

CWB Delivery Offer and Contract

A Delivery Offer and Contract is an offer from a producer that becomes a binding contract when accepted by the CWB. It specifies the type, grade and quantity of grain the producer wants to deliver.

Producers can offer grain to the CWB under different series of delivery contracts during the crop year. Each delivery contract series has a sign-up deadline date. Contract sign-up deadline dates for the 2006-07 crop year are as follows:

Wheat		Identity Preserved Contract Program (IPCP)	
Series A		Series A	
CWRW only	Sept. 22, 2006	CWRW Select	Sept. 22, 2006
		CPSR (5701PR)	Oct. 31, 2006
Series A	Oct. 31, 2006	AC Strongfield	Oct. 31, 2006
Series B	Jan. 31, 2007	AC Commander	Oct. 31, 2006
Series C	May 31, 2007		
		AC Navigator	
Durum		Series A	Oct. 31, 2006
Series A	Oct. 31, 2006	Series B	Apr. 30, 2007
Series B	Apr. 30, 2007		
		CW Hard White Spring	
		Series A	Oct. 31, 2006
		Series B	Jan. 31, 2007
		Series C	May 31, 2007

The CWB will establish an acceptance level for each contract program within 18 days of the sign-up deadline. Remember that the acceptance level is the producer's guarantee of delivery within the crop year and not a contract call for delivery of the grain.

E-contracting is available to CWB agents, allowing you to enter into or modify a delivery contract on a producer's behalf.

Producers must complete a separate contract for each contract program and series. Refer to the table on page 44 for a list of the contract programs and series offered this year.

Separate delivery contracts are used for IPCP and selected barley. Instructions covering these programs are provided on pages 28-32 and pages 32-36 respectively. IPCP contracts can be signed up on E-services and will no longer be sent to producers.

Producers must take full advantage of delivery contract opportunities to receive guaranteed delivery for grain committed to a PPO program within the crop year.

Producers may also enter into delivery contracts on-line or over the telephone by calling the CWB at 1-800-275-4292. Producers must provide their personal identification number (PIN) and CWB producer identification number.

How to sign up contracts on E-services

Determine the grade and protein level of the producer's grain. If the producer is unsure about the grade or protein level of the grain, advise the producer to submit a representative sample to you or the Canadian Grain Commission before completing the contract. Instructions on taking proper samples are on the back cover of the delivery permit book.

Determine the net tonnes (after dockage) that the producer wants to offer on contract. Remember that grain offered on the delivery contract should not include grain to be used as feed or seed.

The screenshot shows the CWB E-services interface for signing up a contract. The page title is "Sign-up a contract". It displays the following information:

- Producer:** FAMER AARON 00-00102533
- Permit holder:** FAMER AARON
- Crop year:** 2005-06

A confirmation message states: "Sign-up complete. The following delivery contract has been created." Below this, the contract details are listed:

- Contract program:** 1 CWRS 13.4 and higher
- Contract series:** C
- Rollover option:** N/A
- Contract amount:** 150 tonnes / 5,512 bushels
- Contract number:** 243085

Buttons for "View printable contract" and "Return to contract summary" are visible. The page footer includes "Terms of use | Information policy | Privacy policy" and "Copyright © 2005".

Instructions

1. Sign into E-services.
2. Click on the green *Delivery contracts* tab.
3. Click the *here* button to create a new contract.
4. Click on the drop down list and choose a *Contract program* and click on *Next*.
5. Click on the drop down list and select a *Contract series* and click on *Next*.
6. Enter the *Contract amount* in whole tonnes or bushels and click on *Next*.
7. Click *Create contract*.
8. To print a copy of the contract, click on *View printable contract* and click on *Print this contract*.
9. Click on *Return to contract summary* to return to the producer's delivery contract screen.

Write the date, contract number, increased tonnes, and total tonnes on the *CWB contract program* pages in the delivery permit book. Place a check (✓) in the box provided if the contract is a Guaranteed Delivery Contract (GDC). For delivery contracts with a PPO, indicate the type of PPO in the boxes provided.

Both the producer and elevator manager should initial the boxes provided.

To view a list of contracts signed up by your elevator enter E-services and click on the green *Contract lists* tab at the top.

How to change the delivery contract before the sign-up deadline

Producers can make changes to the delivery contract any time before the deadline date as long as the change does not create an over-delivery.

Increasing a delivery contract before the sign-up deadline

Instructions

1. Click on the green *Delivery contracts* tab.
2. Click on the contract program to be increased.
3. Click on *Increase contract amount* in the contract actions list.
4. Enter the increase amount in whole tonnes or bushels and click *Next*.
5. Click on *Increase* to submit the contract.
6. To print a copy of the contract, click on *View printable contract* and click on *Print this contract*.
7. Click on *Return to contract summary* to return to the producer's delivery contract screen.

The screenshot shows the CWB web portal interface. At the top, there's a navigation bar with 'Delivery contracts', 'Cash advances', 'Contract list', and 'Elevator information'. The main content area is titled 'Increase a contract' and shows the following details:

Producer	FAMER AARON 00-00102533	Crop year	2005-06
Permit holder	FAMER AARON		
Contract increase complete The following delivery contract has been created.			
Contract program	1 CWRS 13.4 and higher		
Contract series	C		
Rollover option	N/A		
Original contract amount	150 tonnes / 5,512 bushels		
Increase contract amount by	20 tonnes / 735 bushels		
New contract amount	170 tonnes / 6,246 bushels		
Contract number	243086		

Buttons: [View printable contract](#), [Return to contract summary](#)

Decreasing a delivery contract before the sign-up deadline

A producer can decrease the delivery contract but cannot create an over-delivery in the program being decreased.

A producer must leave enough tonnes under contract to cover deliveries already made in relation to the percentage called.

Example 1:

Producer A has a delivery contract for 400 tonnes of No. 2 CWRS 13.4 and lower. On the first call in the series, Producer A has delivered 50 tonnes on a 50% call.

tonnes deliverable =
 $400 \text{ tonnes} \times 50\% = 200 \text{ tonnes}$

Producer A wishes to decrease this delivery contract. The amount that must remain contracted is calculated as tonnes delivered \div per cent called.

$50 \text{ tonnes} \div 50\% = 100 \text{ tonnes}$

Therefore, Producer A can decrease the delivery contract by up to 300 tonnes ($400 - 100 = 300$), and must leave 100 tonnes on the delivery contract to avoid creating an over-delivery.

Example 2:

Producer B has a 200 tonne delivery contract for No. 1 CWRS 13.5 and higher.
On the first call in the series Producer B delivered 100 tonnes on a 50 per cent call.

tonnes deliverable = 200 tonnes x 50% = 100 tonnes

Producer B wishes to decrease this delivery contract.
The amount that must remain contracted is calculated as tonnes delivered ÷ per cent called.

100 tonnes ÷ 50% = 200 tonnes

In this case, the delivery contract cannot be decreased as this would result in an over-delivery.

Instructions

1. Click on the green *Delivery contracts* tab.
2. Click on the contract program to be decreased.
3. Click on *Decrease contract amount* in the contract actions list.
4. Enter the decrease amount in whole tonnes or bushels and click *Next*.
5. Click on *Decrease* to submit the contract.
6. To print a copy of the contract click on *View printable contract*, click on *Print this contract*.
7. Click on *Return to contract summary* to return to the producer's delivery contract screen.

Misgrades

CWB delivery contracts should accurately reflect the grade and protein that will be delivered. Producers can have a sample of their grain checked by the grain company or the Canadian Grain Commission (CGC) if they are unsure of the grade and protein. If the grain being delivered is a different grade or protein level than the original delivery contract, this is referred to as a misgrade, and the delivery contract may have to be corrected.

The reporting of misgrades ensures that the CWB has accurate information about the amounts of grain in each program it has to sell and move to terminal position. Elevators and the CWB do not require the producer's authorization to process misgrades.

For the new crop year, the need for misgrades will be reviewed when the 2006-07 harvest nears completion and the quality of the crop has been clearly established.

If misgrades are necessary, you will receive additional instructions at that time.

Producers can change the grade and protein of a delivery contract through an increase and corresponding decrease. The original tonnage offered on the delivery contract cannot be altered. For example, if No. 2 CWRS 13.5 and higher misgrades to No. 1 CWRS 13.5 and higher, the tonnage can be moved between the two programs but the total contract tonnes cannot change.

If there is a misgrade on the delivery contract and less than 45 tonnes have been delivered for the same class of grain (for the series), the delivery contract can be decreased to the amount delivered and the balance applied to a new delivery contract.

Before the contract series sign-up deadline, follow the instructions to decrease and increase a delivery contract on page 19.

How to misgrade after the contract series deadline

Instructions

1. Click on the green *Delivery contracts* tab.
2. Click on the contract program to be misgraded.
3. Click on *Decrease contract amount* in the contract actions list and click on *Next*.
4. Enter the decrease amount in whole tonnes or bushels and click on *Next*.
5. Choose *program for increase* from the pull down list beside *Select program* and click on *Next*.
6. Click on *Change contracts*.
7. To print a copy of the contract, click on *View printable contract* and click on *Print this contract*.
8. Click on *Return to contract summary* to return to the producer's delivery contract screen.

Decrease		Increase			
Contract program	1 CWRS 13.5 and higher	Contract program	2 CWRS 13.5 and higher		
Contract series	B	Contract series	B		
Rollover option	Yes	Rollover option	Yes		
	Tonnes	Bushels		Tonnes	Bushels
Original contract amount	100	3,674	Original contract amount	0	0
Decrease contract amount by	50	1,837	Increase contract amount by	50	1,837
New contract amount	50	1,837	New contract amount	50	1,837

Automatic rollover **New!**

Producers no longer have to remember to select the rollover option when signing delivery contracts. When the acceptance level is less than 100 per cent, the CWB will roll the unaccepted tonnes to the next delivery contract series in the crop year.

Cancelling a rollover delivery contract

If a producer decides not to offer the unaccepted tonnes in the next series, the rollover delivery contract can be cancelled before the sign-up deadline for the next series. Delivery contract decreases can be done on E-services, or producers can call the CWB with their PIN to cancel the rollover.

Acceptance levels

The CWB will announce an acceptance level for each delivery contract program within 18 days of the sign-up deadline. The CWB determines the maximum tonnage it can accept under each delivery contract program. Following the deadline date for each series, the quantity of grain offered under contract is compared to sales requirements and transportation capacity. The acceptance level is the producer's guarantee of delivery by the end of the crop year. The quantity accepted on each delivery contract will be the same percentage for each producer.

Acceptance is announced as a percentage of the amount the producer has offered. For example, if the acceptance is 60 per cent and the producer offered 125 tonnes under contract, the amount of the producer's delivery contract that is guaranteed to be called for delivery by the end of the crop year is 60 per cent, or 75 tonnes.

If acceptance is less than 100 per cent, do not amend the contract tonnage. Record the per cent accepted in the *Per Cent Accepted Box* on the *Contract program pages* in the delivery permit book.

Delivery calls are issued during the crop year that will match the percentage accepted. For example, with an acceptance level of 60 per cent, the total delivery calls issued for the series and program must equal 60 per cent.

Cancelling a delivery contract with reduced acceptance

If the CWB does not accept 100 per cent of the grain offered, producers may reduce the delivery contract to zero within 14 days of the acceptance level announcement. The producer must call the CWB at 1-800-275-4292 to cancel the contract. The CWB will also cancel the rollover portion of the original delivery contract.

CWB contract acceptance is announced in the "Country Elevator News" bulletin.

The acceptance level is a guarantee of delivery within the crop year, not a delivery call.

Guaranteed Delivery Contract (GDC)

The CWB will offer GDCs for feed barley and may offer GDCs for Nos. 4 and 5 durum and feed wheat. GDCs capture sales targeted for specific grades. The GDC is a delivery contract that guarantees 100 per cent acceptance of grain offered by producers and 100 per cent delivery by a specific date. Once producers are notified by letter from the CWB, they have 30 days to deliver the grain.

The number of GDCs offered will depend on marketing opportunities for the crop year. Based on tonnage volumes, the CWB reserves the right to withdraw offers at any time and without notice.

Producers who have an Early Payment Option contract, a Fixed Price Contract, a Basis Payment Contract or a Daily Price Contract can apply GDC deliveries to those contracts for payment. Please refer to the appropriate Producer Payment Options (PPO) guide for details on applying deliveries to PPO contracts.

Producers are expected to deliver all of the grain they commit to a GDC. GDCs with less than 90 per cent delivered are subject to liquidated damages. If a producer encounters difficulties delivering grain, the producer can transfer a portion of or the entire contract to another producer. The GDC transfer form is available on the CWB Web site or on Fax on Demand.

The delivery period for GDCs has been extended from 21 to 30 days.

The GDC transfer form is available on the CWB Web site or on Fax on Demand

GDCs for feed barley

Producers with a GDC for feed barley have until the end of the 30-day call period to cancel the GDC and complete a *Selected Barley Storage and Delivery Contract*. After this time, producers are committed to deliver on the GDC or transfer it to another producer.

If a producer's selected barley is rejected at delivery or unload and the producer wants to deliver to the CWB, the *GDC for Rejected Selected Barley* can be completed. This form is available on the CWB Web site or on Fax on Demand. The CWB will issue a GDC number for this grain. The GDC will only be issued for the current pool period.

Deliveries

The CWB calls grain forward by announcing delivery calls. Producers can deliver grain as soon as calls are announced and elevator space allows.

Deliveries cannot be made until grain has been called. This includes deliveries made under the 45-tonne minimum delivery provision.

Delivery calls

Delivery calls are made for all or part of the accepted delivery contract amount, and are announced as a percentage of the delivery contract amount.

Reporting deliveries

When reporting deliveries to the CWB, the correct information ensures the deliveries will be applied properly to producers' contracts, and will prevent any unnecessary liquidated damages.

Multiple deliveries (elevator receipts) can be reported on a single cash ticket.

Be sure to use the correct grade code when reporting deliveries.

Report each cash ticket with the following:

- the producer’s 10-digit identification number;
- grain;
- primary elevator receipt number;
- net weight;
- grade and protein;
- delivery year - when settling deliveries against the last crop year’s delivery contract, report the delivery with the call year ‘05’ and the crop (delivery) year ‘06’;
- Contract codes and call designations - see page 44;
- if applicable:
 - cash advance refund;
 - *Selected Barley Storage and Delivery Contract* number;
 - IPCP contract number;
 - PPO contract number – look for the *PPO PARTICIPANT* sticker on the front of the permit book. Ask the producer if the delivery is towards the PPO contact. The PPO contract number is essential to generate the producer’s additional CWB payment and prevents unnecessary pricing damages.
 - If the producer wants to split a delivery between multiple PPO contracts or between a PPO contract and the pool account, report the settlements separately.
 - Report the PPO contract number in the authorization field of the cash ticket. Since the cash ticket has only one field to report a contract number, it is important to report the correct one. See the table below.

Contract type	Contract number required on cash ticket
Delivery contract for wheat or durum against an FPC, BPC, EPO or DPC for wheat	FPC, BPC, EPO or DPC contract number
GDC feed wheat or GDC durum against an EPO	EPO contract number
GDC feed barley against an FPC or EPO	FPC or EPO contract number
Selected barley against a BPC, FPC or EPO	Selected barley storage and delivery contract number
IPCP against FPC, BPC, EPO or DPC	FPC, BPC, EPO or DPC contract number

Recording deliveries in the delivery permit book

Be sure to update the permit book each time the producer makes a delivery.

Record the delivery call information on the *CWB contract programs* pages under *Delivery calls*.

- The *tonnes deliverable* equals the *per cent called* multiplied by the *total contract net tonnes*. Add the *tonnes deliverable* to the *cumulative tonnes deliverable*.
- The total tonnes delivered to date must not exceed the lesser of *total contract net tonnes* or *cumulative tonnes deliverable*.
- For terminated delivery calls, record any shortfall as a *reduction* and reduce the *cumulative tonnes deliverable*.
- The tonnes delivered within each class cannot exceed the *cumulative tonnes deliverable* for all contract programs combined for that class.

Report the PPO contract number on the cash ticket.

This will ensure prompt payment to the producer.

Record the net weight (after dockage) of the grain. Record the gross weight if the dockage has not been established. Cancel the entry once the dockage has been determined and make a new entry using the actual net weight.

Initial the entries.

Designate PPO deliveries by writing the PPO contract number and type of contract in the PPO column.

There are separate sections to record deliveries for:

- CWB contracts;
- purchases of pedigreed seed;
- screenings from custom cleaning;
- flour gristing;
- selected barley;
- off-Board grain – deliveries of off-Board wheat, durum and barley must be recorded; and
- other grains – entry of other grains (canola and rapeseed, flaxseed, rye and oats) are voluntary.

Terminated calls

Delivery calls are terminated when producers have had an opportunity to deliver. The CWB announces terminations in the *Instructions to the Trade*. Once a delivery call has terminated, do not accept any deliveries for this call unless you have permission from the CWB. If you have a situation that warrants special consideration, contact your local CWB Farm Business Representative or call the CWB at 1-800-275-4292.

Non-registered varieties

Canadian grain varieties are respected and sought after around the world. To protect the integrity of these varieties and our international markets, all non-registered wheat varieties must be delivered as Canada feed.

If a producer delivers a non-registered variety on a CWB contract that is not a feed contract, the producer is in default of the contract and is subject to liquidated damages. This may result in the cancellation of any other CWB contracts the producer may hold.

45-tonne minimum delivery provision

When the CWB issues the first delivery call of a series, the producer can deliver the greater of (without exceeding the contract amount):

1. The quantity of the grain and grades called.

OR

2. 45 tonnes per class of the grain called.

Please note: There must be a call issued for the grain and grades contracted to apply the 45-tonne minimum delivery provision.

Depending on market conditions the CWB reserves the right to exclude certain grades from the 45-tonne minimum delivery provision.

Producers cannot deliver more than the amount contracted. For example, if the producer had 20 tonnes of No. 2 CWAD 13.0 and higher contracted, only 20 tonnes can be delivered using the 45-tonne minimum delivery provision against the first call of the series.

The 45-tonne minimum delivery provision applies per class of grain for delivery contracts.

Example: Using the 45-tonne minimum delivery provision

A producer has three delivery contracts of 50 tonnes each. Delivery contract calls have been announced at 10% for each delivery contract. The producer can deliver 15 tonnes under contract or up to 45 tonnes under the 45-tonne minimum delivery provision.

The producer chooses to deliver 45 tonnes of No. 1 CWRS 13.5 per cent and higher using the 45-tonne minimum delivery provision.

Once 45 tonnes have been delivered, the producer cannot make additional deliveries until the amount called is greater than the 45 tonnes already delivered.

	Contract Amount (Tonnes)	Per cent Called	Producer's Deliverable (Tonnes)	Producer's Deliveries (Tonnes)
1 CWRS 13.5 and higher	50	10%	5	45
2 CWRS 13.5 and higher	50	10%	5	0
3 CWRS	50	10%	5	0
			<u>15</u>	<u>45</u>
Net Deliverable			=	0

Later additional delivery calls of 30 per cent are announced, bringing the total amount called to 40 per cent.

	Contract Amount (Tonnes)	Per cent Called	Producer's Deliverable (Tonnes)	Producer's Deliveries (Tonnes)
1 CWRS 13.5 and higher	50	40%	20	45
2 CWRS 13.5 and higher	50	40%	20	0
3 CWRS	50	40%	20	0
			<u>60</u>	<u>45</u>
Net Deliverable			=	15

The producer can now deliver a total of 15 tonnes of either No. 2 CWRS 13.5 and higher or No. 3 CWRS, or a combination of these two grades.

Example: Recording the 45-tonne minimum delivery in the delivery permit book

CWB contract programs

Class of grain CWRS Contract code
 Grades No. 1 CWRS 13.5 and higher Series
 Check here if contract is a GDC Per cent accepted

E-contracts and telephone contracts If applicable, ✓ check type of pricing contract NEW

Date	Contract number	Net tonnes increase	Net tonnes decrease	Total contract net tonnes	Prod. initials	Mgr. initials	EPO	BPC	FPC	DPC
31/10/06	123456	50		50	AP	EM				

Delivery calls

Call designation	Per cent called	Total contract net tonnes	Tonnes deliverable	Reduction (Terminated call)	Cumulative tonnes deliverable
E11	20%	50	10		10

Record of deliveries

Company name	Delivery point	Grade	Date	Net tonnes delivered	Total deliveries	Mgr. init.	PPO
X	X	1 CWRS 13.5	10/31/06	45	45	EM	Min. prov.

When the contract acceptance level is less than 100 per cent, the producer has the option to deliver 45 tonnes per class of the grain called for delivery without exceeding the delivery contract amount.

If the CWB does not accept any of the tonnes offered on a series, the 45-tonne minimum delivery provision does not apply and no grain can be delivered against the delivery contract.

The 45-tonne minimum delivery provision applies to the grains listed in the side-bar. If the producer has delivery contracts for more than one grade within a class, for example No. 1 and No. 2 CWAD 13.0 and higher, the combined deliveries cannot exceed 45 tonnes using this option.

Deliveries can be made on regular delivery calls once the amount deliverable under the calls exceeds the amount delivered under the 45-tonne minimum delivery provision.

If there is a misgrade on the delivery contract and less than 45 tonnes have been delivered for the same class of grain (for the series), the delivery contract can be decreased to the amount delivered and the balance applied to a new delivery contract.

The 45-tonne minimum delivery provision applies to the following classes:

- CW Red Spring wheat
- CPS Red wheat
- CPS White wheat
- CW Extra Strong wheat
- CW Red Winter wheat
- CW Soft White Spring wheat
- * CW Feed wheat
- CW Amber durum

* CW Feed wheat is not a class of grain, but is included for the purpose of administering the 45-tonne minimum delivery provision.

A one-time, additional 45-tonne minimum delivery provision, per grain, applies for producers using producer cars.

Delivery provision for producer cars

Producers who are shipping producer cars are eligible for a one-time, 45-tonne minimum provision per grain on the first contract call of the crop year. This is different than the minimum contract provision which enables producers to deliver a minimum of 45 tonnes per class. It was put in place to recognize producers at the start of the crop year who may not have a large enough contract or sufficient delivery opportunity to fill a producer car.

Identity Preserved Contract Program (IPCP)

The CWB Identity Preserved Contract Program (IPCP) is designed to develop domestic and international markets for new varieties of western Canadian wheat, durum and barley. Producers receive incentives for production that allows the CWB to test-market new varieties among customers. The program provides a supply of new, high-quality varieties to customers, so that milling and end-use performance can be tested, leading to increased market potential.

Incentives to producers vary by program. They can include:

- guaranteed acceptance and delivery within the crop year of all production that qualifies for the 2006-07 program
- escalating on-farm storage payments
- contract and protein premiums

2006-07 Identity Preserved Contract Programs

5701PR wheat

This is a variety in the Canada Prairie Spring Red wheat class. Qualifying grades that will be accepted for delivery are Nos. 1 and 2 CPSR (5701PR).

CW Hard White Spring

Eligible varieties are Snowbird and Kanata. Qualifying grades that will be accepted for delivery are Nos. 1, 2 and 3 CWHWS.

CW Red Winter Select

Eligible varieties are AC Bellatrix, AC Readymade, AC Tempest, CDC Buteo, CDC Osprey, McClintock, Norstar and Radiant.

Qualifying grades that will be accepted for delivery are Nos. 1 and 2 CWRW Select with a minimum protein of 11.5 per cent.

AC Navigator durum

This is a variety in the Canada Western Amber Durum wheat class. Qualifying grades that will be accepted for delivery are Nos. 1 and 2 CWAD (AC Navigator).

AC Strongfield durum

This is a variety in the Canada Western Amber Durum class. Qualifying grades that will be accepted for delivery are Nos. 1, 2 and 3 CWAD (AC Strongfield).

AC Commander Extra Strong durum

This is an extra strong durum that cannot be blended with conventional durum. Qualifying grades that will be accepted for delivery are Nos. 1, 2, 3 and 4 CWAD (AC Commander).

IPCP producers are required to have delivery contracts.

2006-07 Program details for all varieties:

- IPCP delivery contracts will be available through E-services.

- Delivery contract deadline dates are:

CW Red Winter Select	September 22, 2006
Canada Prairie Spring Red (5701PR)	October 31, 2006
AC Strongfield & AC Commander	October 31, 2006

New!

AC Navigator	
Series A	October 31, 2006
Series B	April 30, 2007

New!

CW Hard White Spring	
Series A	October 31, 2006
Series B	January 31, 2007
Series C	May 31, 2007

- CWB delivery contracts are pending until confirmation is received from the testing company that the producers' IPCP deliveries meet all the quality requirements of the program.

New!

- Acceptance levels for CW Hard White Spring and AC Navigator will reflect marketing opportunities for the quality specified rather than having guaranteed acceptance and delivery.

- Producers are guaranteed 100 per cent delivery within the 2006-07 crop year for AC Commander, AC Strongfield, 5701PR and CW Red Winter Select.

- Producers will receive the following contract premiums:

• 5701PR	\$5.00 per tonne
• CWHWS	\$2.50 per tonne
• AC Navigator	\$2.50 per tonne
• CWRW Select	\$10.00 per tonne, plus additional protein premiums to be announced closer to the marketing year.

- Producers delivering AC Strongfield to authorized handling companies will receive trucking and identity-preservation incentives that will vary by company.

- The CWB will pay on-farm storage for the variety delivered under contract for:

- **5701PR**

3 cents per tonne per day for the first 120 days
5 cents per tonne per day after 120 days
Storage payments are calculated starting October 1, 2006 or when the delivery contract is signed, whichever is later, to the date of delivery or the delivery authorization termination date, whichever is earlier.

- **CWRW Select**

3 cents per tonne per day for the first 120 days
5 cents per tonne per day after 120 days
Storage payments are calculated starting September 1, 2006 or when the delivery contract is signed, whichever is later, to the date of delivery or the delivery authorization termination date, whichever is earlier.

New! • **AC Commander and AC Strongfield**

3 cents per tonne per day for the first 120 days

5 cents per tonne per day after 120 days

Storage payments are calculated starting October 1, 2006 or when the contract is signed, whichever is later, to the date of delivery or the delivery authorization termination date, whichever is earlier.

Policies and procedures for 2006-07

Nominated delivery point

Producers will be expected to deliver to the point indicated on the delivery contract for non-proprietary programs, or an alternate point mutually agreed upon by the grain company, producer and the CWB.

Production contracts and IPCP delivery contract listings

When production contract information or delivery contracts are not submitted to the CWB, there are delays in sending storage and premium payments to producers.

Throughout the fall, the CWB will e-mail lists to grain company head offices for distribution to elevators. The listings will identify producers that require production contracts and IPCP delivery contracts.

Delivery authorization

If you are required to load IPCP grain, you will notify the producer of their window of delivery opportunity. Producers are required to deliver within 21 days of being directed by you to do so.

Producer car shippers will receive similar delivery instructions from the Canadian Grain Commission (CGC) after the CGC has received delivery authorization from the CWB.

Producers will receive a delivery call letter from the CWB only if their grain is **not** required for identity-preserved movement.

Reporting IPCP deliveries

The IPCP contract number and grade code are required when reporting deliveries. Include the IPCP contract number in the authorization field of the cash ticket. This identifies that the producer's delivery is entitled to storage payments. Deliveries against a PPO contract are an exception. Report the PPO contract number instead of the IPCP contract number in the authorization field. The call designation and grade code must be used to identify the delivery for storage payments in this circumstance.

It is very important to use the correct grade codes and call designations for the specific IPCP when reporting deliveries. Please see 2006-07 Contract codes and call designations on page 44.

Varietal purity

Producers are expected to deliver grain that is 95 per cent pure to the variety or varieties specified on the IPCP contract. If producers fail to do so, the CWB may assess liquidated damages.

Handling requirements

Elevator managers will load the cars as authorized, marking the I-90 tag with the name of the variety in red marker across its face. These cars are also to be identified and I-90 marked as DO NOT POOL.

Once IPCP orders are loaded, the CWB tracks the movement of these cars to the port. To do this, we require your cooperation in submitting the car numbers to the CWB as soon as the orders are loaded. You have three options for reporting the car numbers to the CWB:

- e-mail to teresa_cherka@cwbc.ca
- fax to 1-204-983-2822
- call direct to 1-204-983-4487

Please report the following:

- company
- station
- authorization week
- rail car numbers
- shipping date
- tonnes loaded
- producer's name
- producer's CWB identification number
- contract tonnes delivered

Cars arriving at the port will be directed to the terminals identified by the CWB.

Sampling Requirements

Elevator managers are to collect and store 1-kg samples of producers' deliveries in a sealed tamper-proof container (e.g., locked box, jar or plastic bag). The producer or their representative (e.g., custom trucker) and the elevator manager must agree on the sample and initial it.

Samples must be retained for 30 days from the day the grain is unloaded at port or other end destination.

If a problem is detected with the rail car unload samples, tests on the retained producer delivery samples at the point of origin will be conducted at the grain company's expense.

If testing is required, the elevator manager and producer are to make up a 1-kg composite sample of the producer's deliveries and forward it to the CGC Grain Research Laboratory (or all samples should be forwarded if the producer is not available).

Harvest samples and quality information

As test results on harvest samples are available, grain companies will provide the CWB with quality information for individual producers, such as grade, protein, moisture, and degrading factors. Grain companies will also provide, to a CWB representative, composite samples for full analysis by a testing laboratory. Larger samples up to two tonnes may be required for testing and programs at the Canadian International Grains Institute.

The results will be communicated to the CWB and the grain company.

Note: Producers signing *Production Contracts* with grain companies are required to complete CWB delivery contracts.

For more information, contact the CWB at 1-800-275-4292.

Selected Barley Storage and Delivery Contracts (SBSDC)

About 70 per cent of Western Canada's barley acres are seeded to malting varieties. Only the best quality barley varieties are selected for marketing as malting barley. The remainder is used as feed barley. Two-row varieties occupy about two-thirds of the malting barley area, with six-row varieties grown on the remaining one-third. The *Selected Barley Storage and Delivery Contract (SBSDC)* is used by producers to offer malting, pearl or pot barley. The contract is mainly being used for malting barley.

Storage payments for selected barley

A system of increasing storage payments has been implemented for producers who are storing their grain on-farm while awaiting delivery opportunity. Storage begins from the date of *SBSDC* acceptance.

The rates are:

- 3 cents per tonne per day for the first 120 days
- 5 cents per tonne per day for days 121 through day 180
- 9 cents per tonne per day for days 181 and later

Completing the contract

Producers can offer their barley for selection by completing Part A of the *SBSDC* and submitting a representative sample to a selector. Producers are encouraged to offer their grain in carlot or truck load amounts.

Selectors will not accept barley that has been treated with preharvest glyphosate and desiccants. If a desiccant is detected, the producer could be placed in default and subject to liquidated damages. This policy came into effect to safeguard Canada's malting barley markets.

Producers can submit as many samples and *SBSDC* offers as they wish, as long as each offer represents a separate quantity of barley.

Instructions

- Detach the tear-off information sheet of the *SBSDC* and give it to the producer.
- Enter the producer and company/delivery point information at the top of Part A.

- Check the box provided if the producer will allow the sample to be held for future selection.
- Check the box provided if the producer wishes the selecting party to provide the information about the quality characteristics of the sample.
- The producer should enter *Any other conditions* that have been negotiated with the selector on the line provided (e.g. delivery date, trucking incentives, handling tariffs, etc.).
- Ensure the contract is signed and dated by the producer.

How the selector accepts the offer

The selector accepts the offer by completing Part B of the producer's *SBSDC* within 14 days of contract submission. During this time, the producer cannot offer that same quantity of grain to any other selector. The CWB will notify the producer by confirmation letter that the *SBSDC* has been accepted.

If the producer is advised that the barley is not acceptable to the selector, and the 14-day period has not expired, he or she can offer that barley elsewhere.

Delivery

The delivery period choices contained in Part B are an important feature of the contract. Selectors have agreed that, whenever possible, they will provide the producer with a binding delivery period. The selector makes this choice by placing a checkmark in the top box of the delivery period section and then placing a checkmark in one of the three delivery periods indicated in the adjacent boxes. This delivery period becomes binding to the selector and the producer, and requires the selector to call the barley for delivery within 21 days of the expiry of the period.

Accepting other conditions

Example A

I have negotiated the delivery period with the producer. pre January 31 February - May June - August 21

In example A, the selector has committed to calling for delivery of the selected barley on or before May 11, 2007, which allows the producer 21 days to deliver.

Alternatively, the selector may choose to indicate a delivery period for informational purposes. The selector makes this choice by placing a checkmark in the second box of the delivery period section and indicating one of three delivery periods in the adjacent boxes. In the case of a delivery period for informational purposes, the selector will make best efforts to call for delivery within the period indicated.

Example B

I have advised the producer of a delivery period for informational purposes. pre January 31 February - May June - August 21

In example B, the selector will try to take delivery of the grain by the end of May but is only required to issue the delivery call by July 31, 2006 to allow the producer 21 days to deliver.

Whether the choice is a binding delivery period or a delivery period for informational purposes, the delivery period is reported to the producer in the letter confirming selection of the barley.

Selectors must accept or reject *Any other conditions* the producer has indicated in Part A of the contract.

Selectors must accept or reject *Any other conditions* the producer has indicated in Part A of the contract.

Contracts placed on hold are not considered binding on either party, and are not eligible for storage payments.

Recheck samples

Encourage producers to submit recheck samples to ensure their barley remains in condition during on-farm storage. The industry standard for germination testing is the Germinative Energy test, which is a three-day, 4 ml water-based test. There are two benefits to submitting recheck samples:

1. To be eligible to receive storage payments, recheck samples must clearly show that the germination was at least 95 per cent before January 1, 2007.
2. Producers can make earlier marketing decisions if their barley is rejected.

Cancelling the selected barley contract

Producers must contact the selecting party or handling company if they wish to cancel their *SBSDC*. Otherwise, it is considered binding and producers are expected to deliver.

Barley held for future selection

The producer can choose to have the *SBSDC* offer and sample held by the selector for future consideration. The producer selects this option by putting a checkmark in the box that appears on the *SBSDC* form. If the producer does not receive a response from the selector within 14 days of having submitted an *SBSDC*, or if the selector rejects the offer, the producer can offer the grain to another selector, as well as keep it for possible acceptance by the original selector.

Accepting deliveries of selected barley

The producer has 21 days to deliver the barley to the delivery point on the *SBSDC*. The delivery point cannot be changed unless the producer and selector agree on another delivery point.

A lock-box sample must be taken when the producer delivers. It will help resolve disputes regarding the unload grade. The lock-box sample is necessary for determining a producer's eligibility for storage payments on rejected barley.

By delivering the same variety as the one under contract, producers avoid defaulting on their *SBSDC*. When a different variety or a mixture of varieties is delivered, the *SBSDC* will be cancelled by the selector and the producer may be assessed liquidated damages.

Producers may ship selected barley in a joint rail car. Each producer must apply for a separate *SBSDC*. Record the deliveries in the appropriate delivery permit books and pay each producer according to their share. It is the elevator's duty to ensure that the handling company issuing the settlement is aware of the details of this shipment prior to accepting any grain deliveries.

Payment for selected barley

Grain companies have the option of paying the initial payment upon delivery to the elevator (street delivery).

If the producer and elevator manager cannot agree on the grade when making settlement at the time of delivery, follow this process:

1. Special bin the selected barley or use an interim elevator receipt.

2. Submit a representative sample of the barley that you both agree upon to the Canadian Grain Commission (CGC) for grading. Mark the sample *Subject to inspectors grade and dockage*. Note on the sample that a designated barley grade is requested.

The producer will receive payment based upon the grade assigned by the CGC.

Producers who ship their selected barley by consigned shipment will receive payment based on the unload sample.

If selected barley is unloaded after July 31, 2007, producers can choose which crop year to use for settlement. See *Reporting deliveries* on pages 23-24.

Selected barley rejected for germination

If selected barley is rejected at delivery or unload because it does not meet minimum germination levels, producers may be eligible for storage payments based on the following criteria:

- The barley must have been accepted under a 2006-07 *SBSDC* and delivered after January 1, 2007.
- Recheck samples must clearly show that the barley was of malting quality before January 1, 2007. The recheck sample must meet the minimum requirement of 95 per cent germination using the industry standard method as described in the 2006-07 contract. Your head office must send the recheck information to the CWB.
- The selecting party must verify that the delivery sample or unload sample is the same grain as the original sample that was submitted with the *SBSDC*. A lock-box sample must be available for this comparison.
- Your head office must advise us to cancel the *SBSDC* by letter or by completing an adjustment/cancellation form and sending it to the CWB.
- The rejected barley must be settled as CWB feed barley.

Instructions for delivering rejected selected barley to the CWB

- The producer must complete a *GDC for Rejected Selected Barley*, which is available on the CWB Web site and Fax on Demand.
- The CWB will generate a GDC for the producer. Producers must deliver in the pool period that is currently available.
- Report the delivery as feed barley using call designation V99.

Other options for rejected selected barley

- Producers may deliver rejected grain to off-Board markets at port position. Contact your head office for more information.
- Producers may request that the grain be shipped back to the point of origin. The producer is responsible for all related costs.

Storage payments will not be made until the CWB receives this information from your head office.

Storage payments are available only on rejected barley settled as CWB feed.

Select hulless barley contracts

Once a sale is finalized, the CWB puts a tender out to grain company head offices. Grain companies who secure the tender with the CWB advise their elevator managers to contact producers who grow hulless barley to give them an opportunity to participate in the program. Producers are asked to submit a representative sample of their barley, which is tested for selectable quality.

Samples should be held at the elevator to assist in resolving any disputes at port position.

A confirmation of selection and sample data is sent to the producer. An *SBSDC* is also sent to these producers, along with a cover letter. The producer must complete the *SBSDC* and return it to the handling company. It should then be forwarded to the CWB for processing.

Enter select hulless barley deliveries on page 29 of the producer's delivery permit book.

Instructions for delivering rejected hulless selected barley to the CWB

- The producer must complete a *GDC for Rejected Selected Barley*, which is available on the CWB Web site and Fax on Demand.
- The CWB will generate a GDC for the producer. Producers must deliver in the pool period that is currently available.
- Report the delivery as feed barley using call designation V99.

Producers are not eligible for storage payments.

Liquidated damages

CWB delivery contracts contain a performance clause. Producers are expected to deliver all of the grain that they commit to delivery contracts and that is accepted. If they deliver less than **90 per cent** of the accepted amount, liquidated damages will be assessed on the shortfall. If the producer encounters problems fulfilling the contract, please have the producer contact their local Farm Business Representative or call the CWB at 1-800-275-4292.

Liquidated Damages are assessed at the end of the crop year or at the end of the pool period for feed barley. Liquidated Damages take into account the total costs of administration, demurrage penalties and lost sales opportunity.

If an error has been made in the assessment of liquidated damages, please contact the CWB with the details by calling 1-800-275-4292.

Administrative errors can cause liquidated damages

To prevent the assessment of unnecessary liquidated damages:

- Use the correct 10-digit identification number on delivery contracts and cash tickets.
- Ensure there is a delivery contact for the grain delivered.
- Use the correct grade code.

GDCs for feed barley are assessed at the end of each pool period.

- Use the correct call (contract) year when reporting deliveries. When settling deliveries against the last crop year's delivery contract, report the delivery with the call year '05' and the crop (delivery) year '06'.

Assessing liquidated damages when acceptance is less than 100 per cent

Example

If a producer has contracted 150 tonnes, and the CWB accepts 80 per cent, the amount the producer is eligible to deliver is :

$$150 \text{ tonnes} \times 80\% \text{ acceptance} = 120 \text{ tonnes}$$

The producer must deliver 90 per cent of the amount accepted or 108 tonnes (120 tonnes x 90% = 108 tonnes), to avoid damages.

If the producer does not deliver 90 per cent of the accepted tonnes (delivers only 98 tonnes), liquidated damages will be assessed on the balance. (108 tonnes – 98 tonnes = 10 tonnes)

Liquidated Damages Rates

	Minimum Per Tonne	Maximum Per Tonne
Wheat	\$6.00	\$15.00
Durum	\$6.00	\$25.00
Selected Barley	\$6.00	\$25.00
Feed Barley	\$6.00	\$25.00

Liquidated damages assessed to seed growers

The CWB will give consideration to producers who grow pedigreed seed or operate authorized seed establishments. Please ensure that the Seed Grower Number is entered on the delivery permit application. Producers can apply foundation, registered or certified seed sales to their delivery contracts, providing this grain was part of the original delivery contract.

The amount and grade of the seed sold, along with the authorized seed certification number must be submitted to the CWB, Farmer Operations before July 31, 2007 to be applied against their delivery contract.

To avoid liquidated damages, seed growers should submit receipts as soon as they know what they have sold for seed.

Liquidated damages on SBSDC

Liquidated damages may be assessed at the request of the selector if producers are in default on their SBSDC.

Upon notice by the selector, the CWB will send a letter to the delivery contract holder during the crop year in which the default occurred, advising that the contract is in default and that liquidated damages may be assessed.

Selectors will receive a share of the liquidated damages in the 2006-07 crop year to cover their costs of delivery contract default. The minimum rate is \$6.00 per tonne and the maximum is \$25.00 per tonne.

Pricing damages on Producer Payment Options (PPO)

Producers who complete a PPO contract are expected to deliver **100 per cent** of their contract. A delivery contract must be completed for the grain committed towards a PPO contract. If the producer delivers less than 100 per cent of their PPO contract, they will be assessed pricing damages on the shortfall. Pricing damages are assessed at the end of the crop year, or at the end of the pool period for feed barley.