



# GRAIN MATTERS

August / September 2006

Prairie strong, worldwide

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## CWB choices /2-3

*Cover photo by Colin Corneau*

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RETURN UNDELIVERABLE CANADIAN ADDRESSES TO  
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 PO BOX 816 STN MAIN  
 WINNIPEG MB R3C 2P5  
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## Farmer choices continue to grow with the CWB



**Ken Ritter**  
Chair, CWB  
board of directors

Farmers are an independent bunch. We all like to go our own way and have the freedom to make the decisions that are best for ourselves, our families and our businesses.

For most of us, this freedom is one of the biggest reasons we went into this business. I often hear the CWB criticized because it limits farmer choice. Critics claim the

CWB has a one-size-fits-all approach that farmers are powerless to change.

I'll concede that may have been the case in the past. I certainly felt like that once myself. Ten years ago if anyone had made that sort of statement to me, about all I'd have done is nod in agreement.

Today however, I'd have to discuss the point. Times have changed and many farmers have acknowledged this change to me in conversations we've had in recent years. They tell me they're generally pleased with the direction they see the CWB taking.

Today the CWB offers us a full range of payment options that give us more choice than grain farmers in any other country in the world. Today we can pool our grain and all work together to achieve the best prices, but for the market watchers, there are the CWB Producer Payment Options (PPOs).

PPOs are contracts that enable us all to price our grain outside the pool accounts, using futures contracts and daily U.S. elevator prices – the only two choices most farmers have. There are also contracts to fix a floor price for your grain and Early Payment Option contracts that provide increased cash flow up front.

More recently, the CWB has announced an exciting new pilot project to test the concept of exchanging delivery opportunity between farmers, known as the Delivery Exchange Contract. The system is going to be tested in a portion of southern Saskatchewan this coming crop year.

It's a straightforward concept that recognizes farmers have different business needs and that the system must be flexible enough to accommodate these needs. Farmers will commit tonnage to these contracts, and that tonnage will be divided evenly among the four quarters of the crop year, with accompanying delivery authorization.

Farmers can then examine their delivery needs and make business decisions based on those needs. For example, a farmer who needs early cash flow to pay suppliers might trade with another farmer who's going to be working off the farm in the early part of the year.

This program promises to be the final piece of the puzzle.

We now control how our grain is priced and when we deliver that grain. That's real choice.

## Market choices gaining steam

The growing array of CWB producer payment options that meet the business needs of western Canadian farmers garnered record interest in the 2006-07 crop year.

"Uptake is strong on every front," said Ken Ritter, chair of the CWB's farmer-controlled board of directors. "Farmers are gaining additional flexibility without losing the benefits of price pooling and the single desk."

Ritter and Adrian Measner, CWB president and CEO, said the big leap in the number of producers signing up for new options in 2005-06 shows growing awareness of the choices that are now available for board grain.

"More farmers are committing more grain to a larger variety of programs specifically designed to give them the flexibility to suit their own business needs," said Measner. "The point of these options is to ensure that farmers have the tools they need to manage cash flow and pricing."

Programs include a Daily Price Contract based on U.S. elevator prices and enhanced Fixed Price and Basis Payment Contracts for farmers who wish to choose their own grain prices.

The CWB also recently introduced the Delivery Exchange Contract (DEC). This pilot program enables farmers to trade delivery opportunities among themselves to suit their business needs.

A pilot Delivery Exchange Contract is operational for the 2006-07 crop year, which began on August 1, 2006. The pilot is going to be tested this crop year in portions of southern Saskatchewan.

The CWB's Daily Price Contract program for the 2006-07 crop year is fully subscribed at 500 000 tonnes, following the sign-up period of June 1 to July 21, 2006. This marks an increase of 650 per cent over the previous year.

The Fixed Price Contract (FPC) program has attracted sign-up during 2005-06 of more than 1.5 million tonnes for the new crop year, a 600-per-cent increase from the previous year.

Sign-up for the Basis Payment Contract (BPC) for 2005-06 was 350 000 tonnes, compared to 245 000 tonnes the previous year. Looking ahead, sign-up for 2006-07 has already surpassed that for the entire last crop year, having reached 400 000 tonnes by July 31.

The number of tonnes committed to Guaranteed Delivery Contracts during 2005-06 nearly doubled to more than one million tonnes.

Sign-up for the 2005-06 Early Payment Option increased slightly in terms of producer numbers.

The CWB also introduced a pilot program for an organic marketing partnership for the coming crop year, offering a further market choice for these farmers.

### Your 2006-07 pricing options

	Wheat	Feed wheat	Durum	No. 4 CWAD	No. 5 CWAD	Select barley	Feed barley
<b>Pricing Contract</b>							
100 per cent EPO	✓	✓	✓	✓	✓	✓	✓
90 per cent EPO	✓	✓	✓	✓	✓	✓	✓
80 per cent EPO	✓	✓	✓	✓	✓	✓	✓
Fixed Price Contract	✓		✓			✓	✓
Basis Payment Contract	✓					✓	
Daily Price Contract	✓						
✓ Available							

## Futures lock in on BPC contracts extended

Farmers who sign a Basis Payment Contract (BPC) will now have the opportunity to lock in their futures value up to a year before harvest.

Beginning September 1, 2006, farmers can lock in the U.S. December futures price for 2007-08 BPC contracts, and then have the ability to lock in the basis portion beginning at the end of February, with the release of the first new Crop Pool Return Outlook for the 2007-08 crop year.

This new refinement to BPC contracts will provide farmers a tool to benefit from futures market rallies and gain more certainty about margins when planning seeding intentions. The change responds to requests made by farmers for this option.

Producers have been able to complete this type of transaction in the past using a broker to set up their own futures account and then conducting an 'exchange for physicals' transaction with the CWB once the BPC program sign up period began.

Performing the transaction themselves meant incurring a significant amount of foreign exchange risk, which can be difficult for an individual to manage. Offering the option directly to BPC participants also makes managing these transactions for smaller lots of grain possible, due to the BPC minimum sign up of just 20 tonnes.

## New participants join malt barley protein program

Three new grain companies have joined the CWB program that pays protein premiums to farmers who deliver two-row malting barley to participating elevators and maltsters in the 2006-07 crop year.

New participants are Agricore United, Prairie West Terminal Ltd. and South West Terminal Ltd. (See full list of participating companies.)

"We're very pleased that Agricore United, Prairie West Terminal and South West Terminal have joined the program and that they've recognized its value to their malting barley grower suppliers," said Ward Weisensel, CWB Chief Operating Officer.

The premiums will range from \$5 per tonne for protein levels of 11 per cent and lower to \$1 per tonne for barley with 12.5 per cent protein, reflecting the relative value of these protein levels to brewers and maltsters.

Protein levels of 12.6 and higher will not receive any premium, but are still eligible for selection and delivery under the normal Canadian Grain Commission grades. The complete premium schedule is also attached. Protein levels are one indicator of malting characteristics. Levels that are too high can affect malting and brewing quality.

Protein premium payments will be based on protein test results of delivery samples, as verified by a third party. Payments will be made within 30 days of delivery. The program is limited to two-row malting barley because its market has the most clearly defined relationship between protein levels and prices paid by end-use customers.

"Paying farmers for protein levels rewards farmers for adopting crop management practices that result in end use functionality that industry values," Weisensel said. "We hope that this program will ultimately result in a larger malt barley pool within desired customer specifications."

Having access to a larger pool of malting barley in the premium protein range will aid the CWB in expanding malting barley sales opportunities for western Canadian barley growers.

The CWB and participating industry partners will continue to jointly administer the malting barley protein payment program. It has again been made available to all grain handling agents and malting companies for the 2006-07 crop year.

Protein level	Payment per tonne
12.5%	\$1.00
12.4%	\$1.20
12.3%	\$1.40
12.2%	\$1.60
12.1%	\$1.80
12.0%	\$2.00
11.9%	\$2.30
11.8%	\$2.60
11.7%	\$2.90
11.6%	\$3.20
11.5%	\$3.50
11.4%	\$3.80
11.3%	\$4.10
11.2%	\$4.40
11.1%	\$4.70
11.0% and below	\$5.00

Participating industry partners in the CWB protein payment program for two-row malting barley:

*Agricore United*  
*Canada Malting Co. Ltd.*  
*Delmar Commodities Inc.*  
*Fill-More Seeds Inc.*  
*Gambrinus Malting Corp.*  
*Great Northern Grain Terminals Ltd.*  
*Louis Dreyfus*  
*Mid-Sask Terminal Ltd.*  
*Prairie Malt Ltd.*  
*Prairie West Terminal Ltd.*  
*Rahr Malting Canada, Inc.*  
*Seed-Ex Inc.*  
*South West Terminal Ltd.*  
*Westlock Terminals (NGC) Inc*

## CWB offers more cash sooner for durum and wheat

Farmers who sign up for the CWB's Pre-delivery Top-up (PDT) program for wheat and durum will be able to access an additional \$30 a tonne in cash flow for their wheat and durum prior to delivery.

"The PDT puts money in farmers' pockets early in the fall, before they deliver their grain and when bills are due," said Ken Ritter, chair of the CWB's farmer-controlled board of directors. "It gives farmers access to more of the value of their crop sooner."

The PDT is available to farmers who have taken a 2006-07 federal government cash advance on their harvested grain. It pays \$30 per tonne on wheat and—for the first time this year—\$30 per tonne on durum.

All classes of wheat and durum, including those in the Identity Preserved Contract Program (IPCP), are eligible. Some lower grades, however, are not eligible.

Farmers who use the PDT are responsible for all program costs including risk management, administration and the time value of money. Repayment is made through future CWB payments to farmers. For more information or to apply, visit [www.cwb.ca](http://www.cwb.ca) or phone 1-800-275-4292.

## Additional PPO options

### Force Majeure:

If you commit to an FPC or BPC agreement before harvest, you are subject to both price and production risk. A force majeure clause, commonly known as an 'act of God' clause, can reduce your production risk. You have the option of selecting the force majeure when committing to an FPC or BPC beginning February 27, 2007 until May 1, 2007, up to a tonnage limit, which will be allocated on a first-come, first-served basis. If you select this option your lock-in value will be reduced by \$3 a tonne to cover the cost of the program. For more details on this program, contact your local Farm Business Representative.

### Target Pricing:

You can place a price lock-in order on your fixed price, basis or futures prices on your FPC and BPC for wheat and select barley, or your FPC for durum and feed barley. You indicate to the CWB the target price at which you want your contract locked-in, the class or type of grain, tonnage and the time period over which the order is to stand. The CWB prices daily. If the daily settlement price (released every business day at 2:30 p.m. Central time) meets or exceeds the target price, the order will be filled. Target pricing orders are matched to the daily settlement price, not intra-day trading values. If the settlement price exceeds the target price, you will receive the higher settlement value. The service is free of charge and orders may be cancelled at any time prior to being filled.

### BPC rollovers:

A rollover on a BPC allows you to transfer the basis portion of your BPC contract to another basis month. You can roll to an earlier or later basis month. The administration cost is \$1 per tonne, per roll. Since BPCs must have their futures components priced before the futures month expiry date, this option provides you with extra time to price the futures portion of the contract and more opportunity to take advantage of futures market rallies.

# Elevator preservation group celebrates opening

In a place as flat as the Prairies, it's no surprise that the icon of the region quickly became the slope shouldered wooden grain elevator. At 80 feet tall the structures loomed over everything when they first appeared on the plains in 1890. At the peak of their popularity, there were close to 6,000 of them all across the West, located in nearly every town and village, driven by an explosion in railway building and a wheat boom.

Today however, these structures have all but disappeared. There are now just 361 licensed primary grain elevators on the Prairies according to the Canadian Grain Commission. The vast majority of these are concrete high-throughput elevators.

This shift has meant the Prairie skyline has been altered almost beyond recognition. The days when every small town had an elevator row acting as its economic engine is long gone and the sight of even a single wooden grain elevator is rarer and rarer.

Inglis, a small community in west-central Manitoba near Riding Mountain National Park, is an exception that reminds us of what used to be the rule. The village is home to one of the lone remaining elevator rows in Western Canada.

In 1994, a group of local residents formed the Inglis Area Heritage Committee to preserve and protect the elevators. The former owners of the elevators supported the plan and transferred the ownership of the buildings and the surrounding land to the committee to help conserve elevator row.

Since then local residents and the organization have raised funds from a variety of sources, including a \$10,000 contribution from the CWB's special account of unclaimed farmer payments.

The result has been designation as a national historic site in 1996 and the conversion from a ramshackle row of rundown elevators to a gleaming tourist attraction that's drawn in visitors from around the world.

The Inglis elevator row has five wooden grain elevators, which have been carefully restored to reflect what they would have looked like in their heyday. When the CPR rail line was run to Inglis in 1922, there were four elevators in the row. The fifth was added in 1941 by the now-defunct grain handler Reliance.



Photo by Colin Corneau

Because of its location at the terminus of the CPR's Russell subdivision, the threat of closure loomed over the community from the 1950s onward. In 1953 the railway discontinued passenger service to Inglis and freight service was discontinued in the early 1970s. Grain was still shipped on the line until the mid-1990s, when rail service was discontinued and the elevators closed.

Ironically this uncertainty over the fate of the elevators is one of the reasons the elevators still exist. Since the elevators were at risk for decades, the owners were unwilling to invest in upgrades or replacement structures. That meant by the mid-1990s, Inglis had a unique collection of historically significant elevators that didn't exist anywhere else.



**Mike Grenier**  
CWB Agronomist

## Fall soil testing key aid in fertility planning

Fall soil testing is an ace in the hole for western Canadian farmers.

When our soils freeze ever year, it effectively stops the clock on nutrient leaching and gasification – mainly of nitrogen, which can be the most volatile nutrient.

That means a late fall soil test will give a grower an accurate snapshot of what's going on and provide an extremely useful planning tool for fertility management for the following growing season.

In general soil testing is most accurate when the soil temperature is below 5 degrees Celsius, though the most recent research indicates that N levels in cereal stubble might not be as variable as previously thought, meaning a soil test taken at any time following harvest will be relatively accurate for these fields.

In other stubble, such as from canola, peas and other pulse crops, it's still best to wait until late in the season before taking samples, as these fields do still show considerable variability until late fall. Primarily the variability is related to N levels, as phosphorus and potassium are generally unaffected by the sampling date.

When soil testing, it's important to remember that the quality of the sample taken determines the ultimate reliability of your soil testing. Recommendations call for at least 15 to 20 samples per field and ensuring that samples are representative. They must cover variability in soil conditions and landscape that may occur across the field. Avoid taking samples from non-representative areas of the field.

Taking more samples will improve accuracy, especially in larger fields. If you're not personally taking the samples yourself, you should consider accompanying the person who's pulling the samples to point out areas of soil or landscape variability or provide accurate directions to avoid the areas.

Combining is the best time to identify these areas, as crop growth differences are readily apparent during harvest. GPS and yield monitor systems are excellent tools to capture this information, though simply taking notes while combining can also fill this need.

Sampling soon after harvest will help in remembering and identifying problem areas as they are easier to recognize before the stubble deteriorates too much.

Fall soil testing can be a valuable tool for spring fertility, but it's vital if you're planning fall fertilizer applications. The bottom line is that you need to know what you've got before you try to get to where you need to be.

With the high cost of nitrogen fertilizer, it's more important than ever to apply only what's needed where it's needed to reach your best economic outcome.

While soil samples are being taken, it's also a good time to perform an often overlooked test – measuring stored ground water using a soil moisture probe. Knowing the available soil moisture means a more accurate picture of what your crop's true yield potential will be is possible. This will help your soil test lab make more accurate fertilizer recommendations.

Excess moisture this spring also means some added challenges for some farmers. Areas such as north eastern Saskatchewan, where a substantial number of acres went unseeded, will need to pay particular attention to soil fertility.

While a fallow year may have preserved soil nutrients, excess moisture has also increased the risk of leaching and denitrification. Central Saskatchewan as a whole may be more likely to experience nitrogen deficiency as a result of these weather conditions, with the greatest problem area likely to run from Saskatoon east to the Manitoba border.

## WTO talks reach impasse

After nearly five years of negotiations, World Trade Organization (WTO) talks have been suspended indefinitely.

The announcement followed months of little or no progress. After a series of mid-summer meetings by ministers and high-level diplomats, WTO chief Pascal Lamy said it was clear members were essentially at a stalemate.

Larry Hill, CWB farmer-elected director and trade committee chair, says the suspension of those talks is a blow to prairie farmers. Hill said the WTO is a key avenue for the effective reform of trade-distorting domestic and export subsidies used by competitors.

"If countries came to the bargaining table in good faith, this round of talks could have resulted in some real reform to the rules governing agricultural trade," Hill said. "But when it came down to the crunch the big players weren't willing to move off their positions and ante up any meaningful reform."

Since the announcement, officials from several countries have said they are still committed to restarting the talks.

There are also reports that talks could resume following November's midterm elections in the U.S. if the administration was willing to offer deeper cuts to farm subsidies.

If talks resume, Hill said it's unclear whether members would have to 'start from scratch'. However, most observers feel that the negotiations could be suspended for a period of two to three years.

Under the existing draft texts, the CWB would be forced to surrender its guarantees on payments and borrowings at some point after a deal is finalized. Western Canadian farmers would also be vulnerable to the loss of single desk, which has been a target at the talks.

"These attacks are driven by protectionist interests in the U.S.," Hill said. "They know single desk selling gives western Canadian farmers clout in the global grain trade. We're a tough competitor and they'd like to get rid of us."

Meanwhile, Hill says a likely outcome of the collapse of the round is increased focus on bilateral trade deals.

Earlier this year, Federal Trade Minister David Emerson signalled the government plans beef up its bilateral trade strategy.

Farm organizations from across the country – including the CWB – had been urging the government to be more aggressive in pursuit of bilaterals in order to keep pace with competitors.

While bilateral trade deals are important to preserving market access for western Canadian farmers, Hill said, he'd still like to see the resumption of multilateral trade talks at the WTO.

"The WTO is the most effective, efficient way to increase market access generally and reduce trade-distorting domestic farm subsidies to ensure farmers compete on a more level playing field."

Hill said the WTO is critical to eliminate export subsidies and to reform food aid and export credit in order to ensure these programs are not used as disguised export subsidies.

# Just the Kernel



## Canadian Grain Commission announces free publications

Canadian Grain Commission (CGC) publications that were available for a fee or through subscriptions are now available at no charge on the CGC Web site ([www.grainscanada.gc.ca](http://www.grainscanada.gc.ca)). Subscribers do not have to renew their subscriptions for 2006-07.

"The CGC is the source of official data and information on Canadian grain quality and quantity," said Chief Commissioner Chris Hamblin. "Information in these publications can be used by grain producers, the industry, international customers and the Canadian public. I'm pleased that we are making it available to all visitors to our site."

The following publications are now available at no cost:

- Canadian Grain Exports
- Elevator Tariff Summaries
- Exports of Canadian Grain and Wheat Flour
- Grain Biology Bulletin, No. 3: Visual Identification of Small Oilseeds and Weed Seed Contaminants
- Grain Deliveries at Prairie Points
- Grain Elevators in Canada
- Grain Statistics Weekly
- Product Segregation Codes

## Tighter enforcement of elevator licensing

The CGC also announced heightened enforcement of the requirement that all grain dealers and elevators be licensed or exempted by the CGC as of August 1, 2006 and revisions to exemption criteria. Grain dealers and elevators that are unlicensed after August 1, 2006, may be subject to fines, closure, or both.

Companies should contact the CGC's Licensing and Security Unit at 1-800-853-6705.

Producers delivering grain to unlicensed grain dealers or elevators and to grain dealers and elevators exempted from licensing are not protected by the security provisions of the Canada Grain Act.

For information on which companies are licensed, unlicensed, or exempted, producers can call 1-800-853-6705 or check the CGC Web site.

## Chinese brewers and maltsters visit Canada

Representatives from the world's largest malting barley market were in Winnipeg this summer to participate in the Third CIGI-CMBTC China-Canada Malting Barley Program.

Over 11 days, the participants, who represented 12 of China's largest malting and brewing companies, along with three Canadians, had numerous opportunities to become familiar with Canada's malt and malting barley industry and engage in face-to-face discussions with representatives from Canadian industry.

The program was held on behalf of the Canadian Wheat Board and was conducted in cooperation with the Canadian Malting Barley Technical Centre (CMBTC).

Participants spent the first three and one-half days of the program mainly in classroom sessions at the Canadian International Grains Institute (CIGI), and in practical malting and brewing exercises in CMBTC's pilot malt and brewing facilities where the performance of Canadian malting barley varieties in malt and beer was highlighted.

The participants then embarked on a week-long industry tour that ended in Vancouver. En route, they visited malting plants in the three prairie provinces, a grain farm, inland terminal, cereal research facilities and a brewery.

In Vancouver, the focus shifted to the handling, inspection and certification for malt and malting barley cargoes at the Port of Vancouver. This included visits to the CGC's Vancouver office and tours of a terminal elevator and container-loading facility.

## Select winter wheat has been added to the CWB's monthly Pool Return Outlook

Select winter wheat has been added to the CWB's monthly Pool Return Outlook, where a new listing can be found for No. 1 Canada Western Red Winter wheat Select with 11.5-per-cent protein (1CWWRW Select 11.5). This select grade will also be used as the base grade for winter wheat producers considering 2007-08

Producer Payment Options. This move has been made to give farmers a better basis for comparing prices between Canadian and American hard winter wheat. Select winter wheat is grown through CWB identity-preserved contracts and attracts a \$10 to \$15 per tonne premium over conventional winter wheat.

## Urban-rural divide hinders everyone's prosperity

Two University of Saskatchewan agriculture economists say urban and rural communities working together will help build Canada's prosperity.

Mark Partridge and Rose Olfert are studying how joint planning between expanding urban centres and their rural neighbours can enhance regional prosperity. Examples of joint planning can include issues such as transportation corridors, zoning, sewage and water infrastructure, economic development, recreation and environmental protection.

"Creating a more cohesive rural-urban infrastructure plan could help ease congestion, slow urban sprawl and preserve valuable green space, while stimulating rural revitalization and enhancing rural quality of life," says Partridge.

Partridge and Olfert's work includes commuting, land use and employment patterns for communities across the country. They hope to develop models that cities and the surrounding rural communities can use to plan together to build shared economic regions.

"Increasingly, Canada's effective communities are neither urban nor rural, but a combination of the two," says Partridge.

## Crop surveys ongoing

The CGC has sent sample envelopes to farmers as part of its annual crop quality survey. The CWB is also conducting on-farm sampling from bins as part of its annual "Quality Scoop" survey. Farmers are being chosen randomly and asked for permission to collect samples to help showcase the quality of the western Canadian crop to potential buyers. Both programs inform customers of the quality of the Canadian crop available for their use.

# Master Grower program recognizes farmer excellence

Western Canada's top farmers are being encouraged to share their knowledge with others by entering the CWB's 2006-07 Master Grower awards program.

The program recognizes the achievements of successful wheat and barley farmers, whose expertise in farm management is used to benefit the Prairie grain industry.

"There is no substitute for the know-how that a farmer cultivates through years of hard work and experience – it's something that can't be found in books," said Ken Ritter, chair of the CWB's farmer-controlled board of directors.

"The Master Grower program accesses knowledge about what farm management practices work best, from the people who know them best. We want to create role models and we want to recognize the successful and dedicated farmers who excel in this profession."

For the 2006-07 crop year (August 1, 2006 to July 31, 2007), CWB Master Growers will be named for malting barley, red winter wheat (CWRW Select), hard white spring wheat and durum.

Information about their experiences and growing techniques is shared with other farmers and the grain industry through creation of materials on best management practices.

Sample envelopes and entry forms are available by phoning 1-800-275-4292 or contacting your local CWB Farm Business Representative. More information can be found on the CWB Web site at [www.cwb.ca](http://www.cwb.ca).



## Ag researchers fear investment lag

City dwellers frequently think of farming as a pastoral activity far removed from science and the laboratory.

Of course the reality is dramatically different from the perception. Today agriculture is just as driven by new technologies and advancements as the software industry.

Research and development are vital to maintaining a competitive edge internationally, whether your product is destined for the belly of a computer or the belly of a child.

At the recent meeting of the Prairie Registration Recommending Committee for Grain (PRRCG) in Banff, Alberta, global funding for agricultural research and development was a major topic of discussion.

What was revealed is a disturbing trend. According to the report to the meeting, China is now investing in research and development at a rate three times higher than Canada. India is also pulling ahead in their funding levels.

In Canada, the industry as a whole accounts for just over eight per cent of the GDP. Nearly 2.1 million people, or one in eight owe their employment to some aspect of the agricultural industry according to federal government figures.

In the Prairies alone, six federal and cooperative research and development centers exist, with a range of focus areas from food safety to greenhouse gases. In total, there are nineteen research clusters nationwide, each focusing on the research and development of innovation in agriculture.

But is all this enough to keep Canada from being left behind?

Dr. Graham Scoles, Associate Dean of Research at the College of Agriculture and Bioresources at the University of Saskatchewan doesn't think so.

"I think we need much more research, particularly around the emerging agendas," Scoles said. "In biofuels, farmers are being looked at to carry the whole load."

He suggests that this is also true in health and environmental issues, as well.

Australia, one of our key competitors in the global marketplace, has taken the edge in comparative funding, but they've gone a step further toward new and innovative funding strategies.

The creation of research and development corporations in Australia was the result of the government's concerns about long-term sustainability in their agricultural sector.

**China is now investing in research and development at a rate three times higher than Canada. India is also pulling ahead in their funding levels.**

The Grain Research and Development Corporation (GRDC) derives funding from a levy on grain growers, with matching funds from the government. Its portfolio covers 25 crops, worth over \$7 billion a year in farm production.

The GRDC now operates an annual budget of over \$120 million, with vast majority of those funds directed toward research.

One of the other issues that may be impacting Canada's ability to succeed versus Australia's is the matter of multi-organizational funding. Scoles suggests that with so many groups involved with funding, from the levels of government, producer check-offs, universities and private organizations, it's difficult to be able to take a global perspective on these initiatives.

"In Australia, there is one group, the GRDC, and it is by far and away the primary funder of grains research,"

Scoles said. "Because of this, it can be quite deliberate in its funding activity."

Lanette Kuchenski, Executive Director of the Western Grains Research Fund, doesn't agree. "If you look at the dollars that are being put in, it's significantly more than we put do in Canada. However, the Australian system is still quite uncoordinated. To say that we're really far behind them right now would be premature."

In fact, Kuchenski thinks Canada has remained very competitive globally. "When it comes to wheat and barley, there are actually a lot of very good new varieties coming out of Canada that are competing in existing markets and creating new ones. In fact, our barley research is leading the world right now."

She cites the example of hard white wheat as a new class to come out in the last few years. This development is allowing Canada to make an entry into the competition with Australia for some of the Japanese markets, where previously there had been no Canadian presence.

She goes further to say, "There's no real other wheat class out there that we don't participate in on the global scale."

In May of this year, the federal government released its new Agri-food and Agricultural Science and Innovation Strategy. The strategy was created based on the feedback of approximately 300 representatives from producer organizations, processors, provincial and municipal governments, over eleven regional consultation sessions.

While progress is being made in coordination and discussions about research directions, according to Scoles, it's happening too slowly. "We need to go faster than we are."

# CWB salutes innovation; awards five fellowships for 2006

Five students at Prairie universities will receive funding from the CWB's 2006 Fellowship Awards Program, in recognition of their academic achievements and to assist them in pursuing their agricultural research. These awards are renewable for up to three years, based on continued academic excellence. "The CWB's Fellowship Awards Program is an investment in the future of agriculture in Western Canada," said Ken Ritter, chair of the farmer-controlled board of directors. Since the fellowship program was first introduced in 1976, over 160 students have used the funds they received through the program to complete their post-graduate training.

Funding for the fellowship awards comes from the CWB's Special Account of unclaimed producer cheques.

## University of Manitoba



### Richard Cuthbert, Winnipeg, MB

PhD student; major supervisor – Dr. Anita Brûlé-Babel; title of research – Fine mapping and cloning of genes which confer resistance to Septoria tritici blotch in wheat; practical application – identifying the markers linked to resistant genes will reduce the amount of time required for a plant breeder to incorporate durable resistance into commercial wheat cultivars.



### Suresh Neethirajan, Winnipeg, MB

PhD student; major supervisor – Dr. Digvir Jayas; title of research – Design, fabrication and evaluation of Carbon dioxide and odour sensors for grain quality monitoring; practical application – currently, the spoilage inside grain bins is detected by measuring the temperature of the grain. Micro-electronics based grain sensors that measure carbon dioxide and odours will alert grain producers of contamination by micro-organisms and will identify the source of the spoilage.

## University of Saskatchewan



### Frank Ge, Saskatoon, SK

PhD student; major supervisor – Dr. Richard Gray; title of research – Establishing a co-existence framework for the introduction of genetically-modified crops in Western Canada; practical application – regulations and principles stemming from the co-existence framework can help develop effective co-existence practices between GM and non-GM crops, thus enabling farmers to make practical choices between production systems in compliance with legal obligations for labeling and purity standards.

## University of Alberta



### Haiyan Zhang, Edmonton, AB

PhD student; major supervisor – Dr. Feral Temelli; title of research – Interaction of beta-glucan with other food components in complex food systems; practical application – this study should provide valuable insight into the performance of barley beta-glucan in complex food systems. This will enhance the industrial application of barley, provide increased health benefits to Canadians and add value to the barley grown in the Prairie region.



### Kristina Polzheim, Edmonton, AB

Masters student; major supervisor – Dr. Linda Hall; title of research – Integrated crop management practices to decrease the protein content of barley while maximizing profitability; practical application – increase the profitability of barley in Western Canada through the enhancement of crop production practices.

## Durum delivery changes respond to farmer input

The CWB recently announced a number of changes to delivery contracts for Canada Western Amber Durum (CWAD) for the 2006-07 crop year.

"These changes are a direct response to farmer input," said Ken Ritter, chair of the CWB's farmer-controlled board of directors. "The CWB held farmer focus groups on durum delivery and these changes are the result."

Ritter noted that the changes will ensure simplicity, transparency and ease of use for farmers and ensure the integrity of the durum delivery contracting system.

Effective August 1, 2006:

- There will be two delivery contracts, Series A and Series B, but no Series C, to simplify the contracting process.
- Assuming a normal harvest and grade pattern for CWAD, the CWB will move to the sole use of Guaranteed Delivery Certificates for Nos. 4 and 5 CWAD in the 2006-07 crop year.
- In the event of growing or harvest conditions that result in a non-traditional grade pattern, the CWB is prepared to provide a CWAD Select contract that will give farmers a market incentive to preserve the highest quality grain for premium markets.
- Farmers offering durum on CWB delivery contracts could be subject to a bin audit to verify stocks.

# Questions farmers are asking

## **Is the CWB opposed to ethanol production? What are you doing to encourage the ethanol industry?**

The CWB supports the development of the ethanol industry. A strong and viable ethanol industry is in the best interests of farmers as it will increase demand for their products, especially in years where a high proportion of lower grade wheat exists. An additional market for this product will add value for farmers and increase their financial returns.

There has been a misconception that the CWB hinders ethanol development.

Ethanol plants do not have to purchase their feedstock from the CWB. If they use all the purchased grain to produce ethanol and non-human consumption products, such as dried distillers grain (DDG) used as animal feed, they can purchase grain directly from producers.

They could also choose to buy wheat from the CWB. At times, the CWB may have grain that could be priced competitively for ethanol production. The only time the CWB involvement is required is if the ethanol producer is buying milling grades of wheat or producing a product for human consumption.

DDG marketed domestically as animal feed is not subject to any CWB regulations. DDG that is exported, primarily to the U.S., does require an export license. The CWB has historically granted these licenses freely.

In addition, the CWB is involved in proposed regulatory changes to varietal registration guidelines that will make ethanol production more economically viable through the creation of a general purpose wheat class. Varietal registration is overseen by the Canadian Grain Commission, not the CWB. The CWB believes that changes to the varietal registration system must address both the need for higher yielding non-milling varieties and the need to protect Canada's wheat quality assurance system.

The CWB supports the creation of a general-purpose wheat class. In fact, in early June, the CWB board of directors approved a position paper calling for the creation of a general-purpose class and made this suggestion to the CGC. The CWB agrees that breeders require more flexibility to grow higher yielding varieties designed for the livestock and growing ethanol industries.

## **I have heard the CWB is investing in China. What are you doing there?**

The CWB has entered into a partnership with COFCO, the Chinese state trading company that purchases wheat and other food products, to develop a training and technical centre in the Chinese capital of Beijing.

The technical centre will provide Chinese wheat processors with the information they need to make the most of this high-quality product and will pay you dividends by strengthening Chinese demand for your wheat.

The facility will provide training, educational seminars, technical exchanges and technical support to CWB customers. It will promote the use of western Canadian grain in a range of bread and noodle products. The Canadian International Grains Institute (CIGI) will be involved in the development of the technical programs and training activities. CIGI is based in Winnipeg and is funded 40 per cent by farmers. It is a non-profit market development organization that promotes Canadian field crops through technical activities and educational programming.

The CWB will provide \$1 million in capital funding to establish the centre, and will share the ongoing operating costs with COFCO. The CWB's contribution will be funded by the CWB special account, which is comprised of farmer payments that have gone unclaimed for a minimum of six years.

The COFCO-CWB business relationship has spanned more than four decades and resulted in sales of more than 115 million tonnes of western Canadian wheat.

A number of factors have combined to make China one of your most important customers for wheat and barley. Strong economic growth and increased demand for premium-quality wheat-based foods are the primary drivers behind this trend.

## **Why do the new Delivery Exchange Contract (DEC) agreements have to be in 80-tonne increments?**

To ensure the smooth operation of the DEC pilot program there must be consistency in the size of contracts traded. Trading in 20-tonne increments is similar to the requirement for all Producer Payment Option (PPO) contracts that specifies a minimum 20-tonne commitment. The 80-tonne increment reflects the four delivery periods, with a 20-tonne minimum for each.

Because all trades will be performed in 20-tonne increments, it will be easier for farmers to match available trades. This is similar to the system used to trade grain futures, which is done in contracts with specified volume – generally around 5,000 bushels.

## **Why does the DEC contract need to be broken into four delivery portions? Why can't I sign up the portion I want, rather than participating in all four delivery periods?**

The DEC must operate within the existing delivery system. The grain handling system has only so much delivery capacity, meaning deliveries must come throughout the entire year to maximize marketing opportunities and volumes. The DEC has been designed to run in parallel with the regular delivery contracts and so must have a similar overall delivery pattern to similar to the current system.

The flexibility of a DEC comes within an individual farmer's delivery pattern. Farmers will be able to trade delivery amongst themselves, based on their individual business needs. Therefore a farmer who is seeking greater early delivery opportunity and a farmer who won't be making early deliveries can arrange a trade – perhaps with some financial incentives – between themselves. The trade will be registered by the CWB, and the farmer gaining earlier delivery can haul more grain more quickly, but the total amount of grain being delivered in a given period won't change.

Farmers with DEC contracts will be able to fill producer cars using a combination of DEC delivery authorization and authorization from Series A, B and C delivery contracts.

For example, suppose a farmer has 270 tonnes (Three producer cars) of wheat to market and would like to load the first two cars (180 tonnes) in late November and the last one (90 tonnes) in early July.

This farmer could sign a DEC contract for 160 tonnes and a Series A delivery contract for 110 tonnes and use the 90-tonne minimum delivery provision on Series A and trade DEC contracts so there was 100 tonnes for delivery period 2 and 60 tonnes for delivery period four.

So, for the two cars in November, the farmer would have used 100 tonnes of authorization through DEC plus 80 tonnes on Series A. For the July delivery, authorization would be 60 tonnes on DEC and 30 tonnes on Series A.

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If you have questions or comments, please submit them to:

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