

# CHOICE MATTERS



Marketing choice supports economic opportunity.

Spring 2006

## A STEP CLOSER TO CHOICE

As a result of the last election, we have a new federal Minister of Agriculture and Agri-Food, Chuck Strahl, who is also the minister responsible for the Canadian Wheat Board. We believe we are now on the road towards marketing choice for Albertans, given the new federal government's commitment to open up the grain market.

Choice for farmers is about more than open markets. It's about creating, enabling and capturing opportunities. It's also about the farmer's right to negotiate the price and terms of payment for his or her grain. Many farmers in this issue of **CHOICE MATTERS** make their voices heard loud and clear.

Alberta's agricultural sector continues to make significant gains in spite of historically low commodity prices. As you will read in this issue of **CHOICE MATTERS**, AVAC Ltd. is dedicating time, energy and talent to exploring ways to facilitate the linkage of knowledge and investment with science and enterprise.

In this issue you'll also tap into a big-picture view of agriculture with Curt Vossen, CEO of James Richardson International, owner of Pioneer. You can also learn more about how the quality and consistency of Alberta's grains support successful bakers and millers.

With a new government and a new federal minister, now more than ever, it is important to make your opinion known to your member of Parliament and your Canadian Wheat Board director. Visit [www.choicematters.gov.ab.ca](http://www.choicematters.gov.ab.ca) to share your views with us and to find updated information about marketing choice. You are the true driver of change.



Hon. Doug Horner,  
Minister of Agriculture, Food and Rural Development

**“The more compelling impetus for CWB reform should, and ultimately will, come from Prairie farmers and policy-makers.”**

Although the Canadian Wheat Board has implemented a number of reforms in recent years, Dr. Hartley Furtan with the Department of Agricultural Economics at the University of Saskatchewan in Saskatoon believes more fundamental changes are on the horizon.

“Changes to the pool account guarantee and the single-desk (SD) selling authority are inevitable,” says Furtan. “We need to encourage dialogue among farmers, government and other interested parties on the policy alternatives for such changes.”

In Furtan’s view, the objective of the dialogue should be to identify reforms that will better serve the interests of western Canadian wheat and barley farmers, and better position the CWB to compete in global markets in the 21st century.

Much has changed on the Prairies since the CWB was first established. On the farm, wheat as a crop has declined in economic importance. According to Furtan, wheat as a percentage of total farm revenue has declined from 78 per cent in 1950 to just under 40 per cent in 2002. Meanwhile, the economic importance to farmers of livestock and commodities marketed outside the CWB, such as canola, feed barley and pulse crops, has grown over the last 30 years.

Off the farm, the Prairie economy has grown and diversified in the last 50 years in many areas, most notably oil and gas, mining, manufacturing and services. “These developments have stripped the CWB of any significant role as a tool of development policy in Western Canada,” says Furtan. “Perhaps that was a role when the CWB was first conceived, but not anymore.”

Much has also changed in global trading markets since the CWB was first established. The “green revolution” and the introduction of high-yield varieties have resulted in sharply increased wheat production in many countries, pushing down prices.

While Canada promotes free trade in most agricultural commodities, it makes exceptions in export markets for wheat and barley sold through the CWB and in the domestic market for supply-managed commodities like poultry, eggs and dairy products. In Furtan’s view, this policy position limits Canada’s influence on trade matters.

“The CWB as a state trading enterprise has been under pressure from some members of the World Trade Organization (WTO) to change some of its operational procedures, including the role of government financing of the CWB pool account guarantee and the single-desk selling authority,” notes Furtan.

“While these CWB procedures have been periodic irritants to some of our trading partners, principally the United States, the more compelling impetus for CWB reform should, and ultimately will, come from Prairie

## Transforming the Canadian Wheat Board

# THE CASE FOR



farmers and policy-makers,” he says. “The question for Prairie farmers then becomes what kind of reform will best serve their interests?”

Dr. Furtan offers three suggestions for reform.

#### **SELF-INSURE THE POOL ACCOUNT**

Currently, the federal government guarantees any shortfall in the pool account. This support has been a trade irritant to trading partners for some time, even though shortfalls have been incurred in only four crop years since 1950.

“An alternative to the government guarantee might be to move to a support similar to the loan rate set in the U.S. Farm Bill,” notes Furtan. If the price of the commodity falls below the loan rate, the U.S. government makes a deficiency payment to farmers. In Furtan’s view, the effect of adopting such an approach would not be substantially different from the existing guaranteed pool account.

Furtan, however, prefers a farmer-funded guarantee, supported by insurance, which he suggests would not be expensive given the infrequent occurrence of a pool account deficit. Another option is self-insurance through a grain check-off by which an account could be built up to cover any deficit.

#### **DROP DOMESTIC SINGLE-DESK**

Furtan recommends that the CWB give up its single-desk selling powers in the domestic market in exchange for the ability to market all types of grains produced on the Prairies, including canola and pulse crops. The Australian Wheat Board has made this move by deregulating the domestic market, however, it does not have the ability to market canola and pulses (see sidebar).

Furtan’s suggestion falls short of eliminating the single-desk authority altogether in all markets and for all commodities. The idea is to make Canada a free trader in all grains, with the CWB retaining the ability to market crops in competition with other companies. This would, however, close the chapter on a farmer-controlled marketing agency that could price discriminate from a single-desk position in world grain markets.

#### **CWB TRANSFORMATION**

Furtan believes the CWB must be transformed from a marketing board into a Canadian grain enterprise. “If we enabled the CWB to purchase grain-handling assets and gave it appropriate transition supports,” says Furtan, “the CWB and its personnel, with their experience in global grain markets, would be well positioned to compete very successfully in world grain markets, as they have been doing for the past 60 years.”

In Furtan’s view, the policy choice is whether to continue to defend marketing board procedures created for an earlier era in global trading or, given changes in global markets, to endeavour to build a Canadian marketing enterprise that is better equipped to compete in those markets.



## Open marketing – It works in Australia

In the Australian wheat industry, 1989 was a hallmark year. That year, the domestic wheat market was completely deregulated although it did retain single-desk marketing for bulk export wheat.

Things changed fast as a result of deregulation. Dennis Wise, *ProFarmer* newsletter editor at Perth, Western Australia, says, “Storage and handling, as well as freight and financial services, changed dramatically with the 1989 Act.”

One result was the National Australian Bank offered to underwrite the value of wheat and make loans on that basis. The bank’s fee was about 15 per cent less than the Australian Wheat Board (AWB) fee. This forced the AWB to reduce the interest rates by up to one per cent. Estimates are that financial services competition benefited Australian growers by as much as \$20 million.

Wise says, “In Western Australia, it’s estimated the competition for barley generated 10 to 15 per cent more cash than growers would have received under single-desk. And this was in the first year of operation.”

# CHANGE



# OPEN MARKETS, OPEN DOORS DEREGU

Oat grower Stephen Hodgetts says: “Sit back, wait and listen.”



The jury is in. Since oats were released from the Canadian Wheat Board’s mandate in 1989, the Canadian oat industry has become more flexible and responsive to market forces. One of the earliest and most important outcomes has been the producer’s ability to forward contract.

Oat grower Stephen Hodgetts near Camrose has been in the oat business since the days of board control. “The big difference with the open market is that I can sell wherever and whenever I want with no quoted quantities. I can sell the whole crop or part of the crop. I have options.”

The CWB maintained exclusive control of oat exports and domestic milling markets for 40 years. By the 1980s, oats were considered

a specialty crop, but the volume traded by the CWB had significantly declined – putting oats low on the farmer’s list of crop choices.

According to a recent Alberta Agriculture, Food and Rural Development study\*, opening the market for oats has resulted in increased exports of oat grain and oat products and an increased Canadian market share in the U.S. milling market. But the benefits don’t stop there. The Canadian oat industry also experienced an increase in primary processing, which in turn improved the financial viability of oats for western Canadian producers.

Hodgetts says: “A lot has changed in the oat industry. As far as oat producers are concerned, we don’t have low initial payments anymore and then have to wait

for the final payment like back in the old days. We can move our oats when we want.”

Hodgetts markets portions of his crop depending on the market signals he receives. “If I figure I can get ‘X’ number of dollars for a bushel, I might be satisfied with that, but I’m always hoping the price will go higher.”

A year ago, Hodgetts set a target price with Agricore United. He got his price after the market rallied. “It’s risky for sure, but I knew the oat buyers were hungry, and I had a quality crop. I hedged my guess and waited for the market to open up again.”

Hodgetts simply sat tight and eventually got his price. He says: “Sit back, wait and listen.”

Deregulation of oats has not only increased the importance of

# LATED OATS

the futures market, it has provided producers like Hodgetts marketing options and risk management tools.

Oat grower Leo Meyer at Rycroft says, “The open market for oats fosters greater communication among market participants – buyers, sellers and processors. The long and short of it is producers can take advantage of clearer market signals which helps them make better marketing decisions.”

The bright future of oats is not the result of deregulation alone. Oats exports have increased as a result of the introduction of the Canada-U.S. Trade Agreement, NAFTA, as well as a decline in U.S. oat production.

“Northern European countries are dumping a lot of oats into the U.S. markets,” Hodgetts points out. “One result is U.S. producers have backed away from production. This opens the door for us. We have the climate that produces the quality U.S. processors want. A lot of the pony oats I grow end up in California.”

Says Meyer: “Open markets, producer savvy as well as superior production and quality have made Canada one of the largest exporters of oats in the world.”

The impact of consumer demand has also brightened the future of oats. In the late 1980s the increase in consumer demand began to rise as the “oat bran craze” took off. During the craze, oat consumption in the United States rose dramatically. Per capita consumption of oat products increased from 1.68 kg in 1984 to 2.95 kg in 1990.\*\*

Oat bran was added to muffins and cookies and even some potato chip labels sported the oat bran seal of approval. In the early 1990s,

when studies found that oat bran only modestly reduced blood cholesterol, the fad ended only to re-emerge in 1995 when the Quaker Oats Company made a proposal to the U.S. Federal Drug Agency to allow health claims on oat products.

Another oat craze did not emerge. In fact, in the U.S. oat consumption continues to decline from its peak in the 1990s. However, in Canada in recent years oat consumption has increased, with consumption in 2004 hitting 4.13 kg per capita.\*

“Whole grain is the big push these days. Consumers are interested in the healthfulness of whole grain foods and oats fit the bill,” says Dr. Nancy Ames, cereal chemist with Agriculture and Agri-Food Canada (AAFC) at the Cereal Research Centre in Winnipeg. “Oatmeal has always

feeling of fullness after eating a serving of oatmeal.

“The value of oat nutrition combined with the appealing toasty grain taste and the fact that western Canada is the major supplier of oats into the U.S. are all reasons to celebrate this naturally functional food,” says Ames.

With strong consumer demand behind it, oats can continue to brighten the financial prospects for Canadian producers. Consumer demand along with open market opportunities have already paid off: producers have gained increased revenue under the open market system, according to AAFRD research.

Value chain benefits are part of the package that stretches to grain traders, processors and end-users. These market participants have benefited from increased communication and direct inter-

## The Canadian oat industry has experienced an increase in primary processing.

provided consumers with a whole grain product. Oats contain a number of health attributes in addition to the cholesterol-lowering fibre component.”

Ames explains that the traditional methods of oat processing have allowed food manufacturers to use the whole oat as an ingredient or product without worrying about shelf stability. Oat is a relatively complete food in terms of nutrient composition, particularly in comparison to other cereal grains. Oat grains and whole-grain oat products contain complex carbohydrates, low fat levels and have a balanced protein complement. An added benefit is an increased

action with producers. Results: improved logistics and grading standards, better translation of price signals and ability to source oats and specify quality attributes.

Oats are a prime example of how the open market can effectively respond to market forces. With some luck and pluck, a bigger and better value-added oat industry may be just around the corner. “The particular health interests these days – heart disease, diabetes, concerns about being overweight – could very well give oats a boost if we utilize this information and market it properly. I’d like to see further product development within Canada,” says Ames.

Curt Vossen, president of James Richardson International (JRI), owner of Pioneer, identifies emerging dynamics that are shaping the present and the future.

JRI is a Canadian supplier of quality goods and services to customers in the agricultural and agri-food industries.

## OPPORTUNITIES IN AGRICULTURE WITH CURT VOSSSEN

**Q**uestion: It isn't news to farmers that the agricultural industry is shaking with enough force to set off a seismic recorder, but maybe you could identify some of these forces that are shaping the industry as we know it today?

**Vossen:** Our industry has been shaped by the transport and marketing of bulk and raw agricultural commodities to a global customer base. And with the exception of a short-term price volatility, the long-term 25-year supply and demand trend has been in balance.

So what has changed?

We've experienced steady growth in production and demand with diminishing inventories as consumers embrace a "just in time" world. It's also necessary to recognize that global trade in bulk grains is flat.

What is affecting Canada's trade and prosperity?

Agonizingly slow progress on trade liberalization, for one, and two, Canada's key market destinations that constantly change in Europe, the Middle East and Japan, to mention only a few. Third, the entire economic sector, with few exceptions, fails to consistently deliver acceptable rates of return on invested capital. The greatest proportion of new capital investment is directed to cost-saving,

particularly those related to transportation efficiency.

How has the producer responded?

In a flat revenue environment, the producer basically has two options: diversify production or increase operating efficiency by boosting the operation's critical mass.

Could it be that Canada's vision of agriculture needs a tune-up for the times?

That's not a bad idea. The industry, including both private and public sectors, is inward looking. Customer focus and shared market intelligence are limited.

Are the effects something we can recognize in agribusiness today?

I think so. The domestic processing industry showed some signs of growth, but in a world where processed food products are growing faster than trade in raw commodities, we remain relatively underdeveloped. Global trade in processed food products will continue to grow rapidly. If Canada wants a share of this trade, we need to commit resources to development.

So this takes us into the ballpark of value-added. What will influence value-added development in Canada? How can we foster growth?

Transportation efficiency and supply chain management will

be key to developing value-added industries in Canada. Agriculture will need to respond quickly to changing tastes and consumer activism. As well, quality and food safety and the integrity of the food chain will be important drivers. Agriculture in Canada has already experienced this with BSE and the anti-GMO consumer fervour in the EU. We would be remiss not to recognize the effects of increased border security and bioterrorism on trade. Nor can we ignore the fact that liability transfer is now part of food chain protocols. This will continue into the future.

**"Agriculture will need to respond quickly to changing tastes and consumer activism."**

Are there any bright lights on the horizon?

We can look forward to more non-food, non-traditional uses for agricultural products emerging such as the development of plant proteins for pharmaceutical use. Ethanol and biodiesel have the potential to radically change the markets as volumes grow. However, retailers will set the commercial agenda particularly in North America.

Can value-added industry in Alberta develop to its full potential without an open market system?

# KEEP VALUE-ADDED AT HOME

According to Neal Oberg, farmer and a director of AVAC Ltd., a member-based, not-for-profit company, Alberta has no choice but to capture more value from commodity grains if the agricultural industry is to remain viable and sustainable.

“The old model of sole reliance on export markets for our grains and oilseeds doesn’t work anymore,” says Oberg. “Commodity prices have not kept pace with rising input costs. Countries that once were significant customers for Canadian grains and oilseeds now grow these crops themselves and compete with Canada in export markets.”

Keeping the value of grains at home – processing, manufacturing, packaging, jobs – requires investment. “Unfortunately, investment in potentially profitable industries around board grains is being hampered by a lack of investment,” says Gary Pike, CEO of the Pike Management Group in Lethbridge. “Without a competitive, open market to source wheat and barley supplies, some investors hesitate.”

**“More value-added industry offers producers greater market choice for primary products.”**

Wheat, barley and canola producer Tim Harvie at Cochrane sees the board as a “huge” restriction on value-added industry on the Prairies. “Not many investors would invest a lot of capital in a

value-added industry, whether it’s a malt plant or a flour mill, when they can access raw product from only one supplier. It doesn’t happen in any other industry. Investors want the choice of accessing their product directly from producers or from a number of sources.”

The challenge of generating value-added industries was met head on in 1996 when the Province of Alberta set a goal to generate \$20 billion annually in value-added agriculture. A year later it gave value-added industry a \$35 million shot in the arm by establishing AVAC Ltd. The idea was for AVAC to jump-start a successful and innovative value-added industry by helping clients access investment capital with significant benefits extending to producers and industry.

AVAC President and CEO Keith Jones in Calgary says, “More value-added industry

offers producers the prospect of greater market choice for their primary products. Farmers will also benefit by becoming less reliant on export markets, and their exposure to currency value fluctuations will be reduced. Perhaps most importantly, they will gain access to more reliable and higher-value markets here in Alberta.”

Oberg points to new value-added canola applications as an example of how expanding markets for Alberta’s agricultural commodities can benefit producers. “If canola, for example, is used



continued on page 11



**C**hoice matters when it comes to a farmer's decision to market grain. It's also a key consideration in meeting the needs of diet and lifestyle-conscious consumers.

Just ask Brian Hinton. The owner of south Calgary's innovative Lakeview Bakery has introduced an entire city to the delights of his organic and diet-specific baked goods.

A Fellow of the Institute of British Bakers and past Chair of the Canadian Baking Association, Hinton markets 250 different products, most made fresh daily. His diet-specific line includes bread and other baked goods that can be wheat- and gluten-free, egg-free, dairy-free, low carb or high fibre. He also offers an extensive selection of organic products.

While Hinton's baking and marketing expertise is the key to Lakeview's success, he depends greatly on his two wheat flour suppliers: Schmidt Flour Mills and Nunweiler's Flour Company.

"The most important thing is to have a continuous supply of quality product throughout the year, even during the harvest season," says Hinton. "I like having suppliers who are big enough to supply us, but small enough that our business is important to them."

For a lesson in how far quality and supply can take you, consider the story of Calgary's Byblos Bakery. Brothers Sal and George Daklala started selling handmade pita bread in 1975. Today, Byblos uses the latest technology in a state-of-the-art plant to make the number one branded pita bread in Western Canada, supplying more than half the market for that product.

The company also makes naan bread, bagels and tortilla chips, but make no mistake: it's the quality of their pita that powers the Byblos brand. According to Byblos production manager Joe Swifton, the company is very particular about the quality of their flour.

"All our flour is spec'd out and the miller produces to those specifications," says Swifton. "For our pitas, we use three types of flour, all from Canadian hard red spring wheat."

#### THE MILLERS

Canada's national association representing flour millers has voiced concern to the government of Alberta over the concept of producer choice, often referred to as "dual marketing."

The Canadian National Millers Association (CNMA) is on record as saying the CWB marketing system has been able to function because the CWB maintains control over the marketing and movement of the entire western Canadian wheat crop. CNMA has recommended the retention of the existing CWB mandate or, in the alternative, removal of all orderly marketing powers currently held by the board under its enabling federal legislation, the CWB Act.

CNMA President Gordon Harrison explained that the milling industry across Canada is eager to avoid the market uncertainty that he says accompanied the gradual deregulation of wheat marketing in Ontario.

# THE BAKERY

## ALL ABOUT QUALITY & SUPPLY

This innovative baker believes the CWB should be addressing an underserved opportunity: promoting more grain in the Canadian diet.





“CNMA members were adversely affected by the phased, multi-year, ad hoc implementation of off-board marketing of wheat in Ontario. It would have been preferable to move quickly to the entirely open market environment that exists in Ontario today, where there are many sellers of Ontario wheat, actively competing in the Canadian and export markets,” he said.

### Clarity around the CWB’s future role is of importance to the Canadian National Millers Association.

The small millers who serve Lakeview bakery serve specialized needs. Hinton’s suppliers can mill self-sourced wheat without involving the CWB. Established in 1980, Schmidt Flour Mills of Maple Creek, Sask., is a niche miller serving specialized markets. All of the flour Hinton receives from Schmidt is from the kamut variety of wheat.

Another of Hinton’s suppliers is Nunweiler’s, based in Kelowna, B.C., which has been milling its certified organic whole grain flour since 1988. The product is milled

from organic wheat, using a low-temperature milling process to retain the wheat’s nutrients. Most of the flour sold to Hinton is made from spelt, an ancestor of wheat.

As a rule, Hinton stays out of grain industry politics. “It doesn’t really get to us at a baker’s level,” he says. Still, there’s one area where Hinton takes the CWB to task. That is the lack of effort to promote the dietary importance of grains in the domestic market, a role that organizations in the U.S. and Europe have played for years. While the CWB’s export role is obviously prominent, Hinton believes the domestic market deserves more attention than it’s getting.

“Canada’s base use of flour is so small, they don’t give a hang about it,” he says. “It’s easier to send 50 million tonnes to China.”

Paul Heatherington of the Baking Association of Canada, of which Byblos Bakery is a member, expresses a similar view.

“We can work well with the current framework,” he says. “We could also work in an open system. Our concern would be where we get an in-between phase that’s not the current system, but also not truly open. We’d want to see what’s being proposed.”

# YOUR VOICE YOUR CHOICE

Making your opinion known is important and will help the Alberta government grow support for marketing choice in our province. Please visit our website and let us know what you think.

[www.choicematters.gov.ab.ca](http://www.choicematters.gov.ab.ca)

Marketing choice will advance the great potential of agriculture in Alberta. We invite you to make your voice heard. There are several ways to do this.

Talk to your friends and associates about marketing choice in Alberta. Watch for opportunities to speak about the benefits of marketing choice at growers’ meetings and crop clubs. Watch for updates in the media and in future issues of **CHOICE MATTERS**.

Discussion and debate will help open the door a little wider. You can support choice by regularly visiting our website and writing letters to your MLA, MP and Canadian Wheat Board director to voice your support for a new vision for the future of grain marketing in Alberta.

Choice will ensure the future viability of Alberta’s agricultural industry by protecting the individual rights of farmers and fostering value-added investment in the province.

We’re good at what we do here in Alberta – support the future of agriculture with choice.

In Alberta, call toll-free 310-4455.

**Alberta**

# BIZ:



Grain marketing isn't only for the professionals. These farmers understand it's about rights and economics, as well as personal preferences.



# FARMING OUTSIDE THE CWB “ORBIT”

**M**anitoba farmer Ernie Sirski understands why many Prairie grain growers still want the Canadian Wheat Board working for them.

“I think some farmers in western Canada find the board a comfort zone, so they want to retain it,” says Sirski, who farms near Dauphin. “For our farm, I’m set up to manage operations without the wheat board as much as possible.”

Judging by his crop mix, Sirski is well on his way to making the CWB less relevant. In 2006, just 30 per cent of his land is likely to be spring wheat. The other 70 per cent will be a mix of winter wheat (for feed and potentially ethanol), oats, canola, hemp, forage and grass seed. He’s studying the possibility of adding garlic and asparagus to his crop line-up.

Diversification is a trend farmers in the Dauphin area are well acquainted with. Sirski reports that some farmers are growing borage and echinacea. He knows one producer who harvests wild burdock for pharmaceutical use.

While Sirski likes to farm outside the CWB’s orbit if possible, he admits that his crop choices are chiefly governed by current economics.

“I’m here to make a dollar, and right now I just can’t with traditional crops,” he says. “If we suddenly took the wheat board away, it’s not like the price of wheat would double overnight. Prices wouldn’t crash nor would it be the end of Prairie agriculture.”

With the new contract arrangements, the CWB has made an effort to add to farmers’ options. For the 2004 crop, Sirski signed a CWB fixed price contract and did well. “When I pulled the trigger, it ended up being one of the best marketing moves I’ve ever made.”

**“In any other business it’s common to control the destiny of your product.”**

However, this exposure to a more dynamic grain market has Sirski wanting more. While respectful of some farmers' desire for a continuing role with the CWB, for his own business he says: No thanks.

"I still firmly believe farmers should have the opportunity to manage our business the way we want. It should be our choice whether we deal with the CWB or not."

#### RIGHTS AND ECONOMICS

Brian Kriz, like anyone else, can't predict the future of western Canadian grain marketing with any certainty. While the Rimbey, Alta., grain producer is a long-time advocate of open markets, he's not betting the farm on it.

"We've set up our farm to survive in any system," says Kriz, a past Chair of the Alberta Barley Commission. He was part of the original group that led a challenge to the CWB's monopoly based on Canada's Charter of Rights and Freedoms.

Fundamentally, he doesn't see why farmers shouldn't have the same commercial rights as any other business.

"In any other business, it's common to control the destiny of your product," he says. "As producers, we have to look at pricing options. We don't get decent feedback from the customer. We don't develop a direct relationship with the market because of the wheat board. We need real price discovery because market signals can tell us what we should grow."

Philosophically and commercially, Kriz's position is clear. He'd like to see an open market system and an end to the wheat board's single-desk monopoly. He points to Ontario's positive experience with open marketing, but doubts the CWB is capable of this kind of reform.

"It took Ontario three years to get it figured out, and now they have lots of options and their market share is ahead of where they expected it to be," he says. "If the CWB ended, you'd see a difference in how much responsibility people take for price and delivery."

#### HYBRID BENEFITS

In 2004, Davidson, Sask., farmer Gerrid Gust ran unsuccessfully for a position on the CWB's Board of Directors for District 6, receiving 35 per cent of returned ballots. While some farmers would remove the CWB from the grain marketing scene, Gust views himself as a reformer. Campaigning in District 6, he saw that many producers felt the same.

"Many people wanted an open market with the board left in place. They wanted to make the board more accountable," says Gust. "You can't discipline bad performance with an election every four years."

At home on the farm, Gust's focus isn't on grain politics, but how to cope with current low prices for dryland crops. Plans for 2006 include more chemfallow, a larger cow herd and more grass.

Gust liked the results he achieved with a CWB grain contract. In 2004, he signed a basis contract that ended up a home run, effectively adding \$1 per bushel above the pool price for feed wheat.

The system Gust advocates is a cross between an open system and the CWB status quo: more freedom for producers with more accountability from the CWB.

"To me, it's sort of a hybrid system," he says. "Let's have the board, only without monopoly powers. Farmers could opt in for a time, or not, however they choose."

Regardless of the evolution of the next grain marketing system, Gust believes one thing's for sure. Change is inevitable and farmers must be prepared. In the teach-a-man-to-fish spirit, he calls on farmers to learn more about how open grain markets work.

Says Gust: "As farmers, we need to know the price of grain, and learn more about futures trading."

## VALUE-ADDED

continued from page 7

to create biodegradable plastic tubing for human health products in Alberta, canola producers in the province will gain access to a value-added market with certain benefits," he says.

Jones points out: "In many cases, new markets and applications offer producers opportunities to capture better premiums for their commodity than in traditional export markets."

**"New markets and applications offer producers opportunities to capture better premiums."**



In Oberg's view, diverting a commodity away from traditional export markets should strengthen prices in those markets.

#### LOCAL INITIATIVES

In Medicine Hat, the Palliser Economic Partnership is a not-for-profit company owned by 16 municipalities in southeastern Alberta. Palliser Chair Alan Hyland, who is also mayor of Bow Island, says the partnership, comprised of 16 communities broken into three or four subgroups, is now a formal partnership.

"We study the whole area of economic development and network to identify opportunities to introduce secondary production," says Hyland. "With value-added opportunities we can grow, especially in our area. With the willingness of farmers to grow different crops and try different production methods, I am positive we have a future."

## THE DECISIONS I MAKE.

- Seed varieties
- Herbicides
- Pesticides
- Machinery
- Buildings
- Hired help
- Lease or buy

## THE DECISIONS I DON'T.

- The weather
- Marketing my wheat and barley

## IT'S YOUR CHOICE.

Your choice to market your wheat and barley to the buyer who's right for you. Find out more. Voice your opinion.

In Alberta, call toll-free 310-4455.

Or visit [choicematters.gov.ab.ca](http://choicematters.gov.ab.ca).

**Alberta**

*Looking for better ways.*