now gone. Sixty, years of stubborn intransigence have put the CWB in this position. The present directors of the CWB and the Minister responsible for the CWB have to move forward like the Ontario Wheat Producers Marketing Board and the Australian Wheat and Barley Board have done.

*To the WTO the CWB claimed it was “in essence a farmer co-operative ...subject to no direction, supervision or Influence by the Government of Canada.”*

*In the Federal court of Canada the CWB states “the Board was not and is not accountable to individual producers. Rather, the Board is accountable only to parliament. Therefore, neither the Board or the Crown owed any legal duty to the plaintiffs.” (farmers)*



**Doug McBain**  
President  
Western Barley Growers Association

**MARK YOUR CALENDAR...**  
Western Barley Growers Association's  
Annual Convention & Trade Fair  
February 15, 16 & 17, 2006  
Coast Plaza Hotel – Calgary, AB

**Agriculture Centre, 909 Irricana Road N.E., Airdrie, AB T4A 2G6**  
Website: [www.wbga.org](http://www.wbga.org) • E-mail: [wbga@wbga.org](mailto:wbga@wbga.org)

**AIRDRIE OFFICE**  
Phone: (403) 912-3998 • Fax: (403) 948-2069

**PRESIDENT – Douglas McBain, Cremona, AB**  
Phone: (403) 637-3880 • Fax: (403) 637-3880