

INNOVATION is about being
new paths; looking for
giving options; adding
trailblazing; taking
thinking; and investing

I N V E N T I V E N E W N O V E L O P T I O N S V A L U E A D V A N C E D

T R A I L B L A Z I N G I N I T I A T I V E O R I G I N A L N O T A B L E

inventive; investigating
novel opportunities;
value; being **a**dvanced;
initiative; using **o**riginal
in **n**otable research.

i The CWB is dedicated to pursuing innovation, both through the programs it designs for Prairie farmers and the investments it makes to enhance customer service, which ensures continued demand for the finest wheat and barley grown in the world.

As you continue through these pages, you'll read about some of the activities undertaken and programs designed by the CWB in 2004-05.

While the achievements are both many and memorable, they in no way signal an end point. Pursuing innovation will remain a cornerstone of the CWB's planning, action and activities as we move into the future.



I N V E N T I V E

N E W

N O V E L

O P T I O N S

V A L U E

A D V A N C E D

T R A I L B L A Z I N G

I N I T I A T I V E

O R I G I N A L

N O T A B L E



Inventive

- ▶ The CWB **modified its Early Payment Option (EPO)** program to improve farmers' ability to get money sooner. The EPO, which allows farmers to receive 80, 90 or 100 per cent of the projected value of their grain within 10 working days of delivery, normally has to be contracted prior to delivery. However, realizing that many farmers faced significant financial challenges in 2004-05, the CWB opted to make a one-time-only modification to the program, giving farmers the option to apply previously delivered grain to new EPOs. This change gave farmers access to much-needed cash flow.

New

- ▶ The new **CWB Master Grower awards program** was launched to ensure western Canadian farmers are recognized for their success in producing outstanding wheat and malting barley crops. Each year, farmers are invited to send in samples of their best crops, which are judged on quality, end-use suitability and best management practices. Awardees are designated "Master Growers", receive a prize package and participate in special education programs.
- ▶ The CWB **changed the way farmers commit their feed barley** to the CWB by splitting the crop year into two pooling periods instead of one. The first pool runs from August 1 to January 31 and the second from February 1 to July 31. Pool Return Outlooks (PROs) are issued for both pools, giving farmers better price signals on feed barley and improving the CWB's ability to attract deliveries when sales opportunities are favourable.





Novel

- ▶ The CWB hedges Fixed Price Contracts (FPCs) and Basis Payment Contracts (BPCs) in futures markets to offset any potential losses caused by undesirable price changes. At times, this practice results in financial gains for the organization, which are then placed in the CWB's

contingency fund. In 2004-05, the CWB initiated a one-time-only policy change and **returned hedging gains to farmers**, to help reduce the financial difficulties faced by those unable to fulfil their contracts due to the extreme weather conditions.

Options

- ▶ The CWB provided farmers with more marketing choice by **launching a new Producer Payment Option called the Daily Price Contract (DPC)**. Through the DPC, farmers can choose a price for their wheat based on daily cash prices derived from U.S. elevator prices. The program gives farmers even more options, while still protecting the marketing clout of the CWB's single desk. Prairie farmers



have the ability to track markets on a daily basis and receive a price that reflects a basket of U.S. elevator prices. The program also gives farmers not located near the U.S. border the opportunity to pursue similar values at their local elevators, meaning all farmers can choose a daily price, regardless of their location.

- ▶ The CWB created a new Producer Payment Option designed specifically for organic farmers. The **Organic Spread Contract (OSC)** lets organic farmers settle a final price spread at the time of sale, rather than waiting for final pool returns. This streamlines the farmer's transaction with the CWB and reduces pricing uncertainty, allowing the farmer to know his or her net return on the day of the sale.

Value



- ▶ The CWB is dedicated to advocating for the trading rights of western Canadian farmers. In August 2004, the World Trade Organization (WTO) **dismissed an appeal by the U.S.** of an earlier WTO ruling, which once again determined that the CWB operates on a purely commercial basis.

- ▶ **The CWB won a decisive victory** in its long-running battle to protect farmers' trading rights. In June 2005, following a CWB appeal, a NAFTA panel ruled that the U.S. International Trade Commission (ITC) erred in finding that imports of Canadian hard red spring (HRS) wheat injure U.S. wheat farmers. Then, in the resulting remand determination released October 5, 2005, **the ITC reversed its original decision**, thus paving the way for western Canadian wheat farmers to resume unfettered trading with the United States.

- ▶ The CWB **supported a \$25,000 loan to the Farmer Rail Car Coalition (FRCC)**, which has the potential to save farmers millions of dollars. The FRCC negotiated to obtain approximately 12,400 hopper cars owned by the federal government. The CWB loan was in addition to a grant of \$85,000 and a previous loan of \$50,000, which were used to support FRCC negotiating efforts. Now that the deal has been finalized, both loans are repayable to the CWB. Finalizing the deal gives farmers a major role in grain transportation, the single biggest cost in grain marketing.



Advanced

- ▶ The CWB demonstrated its commitment to leading-edge technology **by launching the electronic MyCWB news bulletin**, designed specifically for farmers. Sent directly to farmers' e-mail inboxes, *MyCWB* links directly to key information, including PROs, weather highlights and market analysis, with just a single mouse click. This news bulletin represents another step in expanding the CWB's range of online services, which currently include electronic contracting, as well as viewing cash advance account balances and information online, and conducting repayment scenarios.



- ▶ The CWB **provided farmers with better access to the weather information they need** by creating a Quick Maps player designed specifically for farmers who use low-bandwidth dial-up Internet connections. The player offers one-click access to maps that show heat units, weekly precipitation, per-cent-of-normal precipitation, accumulated total precipitation, soil-moisture content and growth-stage development. Specialized maps denoting significant weather and crop events, such as frost and heat stress, are also produced when needed. Farmers view the maps by logging into the secure e-services area of the CWB Web site.

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- ▶ **The Pre-delivery Top-up (PDT) program was expanded** in 2004-05 to include Canada Western Red Spring (CWRS) wheat. The PDT gives farmers access to a greater portion of the value of their grain before delivery, which gives them the opportunity to manage cash flow and pay suppliers.



By adding Western Canada's largest wheat class to this program, more farmers are able to access more of their money earlier in the crop year, when they often need it the most.

- ▶ The CWB celebrated the **10th anniversary of its Beijing office** during a special event in September 2004. China bought its first wheat shipment from the CWB more than 40 years ago; since that time, the country has purchased more than 120 million tonnes of western Canadian grain. The Beijing office was opened a decade ago to enhance the CWB's ability to provide personal and dedicated customer service to this important market.



Initiative

- ▶ The CWB signed a **Memorandum of Agreement with China** for the sale of one million tonnes of milling wheat in 2005-06, representing a value of approximately \$250 million. The CWB's trading relationship with this important customer began more than 40 years ago; to date, more than 120 million tonnes of Prairie farmers' grain has been shipped to China. Like the Tokyo office, the CWB maintains a sales office in Beijing, China to provide this valued customer with excellent service.



- ▶ The grand opening by Rogers Foods of a \$30-million flour mill in Chilliwack, B.C. provided the CWB with another customer for Prairie farmers' high-quality wheat and proves that **value-added production is growing in Western Canada**. Rogers Foods executives consulted with the CWB to discuss the merits of locating the mill in Western Canada. The CWB's excellent customer service and ability to supply the mill with a high-quality, consistent supply of western Canadian grain played a role in the company's decision to locate in British Columbia. The mill produces 250 tonnes of flour each day.



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▶ **The CWB successfully increased customer demand for specific varieties of western Canadian wheat and barley**, through a combination of market development and marketing efforts. More than 100 000 tonnes of the barley variety CDC Copeland were sold to maltsters in Canada and China, up from the 5 000 tonnes sold the previous year. CDC Copeland offers Prairie farmers higher yields, and the increased customer demand for this variety puts more money in farmers' pockets.

More than 650 000 tonnes of Canada Western Hard White Spring (CWHWS) wheat were sold to customers in 22 countries, up from 175 000 tonnes in 2003-04.



Increasing customer acceptance of this variety means western Canadian farmers can compete with Australia and the U.S. for white wheat market share.

Both of these crops were offered through CWB Identity Preserved Contract Programs (IPCPs), which provide farmers with incentives for growing specific varieties. This allows the CWB to create market demand for new varieties of grain and ensures customers have access to wheat and barley that meets their specific needs.



Original

- ▶ **The Value-added Incentive Program (VIP)** was created to promote the direct delivery of wheat, durum and malting barley to mills and malting plants in Western Canada. Farmers are paid a premium to deliver eligible grain directly to buyers, which means money that would have been paid to grain companies for carrying costs can now be paid directly to farmers. The VIP also benefits millers and maltsters by allowing them to source the quality and quantity of grain needed to meet processing needs.
- ▶ The CWB celebrated its **70th anniversary** on July 5, 2005. Since its birth seven decades ago, the CWB has sold over one billion tonnes of grain on behalf of western Canadian farmers. The CWB's single desk has made it possible for Prairie farmers to compete globally with large, multinational grain companies and market their grain to more than 70 countries around the globe. The anniversary will be celebrated with a series of farmer, customer and employee events throughout the 2005-06 crop year.

YEARS / ANS
1935 ~ 2005

Notable



- ▶ **The Canadian Wheat Board Centre for Grain Storage Research** at the University of Manitoba was officially opened in March 2005. Scientists will use the Centre's technology to conduct research into reducing the effects of insect infestation, mould and excess moisture on stored grain. Prairie farmers and CWB customers will all reap the benefits of the facility as it investigates new ways of preserving the high quality of western Canadian wheat

and barley. **The CWB invested \$400,000 in the facility** from the Special Account (uncashed farmer cheques). Other investors include the Canadian Foundation for Innovation, the Province of Manitoba and the University of Manitoba.

- ▶ The CWB invested \$330,000 in **fusarium head blight (FHB) research** through a joint funding venture with the Western Grains Research Foundation (WGRF) and Agriculture and Agri-food Canada (AAFC). Funded through the CWB's Special Account (containing uncashed



producer cheques), the investment will be directed toward the operation of a fusarium field nursery at the Brandon Research Centre and toward increased deoxynivalenol (DON) testing of collected samples.

**For more detail on these initiatives,
visit the CWB's Web site at www.cwb.ca**

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